

# Alameda County Water District

## Fiscal Year 2022/23 Benchmark Report



Presenter: Jonathan Wunderlich, Director of Finance & Administration

# Benchmarking Overview

## Presentation Purpose

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

# Benchmarking Overview

## Presentation Overview

1. Benchmark Metrics

2. Metric Comparisons

3. Conclusions

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

# Benchmark Metrics

Metrics developed for which data is readily available:

- Data taken from each agency's Fiscal Year 2022/23 financial report
- Audited data that will continue to be available in the same or similar format\*
- No surveys were distributed

\*true for public agencies, but San Jose Water Company shortened its publicly disclosed annual report and can now only be compared for certain benchmark items

# Benchmark Metrics

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

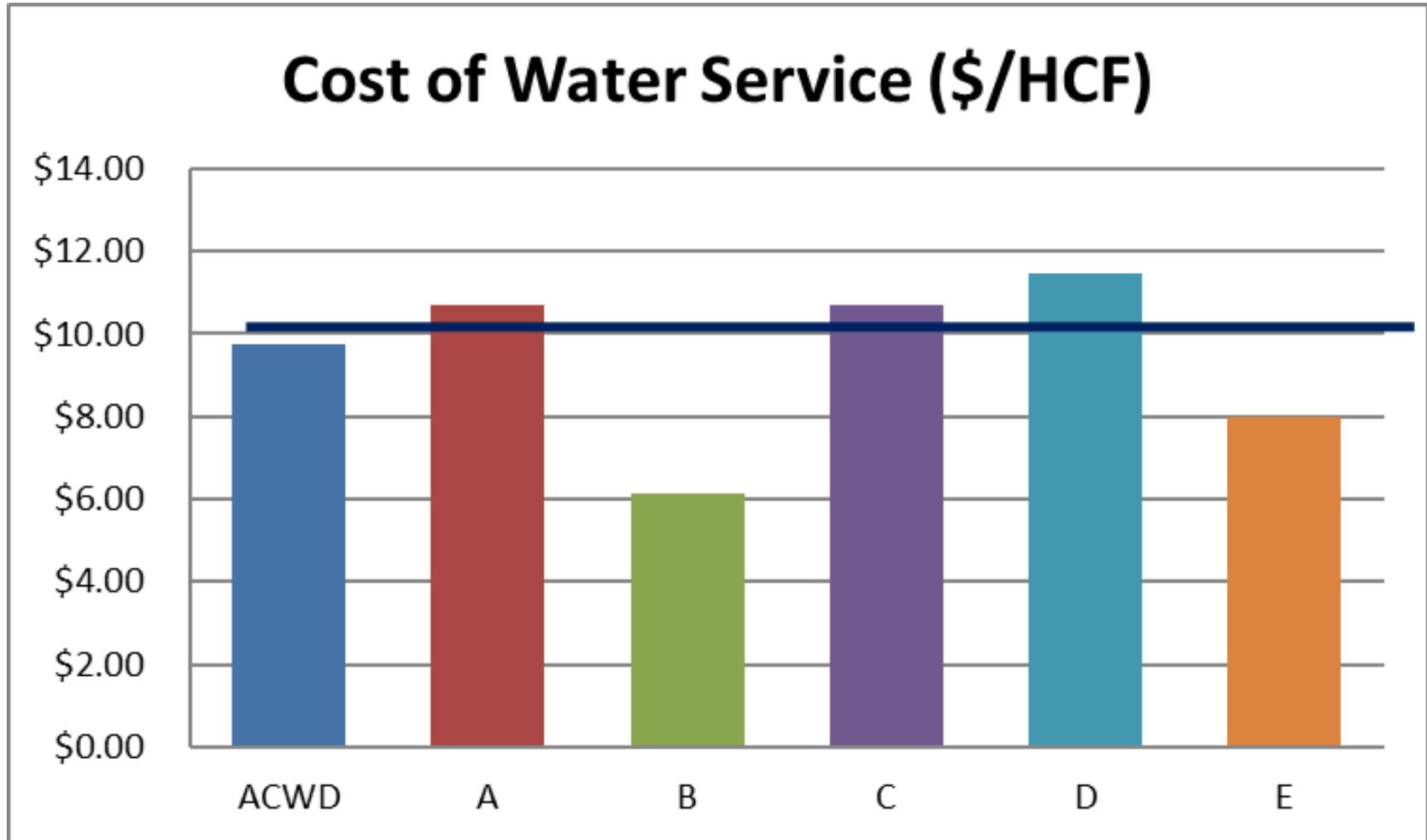
Horizontal line on each chart represents the median

# Benchmark Metrics

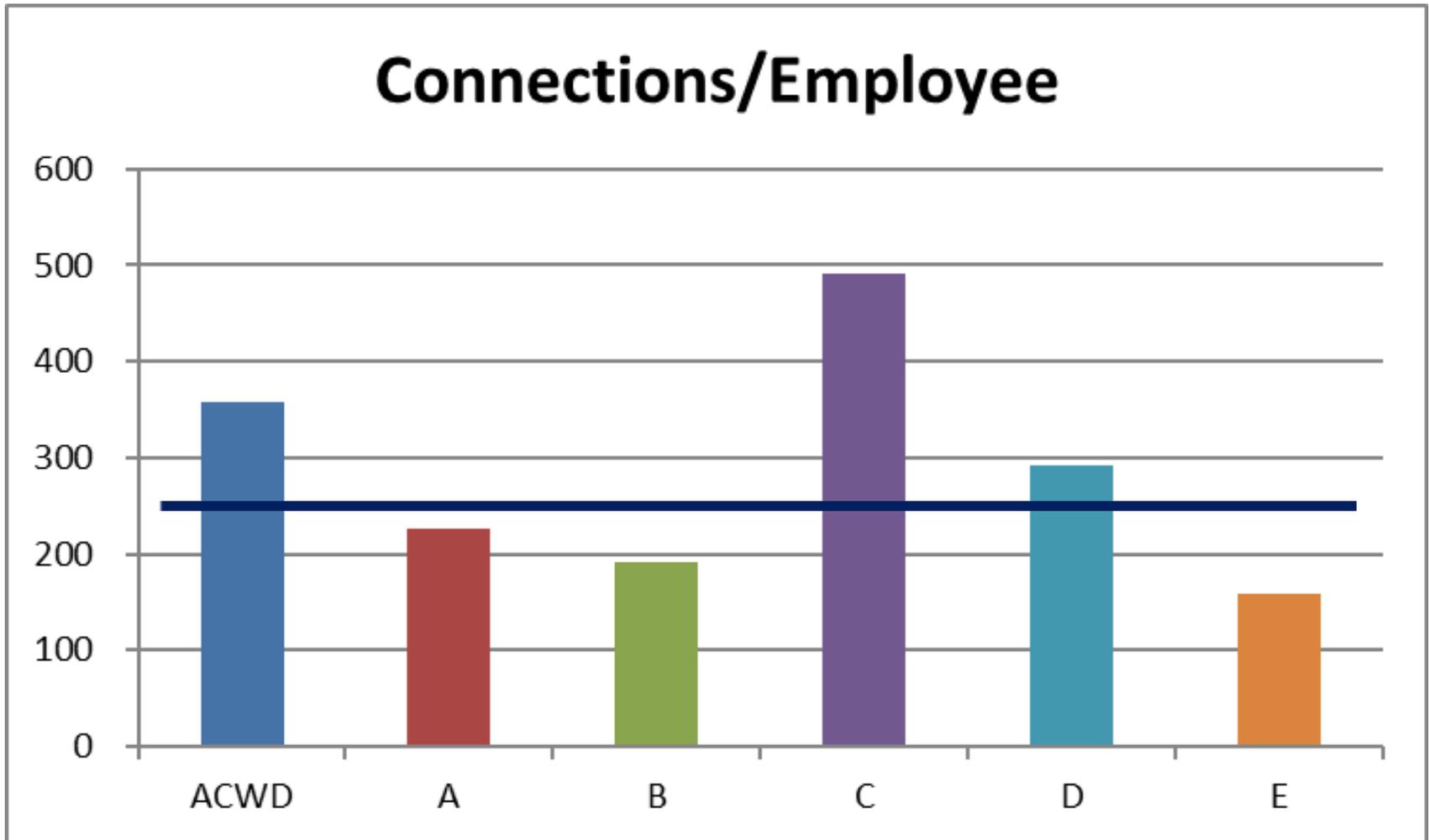
## Benchmark Metrics

- **Cost of Water Service (dollars per HCF)**
  - Based on total cash payments during the fiscal year
  - Neutralizes the impact property tax, development fee, and other revenues have on average customer water bill amount
- **Liabilities Divided by Operating Revenue**
  - Good picture of overall financial capacity and flexibility to address financial challenges without immediate rate increases
- **Monthly Bill**
  - Based on 8 HCF of consumption (about 200 gallons per day), which is typical for ACWD's residential customers
  - Based on bill on June 30, 2023. Many agencies implement rate increases July 1 so the rate on June 30, 2023, was approved July 1, 2022; ACWD increased rates March 1, 2023

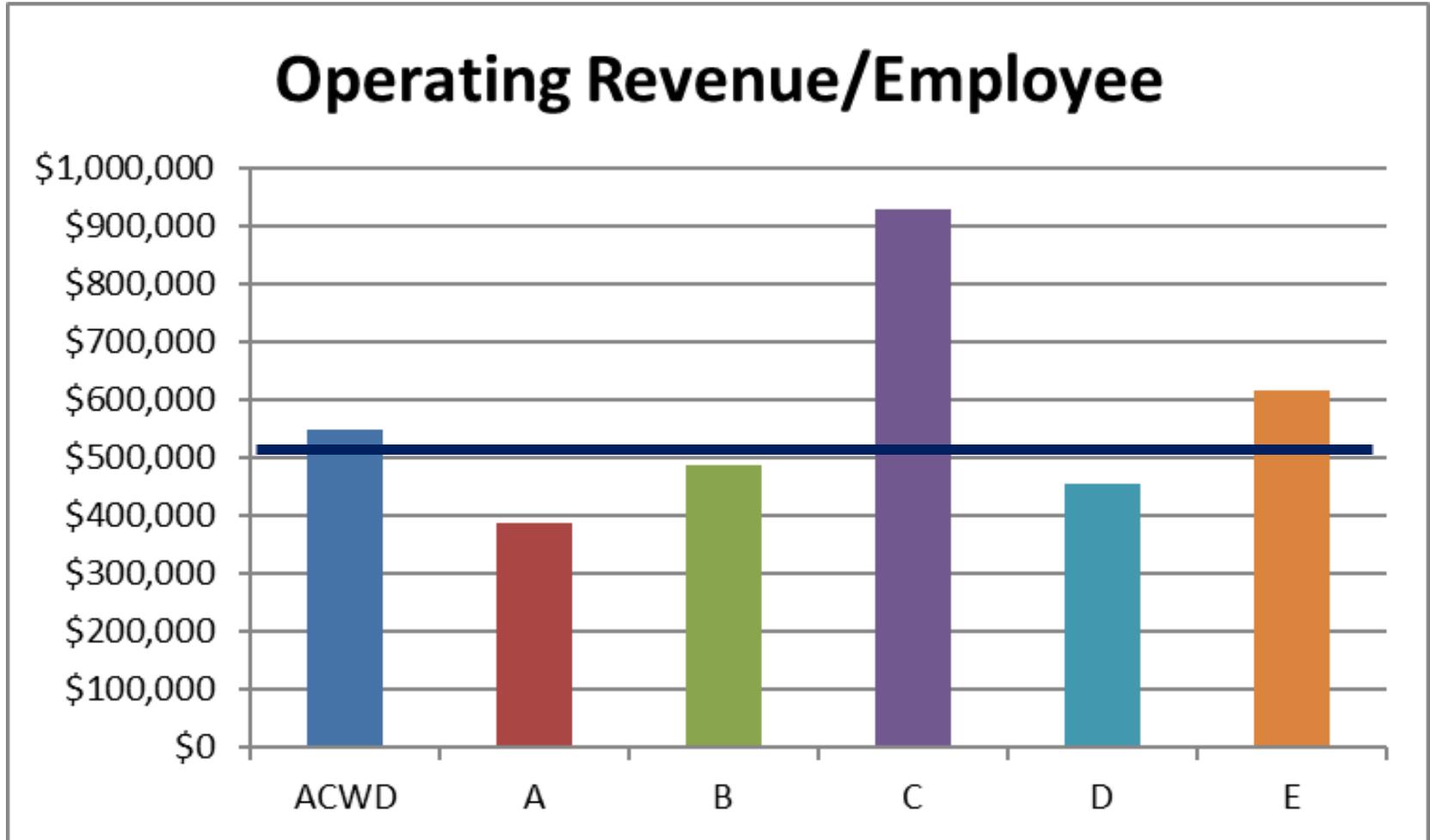
# Metric Comparison



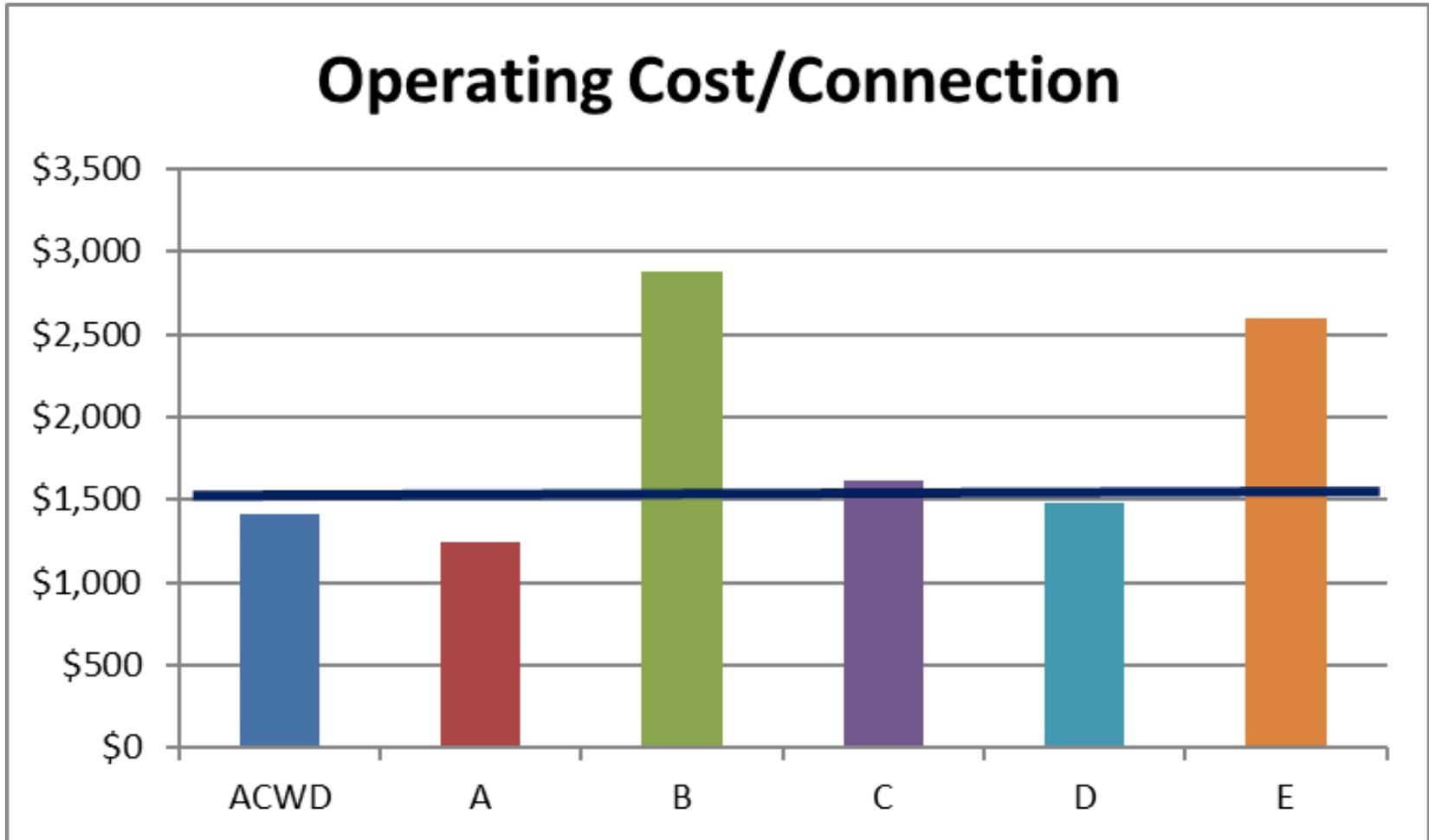
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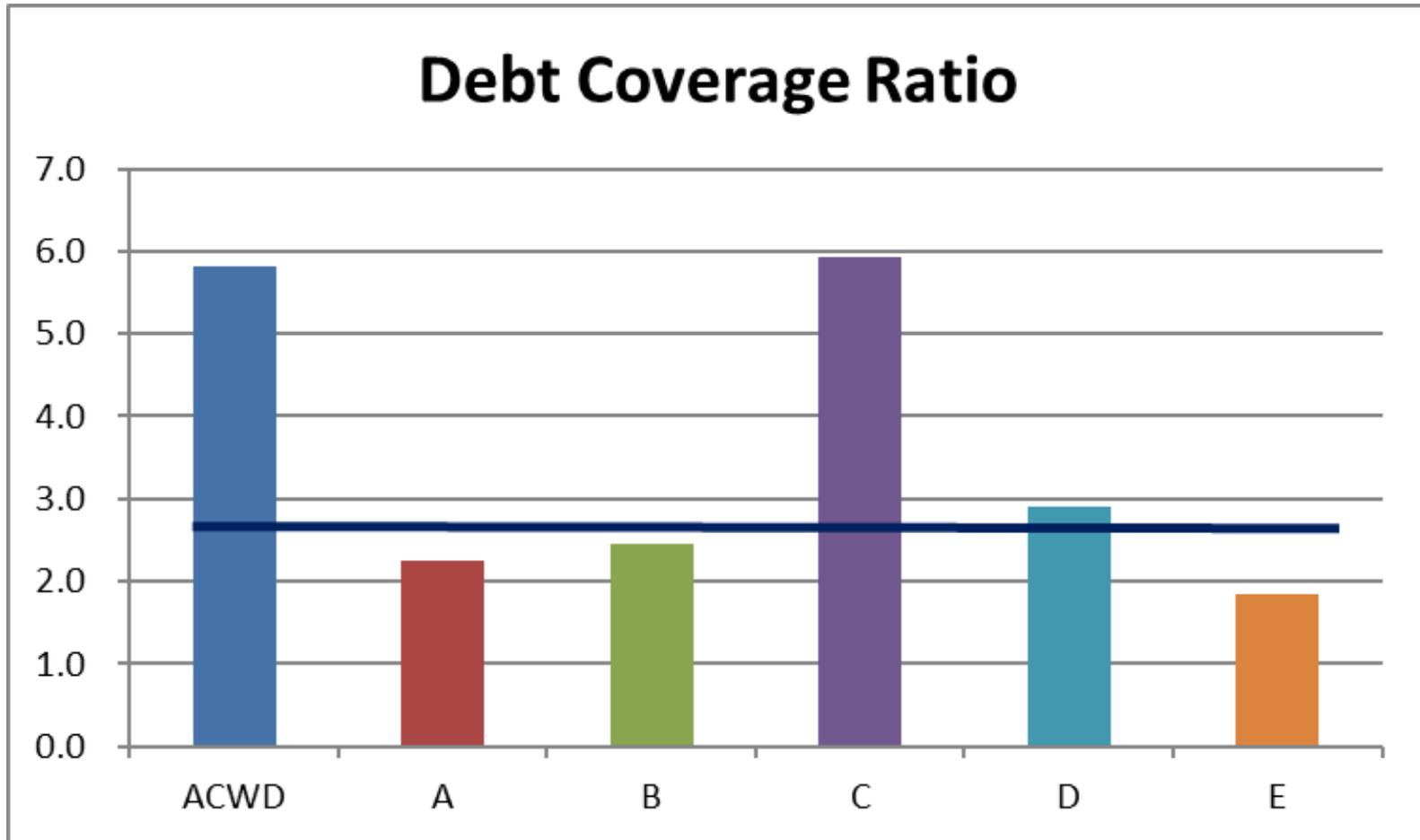
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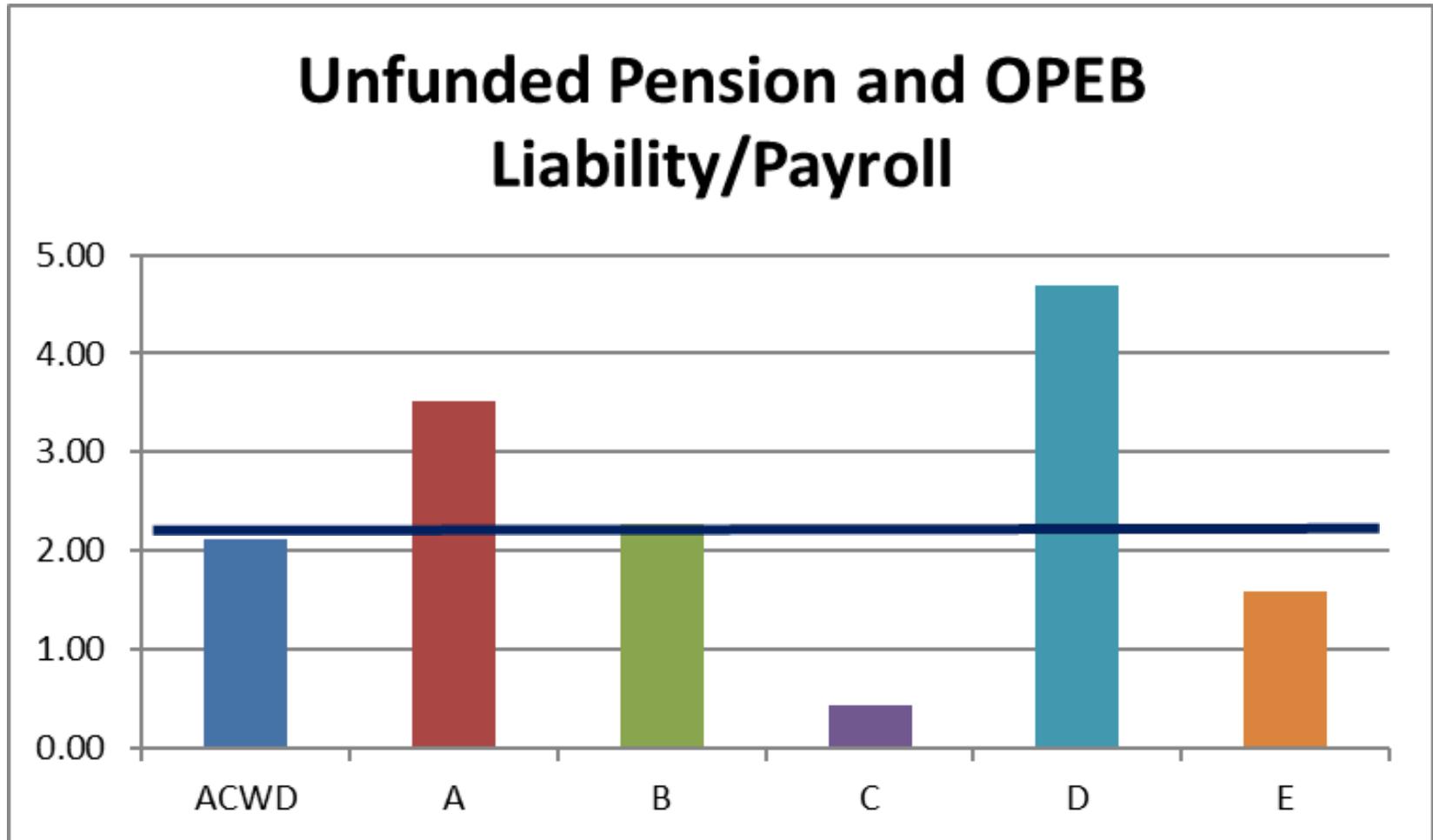
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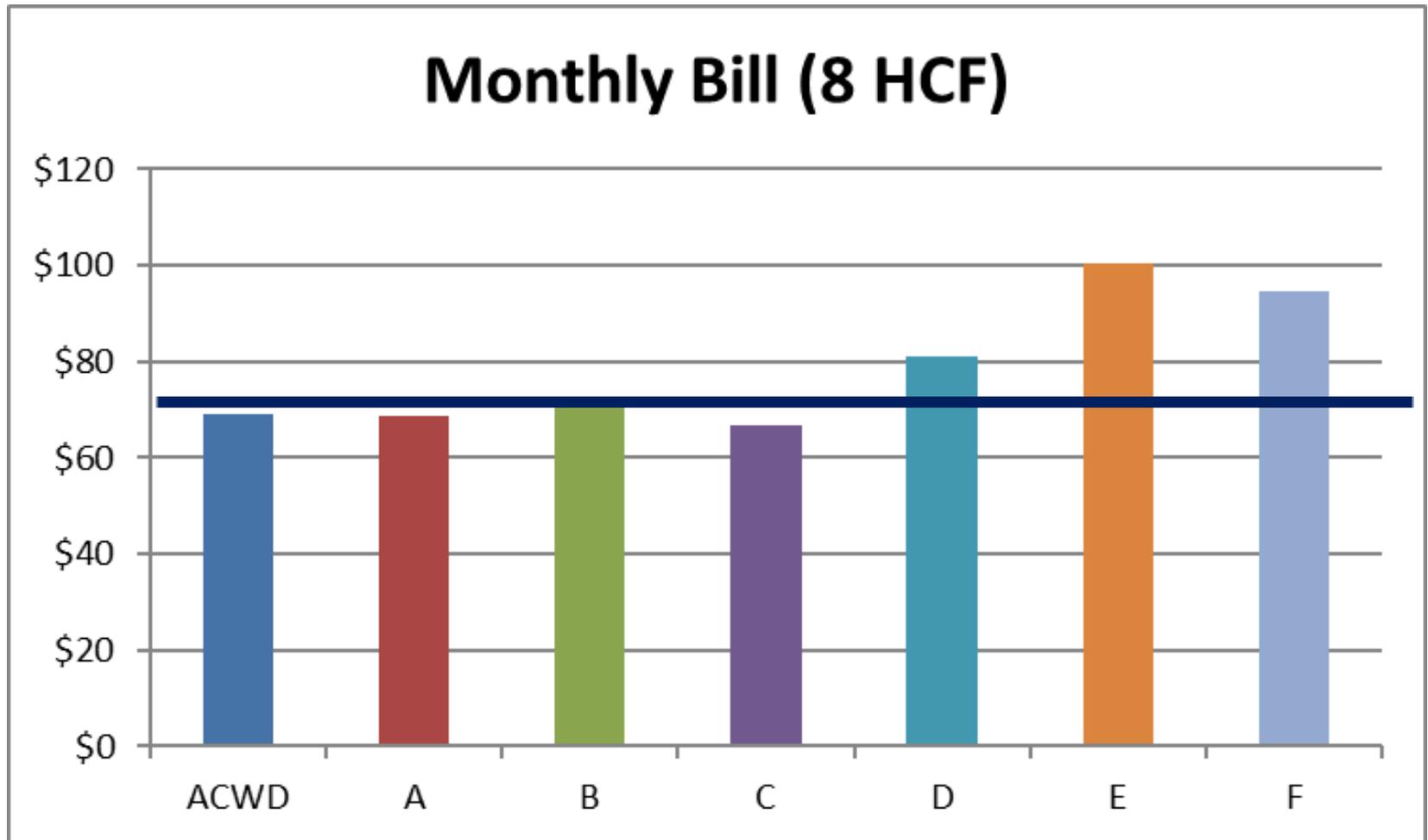
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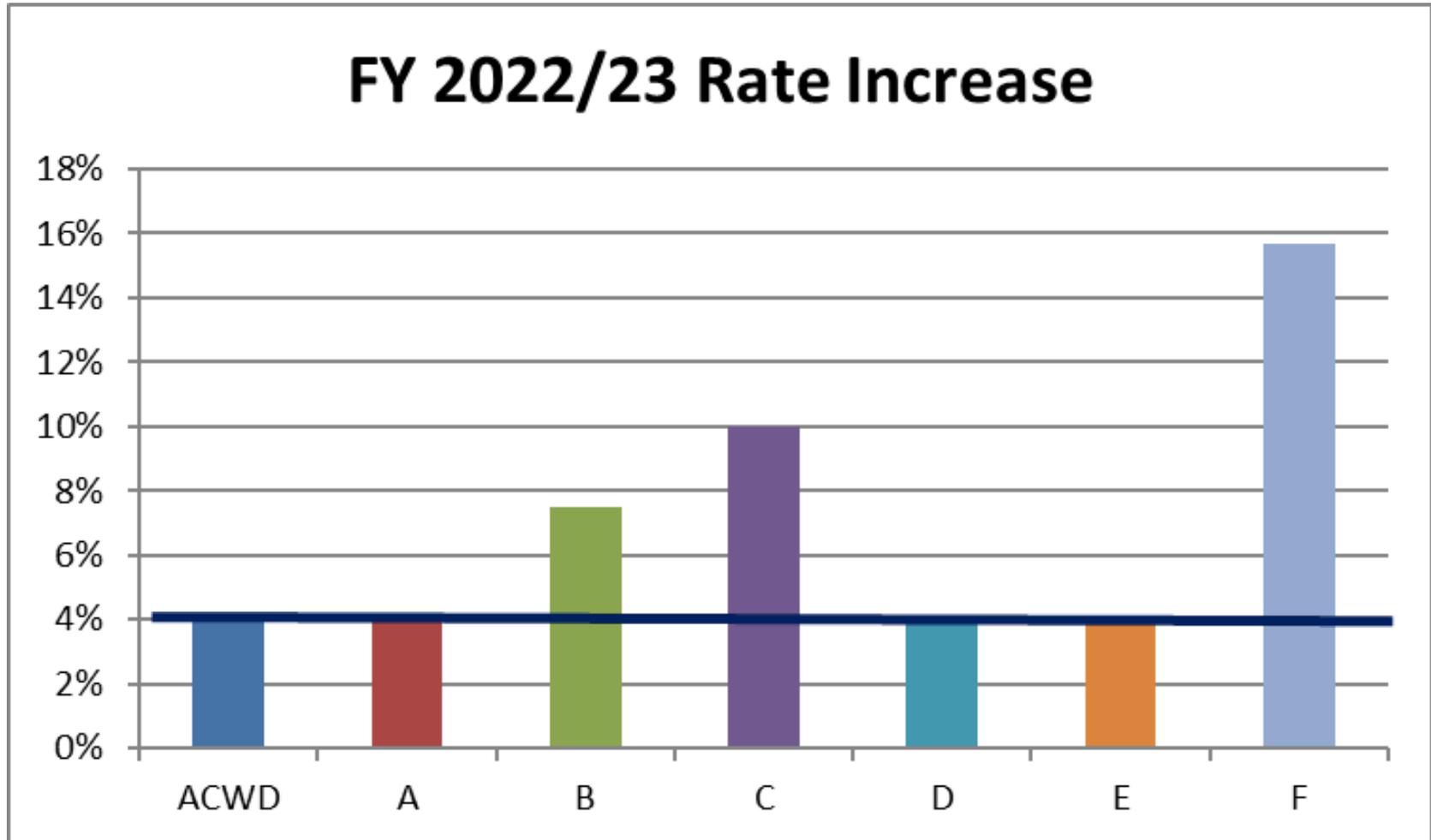
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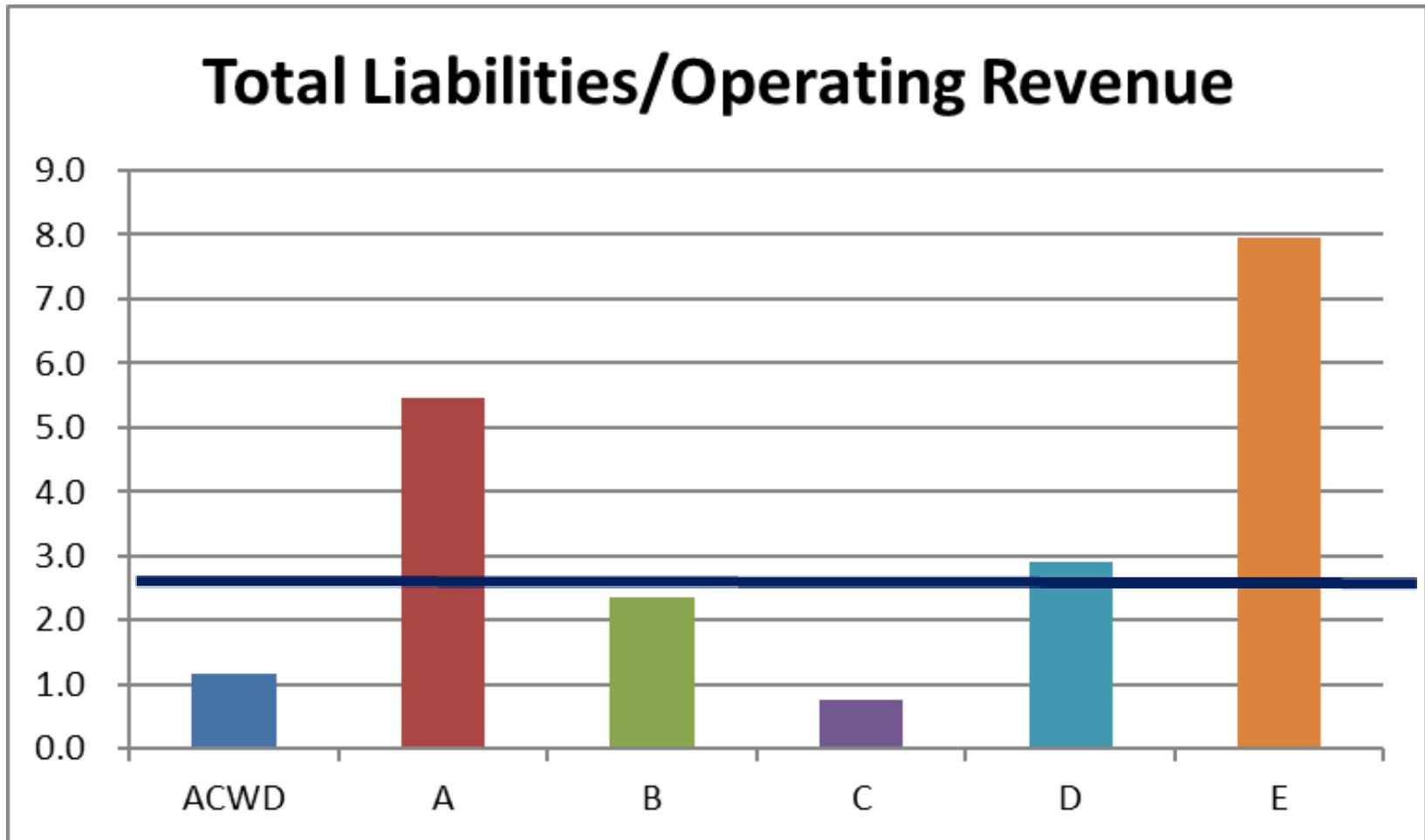
# Metric Comparison



