



# ALAMEDA COUNTY WATER DISTRICT

Fremont, California

Fiscal Years

FY 2021/22 & FY 2022/23

# Adopted Budget



## Board of Directors

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# Mission Statement

## Our Dedication

For over 107 years, the Alameda County Water District has supplied water to the residents and businesses of southern Alameda County. As our area has grown and changed from being an important agricultural center to supporting a growing suburban population, our water system has grown and changed with it. This budget includes current staffing of 241 dedicated employees that supply drinking water to more than 357,000 people living in the cities of Fremont, Newark, and Union City.

## ACWD's Mission Statement

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 we will:

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



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# **BUDGET MESSAGE**



DIRECTORS

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## BUDGET MESSAGE

June 10, 2021

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

Dear Board of Directors:

**Subject: Two Year Budget for Fiscal Years 2021/22 and 2022/23**

I am pleased to present to you and our customers the Alameda County Water District’s (ACWD) Adopted Fiscal Years 2021/22 and 2022/23 Operating Budget and Fiscal Years 2021/22 through 2045/46 Capital Improvement Program (CIP) Budget.

This budget is the product of staff from every department working collaboratively to align resources that are consistent with the Board of Directors’ priorities, while continuing to maintain fiscal responsibility. This year, staff has incorporated several improvements into the budget process and how information is presented in the budget documents that are consistent with industry best practices in order to provide more complete financial information and also to provide the reader with a better understanding of the District, its priorities, and its specific plans. Accordingly, I want to acknowledge and thank staff for their efforts.

### BOARD OF DIRECTORS PRIORITIES AND GOALS

This budget has been developed to support the District’s core mission to provide a reliable supply of high quality water at a reasonable price to our customers and reflects the District’s commitment to the Board’s current Five-Year Strategic Plan, which includes the following goals and strategies:

- Maintain and improve the cost effectiveness and value of District services.
- Sustain a reliable, high quality water supply for District customers.
- Improve the District’s financial stability and transparency.
- Improve workforce recruitment, maintain retention, and enhance employee engagement.
- Promote clear and open communications, outreach, and engagement with customers and communities.

## **ECONOMIC OUTLOOK**

The District's service area covers approximately 105 square miles of the southern portion of Alameda County in the San Francisco Bay Area. Since its founding, the District has been a water conservation agency and is responsible for managing the groundwater supply in the Niles Cone Groundwater Basin. Since 1930, the District has also been a water distribution agency and produces, stores, treats, and distributes water to a population of approximately 356,000 as well as a diverse commercial, institutional, and industrial customer base, predominantly within the cities of Fremont, Newark, and Union City.

The Tri-City's diverse economic base supports a healthy mix of large and small businesses and produces greater economic stability and less volatility than more specialized economies. As of March 2021, unemployment rates for the cities of Fremont, Newark, and Union City were 5.2%, 5.8%, and 6.5% respectively, which are lower than the State (8.3%), and on par with Alameda County (6.5%). Regionally, the Tri-City's unemployment rates are comparable to the City and County of San Francisco (5.4%) and the County of Santa Clara (5.1%). The District's customer base is anticipated to grow slightly in size and income. Last calendar year, population grew 0.5% to 234,239 for the City of Fremont and 0.5% to 48,859 for the City of Newark, while declining -0.6% to 72,779 for the City of Union City. The US Census Bureau data, as of July 1, 2019, estimated median household income of \$133,354 for the City of Fremont, \$116,856 for the City of Newark, and \$114,681 for the City of Union City.

## **PRIORITIES AND CHALLENGES FOR FY 2021/22 & FY 2022/23**

The District is facing several key issues and decisions in the upcoming years that include adapting to climate change, including current dry year conditions, implementation of the Capital Improvement Program, disaster preparedness, and the potential financial impacts due to water conservation. The District is proactive in addressing these challenges.

Planning for dry years is a part of responsible water management. The District's Urban Water Management Plan (UWMP) and Integrated Resources Plan (IRP) take a long-term approach to water supply planning and the District has forged partnerships with several Bay Area water and regional agencies to explore and invest in alternative water supplies. The FY 2021/22 and FY 2022/23 Adopted Budget includes evaluation of initiatives to ensure water supply reliability with participation in the Delta Conveyance Project, Los Vaqueros Reservoir Expansion Project, and Joint Purified Water Feasibility Evaluation.

For the upcoming year, the Department of Water Resources (DWR) has significantly reduced the District's water supply allocation from the State Water Project. Based on the District's latest water supply modeling, the budget includes costs for additional water purchases from the San Francisco Regional Water System (SFPUC) and the Semitropic Groundwater Bank. Funding for additional staffing and rebates for additional water conservation due to the dry conditions are also included in the budget. The District has sufficient reserves, including the Emergency Reserve and Rate Stabilization Reserve, to handle the financial impacts due to the dry conditions. As part of its ongoing financial evaluation, the District will go through a rate-setting process starting in August 2021.

The District maintains an aggressive Capital Improvement Program and implementation of the program is one of the key components to maintain and improve the cost effectiveness and value of District services. The adopted budget includes over \$100.5 million in capital projects, customer jobs, and expense projects planned over the next two fiscal years. To support the planned capital project implementation, the budget includes two additional engineers in the Project Engineering division.

Emergency preparedness and response capabilities is another challenge that the District is currently facing and will continue to face in the coming years. In response, the budget includes adding an Information Security Officer to handle cybersecurity-related planning, implementation, and oversight across all District operations, information systems, and organizational groups. The position will be responsible for integrating all of the

District’s cybersecurity systems, plans, and improvements, as well as coordinating with federal, state and local authorities and industry groups to maximize the District’s cybersecurity posture. An Operations Systems position is also added to support the operations and security of water treatment facilities. In addition, the current CIP budget includes funding for the District Security Master Plan to support the District becoming compliant with the American Water Infrastructure Act. To address financial preparedness, the District maintains a \$10 million in Emergency Reserve to handle unforeseen event such as a natural disaster, water shortage emergency, or other unanticipated adverse situation and also maintains a \$10 million unsecured line of credit with JP Morgan Chase Bank that can be utilized to respond to a declared emergency.

For financial planning purposes, the FY 2021/22 and FY 2022/23 Adopted Budget does not assume enhanced water conservation. However, at the Board Budget Workshops on May 19 and 27, 2021, staff presented various scenarios related to potential financial impacts due to water conservation. As presented to the Board, even with 10 percent additional water conservation for the next two fiscal years, the District will still maintain General Fund balances above the reserve targets set by the Board over the planning period through FY 2025/26. The Board will further review and discuss the potential financial impacts of conservation, along with water rates and the rate structure, at rate-setting workshops starting on August 26, 2021.

**SIGNIFICANT BUDGETARY ITEMS**

**Operating Budget**

A major objective of the overall FY 2021/22 and FY 2022/23 Adopted Budget is to achieve the Board’s priorities in a cost-effective manner while maintaining the District’s goal of improving financial stability and transparency. The adopted budget includes the Operating Budget and Capital Improvement Program Budget. The Operating Budget considers costs to operate, maintain, treat, and supply reliable water service to customers. The Capital Improvement Program Budget includes capital projects needed to renew and improve existing infrastructure and construct new facilities to ensure reliable service for current and future customers. The budget includes annual principal and interest payments for the District’s long-term debt.



The total adopted budget for FY 2021/22 is \$162.9 million with \$119.3 million in operating and debt service and \$43.7 million in capital. The total FY 2021/22 budget decreased by \$12.1 million (6.9%) compared to FY 2020/21 Amended Budget and increased by \$2.6 million (1.6%) compared to the FY 2020/21 Estimated Actual. The Operating Budget increased by \$0.6 million (0.5%) compared to FY 2020/21 Amended Budget and increased by \$3.0 million (2.5%) compared to FY 2020/21 Estimated Actual. The CIP Budget decreased by \$12.8 million (22.6%) compared to FY 2020/21 Amended Budget and decreased by \$0.3 million (0.8%) compared to FY 2020/21 Estimated Actual.

The total adopted budget for FY 2022/23 is \$162.7 million with \$123.7 million in operating and debt service and \$38.9 million in capital. The total FY 2022/23 budget decreased by \$0.3 million (0.2%) compared to FY 2021/22 Adopted Budget. The Operating Budget increased by \$4.5 million (3.7%) compared to FY 2021/22 Adopted Budget. The CIP Budget decreased by \$4.7 million (10.8%) compared to FY 2021/22 Adopted Budget.

## Revenue

Total revenues are budgeted at \$154.1 million in FY 2021/22 and \$153.7 million for FY 2022/23. The District's largest revenue source is water revenue, which includes service charges and commodity charges, and is budgeted at \$120.6 million for FY 2021/22 and \$126.4 million for FY 2022/23. The projected billed water demands are slightly higher due to the anticipated dry conditions and budgeted at 35.5 million gallons per day (MGD) for FY 2021/22 and 36.3 MGD for FY 2022/23. The budget assumes water rate increases of 3% effective March 1, 2022 and 3% effective March 1, 2023.

The District's second largest revenue source is property tax proceeds, which is budgeted at \$13.4 million for FY 2021/22 and \$13.5 million for FY 2022/23. The District receives two types of property tax revenue: 1) A portion of the 1% ad valorem tax based on the assessed valuation of parcels within the District's service area, and 2) State Water Contract override tax that is collected to recover the cost of State Water Project deliveries that are used to replenish the Niles Cone Groundwater Basin. The budget reflects an increase to both property tax revenue types. Based on historical trends and the economic environment, property valuations are expected to continue to increase.