# Metric Comparison



# Metric Comparison



# Metric Comparisons

## Variations from Fiscal Year 2021/22 Benchmarking

### Cost of Water Service

- ACWD's cost per HCF increased from \$7.79 to \$9.73; primarily due to lower water demands during the drought. However, we went from \$0.07 above the median to \$0.48 below the median
- In total, water production was down 7% from the prior year across all comparator agencies (down 10% at ACWD) and total costs increased 12.9% (12.3% at ACWD)
- Operating costs went up an average of 18% (14.6% at ACWD)

### Unfunded Pension/OPEB Liability to Payroll Ratio

- ACWD's ratio increased from 1.13 to 2.12
- Median ratio increased from 1.54 to 2.19
- Reflects the investment losses from FY 2021/22

# Metric Comparisons

## Variations from Fiscal Year 2021/22 Benchmarking

### Debt Coverage

- ACWD's debt coverage decreased from 8.73 to 5.82, and was 0.1 less than the highest ratio (third highest was 2.91)

### Monthly Bill

- Typical ACWD monthly bill amount of \$68.89 is now \$1.91 below the median (was the median last year)
- ACWD is now within \$2.00 of the lowest bill (down from \$5.41 last year)

### Rate Increase Percentage

- ACWD was a cumulative 8.2% below the median rate increases the past three years. ACWD is at the median in FY 2022/23 because four agencies had 4% increases while the other three agencies averaged 11% increases

# Conclusions

- Comparing against specific agencies has limited value due to unique operational circumstances
  - Purchased water versus own source of supply
  - Allocation of reserves to a major capital project or to retire debt
  - Strictly retail compared to agencies with a wholesale component
  - Governance differences
  - Groundwater management responsibilities
- Comparing against the median is a reasonable barometer of ACWD's performance on each metric
- ACWD is 'better' than median on each metric except we are tied with the median on rate increase percentage

# Conclusions

- ACWD continues to have substantial financial capacity compared to the other agencies
  - ACWD's total debt profile is much lower than median while our monthly bill is also below median
  - ACWD continues to have significant flexibility to issue debt to finance capital projects
  - Paying down pension and OPEB liabilities is already programmed into our financial plan
  - ACWD is well positioned to maintain rate increases within industry norms
- Benchmark comparison will be updated annually

# Alameda County Water District

Questions?

# Monthly Billing

## *Monthly Billing Proposal*

Katrina Bates

Customer Services & Systems Manager

# Monthly Billing Proposal Overview

- Customers have requested monthly billing throughout the years
- Upon AMI Project completion meter reading cost is significantly reduced, which previously would have been the largest variable cost to switch to monthly billing.
- Will need to prepare and do outreach prior to implementation
- Tentative roll out date would be July 1, 2025. All customers would be billed that month (half would still receive a bimonthly bill and then all customers would receive a monthly bill starting in August)
- No changes are proposed to delinquency processes (timelines or minimum dollar thresholds)

# Cost Benefit Analysis – Monthly Billing

Transition customer account billing from bimonthly to monthly billing:

## COSTS

- Increase in administrative and personnel costs
- Estimated annual cost of approximately \$4.97 per account
- One-time implementation cost of \$15,000



## BENEFITS

- Level billing for customers
- Increased customer engagement/communication
- Improved cash flow

# Costs Summary

- Increase in personnel (one additional customer account representative) and administrative cost for billing and payment processing of approximately \$600,000
- Administrative costs are based on number of customers on paperless billing and how many customers pay through ACH/EFT
- Net cost for monthly billing is approximately \$5 per account per year
- Cost could increase or decrease, depending on customer behavior

# Benefits Summary

- Customers will receive more regular but smaller bills, which may be easier for some customers to manage and aligns with most household bills
- Increase engagement and touch points with customers (+6 customer contacts each year)
- Improved cash flow - estimated increase in investment earnings of \$150,000 annually
- Possible reduction in past due balances
- The District is currently implementing full AMI efficiencies into the Customer Service budget and as a result the cost of billing operations will still decrease with a transition to monthly billing

# AMI and Billing Cycles

- Survey of Northern California Utility Agencies:
  - 15 have mostly AMI meters (above 80% of meters are AMI meters)
  - Of these agencies, 40% bill monthly
- With increasing bill amounts for customers, some agencies surveyed with AMI systems who currently bill bimonthly are considering a transition to monthly billing
- Annual State Board survey indicates about 51% of water systems in California bill monthly

# Billing Options

	Monthly Billing	Bimonthly Billing
Customer Convenience	✓ ✓ ✓	✓ ✓
Customer Engagement	✓ ✓ ✓	✓ ✓
Level Billing	✓ ✓	✓
Cash Flow	✓ ✓	✓
Administrative Considerations	✓	✓ ✓
Cost	✓	✓ ✓

# Questions?

# Budget Workshop

## *Fiscal Year 2024/25*

### *Midcycle Budget*

Presenters:

Jonathan Wunderlich, Director of Finance & Administration

Rekha Ippagunta, Project Engineering Manager

Sydney Oam, Financial Analysis Supervisor

Martin Koran, Senior Financial Analyst

# Agenda

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

# Acronyms

- ACFCD – Alameda County Flood Control & Water Conservation District
- AF – Acre-Foot
- A&G – Administrative & General
- AMI – Advanced Metering Infrastructure
- CalOES – California Office of Emergency Services
- CA WCB – California Wildlife Conservation Board
- CDFW – Department of Fish and Wildlife
- CIP – Capital Improvement Program
- CPI – Consumer Price Index
- DWR – Department of Water Resources
- EBMUD – East Bay Municipal Utility District
- FEMA – Federal Emergency Management Agency
- FIF – Facilities Improvement Fund
- FPM – Financial Planning Model
- FRF – Facilities Renewal Fund
- FTE – Full Time Equivalent
- FYE – Fiscal Year End
- GF – General Fund
- GW – Ground Water
- HQ- Head Quarters
- IRWMP – Integrated Regional Water Management Program
- IX – Ion Exchange
- MCP – Miscellaneous Confidential Professional
- MGD – Million Gallons per Day
- OPEB – Other Post-Employment Benefits
- PFAS – Per- and Polyfluorinated Substances
- PLC – Programmatic Logic Controller
- SCADA – Supervisory Control and Data Acquisition
- SFPUC – San Francisco Public Utilities Commission
- SGMA – Sustainable Groundwater Management Act
- SL – Service Lines
- SS – Stainless steel
- SWRCB – State Water Resources Control Board
- USBR – United States Bureau of Reclamation
- WTP2 – Water Treatment Plant #2

# Board Guidance

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

# A Few Words and the BIG Picture

- Commitment to Customer Service
  - Water Supply, Water Quality, Reasonable Price
- Ongoing and Future Challenges
  - Water Supply Reliability
  - Aging Infrastructure
  - Increasing Regulations
- Commitment to Prudent and Responsible Financial Practices
  - Managing Operating and Capital Costs
- Commitment to Transparency

# Our Mission

**It is the mission of the Alameda County Water 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.

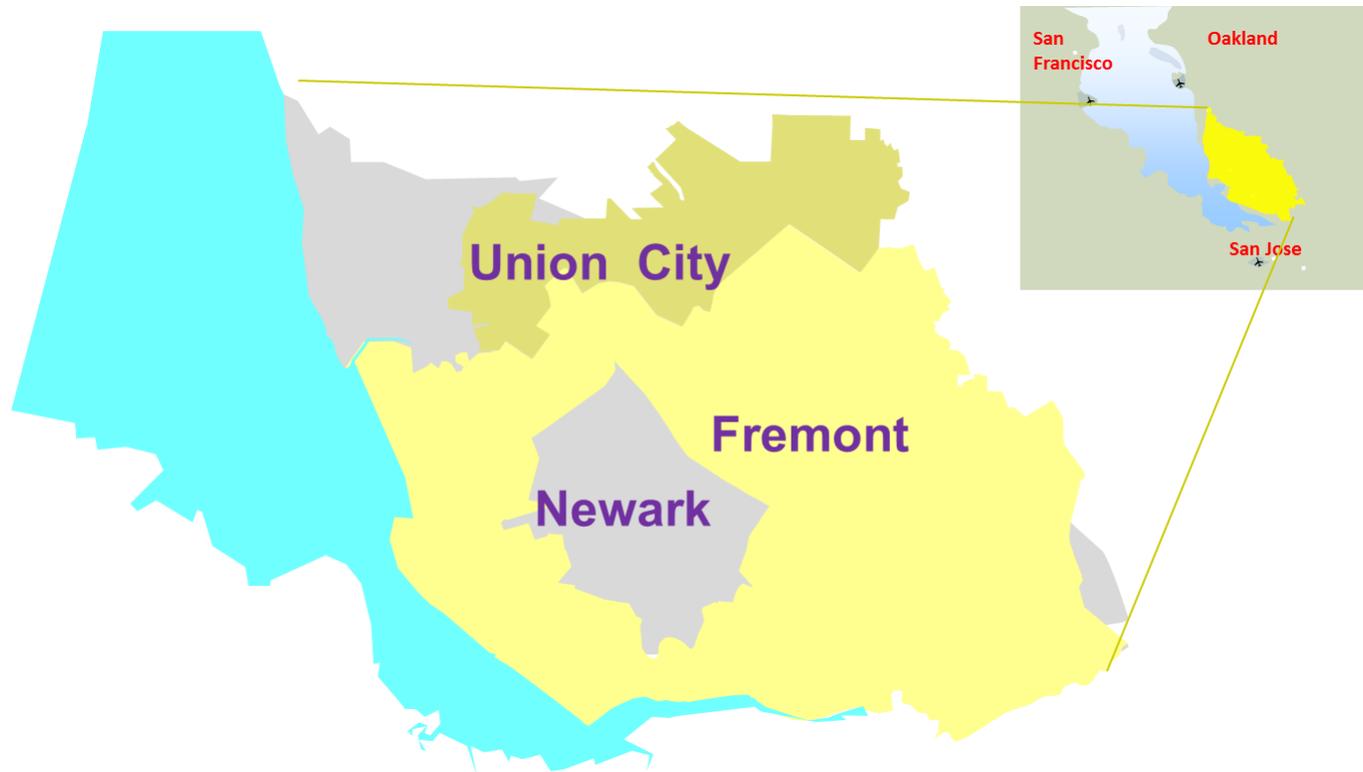
# ACWD at-a-glance

- Founded in 1914
- Service Area: Fremont, Newark, and Union City
  - ~345,000 population served
  - ~87,000 service connections
- Special District – Form of Local Government
- Elected Board: 5 Directors
- Personnel: 244 Authorized Positions
- Credit Ratings
  - Standard & Poor's: AAA
  - Moody's: Aa1



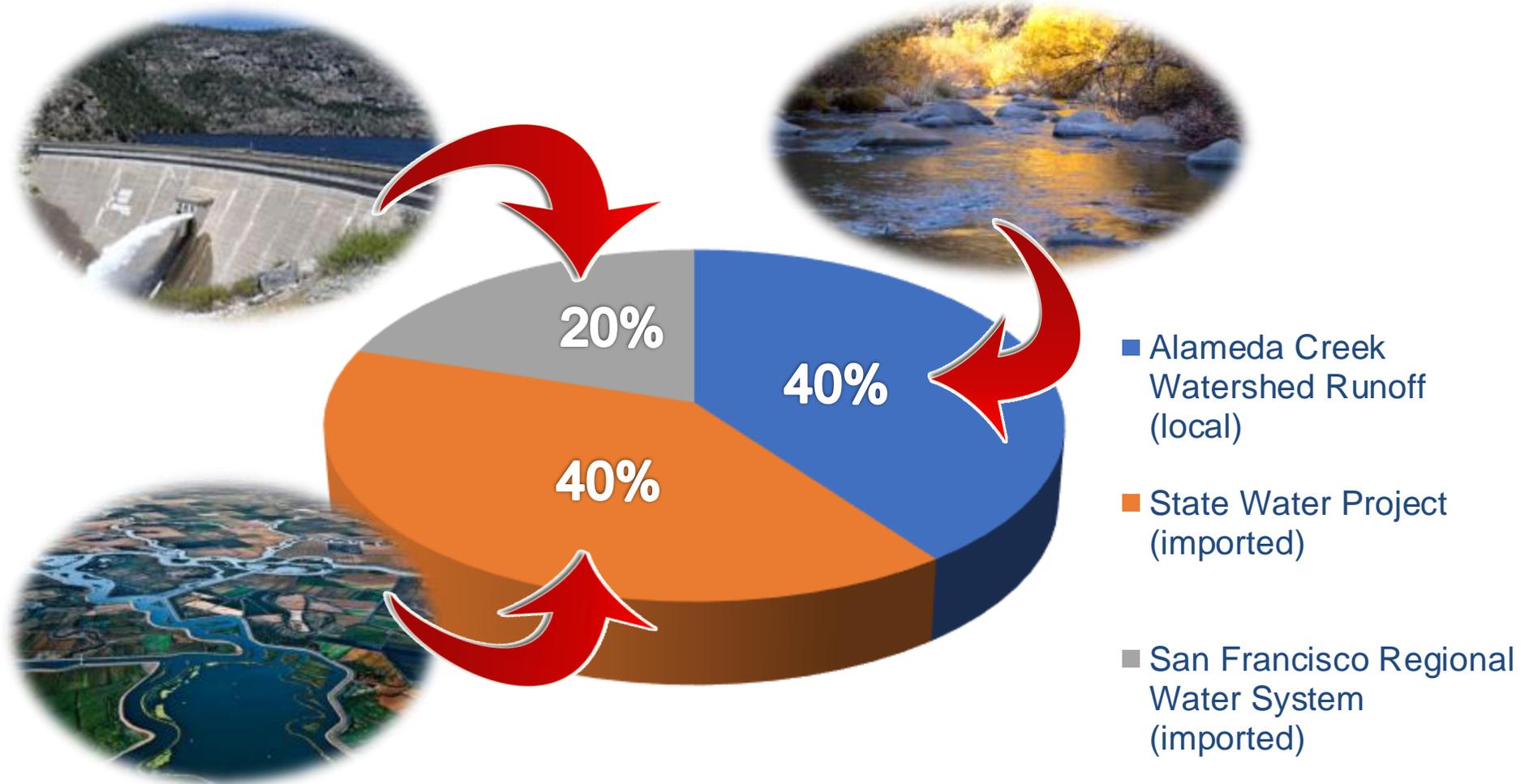
# Service Area

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



# ACWD Water Supply Sources

## Average Year



# Core Activities

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

# Budget Workshop

## Accomplishments & Goals

# FY 2023/24 Accomplishments

## Board of Directors

- Appointed a new District Secretary and Assistant District Secretary.
- Provided guidance and direction to update miscellaneous fees and charges including implementation of an updated study for Facilities Connection Charges.
- Adopted a 3.5% increase in the replenishment assessment rate for groundwater pumping for uses other than municipal and agricultural in order to generate sufficient revenue to cover expected groundwater basin-related costs.
- Provided guidance and direction in an initial workshop to update the District's Strategic Plan.
- Provided guidance and direction related to addressing and treating PFAS in groundwater supplies.
- Elected Board Officers for CY 2024.
- Attended Board meetings, Standing Committee meetings, and Ad-Hoc Committee meetings as assigned.
- Represented the District in the Association of California Water Agencies, Association of California Water Agencies Joint Powers Insurance Agency, Bay Area Water Supply and Conservation Agency, Alameda County Special Districts Association, Delta Conveyance Design and Construction Authority, Delta Conveyance Financing Authority, the Fremont Chamber of Commerce Government Affairs Committee, County of Alameda Countywide Oversight Board, Los Vaqueros Reservoir Joint Powers Authority, Southern Alameda County GIS Authority, and other organizations.
- Consulted with District's General Counsel, General Manager, and District Secretary, as appropriate, to ensure compliance with all laws, statutes, and best practices for an elected County Water District Board of Directors.

# FY 2024/25 Goals

## Board of Directors

- **Strategic Goal #1 – Cost Effectiveness & Value**
  - Promote value and cost effectiveness through oversight of District activities and projects.
- **Strategic Goal #2 – Water Supply**
  - Provide oversight and direction regarding District participation in water supply and storage initiatives.
  - Participate as appropriate in governing boards and committees of regional and state organizations advancing water supply and storage initiatives.
  - Provide oversight and direction regarding addressing PFAS in groundwater supplies.
- **Strategic Goal #3 – Financial Stability and Transparency**
  - Monitor the District’s finances and consider water rate increase(s) as appropriate to address rising costs and the District’s overall objectives.
- **Strategic Goal #4 – Workforce**
  - Monitor and provide policy guidance to the General Manager, as appropriate.
  - Support initiatives flowing from Employee Engagement Surveys and Action Plans.
- **Strategic Goal #5 – Communication**
  - Work with the District’s Sacramento representative to support legislative-related outreach and activities.
  - Complete all required ethics and sexual harassment training, as required by law.
  - Complete all assigned cybersecurity training and maintain best cybersecurity practices.
  - Attend conferences and educational seminars to keep abreast of important issues, and best practices related to water districts in California.

# FY 2023/24 Accomplishments

## Office of the General Manager

- Partnered with EBMUD, U.C. Berkeley, and other water industry organizations to offer internships to students considering a career in the water industry.
- Developed and implemented an Internal Communications Plan (versions 1 and 2) and a Change Management Plan as part of continuing implementation of the Employee Engagement Action Plan.
- Re-prioritized the Main Renewal Program and accelerated capital project production.
- Prioritized completion of planning documents and program plan for emergency preparedness and response. Conducted Board workshops on the topic.
- Prioritized cyber-security planning, penetration testing, audits, and exercises.
- Achieved Certified Special District Manager certification to maintain ACWD's status as a District of Distinction.
- Designed and published weekly Tri-City Voice advertisements and issued three ACWD Aqueduct newsletters.
- Coordinated ACWD's support of the Niles Canyon Stroll and Roll event with 10,000 community members in attendance.
- Hosted 5<sup>th</sup> annual WaterClips Student Video contest with record participation.
- Developed water conservation promotional plant stakes with a QR code to landscape rebate programs. This marketing effort received an award in the Communications and Marketing Tools Category from the California Association of Public Information Officials (CAPIO) EPIC Awards.
- Coordinated the 2024 Customer Satisfaction Survey.
- Monitored state legislative and executive branch activities.

# FY 2024/25 Goals

## Office of the General Manager

- **Strategic Planning**
  - Work with the Board of Directors to create and implement a new 5-year Strategic Plan.
- **Strategic Goal #2 – Water Supply**
  - Strategically participate in water supply and storage initiatives, including those associated with Los Vaqueros Reservoir, Del Valle Reservoir, and Alameda Creek.
  - Ensure the District is positioned to exceed water quality regulations while increasing available production capacity from both the Blending Facility and Newark Desalination Facility.
- **Strategic Goal #3 – Financial Stability and Transparency**
  - Work with the Board of Directors and the community to evaluate the District’s water rates.
- **Strategic Goal #4 – Workforce**
  - Implement a new Employee Code of Conduct.
  - Continue to host “All Hands” meetings with employees.
  - Increase communication of agency priorities, successes, challenges, and major activities to staff.
  - Re-evaluate internship programs and expand as appropriate.
- **Strategic Goal #5 – Communication**
  - Coordinate with external agencies and other organizations to further the District’s interests and goals.
  - Ramp up community tours of District production facilities and Alameda Creek facilities.
  - Evaluate water bottle filling stations and opportunities for partnerships.
  - Expand school and community education and engagement with mobile interpretive education center.
  - Develop a crisis communication plan.

# FY 2023/24 Accomplishments

## Engineering & Technology Services

- Made significant progress on meeting turn-around goals for plan reviews and customer job processing.
- Through the third quarter of FY 2023/24, the Development Services Division mapped or updated approximately 18.7 miles of newly installed or renewed water mains.
- Went live with Cityworks PLL for development services functions.
- Received the American Public Works Association, Northern California Chapter, 2024 Public Works Project Award, in the “Environment” category, for projects between \$25M and \$75M, for the Rubber Dam No. 1/Drop Structure Fishway, Rubber Dam No. 1 Control Building Modifications, and Shinn Pond Fish Screens Project.
- Completed nearly 100% deployment of AMI meter upgrades across the District’s service area.
- Completed design and commenced construction of the Alameda Reservoir Roof Replacement Project.
- Commenced construction of the Groundwater PFAS Treatment Project – Phase 1. Executed contracts for the pre-procurement of needed equipment, including: feed and booster pumps, IX vessel systems, pre-treatment cartridge filters, IX media, electrical service transformer and PLC system components.
- Decommissioned older Windows 2012 R2 servers across the District.
- Deployed a new video storage server to support sonar camera monitoring at the RD1 Fish Ladder facility.
- Deployed Immutable repositories at HQ and TP2 for IT disaster recovery preparedness.
- Conducted monthly phishing campaigns and remedial training with reportable analysis.
- Revised the Cybersecurity Incident Response plan based on the results of a tabletop exercise.
- Made significant progress on remediation of vulnerabilities as identified by network and application penetration test results.

# FY 2024/25 Goals

## Engineering & Technology Services

- **Strategic Goal #1 – Cost Effectiveness & Value**

- Review and update the District's Standard Specifications, Development Specifications, and the Approved Materials List to be consistent with current industry standards and practices and the District's needs.
- Continue review and valuation of corrosion control and cathodic protection systems.
- Continue refining and improving Cityworks PLL for Development Services to provide significant improvements to the Customer Job Order and Public Water System Extension workflow process.
- Advance key Main Renewal and Seismic Improvement Program projects including Alvarado-Niles Pipeline Seismic Improvement Project Phase 2, Driscoll Road Main Replacement Project and select reservoir roof replacements.
- Milestone completions for Clean Energy Program including implementation of solar arrays at Phase 1 sites.
- Milestone completion for the PFAS Treatment at ACWD's Groundwater Facilities Project.
- Complete the Capital Improvement Program (CIP) Engineering Report and the Main Renewal Program plan.
- Conduct annual penetration test to assess cybersecurity vulnerabilities.
- Complete a CISA led cybersecurity tabletop exercise to prepare and assess the readiness of the District.
- Perform Disaster Recovery bi-annual testing.
- Deploy new AI tools to assist with cybersecurity network defense and email threat detection.

- **Strategic Goal #4 – Workforce**

- Provide annual cybersecurity training for District employees.

- **Strategic Goal #5 – Communication**

- Collaborate with the Public Affairs team on public outreach efforts for CIP projects.
- Engage with internal customers for the development of the district's Technology Master plan.

# FY 2023/24 Accomplishments

## Operations & Maintenance

- Operated and maintained the Very High Frequency (VHF) system allowing for employees to communicate via radios throughout the District's jurisdiction.
- Operated and maintained the District's Rapid Area Notification System (RANS). This system allows the District to send employees and/or customers information immediately via e-mails, texts, and phone calls.
- Ensured that annual testing of Backflow Assemblies was completed and in compliance with state requirements.
- Completed the annual Flushing Program of the District's water distribution system.
- Responded to over 120 service line and main leaks to assure reliability of the water distribution system.
- Implemented new Laboratory Information Management System (LIMS) to track samples from login to reporting.
- Purchased and brought online new Ion Chromatography System (instrument used for analysis of bromide, chloride, nitrate, nitrite, and sulfate).
- Met or surpassed all primary and secondary drinking water standards 100% of the time.
- Developed a plan to pilot and study the performance of an alternative primary coagulant at WTP-2.
- Completed over 90% of scheduled Preventative Maintenance work.
- Completed maintenance overhaul and painting of Treatment Plant 2 Filter Press system.
- Inspected and relined chemical storage tanks at Newark Desalination Facility (NDF).
- Completed repair and overhaul of B16 Booster pump.
- Installed Blender Facility site security system infrastructure.
- Completed electrical testing and preventive maintenance of TP2 motor control centers.
- Rebuilt and installed B-16 Booster Pump and Motor.
- Re-introduce Darvon 1 to the NDF source water flow.

# FY 2024/25 Goals

## Operations & Maintenance

- **Strategic Goal #1 – Cost Effectiveness & Value**
  - Complete Security Master Plan. Begin upgrades at Desalination, Headquarters, and other sites.
  - Establish an emergency response training and exercise program for incident response staff.
  - Continue to look for cost saving opportunities through new repair techniques and cost saving equipment.
  - Continue to plan and complete the annual Flushing Program of the District's water distribution system.
  - Complete the logic validation documentation and system improvements supporting optimization effort.
  - Comply with environmental regulations 100% of the time.
  - Complete an alternative coagulant study at WTP-2.
  - Complete asset management master plan for vertical assets.
- **Strategic Goal #2 – Water Supply**
  - Meet or surpass all primary and secondary drinking water standards 100% of the time.
  - Prepare for and operate PFAS treatment system.
  - Conduct monitoring for emerging contaminants in accordance with the federal UCMR-5 requirements.
- **Strategic Goal #4 – Workforce**
  - Promote employee water distribution system knowledge retention through continued on-site classes.
  - Develop electrical safety program.
- **Strategic Goal #5 – Communication**
  - Communicate with customers about water outages and potential changes in water supply or quality.
  - Complete and publicize water quality Consumer Confidence Reports.

# FY 2023/24 Accomplishments

## Finance & Administration

- Continued to serve in a lead role in District participation in Los Vaqueros Reservoir project.
- Led District legislative review of its Replenishment Assessment Act.
- Led District participation in the state-administered Low-Income Household Water Assistance Program.
- Received the Distinguished Budget Presentation Award from Government Finance Officers Association (GFOA).
- Completed updated studies for: Facilities Connection Charges and the Fringe & Overhead rate.
- Completed the Annual Comprehensive Financial Report for FYE 22 and FYE 23 with no audit findings.
- Received the Certificate of Achievement for Excellence in Financial Reporting award from GFOA.
- Implemented electronic receipts for developer job invoices using the automated clearing house (ACH) network.
- Successful implementation of new rate and fee charges.
- Implemented processes to support AMI project roll out, including a policy for AMI opt-out requests.
- Utilized the property tax bill to collect delinquent accounts for the first time.
- Obtained the Achievement of Excellence in Procurement Award.
- Fully implemented Job-Order Contracting for small construction projects.
- Enhanced the safety program and updated COVID policies consistent with revised state guidance.
- Facilitated the District's Diversity, Equity, and Inclusion (DEI) Council and District-wide DEI Work Plan, including the completion of the District's first DEI training program.
- Successfully completed 36 District recruitments, inclusive of interns and temporary employees.
- Launched an RFP for a new employee evaluation software.
- Held a benefits and open enrollment fair to provide assistance to employees and retirees.
- Launched a branding campaign to enhance the ability to attract well-qualified and diverse job applicants.

# FY 2024/25 Goals

## Finance & Administration

- **Strategic Goal #2 – Water Supply**
  - Continue to support all facets of the District’s participation in the Los Vaqueros project.
- **Strategic Goal #3 – Financial Stability and Transparency**
  - Promote transparency by publicly reviewing each financial policy and financial benchmarking results.
  - Prepare the budget in accordance with best practices to improve financial transparency
  - Complete a water rates process.
  - Complete the Annual Comprehensive Financial Report for FYE 23 and FYE 24 with no audit findings.
  - Explore options to expand the receipt of ACH payments to encompass all ACWD transactions.
  - Develop and implement processes in support of the AMI system.
  - Achieve savings for the District through full and open competition and use of Cooperative Agreements.
- **Strategic Goal #4 – Workforce**
  - Begin labor negotiations and successfully negotiate successor MOUs.
  - Update and enhance safety program capabilities.
  - Implement the Diversity, Equity and Inclusion (DEI) SharePoint Page.
  - Implement new system for MCP performance evaluations and finalize MCP evaluation standards.
  - Continue the third cohort of Leadership Skills Training (LST) and Universal Skills Training (UST) programs.
- **Strategic Goal #5 – Communication**
  - Actively promote and enhance customer self-service options, including My Smart Water Connect.
  - Provide customers with courteous, accurate and timely solutions to their inquiries and requests.
  - Conduct a vendor fair / training on how to do business with the District.

# FY 2023/24 Accomplishments

## Water Resources

- Completed the Purified Water Feasibility Evaluation, which describes future options for a water reuse project.
- Completed Phase 1 of the Water Resources Master Plan project, including a public survey, four public interest group workshops, and the development of a Scope of Work for Phase 2.
- Completed development of a new Integrated Water Resources Planning model, a key tool for evaluating future plans for the District's water supplies.
- Continued work on a Los Vaqueros "Business Case" evaluation to assess the costs and benefits of participating in the project, including coordination with project partners and DWR.
- Continued negotiations with Bay Area Water Supply & Conservation Agency (BAWSCA) member agencies on the renewal of the Tier 2 drought allocation formula, which will govern water sharing in future droughts.
- Continued implementation of the Water Use Efficiency Master Plan, including: added several new water use efficiency programs and expanded several existing programs; revisited the demand forecast and water use efficiency measure analyses in the Water Use Efficiency Master Plan Decision Support System model.
- Initiated cleanup at two sites; closed two cases with six additional cases going through the Groundwater Protection Program closure process as part of ongoing efforts to protect groundwater resources.
- Submitted the first annual regulatory report on the District's Fish Ladder Operations for Water Stewardship (FLOWS) program on Alameda Creek.
- Issued an annual Survey Report on Groundwater Conditions in February 2024.
- Issued the District's annual report pursuant to requirements of SGMA\* on March 31, 2024.
- As of the end of March of FYE 24, conducted 340 inspections of drilling operations.

# FY 2024/25 Goals

## Water Resources

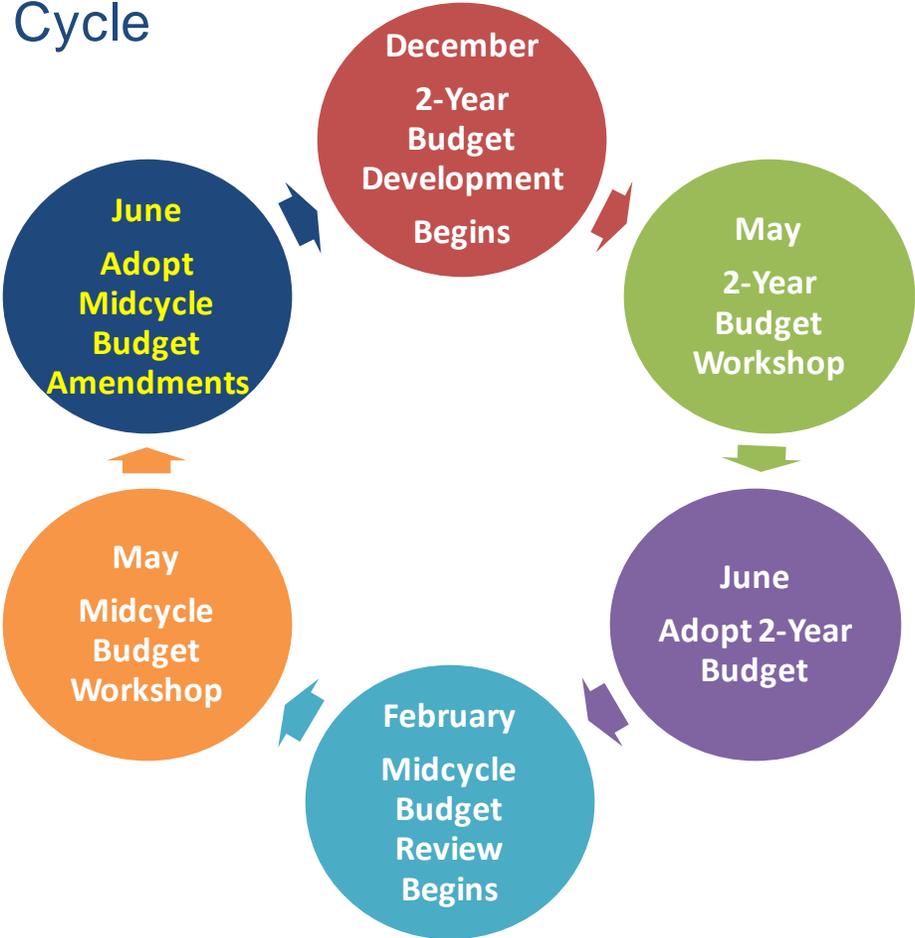
- **Strategic Goal #1 – Cost Effectiveness & Value**
  - Minimize operating expenses through water supply and production optimization.
- **Strategic Goal #2 – Water Supply**
  - Continue work on the development of a new Water Resources Master Plan.
  - Finalize a “business case” evaluation update for potential participation in the Los Vaqueros Project.
  - Implement cost-effective water use efficiency measures in alignment with the Water Efficiency Master Plan.
  - Create AMI analytics database for in-depth water consumption data analysis and long-term data storage.
  - Continue implementation of the Alameda Creek Biological Opinion for fish passage and adaptive management improvements via the FLOWS program.
  - Complete the annual Groundwater Monitoring Report and Survey Report on Groundwater Conditions.
  - Complete the SGMA Annual Report by the April 1 deadline each year.
  - Continue implementing the Alternative to a Groundwater Sustainability Plan and enhancement of the District’s SGMA efforts as new information is presented or new technology is developed.
  - Support near-term and long-term groundwater production facility maintenance and improvement projects.
- **Strategic Goal #5 – Communication**
  - Conduct one or more Board Workshops with public participation regarding water resources planning-related topics, including groundwater management and SGMA implementation.
  - Communicate with well owners/operators and interested parties about Board of Directors or other public discussions that consider items regarding the management of Niles Cone Subbasin 2-09.01 (Niles Cone).

# Budget Workshop

## Budget Process & Assumptions

# Budget Process

- District Two-Year Budget Cycle



Midcycle Budget Workshop  
May 23, 2024

# Assumptions and Planned Activities

- Prudent investments in infrastructure replacement and seismic improvements to enhance water system reliability.
  - Advanced Metering Infrastructure
  - Main Renewal Program
  - Reservoir and pump station improvement projects
- Continue evaluation of initiatives to ensure water supply reliability.
  - Delta Conveyance Project
  - Los Vaqueros Reservoir Expansion
  - Other projects as identified through the Water Supply Master Plan
- Contributions for pension and retiree health benefits maintained at more aggressive levels to be fully funded by June 2032.

# Unplanned Reserve Impacts

## Reserves are being spent faster than anticipated

- Construction costs have gone up and the AMI schedule has accelerated – increased spend of capital reserves of about \$3.7M this year
- Additional SFPUC purchases this year compared to budget due to facility outages and water quality targets: ~\$6M
- Unexpected SFPUC wholesale water rate increase of 8.8% effective July 1, 2024: ~\$2M new ongoing cost
- Reduction in water demand – less post-drought increase than expected (1.7 MGD lower future demands: ~\$4M annual revenue loss)

## Other key assumptions

- Employee labor and benefit costs consistent with current contracts – cost of living adjustment of 3.14% effective July 1, 2024
- Projected water rate increases to maintain effective operations and financial capacity – assumed 5.5% increase in FY 24/25

# What Has ACWD Done to Mitigate Costs

- Securing grants, reimbursements, and other funding from outside agencies – Hazard Mitigation Grant Program, PFAS Settlement
- Installation of AMI that will provide long term cost reductions and operating savings
- Construction of PFAS treatment facility to minimize future SFPUC water purchases
- Clean Energy Program targets reduced electrical costs
- New hires on or after January 2019 enrolled in a defined contribution retiree health benefit plan
  - 73 current employees are enrolled in this benefit plan
  - 15 recent hires will be enrolled upon completion of probation

# Assumptions and Planned Activities

## Proposed Staffing Changes

- Office of the General Manager
  - Addition of 1 intern
  - Conversion of existing Defined Term Public Affairs Technician to a permanent Public Affairs Specialist to support enhanced community engagement
  - Reduce 0.5 FTE (one split position between Public Affairs and Human Resources moves full-time to Human Resources)
- Engineering & Technology Services
  - Addition of 1 IT Analyst position to directly support business applications, reporting, and support cybersecurity
  - Due to recruitment challenges and based on comparison with other agencies, a 5% increase to the Chief Information Security Officer position
- Operations & Maintenance
  - Addition of 1 defined-term Treatment Facilities Operator/Advanced to support startup and operation of PFAS Treatment Facility. Ongoing need for this position will depend on experience operating the new PFAS Treatment Facility

# Assumptions and Planned Activities

## Proposed Staffing Changes

- Finance & Administration

- Removal of 5 vacant defined-term Meter Reader Positions due to completion of AMI project. Retain 1 defined-term meter reader position and depending on experience the next year operating post-AMI consider conversion to a permanent Customer Account Field Technician
- Reclassify the Meter Reader Supervisor position to Customer Account Field Supervisor
- Conversion of 1 defined-term Customer Service Representative (CSR) position to permanent CSR to support a proposed transition to monthly billing
- Addition of 0.5 FTE HR Technician in Human Resources to support the safety program
- Due to new risk management duties added prior to the last recruitment and based on comparison with other agencies, increase the salary for the Workplace Health & Safety Officer by 5%

- Water Resources

- Convert 1 defined-term Water Conservation Specialist to a permanent position consistent with the adopted Water Efficiency Master Plan
- Add 1 defined-term Engineer/Hydrologist I/II position to cover casework/regulatory work freeing up engineers for SGMA, projects, and climate change modeling

- Net reduction from 244 to 242 full-time positions

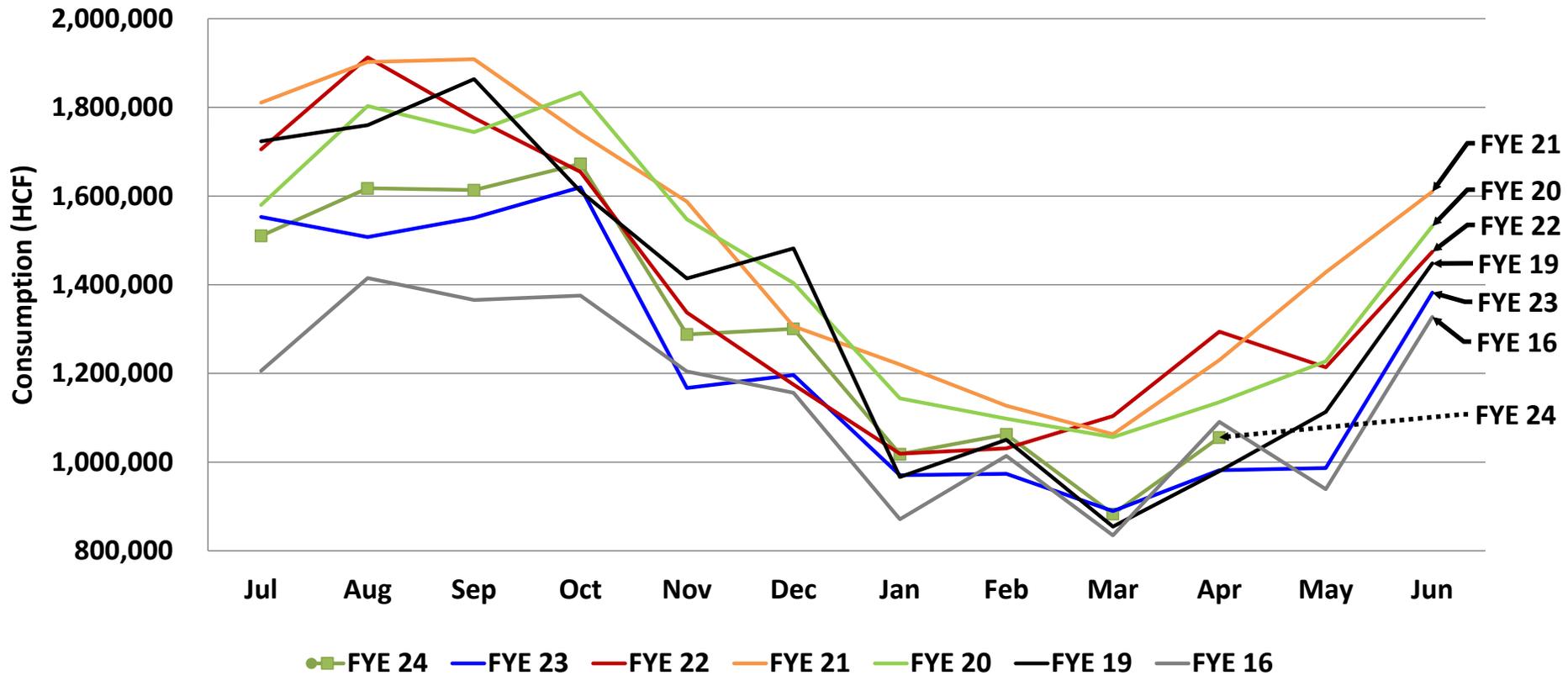
# Current Projected Financial Status

## General Fund

	FYE 22 Actual	FYE 23 Actual	FYE 24 Budget	FYE 24 Estimated	FYE 25 Budget	FYE 25 Amended
<b>Changes in Fund Balance</b>						
<b>General Fund Beginning Balance</b>	\$123,949	\$135,429	\$134,304	\$135,386	\$110,904	\$102,409
Revenues	146,638	150,239	148,348	144,973	155,217	152,678
Expenses	144,264	148,911	171,748	177,950	176,586	186,072
Debt Proceeds	10,000	-	-	-	-	30,000
Reconciling Timing Difference	(870)	(1,371)	-	-	-	-
<b>General Fund Ending Balance</b>	<b>\$135,429</b>	<b>\$135,386</b>	<b>\$110,904</b>	<b>\$102,409</b>	<b>\$89,535</b>	<b>\$99,015</b>
Change in Fund Balance \$	11,481	(43)	(23,400)	(32,977)	(21,369)	(3,394)
Change in Fund Balance %	9%	0%	-17%	-24%	-19%	-3%