The District collects a Facilities Connection Charge (FCC) for all new or expanded connections to the water system. The FCC includes two components; one component to ensure new connections pay for the share of future capital projects needed to address the growth in water demands they create and a second component to buy into the existing water system to recognize the value it provides to new connections. The Facilities Improvement Fund (FIF) accounts for the incremental cost or 'growth' component revenues of the FCC for the sole purpose to fund the growth-related component of capital projects in the District's Capital Improvement Program. The Facilities Renewal Fund (FRF) accounts for the equity buy-in component revenues of the FCC for the sole purpose to fund capital projects that refurbish or replace the District's existing facilities. The FCC-FIF is budgeted at \$2.0 million for FY 2021/22 (43% lower than FY 2020/21 Estimated Actual) and \$3.1 million for FY 2022/23. The FCC-FRF is budgeted at \$1.0 million (40% lower than the FY 2020/21 Estimated Actual) in FY 2021/22 and \$1.6 million in FY 2022/23. These revenues represent the projected level of completed residential and non-residential development during the next two fiscal years. FCC revenues in FY 2021/22 are lower due to the relative slowdown in activity as major recent developments reach completion.

Grants and Reimbursements are budgeted at \$11.6 million for FY 2021/22 and \$3.3 million for FY 2022/23. The District aggressively pursues grant funding opportunities and successfully obtained significant grants and reimbursements for fishery projects in Alameda Creek. This includes a \$2.9 million grant from the California Department of Fish and Wildlife and the California Wildlife Conservation Board and \$3.7 million in the State of California's Proposition 1 Restoration Grants. Reimbursements from the Alameda County Flood Control and Water Conservation District (the District's primary partner on the fishery projects) are budgeted at \$6.2 million for FY 2021/22 and \$3.3 million for FY 2022/23 for their share of fishery project costs.

Other Revenues for the District are budgeted at \$1.2 million for FY 2021/22 and \$1.2 million for FY 2022/23 and consist primarily of licenses and permits, property leases, and other miscellaneous revenues.

## Operating Expenses

Operating Expenses (excluding expense projects) are budgeted at \$105.3 million in FY 2021/22 and \$107.7 million in FY 2022/23. A significant operating expense for the next two fiscal years is additional payments to reduce long-term costs by responsibly prefunding the District's pension and Other Post-Employment Benefits (OPEB) liabilities as directed by the Board. As of the June 30, 2019 valuation date, the District's funded ratio for pension is 73.2% and OPEB is estimated at 52.8%. To fulfill the District's obligations for these benefits, the Board directed staff to accelerate funding to meet a payoff schedule by June 30, 2032. Advanced funding payment amounts were calculated based on a 6.5% discount rate, resulting in an investment of \$7.3 million for FY 2021/22 and \$6.4 million for FY 2022/23. These investments are in addition to the District's annual normal contributions.

Purchased water expenses are budgeted at \$33.3 million for FY 2021/22 and \$31.8 million for FY 2022/23. The San Francisco Public Utilities Commission (SFPUC) proposed no change to its wholesale water rate for FY 2021/22 and a 5.4% increase for FY 2022/23. SFPUC water purchases are budgeted at \$18.6 million and \$19.1 for FY 2021/22 and FY 2022/23, respectively. State Water Project purchases are budgeted at \$10.8 million and \$10.5 million for FY 2021/22 and FY 2022/23, respectively. Semitropic water is budgeted at \$3.9 million and \$2.3 million for FY 2021/22 and FY 2022/23, respectively.

The components of Operating Expenses include 1) direct Operations & Maintenance expenses (sources of supply, pumping, water treatment, transmission and distribution) budgeted at \$77.4 million for FY 2021/22 and \$78.8 million for FY 2022/23, 2) Administrative & General expenses budgeted at \$16.6 million for FY 2021/22 and \$18.2 million for FY 2022/23, and 3) Customer Accounts expenses budgeted at \$5.5 million for FY 2021/22 and \$5.7 million for FY 2022/23. The total Operating Expenses budget stays within the District's Financial Planning Model (FPM) projections used for rate development.

### **Expense Projects**

Expense Projects for extraordinary expenses are budgeted at \$4.1 million in FY 2021/22 and \$5.0 million in FY 2022/23. The majority of these expenses reflect Board direction regarding water supply initiative studies, as well as IT Enterprise Software Upgrades for the District's customer service (Cayenta) and accounting software systems (JD Edwards), PFAS treatment study, Integrated Resource Planning, and District Security Review.

A high quality, reliable and resilient water supply is essential to meet the needs of District customers into the future. Due to climate change, environmental regulations, natural disasters, and other factors, there are uncertainties about the reliability of the various water sources available to the District as well as future water demands. The District will need to closely monitor and manage the existing water supplies and evaluate the feasibility of developing new water supplies. Looking ahead, the Board has emphasized investment in cost-effective measures to address water supply uncertainty and to ensure water supply reliability for the Tri-City community. This budget includes the evaluation of initiatives such as Delta Conveyance, which is included in the water supply costs, Los Vaqueros Reservoir Expansion (\$2.5 million in FY 2021/22, \$4.0 million in FY 2022/23), and a Joint Purified Water Feasibility Evaluation (\$0.1 million in FY 2021/22).

### **Debt Service**

The District has two Water System Revenue Bonds outstanding: 2012 Revenue Bonds and 2015 Revenue Bonds. The District paid off its 2009 Refunding Revenue Bonds in June 2020. Annual debt service is \$5.5 million for FY 2021/22 and \$6.5 million for FY 2022/23. The debt service for FY 2022/23 includes the anticipated payment for the State Revolving Fund (SRF) loan for the Advanced Metering Infrastructure (AMI) Program. The debt service coverage ratio is projected to be 7.97 for FY 2021/22 and 6.08 for FY 2022/23, above the District's bond covenant requirement of 1.25 and debt service policy coverage target of 2.00. Higher debt service coverage helps maintain the District's AAA credit rating from Standard & Poor's and Aa1 credit rating from Moody's Investor Services. The budget includes a \$19.5 million loan to fund approximately 50% of the AMI capital project costs, with the annual debt service payments included in the budget starting in FY 2022/23.

### **Capital Improvement Program Budget**

The budget includes capital expenditures of \$43.7 million in FY 2021/22 and \$38.9 million in FY 2022/23. The District makes prudent investments in infrastructure replacement and seismic improvements to enhance system reliability. Significant near-term infrastructure investments in the 25 Year Capital Improvement Program (CIP) include Advanced Metering Infrastructure Program (AMI), the Alameda Creek fish passage projects, service line emergency replacements, and reservoir roof replacement projects. Over half of the capital expenditures in the budget for the next two fiscal years reflect investments to improve the District's distribution system and water production facilities. The budget includes a \$19.5 million loan from the State Revolving Fund (SRF) to help fund the AMI program, with the remaining funds coming from the District's available reserve funds.

Key projects for FY 2021/22 include AMI (\$10.3 million), Rubber Dam No. 1 Fish Ladder (\$5.9 million), Shinn Pond Fish Screen Project (\$4.2 million), the Service Line Emergency Replacement Program (\$1.9 million), Avalon Tank Slope Stabilization Improvements (\$1.3 million), the Rubber Dam No. 1 – Fabric Replacement, Control Building and Equipment Modification Project (\$1.2 million), Niles Cone Groundwater Basin Extraction Well Site Evaluation (\$1.2 million), Alvarado Niles Pipeline Seismic Improvement Project (\$1.0 million), and SCADA Systems Replacements (\$0.7 million).

Key projects for FY 2022/23 include AMI (\$15.6 million), Alameda Reservoir Roof Replacement (\$3.0 million), Brackish Groundwater Reclamation Project-Desal Replacement (\$2.9 million), Service Line Emergency Replacement Program (\$1.9 million), Vallecitos Channel Betterments (\$1.8 million), Avalon Tank Slope Stabilization Improvements (\$1.0 million), Curtner Road Booster Station Upgrade (\$1.0 million), and SCADA Systems Replacements (\$0.9 million).

Customer Jobs are budgeted at \$4.3 million for FY 2021/22 and \$4.5 million for FY 2022/23 to accommodate new developments and requested service-related improvements. The District's expenditures for Customer Jobs are reimbursed by the parties that receive benefits from those projects.

### **Staffing**

The District is in an ongoing labor negotiation with the District's two unions, Operating Engineers Local 3 and the ACWD Operators Association. Estimated labor and benefit cost increases are included in the adopted budget. The FY 2021/22 and FY 2022/23 Adopted Budget also includes adding seven positions – five positions starting in FY 2021/22, and an additional two positions starting in FY 2022/23. The budget proposes to add the following positions: Special Assistant to the General Manager, Information Security Officer, Water Operations Analyst, Engineer (2 FTE), Customer Account Representative (defined-term), and an Operations Systems Position. The budget includes continuation of existing defined-term positions to support current workload in Development Services Division (Construction Inspector, Engineering Technician), and the Customer Service and Meter Reading Division (Meter Reader) pending AMI project implementation. The budget also includes a reclassification of an Engineer to a Construction Inspector to better align District operational needs. Succession planning will continue to be a challenge as approximately half of the District's employees are eligible to retire within the next five years.

Overall, the District's budget reflects careful and responsible planning and continues cost control measures established during the drought. I am especially pleased that the District has made significant strides in achieving the five strategic goals identified by the Board in 2018 and I am confident that the District will continue making meaningful and measurable progress over the next two years to address the District's highest priorities.