# Water Consumption

**Total Consumption  
By Fiscal Year By Month  
FYE 16, FYE 19, FYE 20, FYE 21, FYE 22, FYE 23, FYE 24**



# Budget Workshop

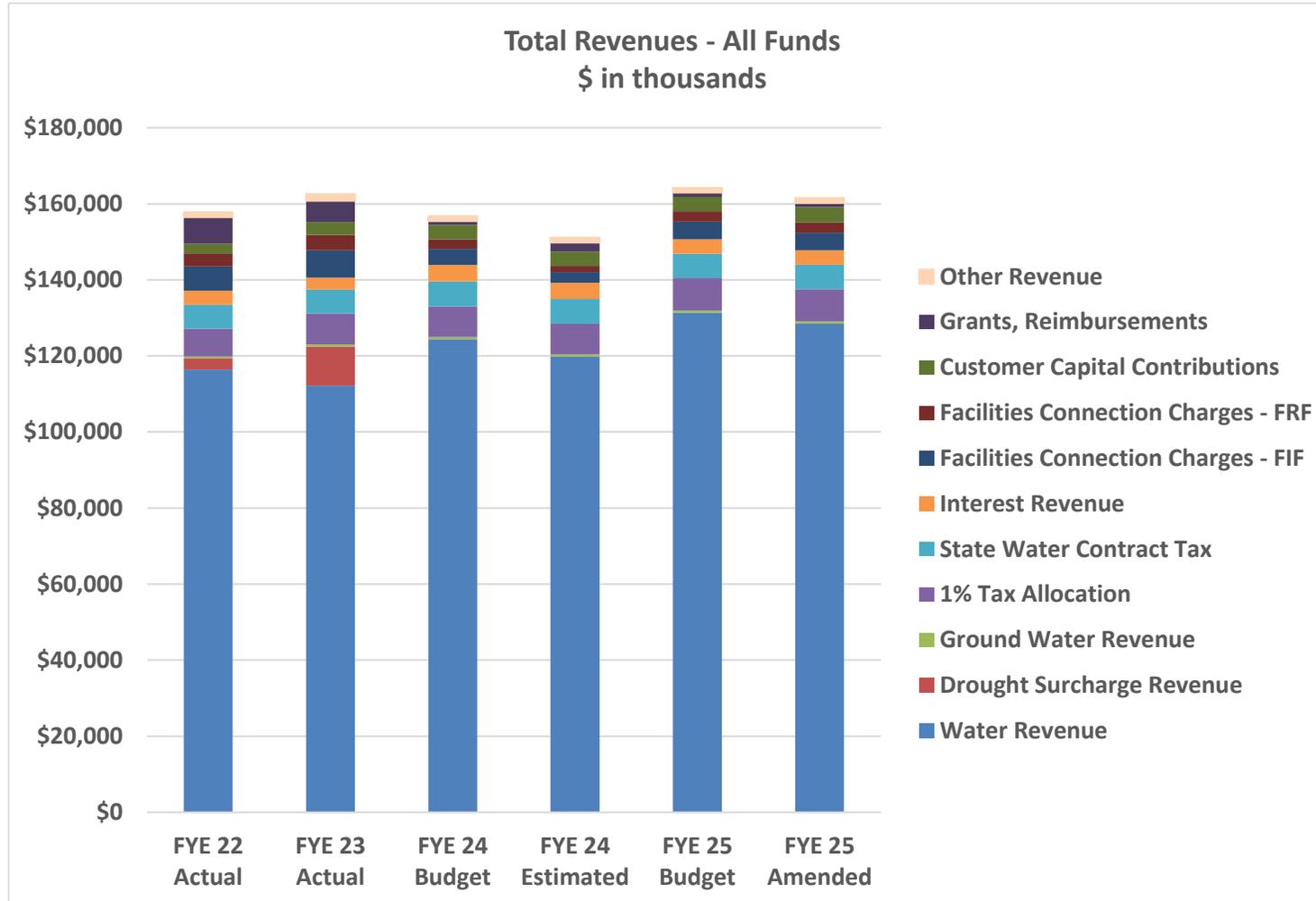
## Budget Overview

# Budget Comparison

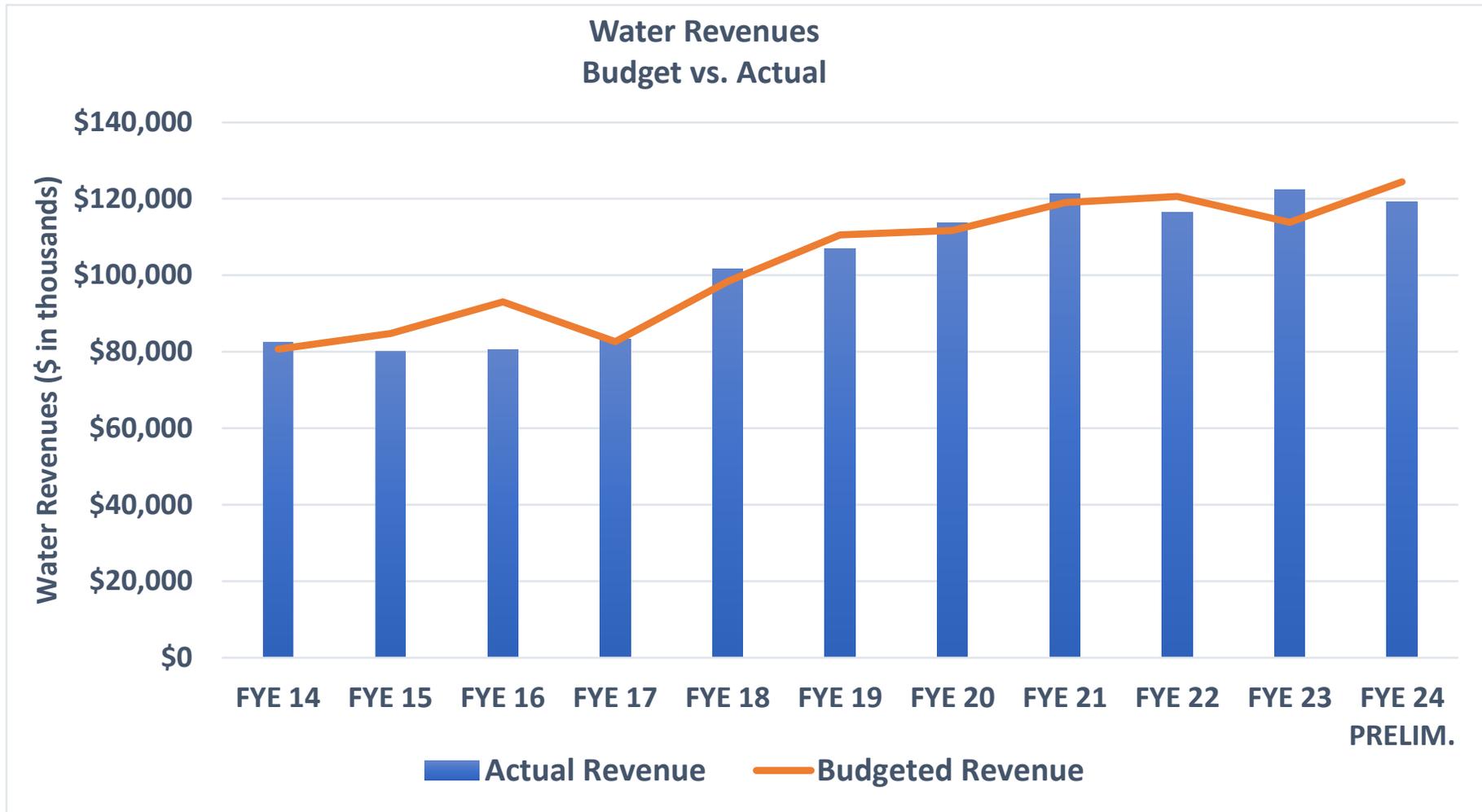
## Total Revenues

Revenues	FYE 22 Actual	FYE 23 Actual	FYE 24 Budget	FYE 24 Estimated	FYE 25 Budget	FYE 25 Amended
	(\$ in thousands)					
Water Revenue	\$116,429	\$112,188	\$124,403	\$119,755	\$131,405	\$128,471
Drought Surcharge Revenue	2,976	10,259	-	-	-	-
Ground Water Revenue	443	611	560	623	571	631
1% Tax Allocation	7,310	8,063	8,081	8,081	8,445	8,445
State Water Contract Tax	6,283	6,349	6,545	6,545	6,452	6,452
Interest Revenue	3,705	3,128	4,323	4,231	3,793	3,754
Facilities Connection Charges - FIF	6,414	7,179	4,213	2,816	4,593	4,621
Facilities Connection Charges - FRF	3,410	4,000	2,540	1,680	2,769	2,679
Customer Capital Contributions	2,517	3,428	3,800	3,700	3,800	4,093
Grants, Reimbursements	6,969	5,569	1,007	2,398	1,078	1,078
Other Revenue	1,330	1,759	1,284	1,284	1,287	1,316
<b>Total Revenues</b>	<b>\$157,787</b>	<b>\$162,535</b>	<b>\$156,756</b>	<b>\$151,112</b>	<b>\$164,192</b>	<b>\$161,539</b>

# Budget Comparison Total Revenues



# Budget Comparison Water Revenues



# Grants & Reimbursements

	FYE 22 Actual	FYE 23 Actual	FYE 24 Budget	FYE 24 Estimated	FYE 25 Budget	FYE 25 Amended	FYE 22 - FYE 25 Total
Grants & Reimbursements (\$ in thousands)							
ACFCD for RD1/Drop Struct. Fish ladder	\$2,633	\$1,281	(\$189)	(\$189)	-	-	\$3,725
CA WCB Rubber Dam Fish Ladder No. 1	312	-	-	536	-	-	848
IRWMP RD1 System Fish Passage Improvements	-	3,347	335	-	-	-	3,347
CDFW Restorationfor RD1 & Shinn Screens	1,440	-	-	-	-	-	1,440
USBR WaterSmart for AMI	-	-	500	2,000	-	-	2,000
Proposition 1 - Brackish Groundwater Reclamation	-	-	50	50	1,078	1,078	1,128
Oliver de Silva Inc for Fish Passage	1,000	-	-	-	-	-	1,000
State Arrearages Program	920	-	-	-	-	-	920
SWRCB - Niles Cone GW Basin Extract Well Site Eval.	213	384	-	-	-	-	597
DWR Alternative Update & Model Upgrade Niles Cone	174	50	-	-	-	-	224
EBMUD BAIRWMP Prop 1 Regional Conservation Grant	-	310	312	2	-	-	312
SFPUC/USD Water Purchase Cost Share	148	156	-	-	-	-	304
SWRCB for GW Sustain. Prog. (Old Jarvis)	130	-	-	-	-	-	130
Avalon Tank CalOES/FEMA	-	-	-	-	-	-	-
Coastal Conservancy Prop 1 for RD3	-	41	-	-	-	-	41
Solano County Conservation Grant RD2	-	-	-	-	-	-	-
Mayhew Reservoir CalOES/FEMA	-	-	-	-	-	-	-
<b>Total</b>	<b>\$6,969</b>	<b>\$5,569</b>	<b>\$1,007</b>	<b>\$2,398</b>	<b>\$1,078</b>	<b>\$1,078</b>	<b>\$16,014</b>

# Budget Comparison

## Total Expenses

Expenses	FYE 22 Actual	FYE 23 Actual	FYE 24 Budget	FYE 24 Estimated	FYE 25 Budget	FYE 25 Amended
	(\$ in thousands)					
Source of Supply	\$43,516	\$47,564	\$50,126	\$56,828	\$51,531	\$55,245
Pumping	1,838	2,148	2,808	2,474	2,898	2,586
Water Treatment	14,725	15,632	19,373	16,652	19,895	19,532
Transmission & Distribution	15,717	16,530	16,545	16,432	16,903	16,053
Customer Accounts	4,770	5,318	6,339	6,197	6,552	5,232
Administrative & General	25,050	23,104	22,107	22,314	22,890	25,518
Expense Projects	4,700	4,187	4,497	3,289	4,093	4,121
<b>Total Operating Expenses</b>	<b>110,316</b>	<b>114,484</b>	<b>121,796</b>	<b>124,187</b>	<b>124,762</b>	<b>128,288</b>
Capital Projects	35,082	32,805	50,344	54,076	53,253	58,290
Customer Capital Contributions	3,078	3,817	3,800	4,000	3,800	4,093
Debt Service	4,848	5,965	5,924	5,924	5,911	7,646
<b>Total Non-Operating Expenses</b>	<b>43,008</b>	<b>42,587</b>	<b>60,068</b>	<b>64,000</b>	<b>62,964</b>	<b>70,029</b>
<b>Total Expenses</b>	<b>\$153,324</b>	<b>\$157,070</b>	<b>\$181,864</b>	<b>\$188,187</b>	<b>\$187,726</b>	<b>\$198,317</b>

# Budget Comparison Cash Balances

	FYE 22 Actual	FYE 23 Actual	FYE 24 Budget	FYE 24 Estimated	FYE 25 Budget	FYE 25 Amended
<b>Total Cash Balance</b>	(\$ in thousands)					
Beginning Balance	<b>\$195,301</b>	<b>\$208,870</b>	<b>\$211,193</b>	<b>\$212,963</b>	<b>\$186,085</b>	<b>\$175,889</b>
Total Revenues	<b>157,787</b>	<b>162,535</b>	<b>156,756</b>	<b>151,112</b>	<b>164,192</b>	<b>161,539</b>
Total Operating Expenses	110,316	114,484	121,796	124,187	124,762	128,288
Total Non-Operating Expenses	43,008	42,587	60,068	64,000	62,964	70,029
Total Expenses	<b>153,324</b>	<b>157,070</b>	<b>181,864</b>	<b>188,187</b>	<b>187,726</b>	<b>198,317</b>
Net of Revenues and Expenses	<b>4,463</b>	<b>5,464</b>	<b>(25,108)</b>	<b>(37,074)</b>	<b>(23,534)</b>	<b>(36,778)</b>
Debt Proceeds	<b>10,000</b>	-	-	-	-	<b>30,000</b>
Reconciling Timing Difference	(870)	(1,371)	-	-	-	-
<b>Ending Cash Balance</b>	<b>\$208,870</b>	<b>\$212,963</b>	<b>\$186,085</b>	<b>\$175,889</b>	<b>\$162,551</b>	<b>\$169,111</b>

# Budget Comparison Reserves & Debt Indicators

	FYE 22 Actual	FYE 23 Actual	FYE 24 Budget	FYE 24 Estimated	FYE 25 Budget	FYE 25 Amended
<b>Reserves</b>	(\$ in thousands)					
Mgt Retirement Bonus	1,079	1,079	755	755	755	701
Emergency	10,000	10,000	10,000	10,000	10,000	10,000
Operations & Maint.	29,555	30,612	30,617	29,939	32,360	32,118
Capital	14,499	15,000	15,000	15,552	15,000	15,552
Rate Stabilization	6,424	6,818	7,991	7,089	8,312	7,474
<b>GENERAL FUND</b>	<b>61,556</b>	<b>63,508</b>	<b>64,363</b>	<b>63,335</b>	<b>66,427</b>	<b>65,844</b>
Capital Sinking Fund	66,354	64,438	40,427	31,461	23,108	28,067
Operations Contingency Fund	7,519	7,440	6,114	7,613	-	5,104
<b>TOTAL GENERAL FUND</b>	<b>\$135,429</b>	<b>\$135,386</b>	<b>\$110,904</b>	<b>\$102,409</b>	<b>\$89,535</b>	<b>\$99,015</b>
<b>FACIL. IMPROVEMENT FUND</b>	73,441	77,577	75,181	73,479	73,016	70,095
<b>FACIL. RENEWAL FUND</b>	-	-	-	-	-	-
<b>TOTAL RESERVES</b>	<b>\$208,870</b>	<b>\$212,963</b>	<b>\$186,085</b>	<b>\$175,889</b>	<b>\$162,551</b>	<b>\$169,111</b>
Debt Service Coverage	927%	748%	526%	392%	603%	381%
Target Debt Service Coverage	200%	200%	200%	200%	200%	200%

# Operations & Maintenance (O&M) Expenses

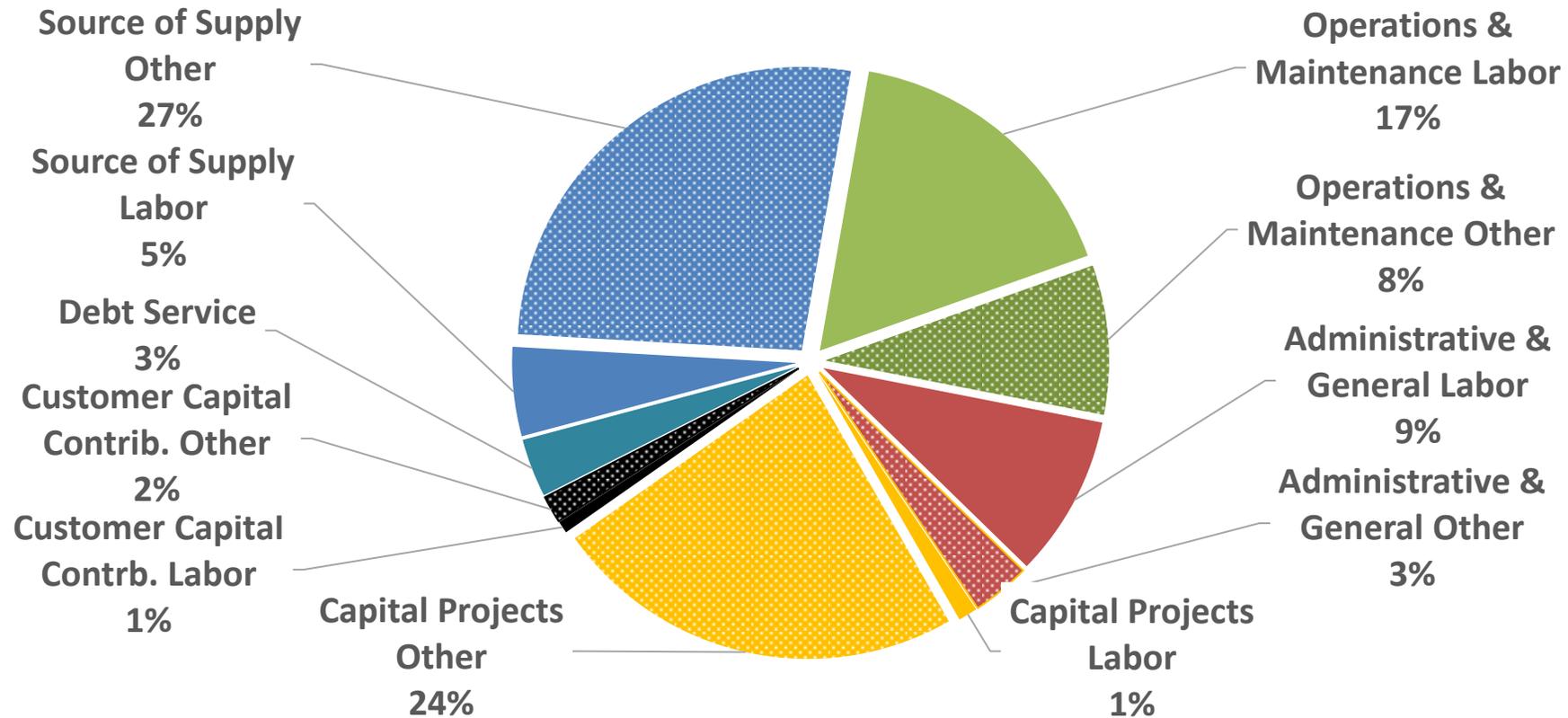
O&M	FYE 22 Actual	FYE 23 Actual	FYE 24 Budget	FYE 24 Estimated	FYE 25 Budget	FYE 25 Amended
	(\$ in thousands)					
Source of Supply - SF Water	\$19,875	\$24,490	\$24,580	\$30,363	\$25,761	\$26,705
Source of Supply - State Water	10,559	11,182	11,277	11,774	11,062	11,903
Source of Supply - Semitropic	4,748	3,161	1,224	1,302	1,224	1,939
Source of Supply - Other	8,334	8,731	13,045	13,390	13,483	14,697
Pumping	1,838	2,148	2,808	2,474	2,898	2,586
Water Treatment	14,725	15,632	19,373	16,652	19,895	19,532
Transmission & Distribution	15,717	16,530	16,545	16,432	16,903	16,053
<b>O&amp;M SUBTOTAL:</b>	<b>\$75,796</b>	<b>\$81,874</b>	<b>\$88,853</b>	<b>\$92,386</b>	<b>\$91,226</b>	<b>\$93,416</b>

# Administrative & General Expenses

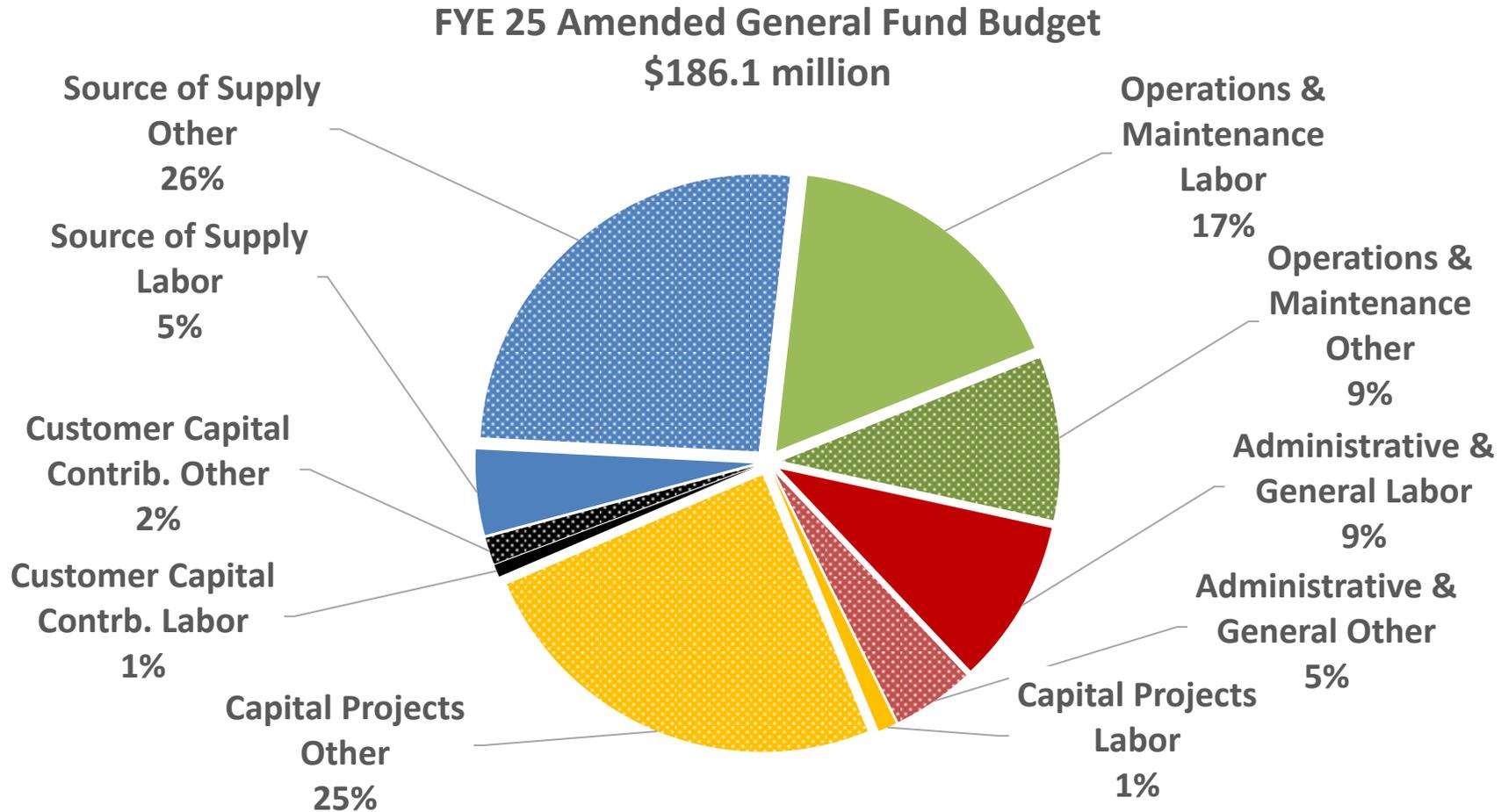
	FYE 22 Actual	FYE 23 Actual	FYE 24 Budget	FYE 24 Estimated	FYE 25 Budget	FYE 25 Amended
<b>Administrative &amp; General (A&amp;G)</b>	(\$ in thousands)					
A&G Salaries	\$7,911	\$7,994	\$9,398	\$9,280	\$9,844	\$9,955
Other Pay	7,618	6,811	5,488	5,918	5,808	5,805
Employee Benefits	17,164	16,155	17,787	15,599	17,989	17,228
Prop & Liab Insurance	880	1,219	1,289	1,289	1,365	1,365
Training, Travel, Subscriptions, Due:	412	497	671	647	674	712
Prof/Legal Services	1,895	1,760	2,574	2,332	2,541	2,656
Other Post-Employment Benefits	4,122	4,114	4,454	4,316	4,498	4,481
Pension Advanced Funding	5,465	5,602	6,636	7,330	6,922	6,650
Information Technology	1,644	1,681	2,193	2,251	2,281	2,390
Security & Emergency Services	871	935	1,591	1,398	1,426	1,865
Public Information/Conserv	820	900	524	238	417	404
Equip/Auto Maint	815	970	1,122	1,055	1,139	1,107
Property Maint	1,160	1,222	1,411	1,328	1,457	1,401
Election Expenses	-	-	-	-	421	421
Misc A&G	1,687	1,452	824	775	1,025	792
<b>Total</b>	<b>\$52,464</b>	<b>\$51,313</b>	<b>\$55,963</b>	<b>\$53,757</b>	<b>\$57,806</b>	<b>\$57,233</b>
Total Expense Transfer	(27,414)	(28,209)	(33,856)	(31,443)	(34,916)	(31,715)
<b>Net A&amp;G After Expense Transfers</b>	<b>\$25,050</b>	<b>\$23,104</b>	<b>\$22,107</b>	<b>\$22,314</b>	<b>\$22,890</b>	<b>\$25,518</b>