Respectfully Submitted,



Robert Shaver  
General Manager



# DISTRICT OVERVIEW

# DISTRICT OVERVIEW

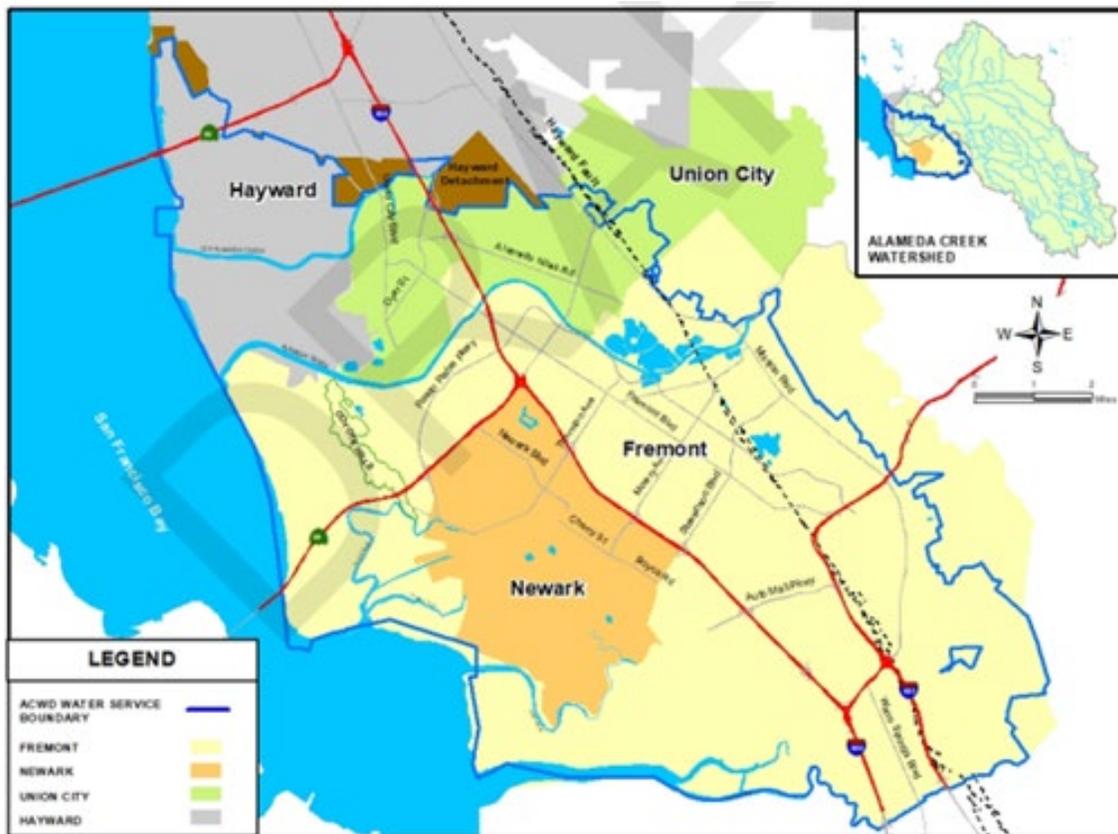
## About ACWD

The Alameda County Water District (ACWD) was founded in 1914, making it the first public water agency created under California’s County Water District Law, adopted in 1913. The District is governed by a five-member Board of Directors (Board) elected by voters at-large for four-year overlapping terms. The Board represents the public’s interest as policy makers with regards to service levels, water rates, policies, ordinances, and budget adoption. Appointed by the Board, the General Manager is responsible for overseeing daily operations. The District is a rate-based organization and operates in accordance with Division 12 of the California Water Code.

While initially created to manage the Alameda Creek Watershed and Niles Cone Groundwater Basin, since 1930 the District has also been a water distribution agency. From the purchase of a small water distribution system in Alvarado (now part of Union City), the District has expanded to serve almost all of the area covered by its conservation activities. The District provides, stores, treats, and distributes water for a population of approximately 356,000 people in southern Alameda County. The District covers approximately 105 square miles and as of June 2020 had over 85,000 customer accounts. As of the end of March 2021, the most recent 12-month average daily demand is 39.5 million gallons per day (MGD). The peak demand in the last 12 months was 59.7 MGD in August 2020.

## District Service Area

The District provides retail water service predominantly within the cities of Fremont, Newark, and Union City.



## History

Since 1914, the Alameda County Water District has predominantly served the communities we now know as Fremont, Newark and Union City. The first District founded under the County Water District Act of 1913, the history of the District has been closely intertwined with the area it serves. In fact, the District was originally formed to protect and manage the Niles Cone Groundwater Basin, which underlies the local area and was threatened by the rapid development of the Bay Area following the 1906 earthquake.

The first half of the 20<sup>th</sup> Century saw steady expansion of the District. In the late 1930s and early 1940s, the District purchased several established water systems, and over the course of the next two decades annexed additional local areas, gradually growing into the service territory that exists today. The expansion of the service territory led to the need for additional supply, and in 1962 the District was the first agency to receive water from the State Water Project through the South Bay Aqueduct. Two years later, the District incorporated an additional source of supply, contracting with San Francisco to purchase water from the Hetch Hetchy reservoir.

In the late 1960s and 1970s, construction of additional District facilities continued as the District built water tanks, water treatment and softening plants, reservoirs, and a first-in-the-country rubber dam, installed in the Alameda Creek flood control channel to increase groundwater recharge capacity. This first rubber dam, the largest in the world at that time, was followed just a few years later by a second rubber dam.

In 1985, the District moved to its current headquarters in the Warm Springs area of Fremont. The 1980s and 1990s were another important period of capital improvement for the District, as in 1986 the District completed a new 21-million-gallon reservoir, in 1988 completed the first phase of a SCADA telemetry system, and in 1989 completed a third rubber dam to further enhance groundwater recharge. In 1991, the District began constructing of a second water treatment plant, which went online in 1993. This facility is the District's primary water treatment plant today.

As development continued and the population served by the District grew, water production capacity grew with it. In an effort to deliver a more uniform water supply throughout the service territory, the District began blending water from various sources in the early 1990s. An additional source was added when the District opened the Newark Desalination Facility in 2003, allowing the District to treat brackish groundwater for distribution. The success of this project led to further investment, and the Newark Desalination Facility was expanded in 2010.

In the late 2000s and 2010s, the District began several high-profile efforts to protect threatened species in the Alameda Creek Watershed. In 2008 and 2009, the District installed several fish screens, and from 2018 – 2021 two new, state-of-the-art fish ladders were constructed. At the dawn of the 2020s, the District remains dedicated to improving its operational efficiency and ecological soundness: in 2021 the District began installing smart water meters that will provide customers with key conservation insights, reduce the District's carbon footprint, and enhance operational efficiency.

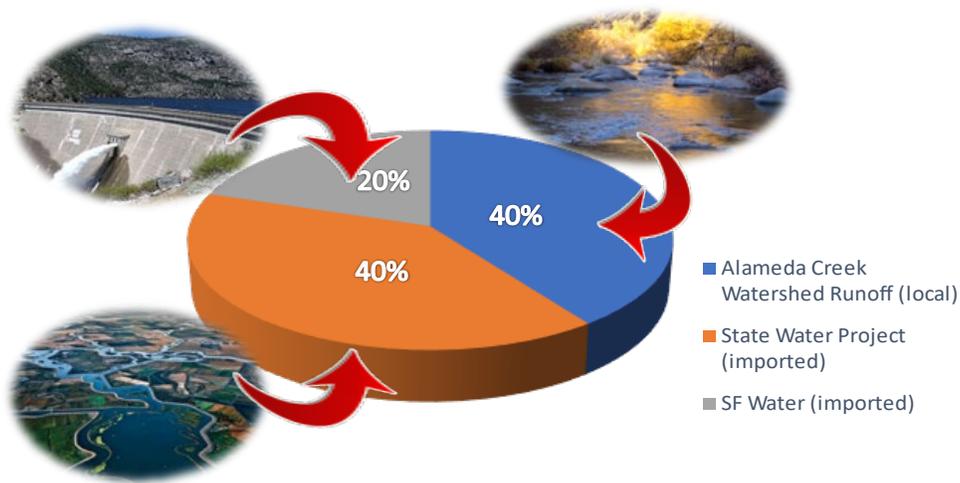
Since its founding, the Alameda County Water District has been committed to serving its customers and protecting the Alameda Creek Watershed. Through constant improvement, innovation, and a commitment to efficiency, the District is well poised to continue to do so into the future.

## Service Functions

The Alameda County Water District provides water services to more than 357,000 residents through more than 85,000 water meter connections predominantly within the cities Fremont, Newark, and Union City. The District operates and maintains more than 900 miles of transmission and distribution pipeline, 13 reservoirs and tanks, a surface water treatment facility with 26 million gallons per day (MGD) capacity (another surface water treatment facility with 8 MGD capacity is temporarily decommissioned due to lower water demands since the 2012-2016 statewide drought), a desalination facility with 12.5 MGD capacity, and a blending facility with 48 MGD capacity.

### Water Supply

The District currently has three primary water supply sources: San Francisco Public Utilities Commission (SFPUC), local rainwater runoff into the Alameda Creek Watershed, and the State Water Project (SWP).



The SWP and SFPUC supplies are imported into the District service area through the South Bay Aqueduct and Hetch Hetchy Aqueduct, respectively. Local supplies include fresh groundwater from the Niles Cone Groundwater Basin (underlying the District service area), desalinated brackish groundwater from portions of the groundwater basin previously impacted by seawater intrusion, and surface water from the Del Valle Reservoir and Alameda Creek Watershed. The primary source of recharge for the Niles Cone Groundwater Basin is the percolation of runoff from the Alameda Creek Watershed. A portion of the District's SWP supplies is also used for local groundwater percolation. Infiltration of rainfall and applied water also contribute to local groundwater recharge.

### The Alameda Creek Watershed and the Niles Cone Groundwater Basin

Rainfall in the 633-square-mile Alameda Creek Watershed provides the main source of recharge for the Niles Cone Groundwater Basin. Flows in the creek fluctuate depending on the year's precipitation and releases from upstream reservoirs. In past years, annual flow has exceeded 300,000 acre-feet — theoretically, more than enough to supply ACWD's customers

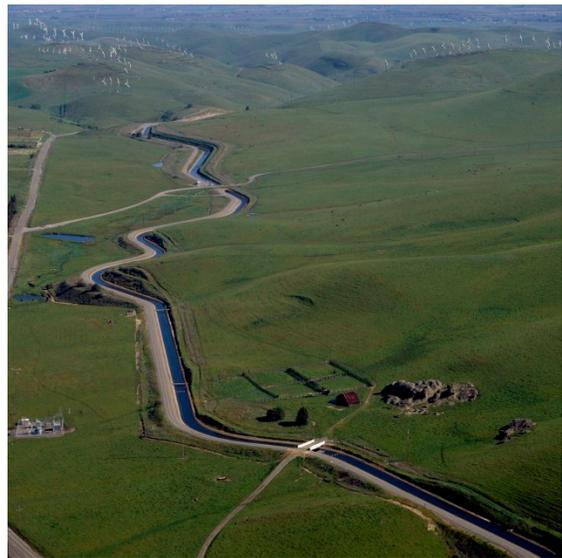


for six years if there was a place to store the water — but also has been less than 1,000 acre-feet. In a typical year, the District diverts 20,000 to 30,000 acre-feet of the creek’s flow for groundwater recharge. The Niles Cone Groundwater Basin is the hub of the District’s water system. It serves as an underground reservoir. The District recharges the basin by diverting Alameda Creek water and State Water Project supplies into the Quarry Lakes and withdraws water as needed at the two main production well fields. Aside from the Niles Cone Groundwater Basin, ACWD has relatively little water storage capacity in the Alameda Creek Watershed. The District has the right to use one-tenth of the volume of 75,000-acre-foot Lake Del Valle to store local runoff. Most of the remaining space in Lake Del Valle is allocated to flood control and State Water Project storage, while runoff captured in the watershed’s other two large reservoirs, Calaveras Reservoir (100,000 acre-feet) and San Antonio Reservoir (50,000 acre-feet) belongs to the San Francisco Public Utilities Commission.

ACWD also collects roughly 1,200 acre-feet per year of direct urban runoff, which is percolated into the groundwater basin via the Quarry Lakes Groundwater Recharge System. This practice, known as "stormwater capture," benefits the environment by reducing intense peak runoff to sensitive aquatic habitats. It's also a key sustainable water supply strategy advocated by the state Department of Water Resources in the California Water Plan.

### The State Water Project

On November 29, 1961, the District entered into a water supply contract with the Department of Water Resources (DWR) for a water supply from the State Water Project (the “State Water Project Contract”). The State Water Project is a system of reservoirs, aqueducts, pumping stations, and hydroelectric power facilities that provides a portion of the water supply for roughly 27 million Californians and 750,000 acres of farmland. Runoff from the northern Sierra Nevada mountains provides the main source of water for the Project. That runoff flows into the Feather River and its tributaries and is collected in Lake Oroville. Water released from Lake Oroville flows down the Feather River, into the Sacramento River, and then into the Sacramento-San Joaquin Delta. Pumps in the southern Delta then lift the water into the 444-mile California Aqueduct, which runs to Southern California. The South Bay Aqueduct branches off from the California Aqueduct to deliver water to the District and other water agencies (Zone 7 Water Agency and the Santa Clara Valley Water District) in Alameda and Santa Clara counties.



*State Water Project’s South Bay Aqueduct*

The California Department of Water Resources began constructing the State Water Project in 1959. The District received its first deliveries in 1962. The District is one of 29 water agencies across the state that contracts with the State Water Project. The District’s share is about 1 percent of the 2.6 million acre-feet of water the Project provides in an average year. The District has a contract to purchase up to 42,000 acre-feet of water annually from the Project. But that full amount is seldom available, due both to year-to-year variations in precipitation and to environmental restrictions on pumping from the Delta. Projected future water availability averages roughly 20,800 acre-feet annually, and state projections indicate that, in the future, the District will receive less than 15,000 acre-feet in roughly 30 percent of all years (DWR, 2019).

To address the year-to-year variability of State Water Project supplies, the District’s 1995 Integrated Resources Plan identified the need to secure storage to improve dry year reliability. The District contracted with Semitropic Water Storage District for participation in the Semitropic Groundwater Banking Program and secured 150,000 AF of groundwater storage capacity at Semitropic in Kern County. In wet years, the District delivers its surplus State Water Project supplies to Semitropic for storage in their groundwater basin. In dry years, the District can recover these supplies through either of two methods: (1) an “in-lieu” exchange whereby the District uses

Semitropic’s State Water Project supplies while Semitropic utilizes the previously stored groundwater; or (2) a “pumpback” program where Semitropic directly pumps the stored groundwater into the California Aqueduct. While this program does not provide a new supply for the District, it provides a means to store unused supplies in wet years for recovery and use during dry years when the delivery of State Water Project supplies may be significantly curtailed.

## The San Francisco Public Utilities Commission (SFPUC) Water System

The District’s second source of imported water is the SFPUC regional water system. The District has a 25-year contract with SFPUC that runs through 2034 and provides up to 15,400 acre-feet per year (13.76 MGD) from the San Francisco Hetch Hetchy Regional Water System. The supply is derived predominantly from runoff and melted snowpack collected in Hetch Hetchy Reservoir located within Yosemite National Park in the Sierra Nevada mountain range. It is seasonally supplemented by treated water produced from SFPUC lands and facilities within the Alameda Creek Watershed. Because of its high-mountain source, SFPUC water is very high quality, requiring only minimal treatment before being blended with local groundwater and delivered to customers.



*Water Treatment Plant No. 2 (WTP2)*

This water source is more reliable than the State Water Project for two main reasons. First, there is substantial reservoir storage in the SFPUC system. Second, the Hetch Hetchy Aqueduct bypasses the Delta and so is not currently subject to the pumping restrictions that can reduce State Water Project deliveries. Even in a severe long-term drought, SFPUC likely will be able to provide at least 67 percent of ACWD’s maximum contracted amount of 15,400 acre-feet. The District is one of 26 wholesale customers that have collectively contracted with SFPUC for up to 184 MGD on an annual average basis, but the supply can be, and has been, reduced at SFPUC’s discretion in times of drought.

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*Newark Desalination Facility*

## Water Treatment

The District operates three active potable drinking water treatment plants: 1) Water Treatment Plant No. 2 - a surface water treatment plant, which receives water from the California Department of Water Resources State Water Project via the South Bay Aqueduct, 2) Peralta-Tyson Blending Facility - a facility that blends purchased treated water from the SFPUC with groundwater from local wellfields; and 3) Newark Desalination Facility - a brackish water desalination facility, which treats brackish water produced as part of the District’s Aquifer Reclamation Program. These multiple sources of supply and variety of water treatment processes provide reliability and operational flexibility.

The District optimizes distribution system pumping and facility operations to take advantage of tiered power rate structures and to realize savings in electrical costs. In October 2017, the District received State approval to operate the Water Treatment Plant No. 2/Whitfield Reservoir complex in a gravity-flow mode, minimizing pumping and saving on electrical costs.

## Water Use Efficiency

The District's water use efficiency service mission is to promote the efficient use of water by offering cost-effective water use efficiency measures, services, education, and outreach to all service area customers. The District has embraced this mission for over 40 years. The District helped found the California Urban Water Conservation Council (CUWCC) in 1991, now known as the California Water Efficiency Partnership (CalWEP). The CUWCC established an Urban Water Conservation Memorandum of Understanding to make water use efficiency services accessible to all customers through the implementation of cost-effective water use efficiency best management practices (BMPs).

The District further formalized its commitment to water use efficiency through adoption of the 1995 Integrated Resources Plan (IRP) which identified water use efficiency as a preferred alternative to developing more costly, higher-risk new water supplies. In doing so, water use efficiency investments have supported the District's mission by increasing reliability while reducing operating costs.

The District's water use efficiency program has been extremely successful. Coupled with plumbing code changes, current customer gallons per capita per day (GPCD) use is 35% lower when compared to 1990 GPCD. District customers have been consistently on-track to meet the incremental long-term savings goals set in the 1995 IRP and continuation of the District's water use efficiency program is critical to attain its original 2030 IRP savings target, in addition to meeting new state water use objectives and future water supply uncertainty.

## Water Efficiency Master Plan

In 2018, the District adopted the Alameda County Water District Five-Year Strategic Plan (Strategic Plan) ([www.acwd.org/2018ACWDStrategicPlan](http://www.acwd.org/2018ACWDStrategicPlan)). In the Strategic Plan, Goal 2 - Sustain a reliable, high quality water supply for District customers - outlined that the District should "develop and implement a Water Efficiency Master Plan (WEMP) to leverage the benefits of Advanced Metering Infrastructure (AMI) and address changing water use efficiency regulations," as well as provide a baseline analysis for future water supply planning efforts. The WEMP development process included a comprehensive review of historical and current water use, water use efficiency program participation data, and input from the community through a professional survey, which identified saturation of high efficiency fixtures, water use efficiency actions and behaviors, including changes made during the historic statewide drought of 2012-2016, and customer interests.