# General Fund Expenses FYE 24

FYE 24 General Fund Estimated Actual  
\$178.0 million



# General Fund Expenses FYE 25



# Expenses - Labor

Labor by Cost Center	FYE 22 Actual	FYE 23 Actual	FYE 24 Budget	FYE 24 Estimated	FYE 25 Budget	FYE 25 Amended
<b>Operating</b>						
Operating Source of Supply	\$2,127	\$2,342	\$3,397	\$3,516	\$3,443	\$3,521
Operating Pumping	327	343	546	364	558	463
Operating Water Treatment	3,876	3,893	4,511	4,203	4,623	4,938
Operating Transmission & Distribut.	4,689	5,065	5,075	5,206	5,203	5,120
Operating Customer Accounts	1,324	1,393	1,772	1,762	1,862	1,382
Operating Administrative & General	9,297	9,467	10,695	10,507	11,185	11,237
Operating Vacation, Sick Leave, Etc.	7,618	6,811	5,488	5,918	5,808	5,805
Operating Expense Projects	669	384	92	92	193	193
<b>Total Operating Labor</b>	<b>29,926</b>	<b>29,698</b>	<b>31,574</b>	<b>31,568</b>	<b>32,876</b>	<b>32,659</b>
<b>Capital</b>						
Capital General Fund	2,084	1,798	1,948	1,948	1,941	1,941
Capital Facilities Improvement Fund	517	297	464	464	515	515
Capital Facilities Renewal Fund	722	407	793	793	929	929
<b>Total Capital Labor</b>	<b>3,323</b>	<b>2,502</b>	<b>3,204</b>	<b>3,204</b>	<b>3,385</b>	<b>3,385</b>
<b>Customer Capital Contributions</b>	<b>1,125</b>	<b>1,166</b>	<b>1,228</b>	<b>1,228</b>	<b>1,289</b>	<b>1,289</b>
<b>Total Labor Costs</b>	<b>\$34,374</b>	<b>\$33,366</b>	<b>\$36,007</b>	<b>\$36,000</b>	<b>\$37,550</b>	<b>\$37,332</b>

Midcycle Budget Workshop  
May 23, 2024

# Expenses - Benefits

	FYE 22 Actual	FYE 23 Actual	FYE 24 Budget	FYE 24 Estimated	FYE 25 Budget	FYE 25 Amended
<b>Benefits</b>	(\$ in thousands)					
PERS Employer Percent	\$9,187	\$9,080	\$8,856	\$7,949	\$8,639	\$8,788
PERS EE Portion Paid by ACWD	259	254	265	252	276	279
Pension Advanced Funding	5,465	5,602	6,636	7,330	6,922	6,650
Other Post-Employment Benefits	4,122	4,114	4,454	4,316	4,498	4,481
Deferred Comp Contribution	202	209	236	234	264	263
Social Security	3	3	20	3	20	48
Medical	5,232	5,284	5,903	5,220	6,221	5,810
Medicare	308	483	513	489	535	535
Accidental Death & Dismemberment	6	6	7	7	7	7
Life Insurance	60	65	79	73	83	81
Dental	372	438	405	393	417	397
Vision	60	70	64	63	66	64
Employee Assistance Program	6	6	7	6	8	7
Short Term Disability	62	66	70	68	80	81
LTD/Wage Continuation	102	111	117	115	135	128
Unemployment Insurance	4	3	10	30	10	14
Workers' Comp	1,068	(90)	1,069	500	1,055	525
MCP Allowance	201	139	115	141	119	146
Misc Other Benefits	30	29	53	55	53	56
<b>Total Emp. Retirement &amp; Benefits</b>	<b>\$26,751</b>	<b>\$25,871</b>	<b>\$28,878</b>	<b>\$27,245</b>	<b>\$29,409</b>	<b>\$28,359</b>

# FTEs & Retirements

	FY 18 Actual	FY 19 Actual	FY 20 Actual	FY 21 Actual	FY 22 Actual	FY 23 Actual	FY 24 Adopted Budget	FY 24 Estimated Actual	FY 25 Adopted Budget	FY 25 Amended Budget
<b>Authorized Positions</b>	230	233	233	236	241	244	244	244	244	242
<b>Vacancies *</b>	23	9	15	8	25	24	7.32	18	7.32	7.26

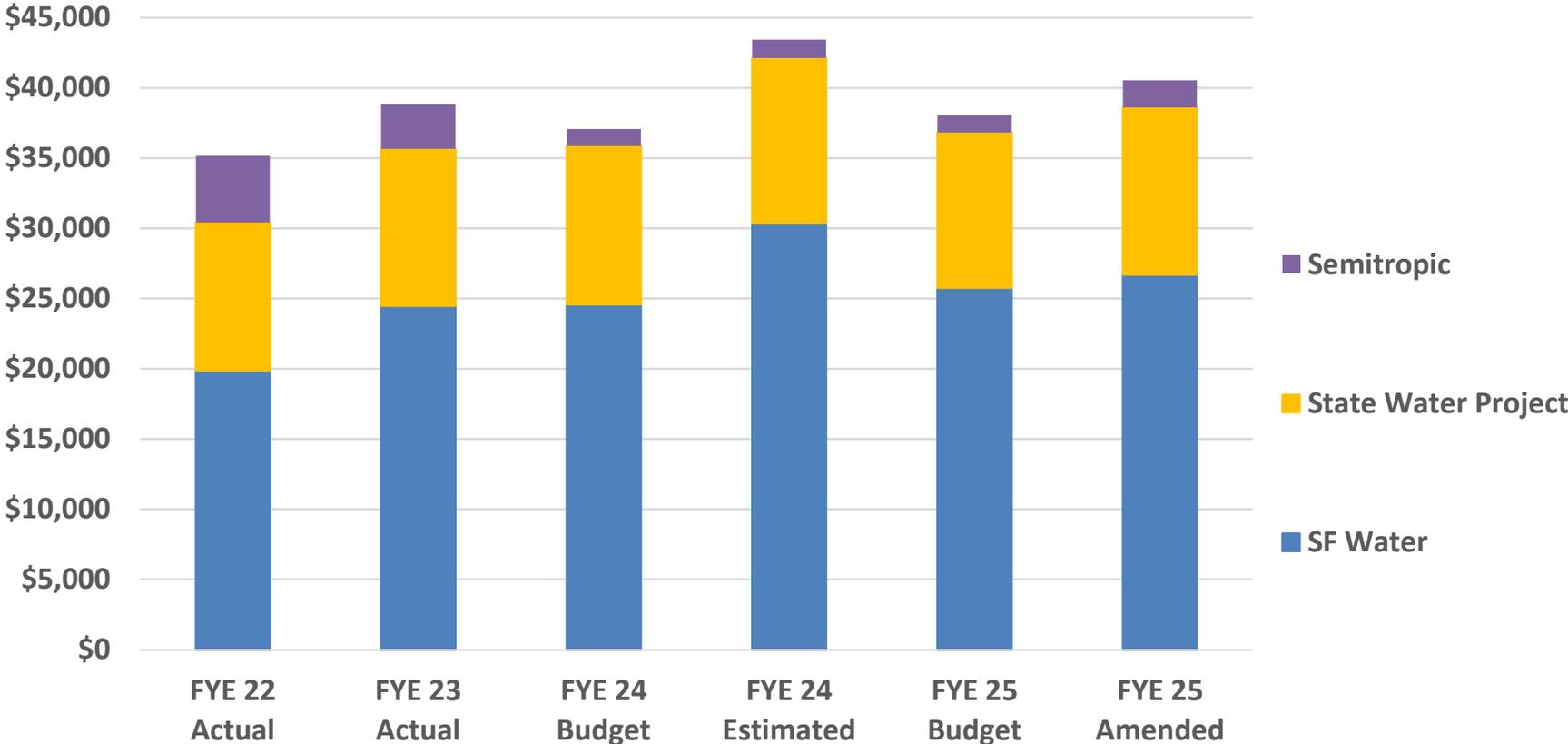
  

	CY 2017 Actual	CY 2018 Actual	CY 2019 Actual	CY 2020 Actual	CY 2021 Actual	CY 2022 Actual	CY 2023 Actual	CY 2024 YTD
<b>Retirements</b>	9	8	5	5	3	9	11	5

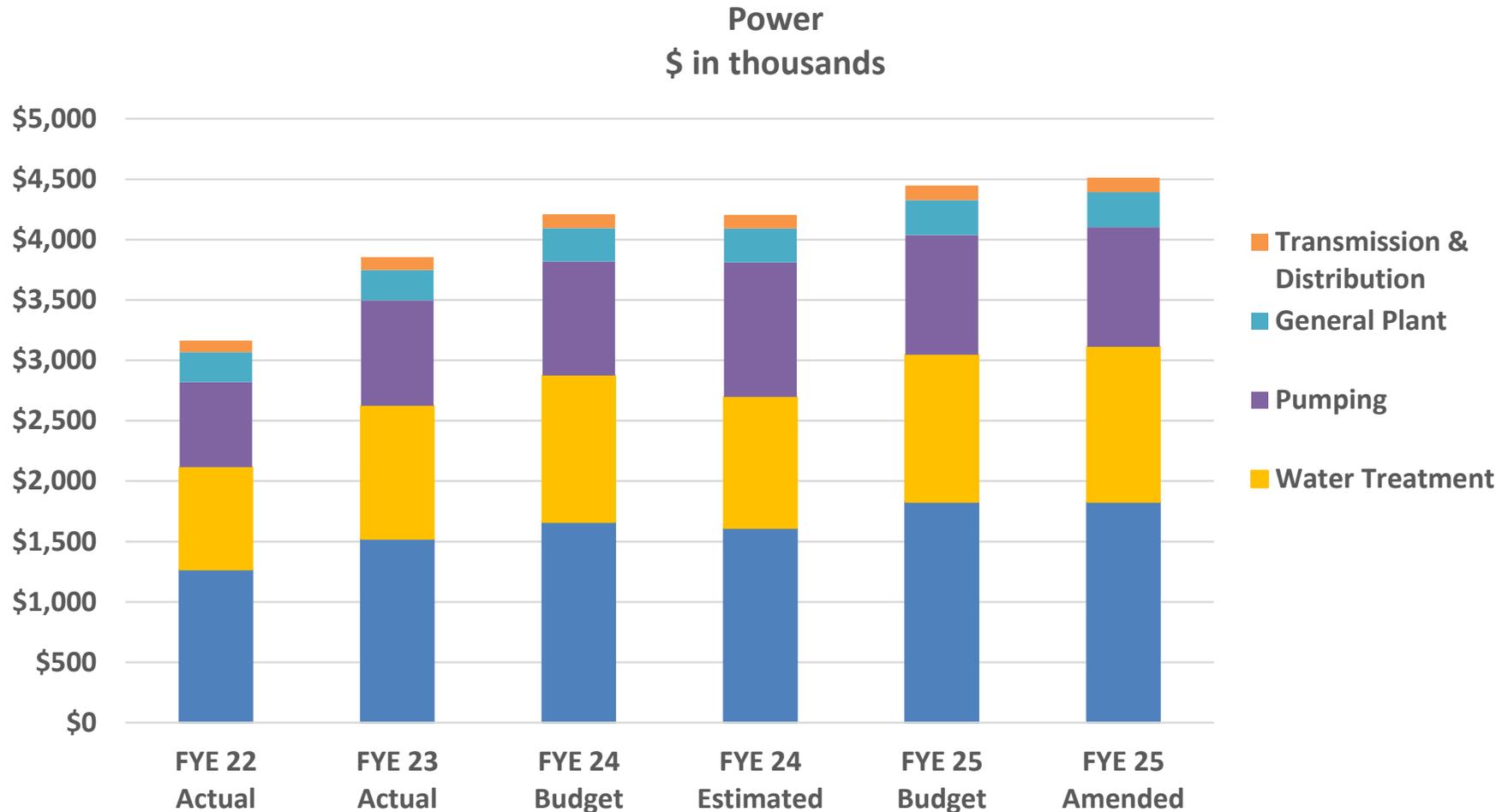
\*Note: Budgeted vacancies are based on a 3% vacancy rate.

# O&M: Purchased Water

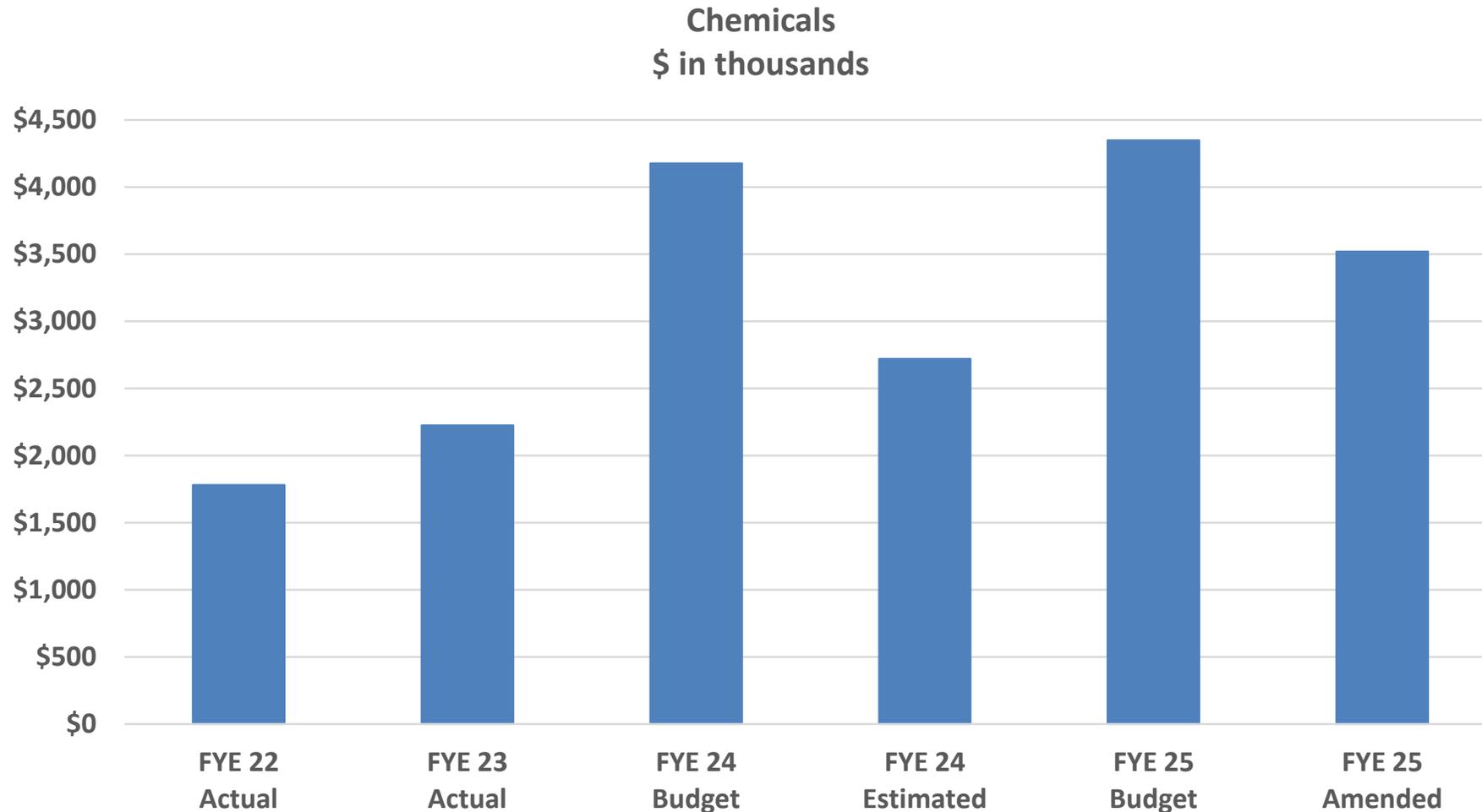
Water Purchases  
\$ in thousands



# O&M: Power



# O&M: Chemicals



# Debt Service

Debt Service	FYE 22 Actual	FYE 23 Actual	FYE 24 Budget	FYE 24 Estimated	FYE 25 Budget	FYE 25 Amended
	(\$ in thousands)					
2012 Revenue Bonds	3,223	-	-	-	-	-
2015 Revenue Bonds	1,625	1,624	1,627	1,627	1,624	1,624
2022 Refunding Revenue Bonds	-	4,341	4,297	4,297	4,287	4,287
Future Bonds	-	-	-	-	-	1,735
<b>Total</b>	<b>\$4,848</b>	<b>\$5,965</b>	<b>\$5,924</b>	<b>\$5,924</b>	<b>\$5,911</b>	<b>\$7,646</b>

## Outstanding Principal:

2012 Rev Bonds (Mature 6/1/2041)	-	-	-	-	-	-
2015 Rev Bonds (Mature 6/1/2045)	24,105	23,465	22,790	22,790	22,085	22,085
2022 Ref Bonds (Mature 6/1/2042)	43,575	41,445	38,955	38,955	36,350	36,350
Future Bonds	-	-	-	-	-	30,000
<b>Total</b>	<b>\$67,680</b>	<b>\$64,910</b>	<b>\$61,745</b>	<b>\$61,745</b>	<b>\$58,435</b>	<b>\$88,435</b>

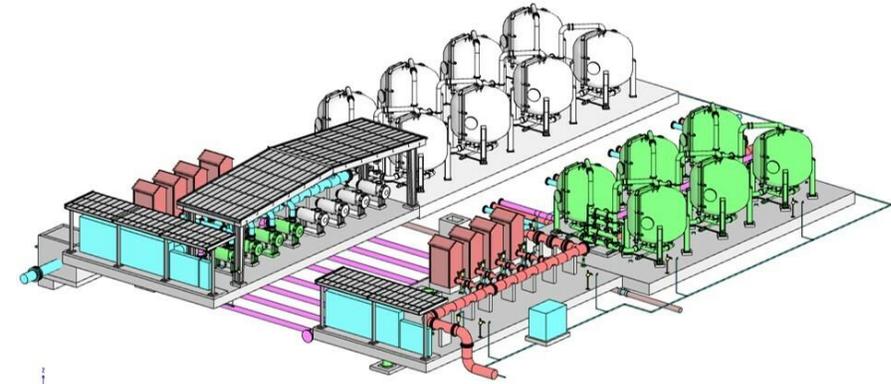
# Capital Expenditures

	FYE 22 Actual	FYE 23 Actual	FYE 24 Budget	FYE 24 Estimated	FYE 25 Budget	FYE 25 Amended
<b>Capital Expenditures</b>			(\$ in thousands)			
<b>Capital Projects - GF</b>	\$26,022	\$24,645	\$40,228	\$43,839	\$42,114	\$46,045
<b>Capital Expenditures - FIF</b>	5,649	4,159	7,575	8,557	8,370	9,567
<b>Capital Expenditures - FRF</b>	3,410	4,000	2,540	1,680	2,769	2,679
<b>Customer Capital Contributions</b>	3,078	3,817	3,800	4,000	3,800	4,093
<b>Total Capital Expenditures</b>	<b>38,159</b>	<b>36,621</b>	<b>54,144</b>	<b>58,076</b>	<b>57,053</b>	<b>62,383</b>
<b>Extraordinary Expense</b>	4,700	4,187	4,497	3,289	4,093	4,121
<b>Grand Total Capital Program</b>	<b>\$42,859</b>	<b>\$40,809</b>	<b>\$58,641</b>	<b>\$61,365</b>	<b>\$61,146</b>	<b>\$66,505</b>

# Budget Workshop

## Capital Improvement Program (CIP) Mid-Cycle Budget Overview

# Capital Improvement Program



PFAS Treatment – Planning & Execution



Curtner Booster Station – Before & After

Midcycle Budget Workshop  
May 23, 2024



# Agenda

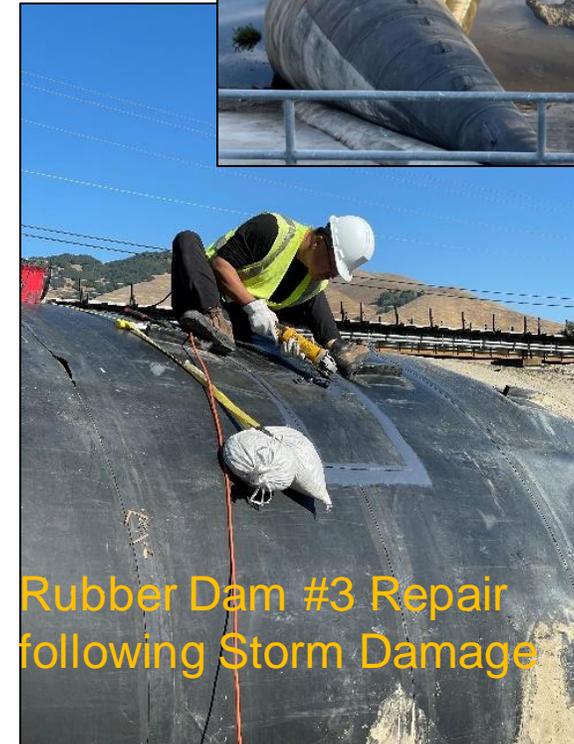
- CIP Framework
- CIP goals and status update
- CIP Drivers and execution strategies
- Capital Program Scenarios
  - 25-year outlook
  - 10-year plan
  - Near-term two-year focus
- Approaches for CIP sustainability



Alameda Reservoir Roof & Seismic Improvements

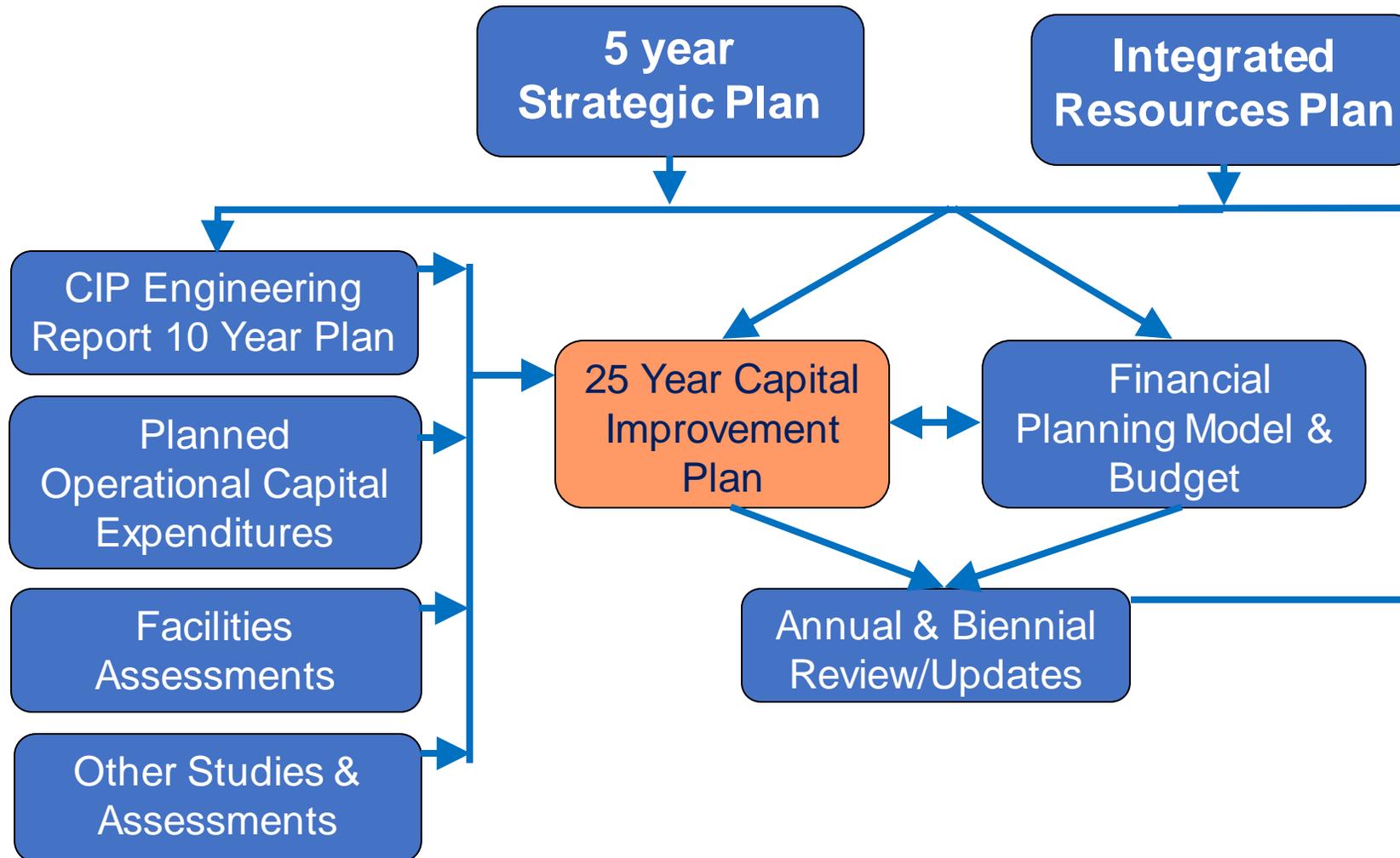
# Purpose of CIP

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



Rubber Dam #3 Repair following Storm Damage

# CIP Framework



# Financial Planning Model Guides CIP Budget

Proposed CIP stays within the limits of the FPM

Two Year Budget Total for FY 24 to FY 25: ~\$120 M



# CIP Mid-Cycle Budget Update



Invested ~\$52 M (88% of Adopted budget) through April in FY 23/24 Capital Program