The WEMP was completed and approved by the District's Board of Directors on April 13, 2021. It identifies a strategy with estimated costs and savings to meet the District's water use efficiency goals for the next five years, which include maintaining progress toward the original 1995 IRP targets and meeting new state water use objectives, and it provides a foundation for identifying strategies to meet long-term water supply needs. The final WEMP is available on the District's website at [www.acwd.org/waterefficiencymasterplan](http://www.acwd.org/waterefficiencymasterplan).

The WEMP's near-term strategy for the water use efficiency program includes extended measures for outdoor efficiency such as residential, commercial, industrial, and institutional outdoor water surveys, online landscape water budgets, irrigation system upgrades, and other water-efficient landscape incentives. In addition, this strategy includes measures for surveys and rebates for commercial properties, incentives to install high efficiency fixtures in both residential and commercial properties, and measures that improve accessibility of water use efficiency services for lower income customers in the District's service area. Many measures also integrate well with the District's AMI project.

During the WEMP development process the District's Board of Directors approved implementation of a service area-wide AMI deployment project. The AMI project includes a best-in-class customer web portal to provide customers access to their usage data at any time during their billing cycle and will provide a tremendous amount of water consumption data that can be used to analyze customer water use trends, identify leaks and high-water use, target customers for water use efficiency measures, and evaluate the success of these measures.

The WEMP’s water use efficiency program strategy is intended to be flexible and structured as a toolbox to allow

Strategy B	2020-2025	2025-2030	2030-2035	2035-2040	2040-2045	2045-2050
CII Water Survey*	2020-2050					
CII Water Efficient Technology (WET) Rebate	2022-2050					
School Building Retrofit	2020-2028					
Ultra-High Efficiency Toilet Incentive	20-23					
Plumber Initiated Ultra High Efficiency Toilet Retrofit Program	2020-2029					
Residential Outdoor Water Surveys*	2023-2050					
Large Landscape Outdoor Water Surveys*	2020-2050					
Large Landscape (Waterfluence)*	2020-2039					
Water Efficient Landscape Rebate*	2020-2050					
Financial Incentives for Irrigation and Landscape Upgrades*	2020-2050					
Residential Water-Savings Devices Giveaway	2020-2050					
Leak Repair & Plumbing Emergency Assistance*	2023-2050					
Fixture Retrofit on Resale or Water Account Change	2020-2050					
ACWD Public & School Education*	2020-2050					
AMI Portal Data Analysis	2023-2050					
Prohibition of Water Waste & Practices*	2020-2050					

\*Benefits from AMI Data    ■ New Measure    ■ Existing Measure    ■ Existing Measure with Modifications

individual measures to change both how and when they are implemented. This flexible format will allow adaptation to new or best-available technology, and adoption of changes that make sense from a cost and/or savings perspective. Program costs can be reduced if grants or other cost-sharing partnerships are available and if regional implementation partnerships are identified.

Additionally, new State of California water use efficiency regulations will set indoor and outdoor water use objectives that the District will be required to meet. By adhering to the WEMP’s recommended strategy, the District will be in a good position to meet these

future requirements and objectives.

### State Regulations Governing Water Use Efficiency

In 2009 the California legislature passed SB X7-7 which required a statewide 20% reduction in urban per capita water use by 2020. SB X7-7 required water agencies to set water efficiency targets based on specified requirements and report the status of meeting these targets in their UWMPs. The District’s 2020 SB X7-7 GPCD target was determined to be 137 gallons, as documented in both the 2010-2015 and 2015-2020 Urban Water Management Plan (UWMP). At the end of 2020, the District’s GPCD was 114 gallons, so the District has exceeded its SB X7-7 target.

From 2012-2016 California experienced historic drought conditions and on April 7, 2017, the state of California released “Making Water Conservation a California Way of Life, implementing Executive Order B-37-16” Final Framework Report (State Framework Report). The State Framework Report, which builds upon then-Governor Brown’s call for new long-term water use efficiency requirements in Executive Order (EO) B-37-16, provided the state’s proposed approach for implementing new long-term water conservation requirements. A key element of the report was proposed new water use targets for urban water suppliers that go beyond existing SB X7-7 requirements.

On May 17, 2018, the California Legislature adopted Assembly Bill 1668 (Friedman) and Senate Bill 606 (Hertzberg) to implement the new long-term water use efficiency requirements, including new urban water use objectives for urban water suppliers. Senate Bill (SB) 606 and Assembly Bill (AB) 1668 provisions and requirements are based on strengthened standards for indoor residential per capita use, outdoor irrigation, and water loss, plus performance measures for commercial, industrial, and institutional (CII) water use and documented preparation for long-term droughts. Urban retail water suppliers will be required to calculate and report urban water use objectives by January 1, 2024, then by January 1 every year thereafter, and to compare

actual water use to the objective for the prior year by the same date. These new regulations will have profound effects on urban water suppliers over the coming years.

## **Water Use Efficiency Metrics**

The District actively tracks performance metrics related to participation in indoor and outdoor measures including rebates and incentives awarded, giveaways provided, technical assistance program participation, school education program participation, and public attendance at events and workshops. While the District tracks all water use efficiency measures, it is working to streamline this process through the development of a water use efficiency measure tracking database. This database will contain past activities data as well as current data. The database will tie in with a new AMI system, and eventually allow customers to apply for all ACWD programs online, which will reduce the manual processing and reporting burden on the District's water use efficiency staff and will be critical for tracking and reporting progress on meeting new State long-term water use efficiency targets.

## **Drinking Water Quality**

The District's State-certified laboratory continues to collect samples and conduct analyses for monitoring the quality of water as required by state and federal regulations. Additional sampling and analyses are performed for monitoring the operation of treatment facilities, the condition of water in the distribution system, and to meet other analytical needs of the District. Most analyses are performed in-house by District staff, but some samples are sent to contract laboratories when it is more cost effective to do so given specific sampling frequency and expense of associated instrumentation and supplies. The District continues to meet or exceed all federal and state drinking water quality and treatment regulations, including those for lead. The State Water Resources Control Board Division of Drinking Water (DDW) conducted a Sanitary Survey inspection, which is an in-depth assessment of all production facilities, wellfields, tanks, and reservoirs. The Sanitary Survey findings were received in 2019 and the District's water system was found to be in good condition, operated by conscientious staff, and capable of providing safe, potable water which meets all applicable primary and secondary drinking water standards.

As required by drinking water regulations, the District maintains a Water Quality Monitoring Plan, which provides the framework for water quality sampling and reporting. The District completed the required initial monitoring at groundwater sources, distribution system entry points, and standby sources for 1,2,3 TCP, which is a recently regulated contaminant. The District did not detect 1,2,3 TCP in any of the locations monitored. In addition, in FY 2019/20, the District completed water quality parameter monitoring as required by US EPA Unregulated Contaminant Monitoring Rule (UCMR) 4. The information collected from the UCMR program is used as a basis to determine the source occurrence of potential contaminants during the regulatory development process.

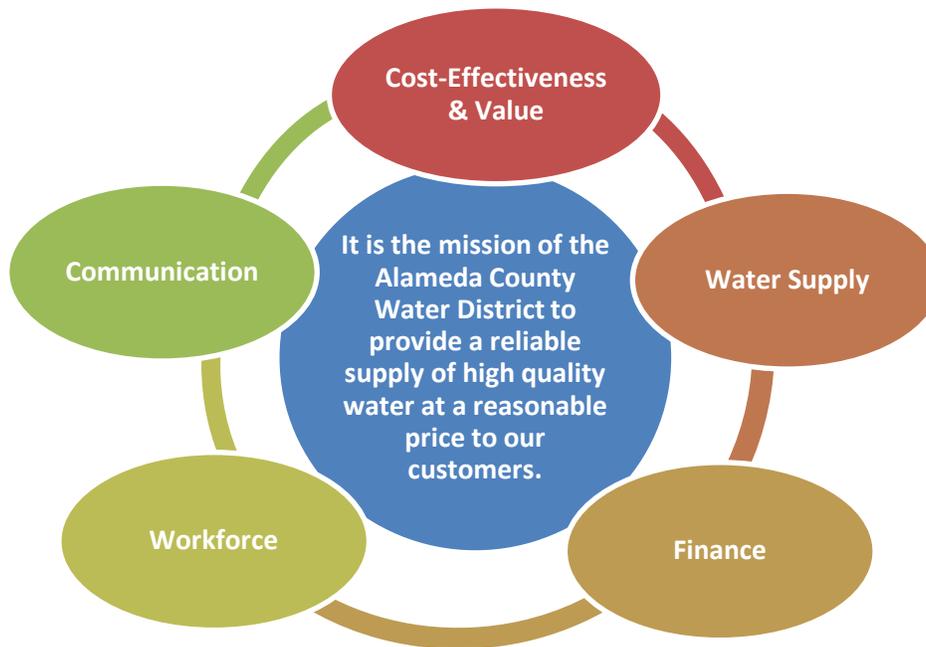
The District has implemented a voluntary monitoring program for Per- and Polyfluoralkyl substances (PFAS) at all surface and ground water sources and distribution system entry points. This monitoring effort will prepare the District for future PFAS regulations. While the District did detect very low concentrations of PFAS in several groundwater wells, the District blends groundwater with its SFPUC-supplied water and no levels of PFAS were detected in the treated water delivered to customers at levels above the notification levels established by DDW. The District is currently evaluating potential sources of PFAS and is developing a plan for further testing.

# Strategic Plan

For more than 107 years, Alameda County Water District has provided a reliable supply of high-quality water at a reasonable price to the communities of Fremont, Newark, and Union City. As we begin our second century of service, ACWD needs to adapt to the changes in the world around us to ensure the continued reliability and high quality of your water service. In 2017, the ACWD Board of Directors undertook a Strategic Planning effort to step back, consider the big picture, discuss current challenges, and set the strategic direction for the future.

Adapting to change is not easy, and the path is not always clear. Although ACWD successfully weathered the recent historic drought, many uncertainties lie ahead: climate change, future environmental and water-quality regulations, urbanization, a changing workforce, and evolving technology. Through the strategic planning process, the Board delved into the most important current and future issues—the challenges and opportunities facing the District. This included taking inventory of where we have been and where we need to be in the future to meet our mission and continue to earn the trust and respect of the communities we serve. We have examined all aspects of our work, including the areas of water supply, water quality, cost-effectiveness, staffing resources, financial stability and resiliency, emergency preparedness and response, and community outreach and engagement.

The Strategic Planning process consisted of three public workshops with the Board and senior staff. Through this process, the Board reaffirmed ACWD’s core mission and established five strategic goals to drive organizational alignment and priorities for the next five years. This Five-Year Strategic Plan (Plan) was developed to communicate and track ACWD’s strategic goals and objectives, as well as the activities being undertaken to achieve them. In some areas, the Plan documents how success will be measured in meeting these objectives. In other areas, we subsequently developed measurements of success and report on them annually.



## Five Year Strategic Goals and Strategies

Through the Strategic Planning process, the Board identified five strategic goals, as shown below. The Five Year Strategic Plan documents the objectives, activities, timelines and outcomes associated with each of these five goals, and also includes a discussion of resources, costs, and tracking of progress.

STRATEGIC GOALS	OBJECTIVES
<p><b>Strategic Goal #1 – Cost-Effectiveness &amp; Value</b></p> <ul style="list-style-type: none"> <li>Maintain and improve the cost effectiveness and value of District services.</li> </ul>	<ol style="list-style-type: none"> <li>1.1. Efficiently manage and maintain our infrastructure to ensure reliability.</li> <li>1.2. Continue to meet water quality standards 100% of the time.</li> <li>1.3. Continuously improve emergency preparedness and response capabilities.</li> <li>1.4. Invest in system improvements to increase customer water use efficiency and engagement.</li> </ol>
<p><b>Strategic Goal #2 – Water Supply</b></p> <ul style="list-style-type: none"> <li>Sustain a reliable, high quality water supply for District customers.</li> </ul>	<ol style="list-style-type: none"> <li>2.1. Maintain and enhance sustainability and reliability of local and regional water supplies.</li> <li>2.2. Protect existing imported water supplies.</li> <li>2.3. Evaluate new and innovative water management concepts.</li> <li>2.4. Plan for future water supplies.</li> <li>2.5. Ensure high quality water supplies into the future.</li> </ol>
<p><b>Strategic Goal #3 – Finance</b></p> <ul style="list-style-type: none"> <li>Improve the District’s financial stability and transparency</li> </ul>	<ol style="list-style-type: none"> <li>3.1. Enhance revenue stability.</li> <li>3.2. Ensure cost reasonableness.</li> <li>3.3. Promote financial transparency.</li> </ol>
<p><b>Strategic Goal #4 – Workforce</b></p> <ul style="list-style-type: none"> <li>Improve workforce recruitment, maintain retention, and enhance employee engagement.</li> </ul>	<ol style="list-style-type: none"> <li>4.1. Enhance recruitment procedures to ensure a highly qualified and diverse workforce.</li> <li>4.2. Maintain employee retention by encouraging and valuing employee work efforts and skills.</li> <li>4.3. Enhance employee engagement to drive productivity and innovation.</li> </ol>
<p><b>Strategic Goal #5 – Communication</b></p> <ul style="list-style-type: none"> <li>Promote clear and open communications, outreach, and engagement with customers and communities.</li> </ul>	<ol style="list-style-type: none"> <li>5.1. Increase awareness of District services, mission &amp; value in the community.</li> <li>5.2. Enhance customer outreach and engagement with new tools.</li> <li>5.3. Strengthen communications through consistent messages and connection with diverse communities in the District.</li> </ol>

The District’s Five-Year Strategic Plan is available for viewing on the District’s website here: [Five Year Strategic Plan](#)



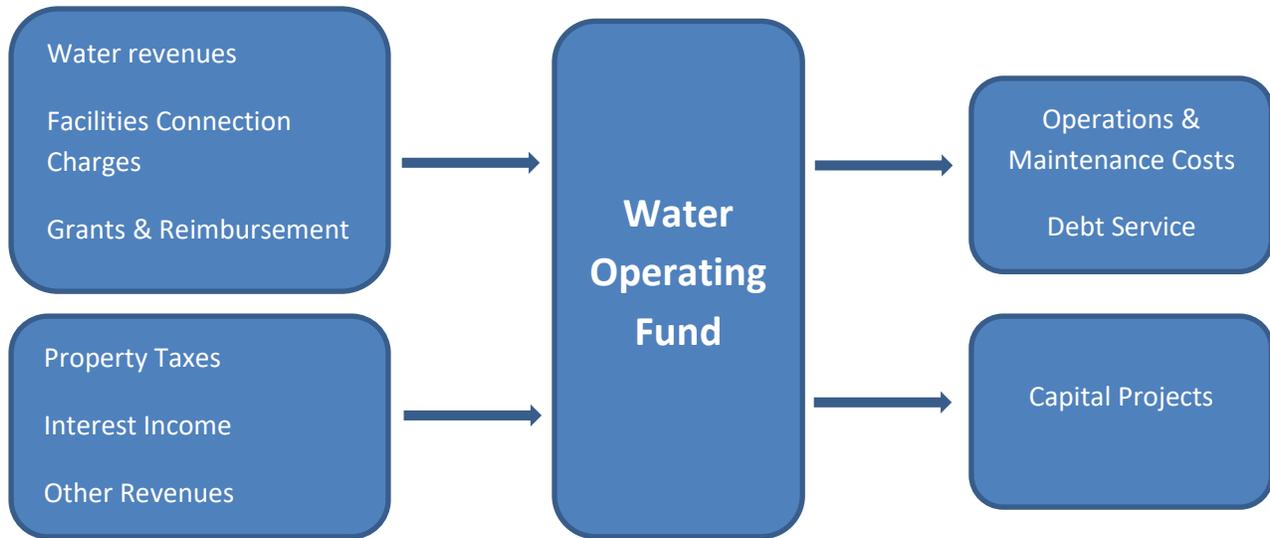
# FINANCIAL OVERVIEW

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# FINANCIAL OVERVIEW

## Fund Structures

As a special district, the Alameda County Water District uses an enterprise fund to account for its operations and the budget is organized based on one major enterprise fund – Water Fund.



The Water Fund is segmented into three primary internal sub-funds as described below:

### Primary Internal Sub-Funds

- **General Fund (GF):** This fund provides for the general operations and maintenance, water supply, pumping, transmission and distribution, and administration of ACWD. The fund accounts for non-growth related activities including revenues, operating expenses, capital expenditures and debt service. Primary sources of revenue for this fund are water sales, property taxes, grants and reimbursements, and interest income.
- **Facilities Improvement Fund (FIF):** This fund is designated to track revenues and expenditures related to growth-related facilities. The purpose of this fund is to ensure the District is able to meet future needs for increased water demand. The revenue for this fund is generated from the incremental cost component of the Facilities Connection Charges (FCC) for new or expanded water service connections in the District's service area. The FCC is intended to provide funding for new facilities and additional water supplies to serve additional capacity requirements of new development.
- **Facilities Renewal Fund (FRF):** This fund is designated to track revenues and expenditures for capital projects that refurbish or replace existing facilities to ensure the District's existing water system is functioning effectively. The revenue for this fund is generated from the equity buy-in component of the FCC, which is essentially a mechanism for new customers to fund their proportional share of existing infrastructure that benefits them upon connecting to the water system.

While the District's budget is organized on the basis of one major enterprise fund (Water Fund), for internal tracking and budgeting purposes, the Water Fund is allocated into these three sub-funds – General Fund, Facilities Improvement Fund, and Facilities Renewal Fund.

Fund	Primary Funding Sources	Primary Fund Purpose	Appropriated?	Included in Annual Report
<b>General Fund</b>	Water Sales	Accounts for general operations and maintenance, capital projects, and debt service.	Yes	Yes
<b>Facilities Improvement Fund</b>	Facilities Connection Charges	Accounts for capital projects related to growth and expansion of the water system.	Yes	Yes
<b>Facilities Renewal Fund</b>	Facilities Connection Charges	Accounts for capital projects needed to keep the current water system functioning effectively.	Yes	Yes

## Department/Fund Relationship

The cost of operating expenses, including employee wages, are allocated to each division and department. District-wide expenses which are general in nature and not attributable to a particular project or department, including employee benefits such as pension and Other Post-Employment Benefits payments, medical, and workers compensation are allocated to a District-Wide Organization Unit.

The chart below exemplifies the current relationship between Fund and Department and Program.

Department/Program	Division	General Fund	Facilities Improvement Fund	Facilities Renewal Fund
<b>Board of Director</b>	Board of Directors	X		
<b>Office of the General Manager</b>				
	Administrative Support	X		
	Human Resources	X		
	Public Affairs	X		
<b>Engineering &amp; Technology Services</b>				
	Engineering Administration	X		
	Development Services	X		
	Project Engineering	X		
	Information Technology	X		
<b>Operations &amp; Maintenance</b>				
	Operations Administration	X		
	Distribution Maintenance	X		
	Laboratory Services	X		
	Water Production	X		
	Facility Maintenance	X		

Department/Program	Division	General Fund	Facilities Improvement Fund	Facilities Renewal Fund
<b>Finance</b>				
	Finance Administration	X		
	Budget & Financial Analysis	X		
	Accounting & Treasury	X		
	Customer Service & Meter Reading	X		
	Procurement & Contracts	X		
<b>Water Resources</b>				
	Water Resources Administration	X		
	Water Supply and Planning	X		
	Groundwater Resources	X		
<b>Capital Improvement Program (CIP)</b>		X	X	X

The District's operating costs are funded by the General Fund. The labor costs for capital projects that are assigned to various departments are funded by the General Fund, Facilities Improvement Fund, and Facilities Renewal Fund. The below table illustrates a breakdown of the total labor costs by operating, capital projects, and customer jobs. Employee benefit costs are funded by the General Fund and detailed further below.