Focused Updates Drive Strategic Investments Near-Term; Prioritized Investments from the 25-Year Plan



Revised cost estimates for near-term projects to reflect bids and current market conditions. Out year budgets are preliminary. Added 3% escalation to out-year budgets



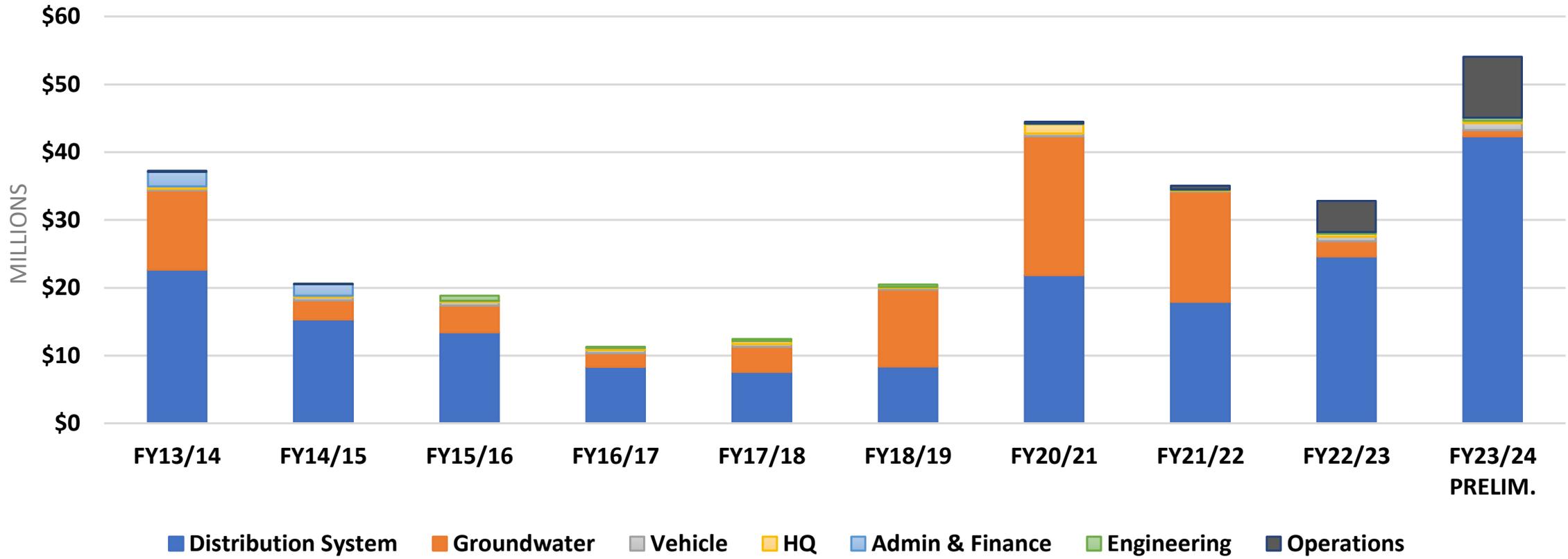
Schedule Adjustments

# CIP Overview – Mid-Cycle Changes

CIP Range	2023 Adopted Budget (FY 24 – FY 48)	2024 Proposed Budget (FY 24 – FY 48)	Delta	Percent Change
2 Year	\$120 M	\$127 M	\$7 M	6%
10 Year	\$727 M	\$743 M	\$16 M	2%
25 Year	\$1793 M	\$1753 M	\$40 M	2%

# Capital Expenditures

## 10-Year CIP Actual Expenditures





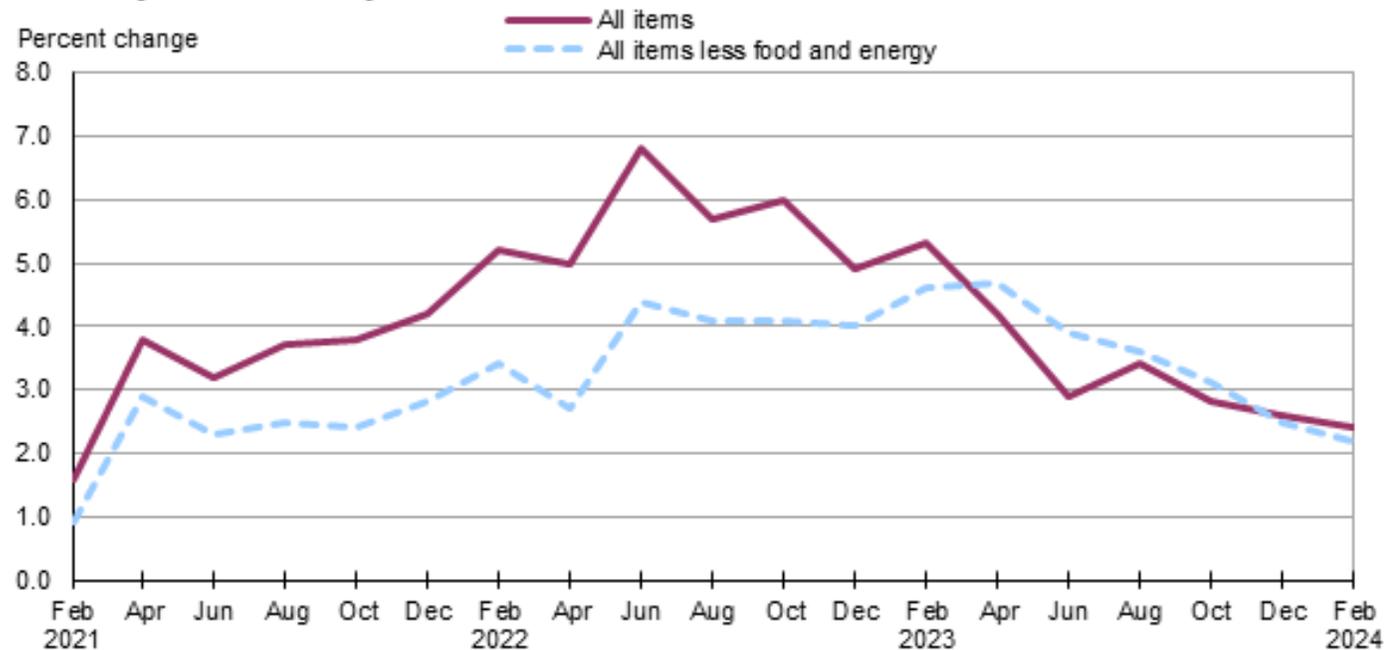
Alameda Reservoir- SS channel to transfer seismic forces to new concrete piers

# CIP Drivers and Execution Strategies

# Capital Program Drivers

- Increased annual investments through project acceleration
- Increased Main Renewal Program Investments
- Substantial investments in Seismic improvements and upgrades to reservoirs
- Increased cost due to inflation and supply chain disruptions
- Though CPI falls from recent peaks, construction bids remain elevated

Chart 1. Over-the-year percent change in CPI-U, San Francisco-Oakland-Hayward, CA, February 2021–February 2024



Source: U.S. Bureau of Labor Statistics.

# Capital Program Acceleration strategies

- Focus on high priority committed projects and programs
- Established targets and tracked core metrics on quarterly basis
- Pro-active approach to keep committed projects on schedule
- Extended Change Order authorization for the GM to minimize project delays
- Re-sequencing of work to mitigate supply chain disruptions



Driscoll Main – Service line installation ahead of pipe delivery



# Capital Program Acceleration strategies Cont...

- Consolidated design contracts for similar projects enabling real-time knowledge transfer and enhanced project management efficiency
- Incentive payments and pre-purchase of equipment for PFAS Treatment Project to accelerate construction
- Standard equipment excursions to allow suitable substitutions for long lead items
- Proactive contractor inventory management and recovery schedule
- Project delivery selection with dynamic responsibility allocation including schedule, reliability, quality and cost.



# Capital Program Scenarios



# Mid-Cycle Budget Update (FY 24 through FY 25)

	<i>Prior (Adopted)</i>	<i>Proposed</i>
■ Total for 25 years	<u>\$1,793 M</u>	<u>\$1,750 M</u>
■ Main Renewal	\$840M	\$843M
■ Seismic Improvements	\$95M	\$104M
■ Fish Passage	\$2M	\$2M
■ AMI*	\$62M	\$62M
■ SL & Meter Replacement	\$57M	\$61M
■ Customer Jobs **	\$79M	\$81 M

- \* AMI includes funding for remaining installs under current project and future echo project
- \*\*No rate impact

# New Projects Proposed in the CIP (Board has taken no action yet)

- Newark Old Town Streetscape Waterline Renewal: \$2.8 M
- Recharge Facilities Equipment Replacements & Improvements: \$421 k
- Canyon Heights Booster Pump Access Hatch: \$250 k
- Curtner Tunnel Inspection: \$126 K



Thornton Avenue, Newark CA at the train tracks in 1958 (Photo courtesy of Mayor Alan Nagy)

# Key Adjustments to FY 23/24 Budget

## Increase over Adopted: \$2.3 M

- Advanced Metering Infrastructure (AMI): \$8.4 M
- Alameda Reservoir Roof Replacement - \$7.3 M
- Curtner Booster Station Upgrade: \$500 K
- Service Line Emergency Replacement Program: \$500 k
- Main Renewal Central Newark: \$400 K
- Integrated Resource Planning: \$212 K
- Customer Jobs: \$200 K
- Main renewals (Alvarado Niles Pipeline, Driscoll, Small Diameter): \$6 M
- PFAS Treatment CIP: \$3 M
- Brackish Groundwater Reclamation Project - \$820 K
- Distribution PLC Upgrade Program: \$500 K
- Vehicle Capital Heavy-Duty Vehicles: \$1M
- Master Plans (Technology, Asset Management, Fleet Transition): \$700 K
- Vineyards Heights Tank Site Stability: \$315 k

Red: Net Reductions

Green: Net Additions

# Key Adjustments to FY 24/25 Budget Increase Over Adopted: \$5.4 M

- Main Renewals: \$13 M
- Brackish Groundwater Reclamation Project: \$1.1 M
- Distribution PLC Upgrades: \$410 K
- Advanced Metering Infrastructure (AMI): \$351 K
- Alameda Reservoir Roof Replacement - \$258 K
- Service Line Emergency Replacement Program: \$427 k
- Integrated Resource Planning - \$231 K
- Hidden Valley Tank Seismic Upgrade: \$385 K
- Customer Jobs: \$300 K
- Newark Old Town Water Main: \$2.5 M
- Main renewals (Alvarado Niles Pipeline, Small Diameter): \$5.6 M
- PFAS Treatment CIP: \$1.1 M
- Decoto Reservoir Improvements: \$3 M
- Mowry Deep Well: \$1.5 M
- Filter Media Replacement: \$800 K
- Kaiser Pond Rediversion: \$1.1 M

Red: Net Reductions

Green: Net Additions

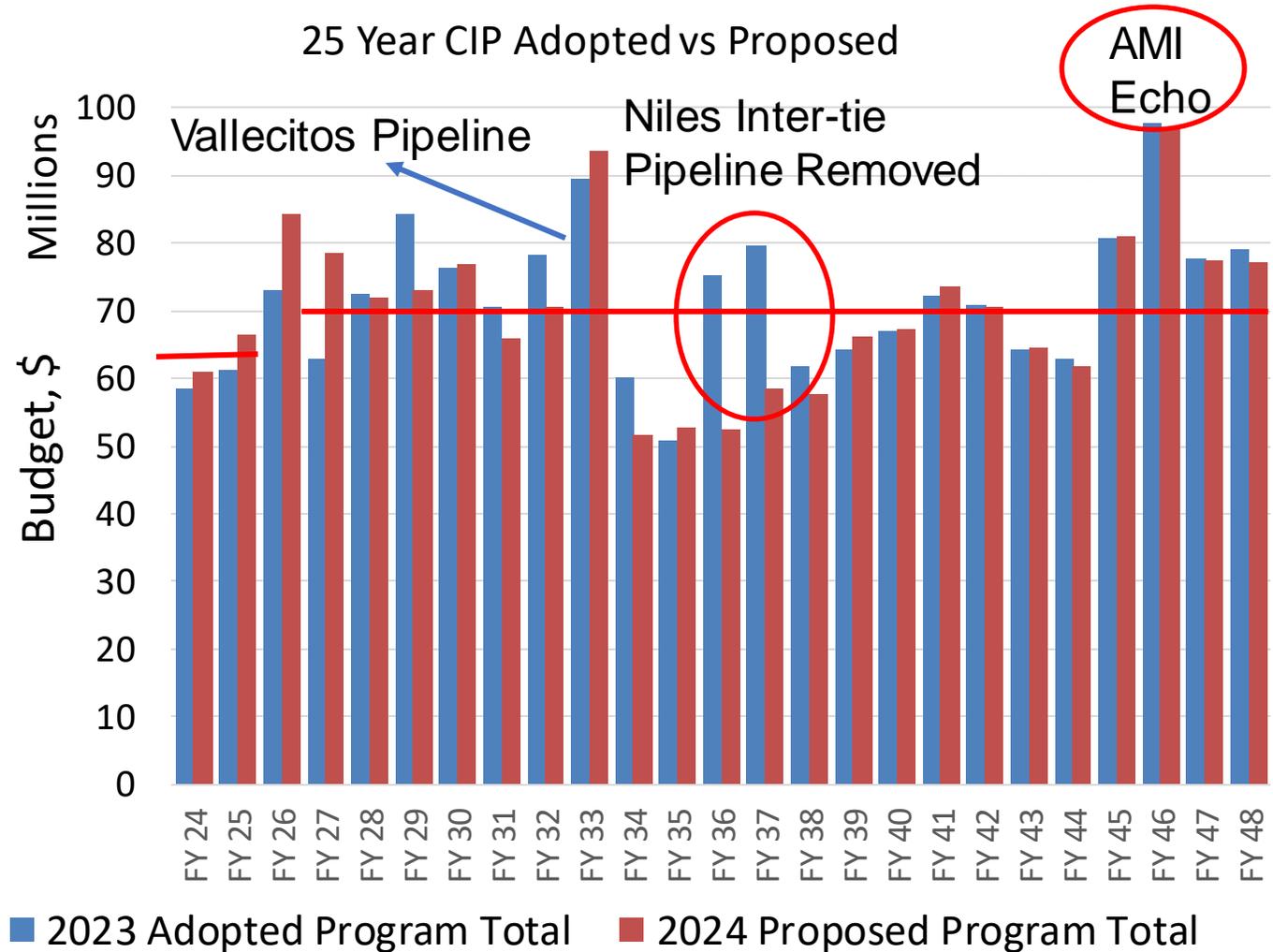
# CIP Long-Range Plan

## Total 25 year CIP Proposal ~\$1.8 Billion

1 **Near-term focus**  
Avg. \$64 M/year

2 **Out-year focus**  
Avg. \$70 M/year

3 **Out-year Exceptions**  
FY 32 & 33 - Vallecitos  
FY 46 - AMI



# Big Picture - 25 Year CIP

## 94% of the CIP supports District's Strategic Goals 1 and 2

1

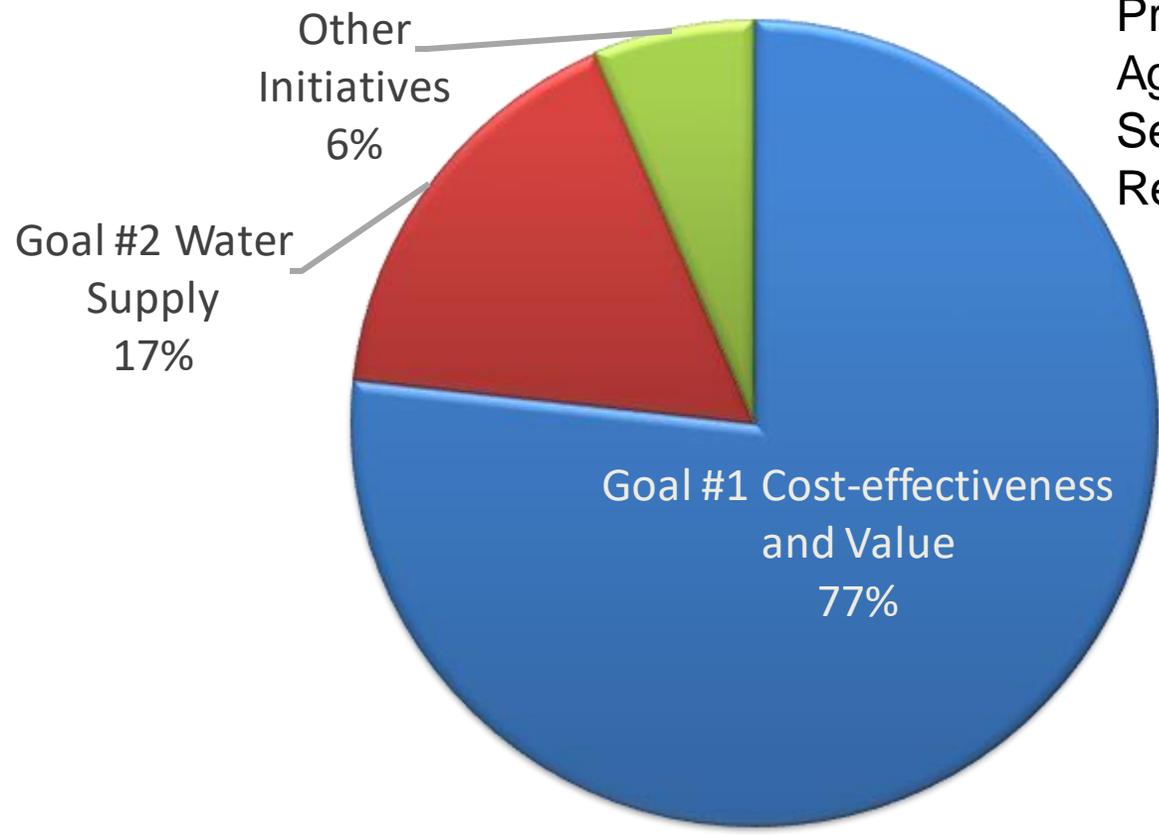
**Cost-Effectiveness & Value**  
~\$1.3 Billion;  
~77% of CIP

2

**Water Supply**  
\$300 M;  
~17% of CIP

3

6% of CIP for other initiatives and **customer jobs - \$112M**



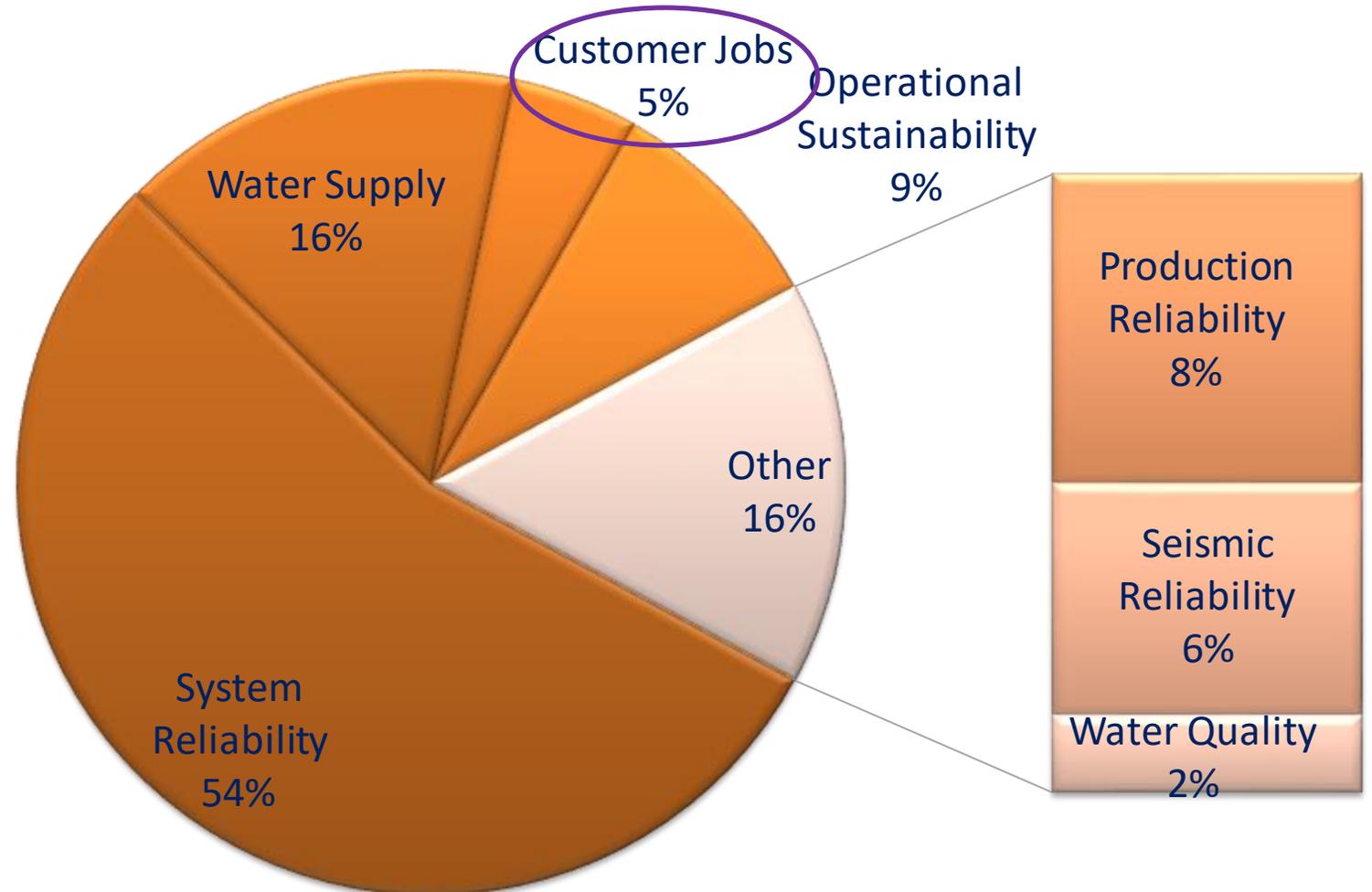
Priorities: PFAS Removal, Aging Infrastructure, Seismic Vulnerabilities and Regulatory Compliance.