LABOR COST DETAIL (\$ in thousands)					
	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY 21/22 Adopted Budget	FY 22/23 Adopted Budget
<b>Operating</b>					
Source of Supply	\$2,187	\$2,626	\$2,421	\$2,390	\$2,701
Pumping	241	310	366	462	480
Water Treatment	4,160	4,212	4,473	4,587	4,807
Transmission & Distribution	4,356	4,681	4,665	4,541	4,988
Customer Accounts	1,207	1,706	1,669	1,651	1,747
Administration & General	8,190	9,131	8,378	8,710	9,405
Vacation, Sick Leave, Etc.	5,826	5,729	5,712	5,658	5,745
Expense Projects	35	10	10	10	10
<b>Total Operating Labor</b>	<b>26,202</b>	<b>28,404</b>	<b>27,694</b>	<b>28,010</b>	<b>29,883</b>
<b>Capital</b>					
General Fund	2,165	1,990	1,990	2,084	1,798
Facilities Improvement Fund	401	381	381	517	297
Facilities Renewal Fund	307	372	372	722	407
<b>Total Capital Labor</b>	<b>2,874</b>	<b>2,742</b>	<b>2,742</b>	<b>3,323</b>	<b>2,503</b>
<b>Customer Jobs</b>	<b>960</b>	<b>948</b>	<b>948</b>	<b>1,125</b>	<b>1,166</b>
<b>Total Labor Costs</b>	<b>\$30,036</b>	<b>\$32,094</b>	<b>\$31,384</b>	<b>\$32,458</b>	<b>\$33,551</b>

**EMPLOYEE RETIREMENT AND BENEFIT DETAIL**  
(\$ in thousands)

Description	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY 21/22 Adopted Budget	FY 22/23 Adopted Budget
PERS Employer Percent	\$8,734	\$9,517	\$8,894	\$9,647	\$9,805
PERS EE Portion Paid by ACWD	263	287	255	264	266
OPEB	3,251	2,461	2,522	2,573	2,635
OPEB Advanced Funding	1,217	1,569	1,518	1,465	1,410
Pension Advanced Funding	5,975	5,474	5,506	5,866	5,016
Deferred Comp Contribution	233	188	216	197	197
Social Security	4	23	4	29	30
Medical	5,373	5,826	5,481	6,029	6,029
Medicare	443	467	477	468	468
AD&D	6	6	6	7	7
Life Insurance	61	71	65	76	80
Dental	398	429	398	448	461
Vision	62	66	63	71	73
Employee Assistance Program	6	7	6	7	7
Short Term Disability	69	69	69	76	80
LTD/Wage Continuation	101	102	102	113	119
Unemployment Insurance	8	13	37	15	15
Workers' Comp	1,073	937	1,081	1,141	1,148
MCP Allowance	124	125	141	146	150
Misc Other Benefits	10	51	47	52	52
<b>Total Emp Ret &amp; Benefits</b>	<b>\$27,409</b>	<b>\$27,687</b>	<b>\$26,885</b>	<b>\$28,686</b>	<b>\$28,046</b>

## Budget Process

The District operates on a two-year budget cycle. Budgets are adopted biennially and at the end of the first budget year, amendments to the second budget year are adopted as part of a midcycle budget review. Budget development requires input from every organizational level. Proper communication is maintained with staff from different departments throughout the process of reviews and approvals to ensure the integrity of the numbers in development of the budget and that adequate resources are available. It is the responsibility of the departments to ensure that shared budget items are reviewed and approved by the respective Department Heads, and that they are submitted with the responsible department's budget.

The budget process commences in December and begins at the division level. The division managers prepare their respective operating and capital budgets required for the two fiscal year budget and submit them to Executive Staff. The requests also include estimated expenditures for the current fiscal year. The budget also includes estimated funding sources for each fiscal year. Executive Staff then propose their respective department budgets to the General Manager, who considers the District's strategic priorities, budget policies, long range fiscal sustainability, legal mandates, and service level prioritization. The General Manager's draft proposed budget is then presented to the [Finance Committee in April](#), and the final proposed budget is presented to the Board of Directors for review at the [Budget Workshops in May 19](#) and [May 27](#), and for [Board adoption June 10](#). The FY 2021/22 Midcycle Budget revisions will follow a similar process and will be reviewed at a budget workshop in May 2022 and any amendments to the budget will be presented to the Board for adoption in June 2022.

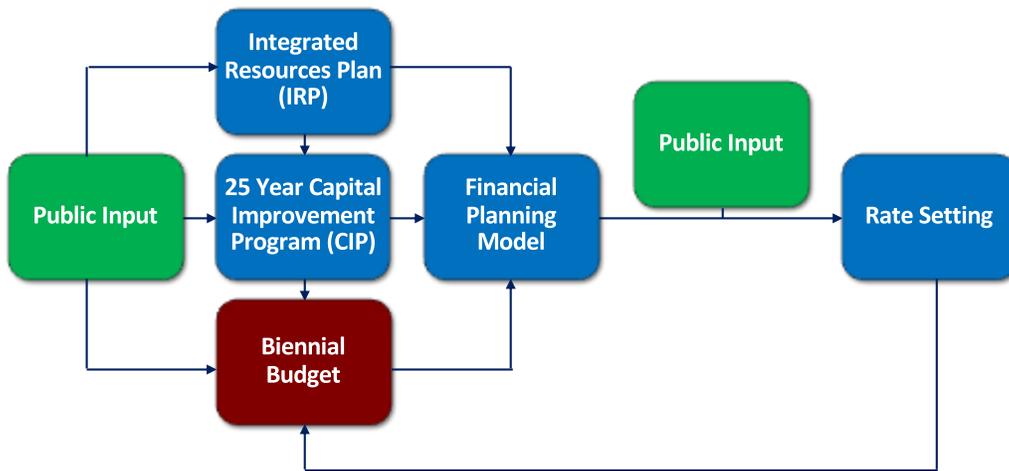
Communication and community engagement plays an important role in the budget process. Board budget workshops and meetings are open to the public, providing a forum for public input where comments are encouraged and valued. The budget process commences with the following Strategic Goals in mind:

- Maintain and improve the cost effectiveness and value of District services.
- Sustain a reliable, high quality water supply for District customers.

- Improve the District’s financial stability and transparency.
- Improve workforce recruitment, maintain retention, and enhance employee engagement.
- Promote clear and open communications, outreach, and engagement with customers and communities.

The biennial budget process is part of the District’s overall Financial Planning Process that includes public input, the Integrated Resources Plan, Capital Improvement Program, Financial Planning Model, and the rate setting process. The below graphic illustrates the District’s Financial Planning Process.

### District Financial Planning Process



### District Two-Year Budget Cycle



## Budget Calendar

The budget schedule for the development and review of this FY 2021/22 and FY 2022/23 budget is as follows:

Date	Activity
December 22, 2020	Distribution of FY 2021/22 and FY 2022/23 Budget Development Memo
January 7, 2021	Capital Improvement Program (CIP) Kick-off Meeting
January 28, 2021	Completion of all CIP Entry by Requesting Departments
February 22, 2021	FY 2021/22 and FY 2022/23 Labor Costs Distributed to Departments
March 26, 2021	FY 2021/22 & FY 2022/23 Budget Requests submitted by Departments
April 20, 2021	FY 2021/22 and FY 2022/23 Preliminary Budget submitted to the Finance Committee for review
April 22, 2021	FY 2021/22 and FY 2022/23 Proposed Operating and Capital Improvement Program Budget final review with Executive Staff
May 20, 2021	FY 2021/22 and FY 2022/23 Operating and Capital Improvement Program Budget submitted to the Board of Directors for review at Budget Workshop(s)
June 10, 2021	FY 2021/22 and FY 2022/23 Operating and Capital Improvement Program Budget submitted to Board of Directors for review and adoption at Board Meeting
May-June 2022	FY 2021/22 Midcycle Budget Review and Adoption by the Board of Directors

## Basis of Accounting and Budgeting

The District's financial records are kept in accordance with Generally Accepted Accounting Principles (GAAP) for governmental enterprise funds. The District follows the GAAP requirement that enterprise funds use the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Under the accrual basis, revenues from operating activities are recognized in the fiscal year that the operations were provided; revenues from property taxes are recognized in the fiscal year for which the taxes are levied and revenue from investments is recognized when earned, while expenses are recognized in the period in which the liability is incurred.

The accounts of the District are reported in a proprietary fund type, specifically, an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, and capital contributions. Enterprise Funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations to recover the costs of providing services, including capital costs (such as depreciation or debt service) with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The District's budget is developed using the cash basis of accounting. The budget is based on expected cash receipts and disbursements. Depreciation and amortization are handled differently in budgetary reporting versus financial reporting. In budgetary reporting, depreciation and amortization are not budgeted since these costs are non-cash transactions. Depreciation and amortization are included in the financial reporting. Through this budget and its adoption by the Board, funds are appropriated to each sub-fund that presents the budget in the form of revenues, expenses, and an overall contribution to or draw from the reserve funds.