# 77% of the proposed CIP will Improve Reliability

1 **Reliability**  
~77% of CIP will improve reliability

2 ~18% of CIP allocated for WS & WQ

3 **Customer Jobs**  
5% of CIP has no impact on Rates



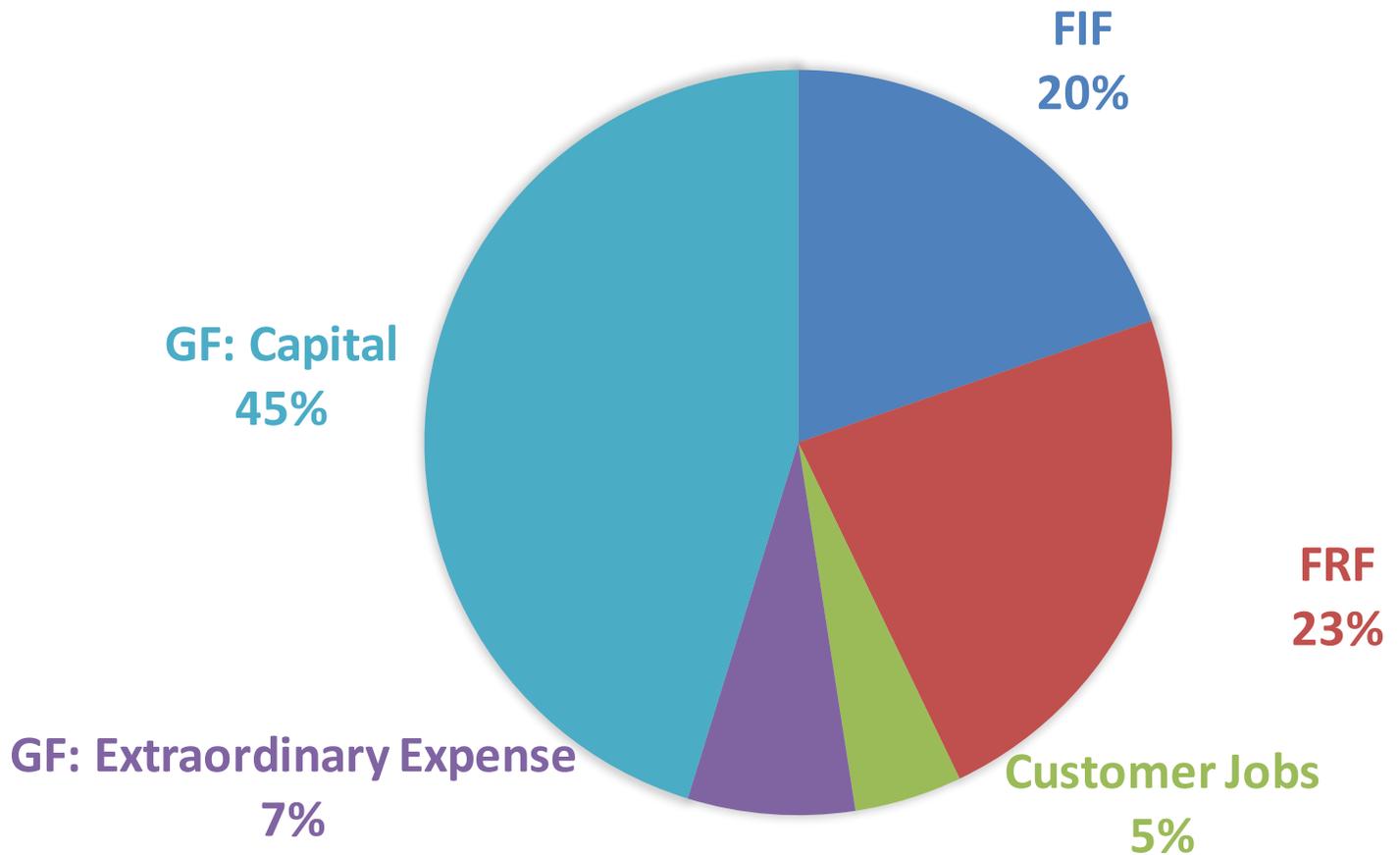
# 25 Year CIP - by Funding Source

1 **General Fund**

~ \$918 M  
52% of the CIP  
influences rates

2 **FIF+FRF+CJ**

~832 M  
48% funded by  
Development-  
related charges



GF: General Fund  
FIF: Facilities Improvement Fund  
FRF: Facilities Renewal Fund

# Capital vs Extraordinary Capital Projects

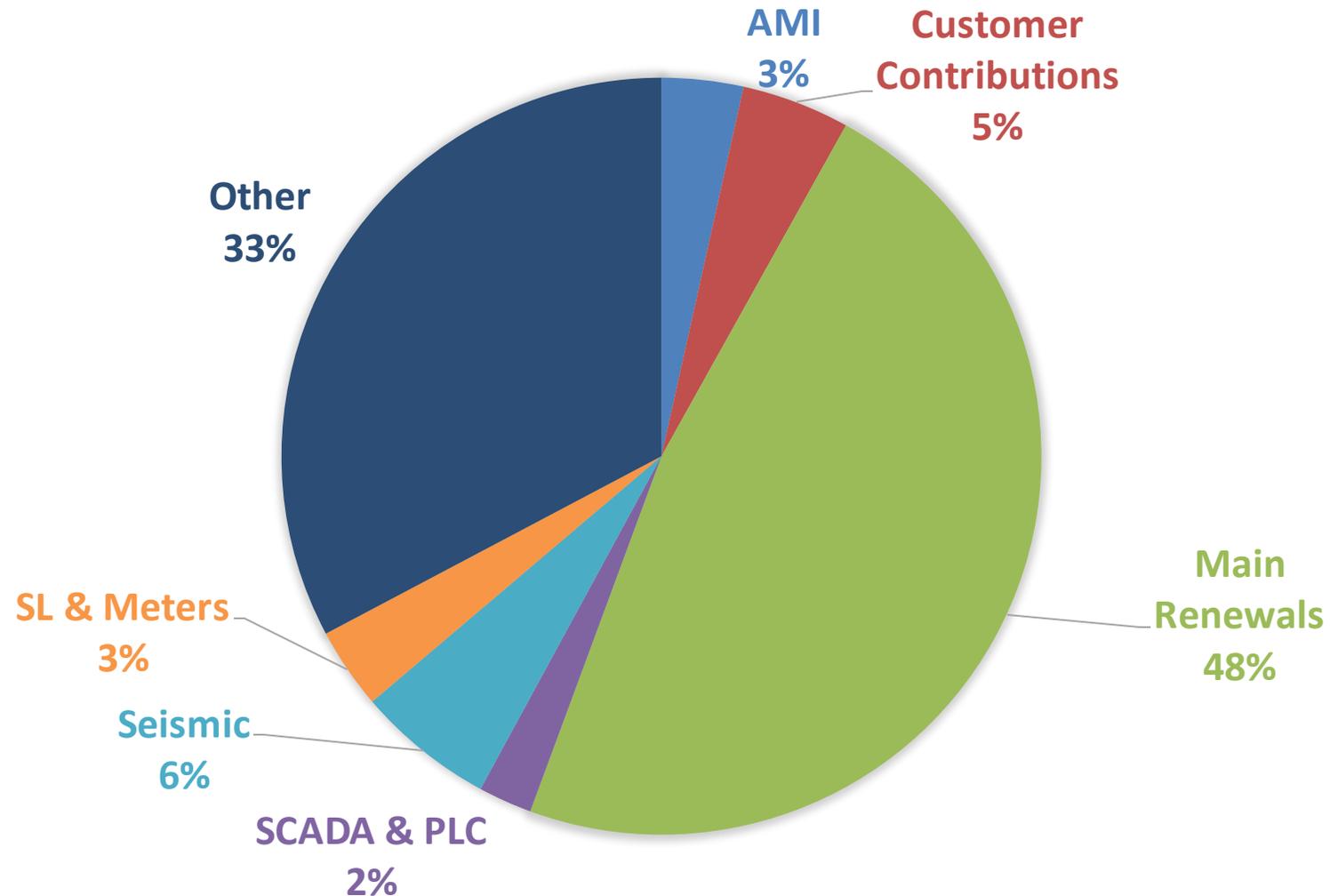
- Capital project expenditures are used to acquire, build, rehabilitate and replace or improve an asset.
  - Capital assets have useful lives extending beyond a year and a cost of \$5,000 or more per unit
- “Extraordinary Expense” projects are infrequent and unusual expenditures for projects that will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

# Extraordinary Expense Capital Projects (> \$500,000)

Title	Budget, \$
Los Vaqueros Reservoir Expansion Project	\$93,328,000
Vehicle Capital - Leased Vehicle	\$18,067,000
Integrated Resources Planning	\$1,552,000
Evaluate and Replace TP2 electrical equipment	\$5,150,000
Water Quality Extraordinary Expenses	\$1,706,000
IT Enterprise Software Upgrades - Cayenta	\$1,545,000
Zero Emission Fleet Transition Master Plan	\$700,000
IT Enterprise Software Upgrades - Cityworks	\$695,000
Alameda Creek Low Flow Channel Evaluation	\$586,000
Distribution System Seismic Study Update	\$516,000

- Some of these items may become capital projects if they advance beyond a planning or feasibility phase

# 25 Year CIP - by Program



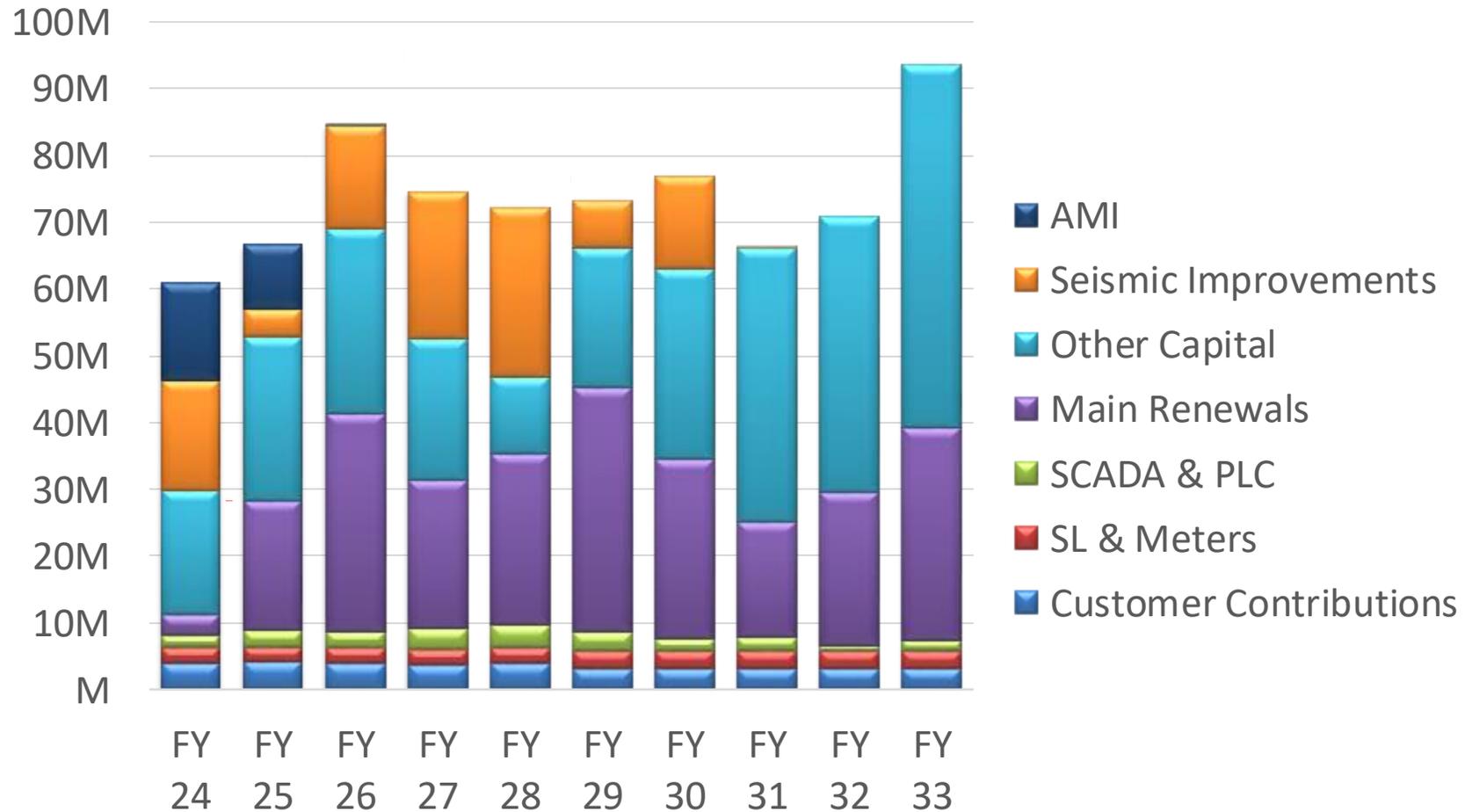
# Key projects that make up “Other Capital”

- Los Vaqueros Reservoir Expansion ~\$93 M
- Vallecitos Channel Pipeline Installation:\$59 M
- Distribution PLC & SCADA Upgrades:\$36M
- Paseo Padre Take-off Study & Pipeline: \$19 M



Vallecitos Channel

# Proposed 10 year CIP By Program



# Year 1 (FY 24) Projects & Programs (>\$500,000)

Title	TotalYR1	Total Estimate (Multi-Year)
Advanced Metering Infrastructure Project	\$ 14,717,219	\$ 61,578,603
Alameda Reservoir Roof Replacement	\$ 15,699,284	\$ 18,501,660
Curtner Road Booster Station Upgrade	\$ 3,093,367	\$ 3,093,367
Integrated Resources Planning	\$ 512,275	\$ 1,552,487
Los Vaqueros Reservoir Expansion Project	\$ 1,239,000	\$ 93,327,830
Main Renewal - MR1 Driscoll	\$ 821,468	\$ 16,021,220
Main Renewal - MR3 Central Newark	\$ 1,356,976	\$ 35,074,282
PFAS treatment (CIP)	\$ 7,302,000	\$ 22,612,448
SCADA Systems Replacements	\$ 1,300,000	\$ 8,834,432
Service Line Emergency Replacement Program	\$ 2,000,000	\$ 56,562,624
Vehicle Capital - Heavy -Duty Vehicles	\$ 508,681	\$ 7,130,931
WTP2 Improvements and Equipment Replacements	\$ 600,000	\$ 4,349,000

# Year 2 (FY 25) Projects & Programs (>\$500,000)

Project	TotalYR2	Total Estimate (Multi-Year)
ACWD Groundwater Alternative Data Gap Project	\$ 2,170,912	\$ 2,224,032
Advanced Metering Infrastructure Project	\$ 9,678,384	\$ 61,578,603
Alameda Reservoir Roof Replacement	\$ 2,802,376	\$ 18,501,660
Brackish Groundwater Reclamation Project-Desal Replacement	\$ 2,829,040	\$ 13,605,871
CUSTOMER GENERATED DISTRIBUTION SYSTEMS IMPROVEMENTS	\$ 4,093,438	\$ 81,521,438
Desal PLC Upgrade Project	\$ 790,339	\$ 2,160,339
Integrated Resources Planning - Extraordinary Expense	\$ 531,211	\$ 1,552,487
Los Vaqueros Reservoir Expansion Project	\$ 636,540	\$ 93,327,830
Main Renewal - Lindsay Tract	\$ 1,825,710	\$ 6,378,393
Main Renewal - MR1 Driscoll	\$ 8,222,752	\$ 16,021,220
Main Renewal - MR3 Central Newark	\$ 7,834,784	\$ 35,074,282
Main Renewal Small Diameter – Dairy St and H Street	\$ 730,999	\$ 4,649,054
Main Renewal Small Diameter - Fremont Sites	\$ 527,813	\$ 18,141,175
New Cedar ARP Wells	\$ 782,260	\$ 4,450,760
PFAS treatment (CIP)	\$ 7,276,448	\$ 22,612,448
SCADA Systems Replacements	\$ 1,192,216	\$ 8,834,432
Service Line Emergency Replacement Program	\$ 1,927,000	\$ 56,562,624
Vallecitos Channel Storm Damage Repairs	\$ 1,142,608	\$ 1,513,608
Vehicle Capital - Heavy -Duty Vehicles	\$ 625,000	\$ 7,130,931
Water Quality Extraordinary Expenses	\$ 737,480	\$ 1,706,440

# Adjustments to CIP for Sustainability and Achievability

## Impact on Budget Year

- Strict prioritization of CIP inclusions; only critical needs were considered
- Deferred scope for non-critical projects
- Adjusted contingency amounts (reduced AMI budget by \$2M)
- Development Activity (Customer Jobs)
- Delayed for Grant Funding – Alvarado Niles Pipeline Seismic Improvements



# Adjustments to CIP for Sustainability and Achievability

## Impact on 25-Year Plan

- Significant budget reductions
  - Niles Newark Inter-tie Pipeline - \$55.5 M
    - Go/No-go dependent on Water Supply Master Plan guidance
  - Quarry Lakes Parkway Improvements and ACWD Water Main - \$4.5 M
    - Identified alternative funding through City project
  - Los Vaqueros Reservoir Expansion Project - \$31.3 M
    - Adjusted budgets to reflect delayed start of major annual expenditures and inflation adjustment.



Los Vaqueros Dam and Reservoir

# Budget Workshop

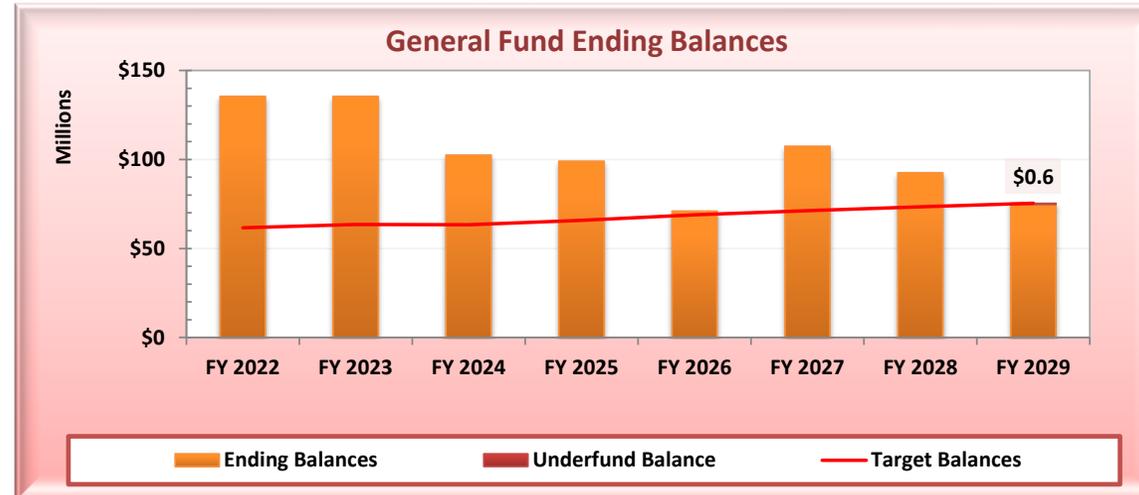
## Financial Planning Model Review

# Significant Changes to Financial Planning Model Since Budget Adoption

- Updated water demands
  - Increase in demand after the drought is less than expected
  - Demands decreased 2.1 MGD and 1.3 MGD for FY 2023/24 and FY 2024/25, respectively, compared to budget adoption
  - Long term demand estimates decreased 1.7 MGD
- Updated costs in FY 2023/24 for major expenditures
  - Increase in construction costs for capital projects
  - Additional water purchases from SFPUC due to facility outages and water quality goals
- Assumes higher level of new debt – increase from \$45 million to \$85 million over the planning horizon to fund capital program, increasing annual debt service payment by \$2.3 million
- SFPUC wholesale water rate increase of 8.8% effective July 1, 2024
- Includes \$25 million in grants and other revenues in the out years – these are considered highly likely
- Projected water rate increases to maintain effective operations and financial capacity:
  - FY 2024/25                      5.5%
  - FY 2025/26                      5.5%
  - FY 2026/27                      5.0%
  - FY 2027/28+                    4.0%
- Previous assumption was 4% annual rate increases

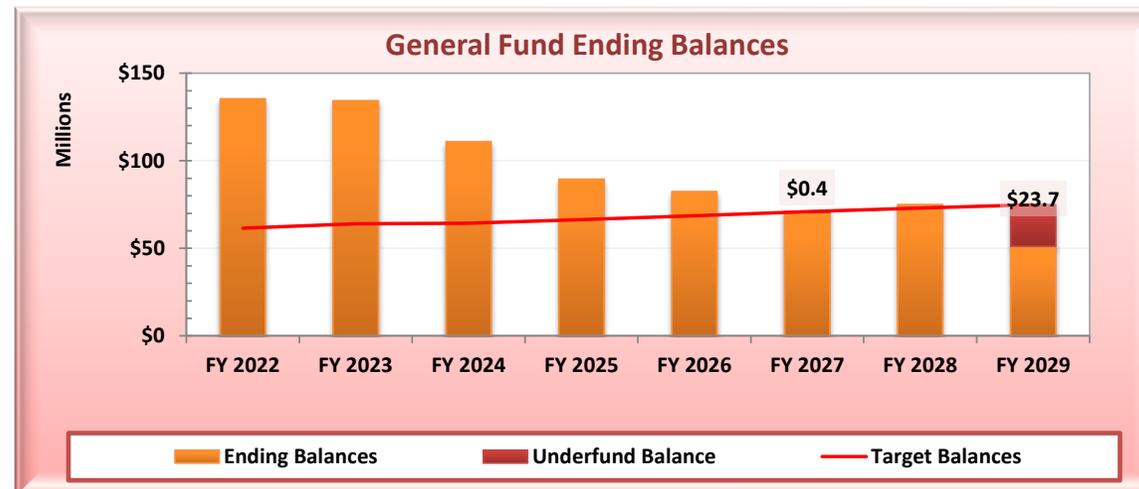
# General Fund Ending Balances

Amended Budget



- Low year FYE 2029 at \$0.6 million below reserve target

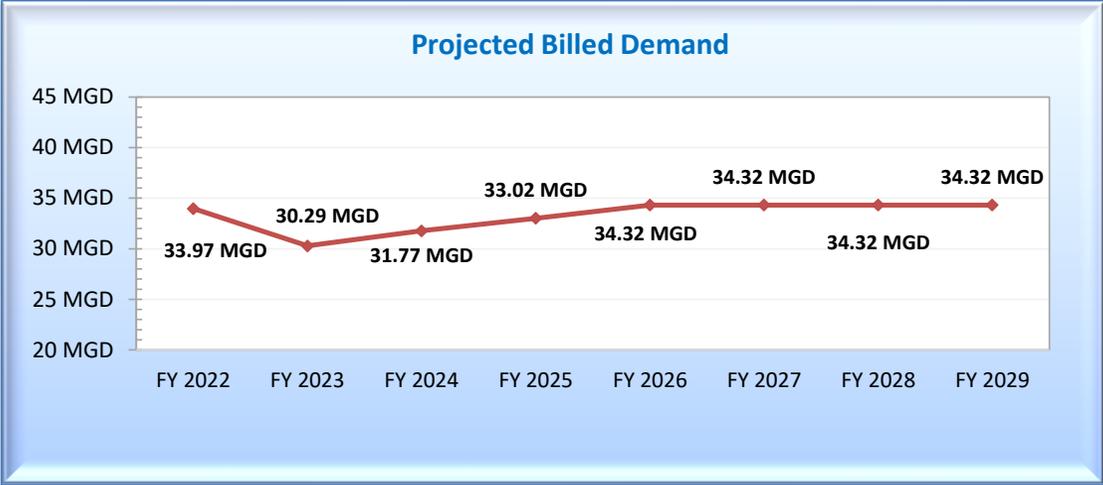
Adopted Budget



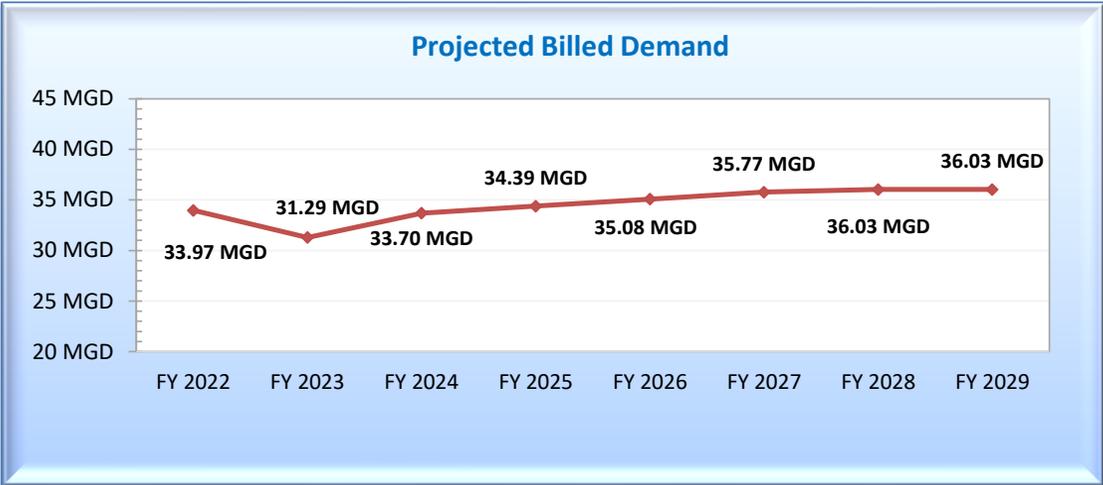
- Low year FYE 2027 at \$0.4 million below reserve target (FYE 2029 was not shown last year at budget adoption)

# Projected Billed Demand

Amended Budget



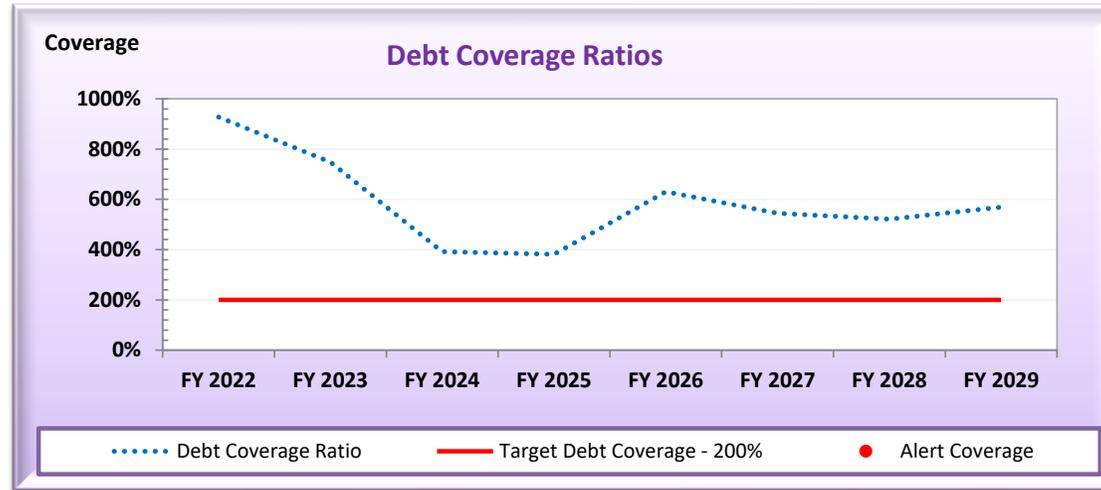
Adopted Budget



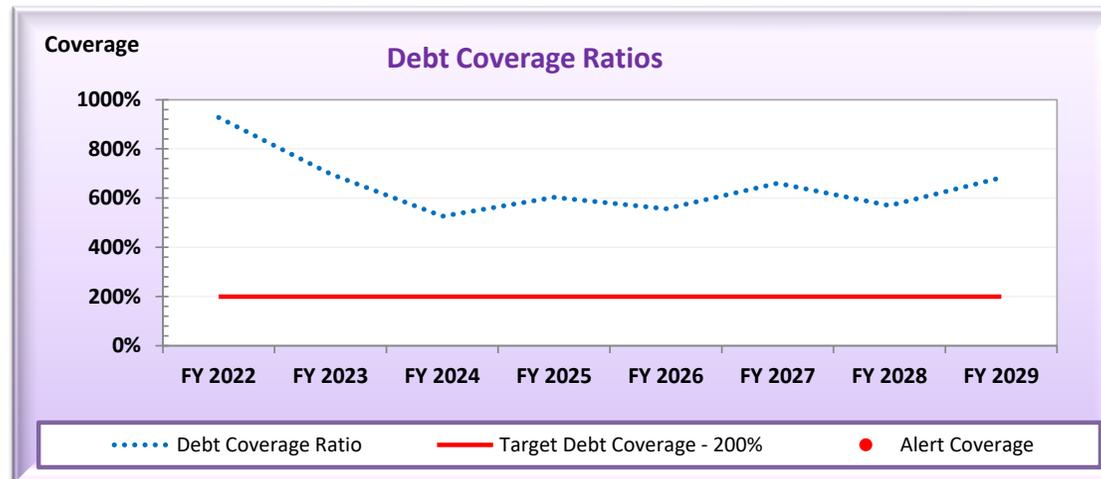
- Expected increase of demand after the drought effectively stopped. Updated forecast assumes greater permanent demand drop associated with the drought.

# Debt Coverage Ratios

Amended Budget



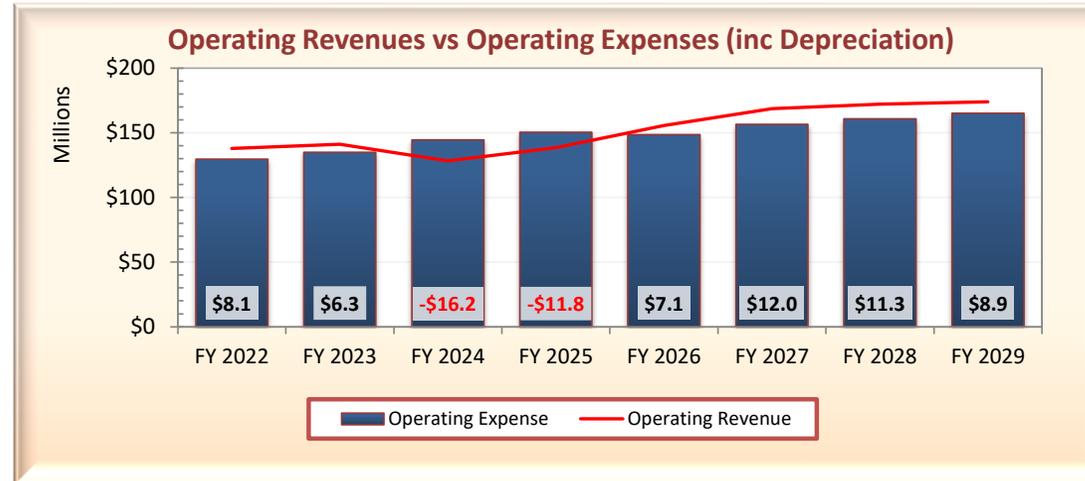
Adopted Budget



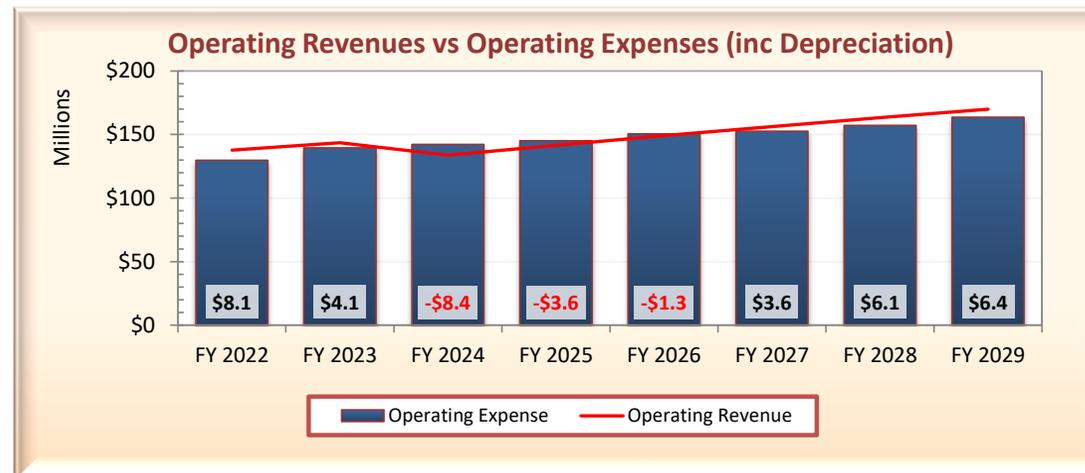
- Debt coverage ratios remain well above 200% target through the planning horizon.

# Revenues vs Expenses

Amended Budget



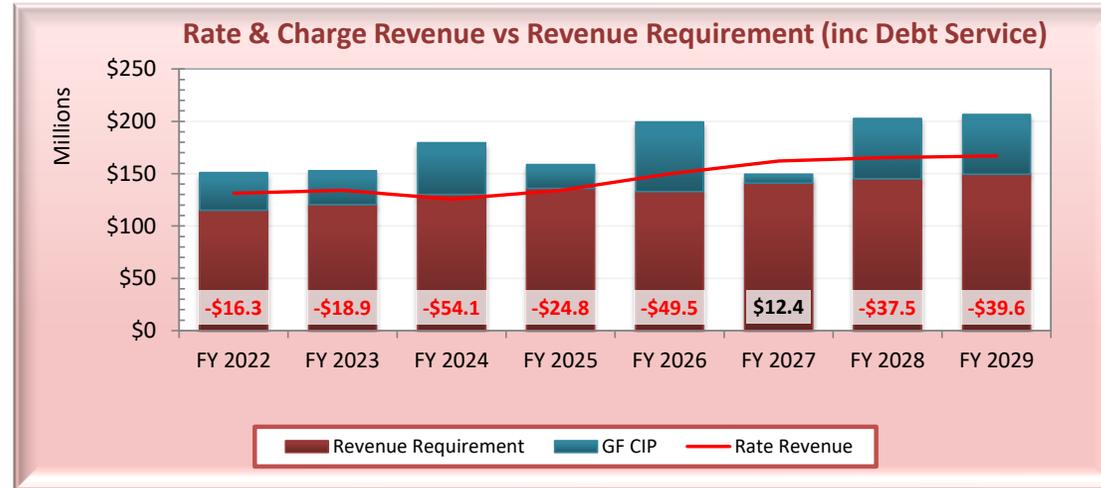
Adopted Budget



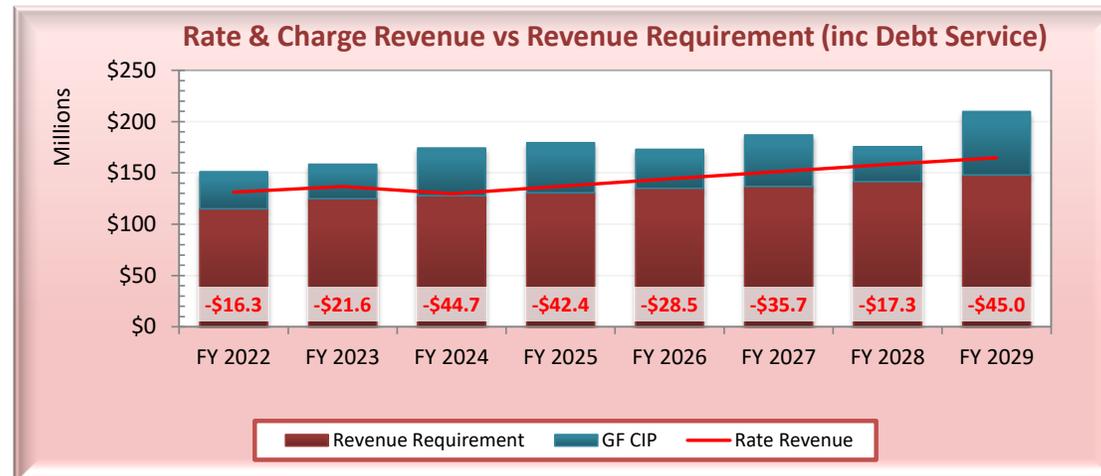
- District relies on non-operating revenues, such as property taxes, to cover operating expenses including depreciation.

# Rate Revenue vs Revenue Requirement

Amended Budget



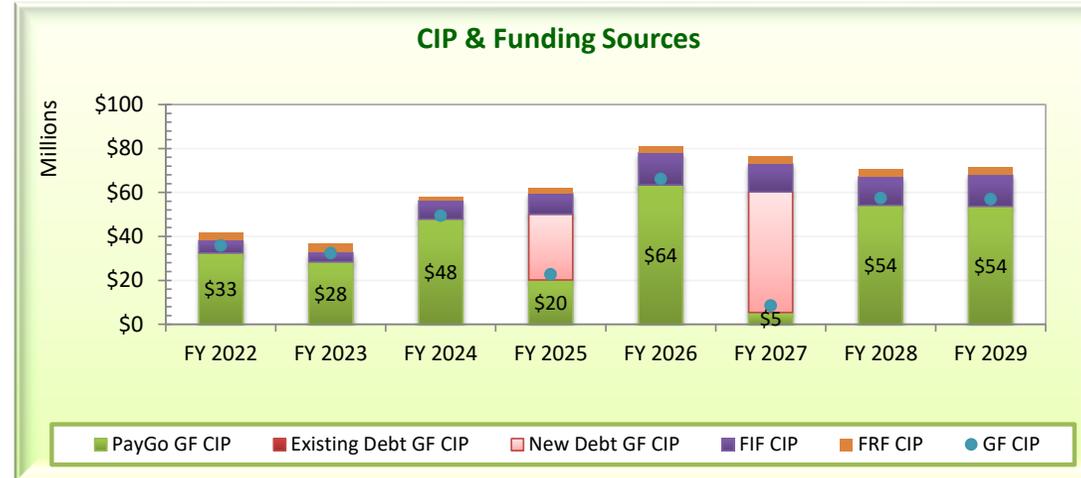
Adopted Budget



- District relies on other funding sources, including property taxes and accumulated reserves, in addition to water rate and charge revenue to meet its revenue requirement and fund General Fund capital projects.

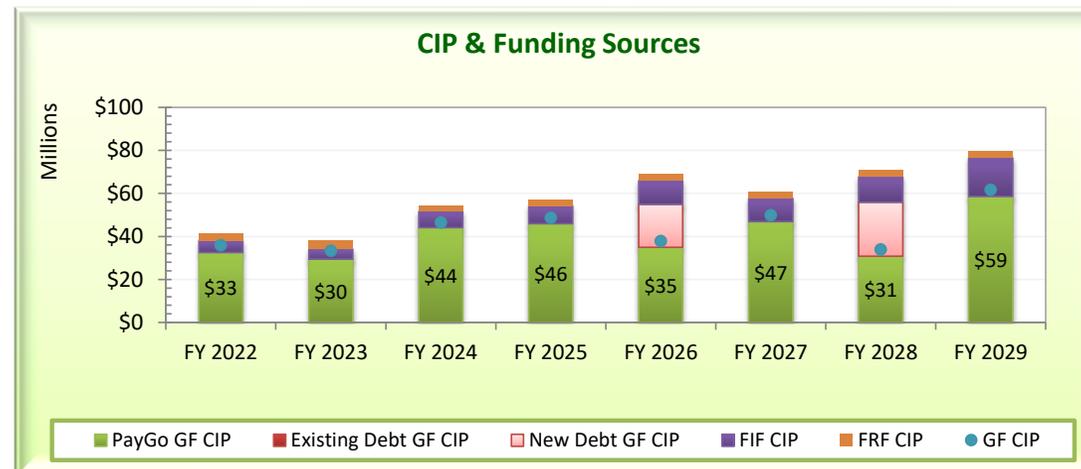
# Capital Improvement Program

Amended Budget



- FYE 2024 – FYE 2029 Capital projects total \$420 million
- Debt issuances \$85 million

Adopted Budget



- FYE 2024 – FYE 2029 capital projects total \$391 million
- Debt issuances \$45 million

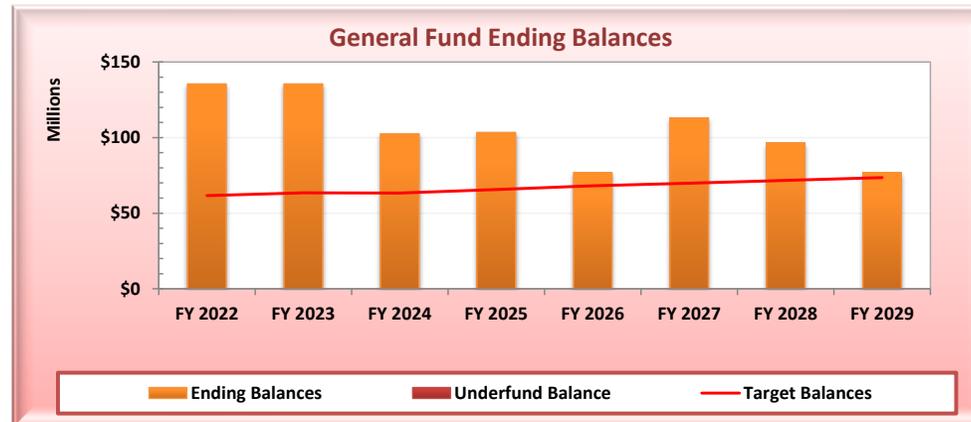
# Financial Planning Considerations

- Financial planning alternative scenarios
  - Alternative Scenario #1: Delay pension/OPEB funding
    - Achieve near-term savings by delaying full funding from 2032 to 2037
      - This is a return to the funding schedule adopted based on the 2017 rate increase
      - No other changes in assumptions
    - Delay would achieve an estimated \$3.2 million in annual savings for pension in FY 2024/25 – FY 2031/32 (reduce unfunded liability annual payments to \$8.0 million)
    - \$1.8M cost reduction for OPEB in FY 2024/25 and \$0.8M from FY 2025/26 – FY 2031/32 (reduce unfunded liability annual payments to \$1.9M)
    - Total cost reduction of \$33M from FY 2024/25 – FY 2031/32; cost increase of \$49.5M from FY 2032/33 – FY 2036/37
    - This analysis was performed by staff based on payment schedules prepared by the District's actuary earlier this year. Staff would engage the actuary for formal estimates if the Board wants to more fully consider this option
  - Retain assumed 4% annual rate increases
  - All other assumptions as previously presented

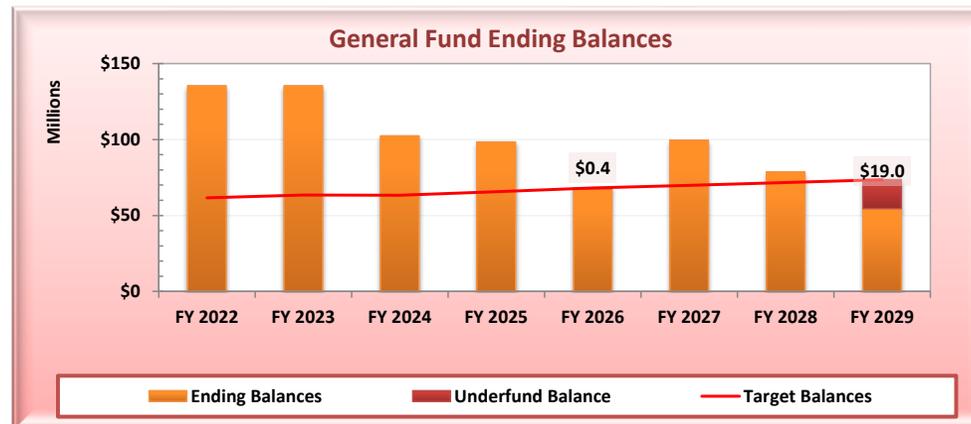
# Financial Planning Considerations

## General Fund Ending Balances

- Delay pension/OPEB funding



- Scenario #1: Low year FYE 2029 at \$3.2 million above reserve target



- Low year FYE 2029 at \$19 million below reserve target (with 4% rate increases and baseline financial planning assumptions)

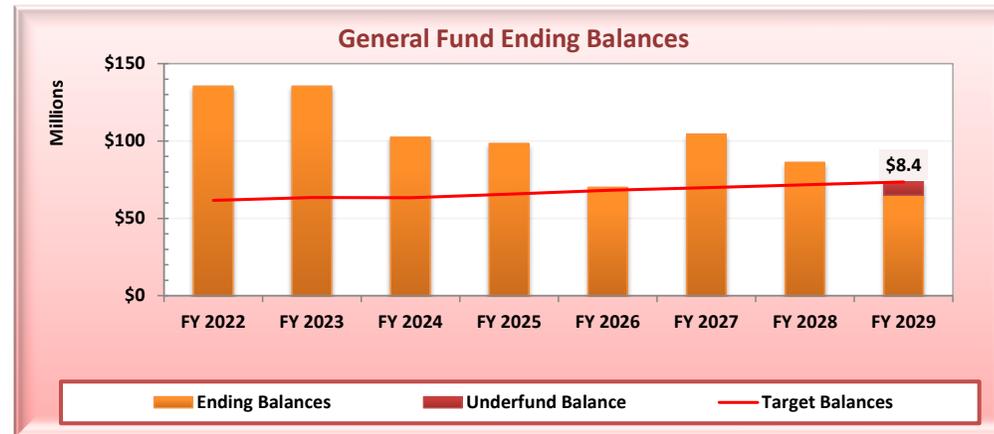
# Financial Planning Considerations

- Financial planning alternative scenarios
  - Alternative Scenario #2: Minimum SFPUC purchases
    - Current planning provides a buffer of 1,000 AF above the minimum 8,602 AF of annual SFPUC purchases beginning in FY 2025/26 to provide flexibility in meeting demands within District policy targets
    - The budget proposes purchases of 1,359 above the minimum due to water quality blending (before PFAS treatment is finalized) and hardness objectives
    - Staff works toward optimizing water production to try to stay within the minimum purchase requirement; however, there is no guarantee of meeting it
    - To provide greater assurance of minimum purchases, the District would need to consider more flexibility with periodic increases in water hardness
    - This option would achieve an estimated \$2.6 million in annual savings
    - Should the Board be interested in pursuing this option, staff will work to more fully identify potential impacts to hardness or other objectives to inform rate-setting
  - Retain assumed 4% annual rate increases
  - All other assumptions as previously presented

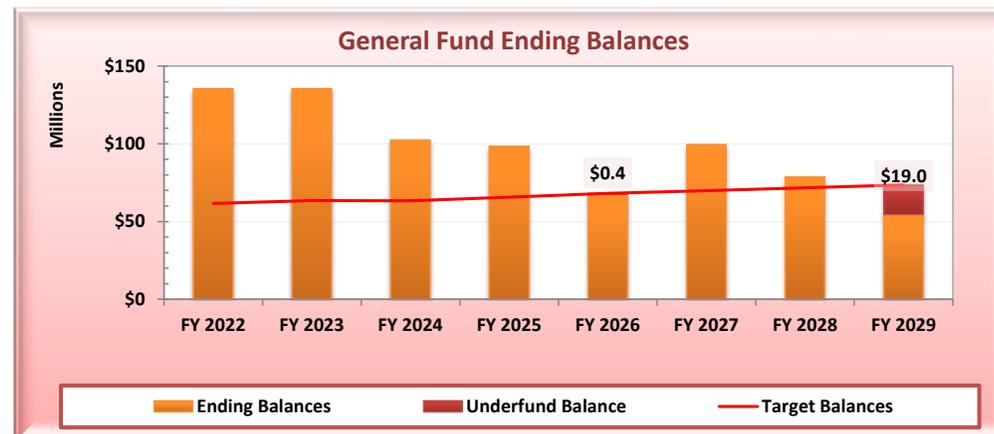
# Financial Planning Considerations

## General Fund Ending Balances

- Lower SFPUC to minimum purchase starting in FYE 2026



- Scenario #2: 8,602 AF minimum SFPUC water purchase FYE 2026 – FYE 2029

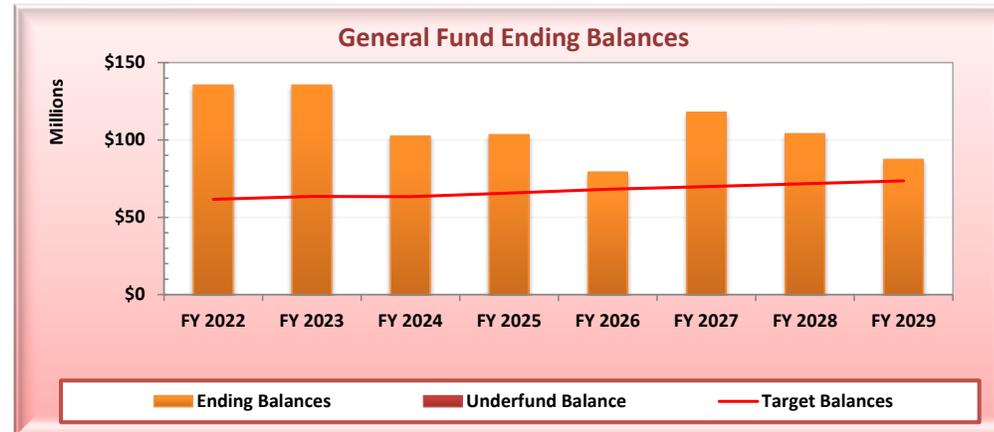


- 9,600 AF SFPUC water purchase FYE 2026 – FYE 2029 (with 4% rate increases)

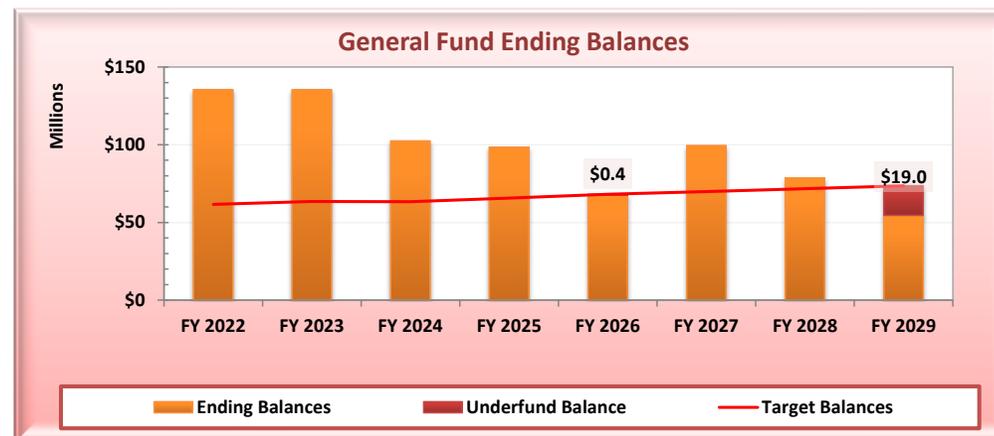
# Financial Planning Considerations

## General Fund Ending Balances

- Delay pension/OPEB funding + Lower SFPUC to minimum purchase



- Scenarios 1 & 2: Low year FYE 2029 at \$13.8 million above reserve target



- Low year FYE 2029 at \$19 million below reserve target (with 4% rate increases)

# Financial Planning Considerations

- Financial planning considerations for the rates process not reflected in the budget:
  - Actual FY 2023/24 results
  - Potential for additional capital investments pending May 30 Board workshop to review the Engineering Report and/or a placeholder for the results of the Water Supply Master Plan
  - Additional capital project deferral options to offset new investments and/or reduce overall costs during the water rates planning horizon (current fiscal year plus the next five years)
  - Potential for updated water demand forecast based on summer demands

# Board Guidance Recap

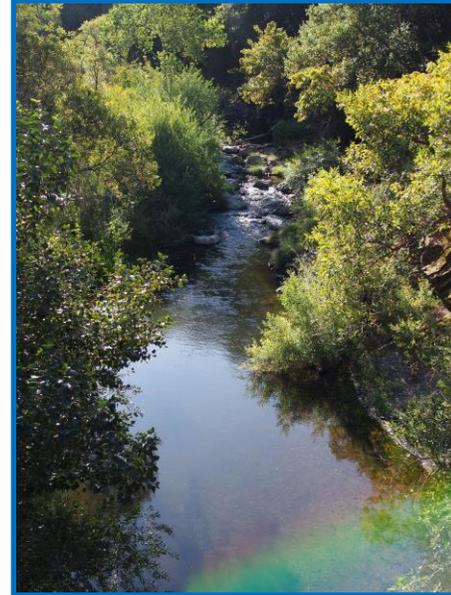
- Goals and Budget Assumptions
- Operating Budget
- Capital Improvement Program
- Financial Planning Review

# Next Steps

- **May 30, 2024 – Board Workshop**
  - Review Proposed Amended Operating and Capital Budget
  - Review Proposed Amended 25 Year Capital Improvement Program
  - Workshop is required to review the draft CIP Engineering Report in addition to any budget follow up
- **June 13, 2024 – Board Meeting**
  - Adopt Amended FY 2023/24 and FY 2024/25 Operating and Capital Budget
  - Adopt Amended 25 Year Capital Improvement Program
- **June 27, 2024 – Special Board Meeting**
  - Adopt Amended FY 2023/24 and FY 2024/25 Operating and Capital Budget, if needed
  - Adopt Amended 25 Year Capital Improvement Program, if needed
  - A Water Resources workshop is also planned for this day
- **July 18, 2024 – Special Board Meeting – Water Rates Workshop**
  - First of three planned workshops. Workshops also planned for August 22 and September 26

# Stay Connected to the District

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



Alameda County Water District  
43885 S. Grimmer Blvd.  
Fremont, CA 94538  
510.668.4200

# Questions?