## Budget Control and Amendments

The District operates on a two-year budget cycle. Budgets are adopted biennially and at the end of the first budget year, amendments to the second budget year are adopted as part of a midcycle budget review. For the budget to be a meaningful fiscal management tool, budget amounts should reflect the total estimated expenses that will be spent during a given fiscal year. However, it is a projected spending plan and there will always be underspending in some line items and overspending in other line items in any given year. Each department is responsible for ensuring that total expenses do not exceed Board adopted department budgets for either operating or capital expenditures. Management staff are responsible for monitoring their department's budgets throughout the budget periods. The individual expense line items may exceed budget during the year, but the total departmental budget cannot be exceeded without the General Manager's approval. The total District budget cannot be exceeded without Board approval. In addition to the budget process, staff presents a monthly budget report to the Finance Committee for review of all operating revenues, expenses, and capital improvement program expenditures. Quarterly budget reports are presented to the Board. The Finance Committee and the Board also undertake a midcycle review of the District's operating and capital improvement program budgets.

## Cost Allocation

The District allocates General Fund overhead costs from support services that provide vital services and essential activities to other funds, operational divisions, and outside entities as fringe and overhead charges. The charges are based on the administrative and general (A&G) services provided. These costs include employee labor and fringe benefits that include employee pension, medical, retiree health costs, workers' compensation, and other benefits. The A&G costs include Finance (excluding Customer Service and Meter Reading), Information Technology, Office of the General Manager, and the positions of department heads and division managers. A&G costs also include health and safety/emergency services, general public information, and facility maintenance. Office of Management and Budget (OMB) Circular A-87 compliant allocations remove certain A&G costs such as the compensation of elected officials and public information/outreach expenses. The separate OMB A-87 allocation is utilized as required for grants reimbursements while full cost allocation is utilized in all other situations.

## Debt Administration

The District has historically relied on cash reserves to fund capital projects mostly on a pay-as-you-go basis. This approach can work well during periods in which net revenues are strong and capital funding needs are modest. The increased need for capital projects in the future may create the need for external funding. The District's Debt Policy sets forth guidelines for the financing of capital projects and establishes general parameters for the issuance and administration of bonds and other forms of indebtedness.

## Revenue Bonds

Water System Revenue Bonds are issued primarily to finance the construction of capital improvements related to the District's water system. The bonds are payable solely from and secured by the revenues received from the operation of the District's water system. The District has covenanted for its current revenue bonds that it will fix, prescribe and collect rates, fees and charges for use of the District's water system during each fiscal year, which are at least sufficient to yield in each fiscal year net revenues equal to 125% of the debt service for such fiscal year, plus any amount necessary to restore the bond reserve fund to the reserve requirement.

The District currently has two outstanding bonds. The bonds were issued by the Alameda County Water District Financing Authority, a Joint Power Authority formed by the Alameda County Water District and the Union Sanitary District.

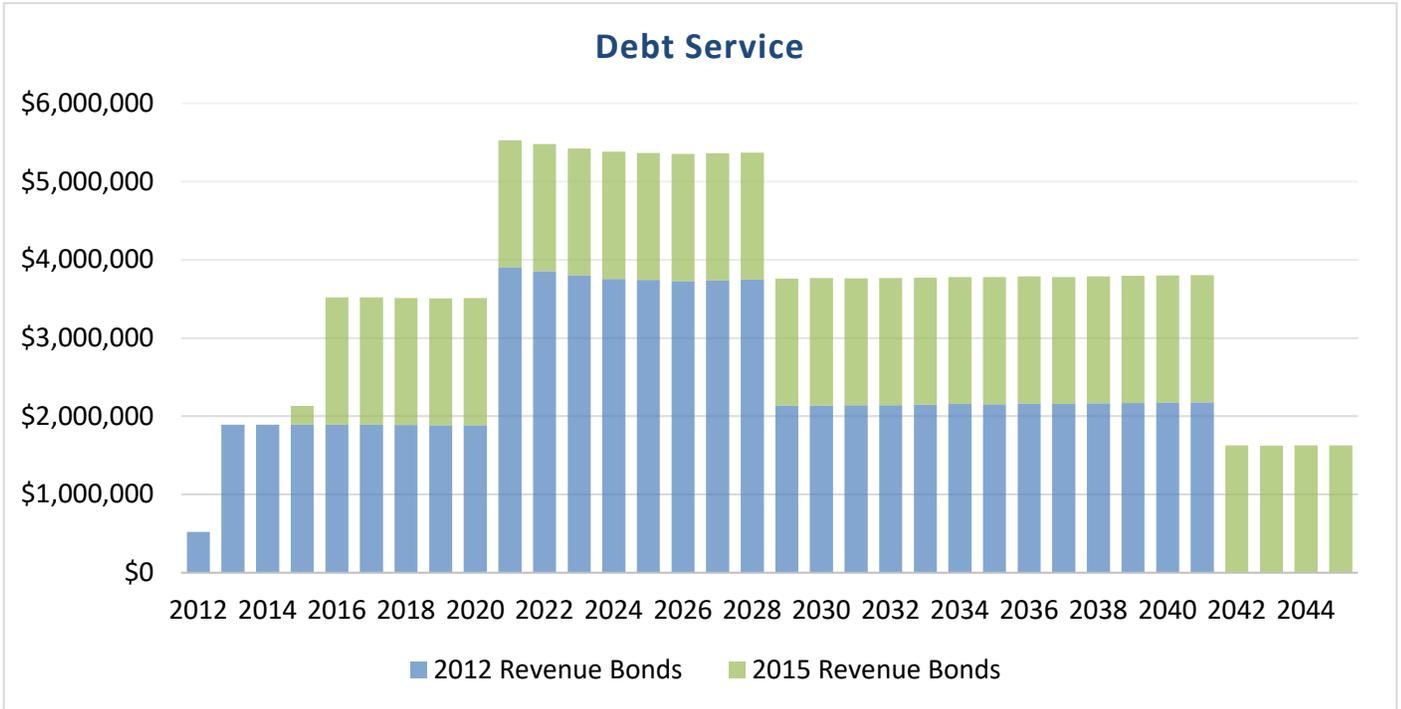
- **2012 Water Revenue Bonds:** The bonds were issued to finance capital projects related to improving seismic reliability, replacing aging infrastructure, improving water supply reliability through environmental stewardship, and improving water quality and production reliability, and to refinance the 2003 Certificates of Participation.
- **2015 Water Revenue Bonds:** The bonds were issued to finance the design, acquisition and construction of improvements to the water system related to improving seismic reliability, replacing aging infrastructure, improving water supply reliability through environmental stewardship, and improving water quality and production reliability.

## Debt Service Requirements

As of June 30, 2021, the District has \$65.5 million in total outstanding balance. The District's total debt service payments for FY 2021/22 and FY 2022/23 are \$5,478,500, and \$5,423,000 respectively. Annual debt service on the 2012 Water Revenue Bonds and 2015 Water Revenue Bonds is presented below.

2012 WATER REVENUE BONDS				2015 WATER REVENUE BONDS			
Period Ending (June 1)	Principal	Interest	Period Debt Service	Period Ending (June 1)	Principal	Interest	Period Debt Service
2012		\$ 522,700	\$ 522,700	2015		\$ 240,428	\$ 240,428
2013	\$ 240,000	1,650,631	1,890,631	2016	\$ 455,000	1,169,650	1,624,650
2014	250,000	1,643,431	1,893,431	2017	480,000	1,146,900	1,626,900
2015	255,000	1,635,931	1,890,931	2018	500,000	1,122,900	1,622,900
2016	265,000	1,628,281	1,893,281	2019	525,000	1,097,900	1,622,900
2017	275,000	1,617,681	1,892,681	2020	555,000	1,071,650	1,626,650
2018	280,000	1,606,681	1,886,681	2021	580,000	1,043,900	1,623,900
2019	290,000	1,595,481	1,885,481	2022	610,000	1,014,900	1,624,900
2020	300,000	1,583,881	1,883,881	2023	640,000	984,400	1,624,400
2021	2,335,000	1,570,381	3,905,381	2024	675,000	952,400	1,627,400
2022	2,400,000	1,453,631	3,853,631	2025	705,000	918,650	1,623,650
2023	2,465,000	1,333,631	3,798,631	2026	740,000	883,400	1,623,400
2024	2,545,000	1,210,381	3,755,381	2027	770,000	853,800	1,623,800
2025	2,635,000	1,108,581	3,743,581	2028	800,000	823,000	1,623,000
2026	2,725,000	1,003,181	3,728,181	2029	835,000	791,000	1,626,000
2027	2,815,000	921,431	3,736,431	2030	870,000	757,600	1,627,600
2028	2,910,000	836,981	3,746,981	2031	900,000	722,800	1,622,800
2029	1,385,000	749,681	2,134,681	2032	940,000	686,800	1,626,800
2030	1,430,000	708,131	2,138,131	2033	975,000	649,200	1,624,200
2031	1,475,000	665,231	2,140,231	2034	1,015,000	610,200	1,625,200
2032	1,520,000	619,138	2,139,138	2035	1,055,000	569,600	1,624,600
2033	1,575,000	571,638	2,146,638	2036	1,100,000	527,400	1,627,400
2034	1,635,000	520,450	2,155,450	2037	1,140,000	483,400	1,623,400
2035	1,690,000	463,225	2,153,225	2038	1,185,000	437,800	1,622,800
2036	1,755,000	404,075	2,159,075	2039	1,235,000	390,400	1,625,400
2037	1,815,000	342,650	2,157,650	2040	1,285,000	341,000	1,626,000
2038	1,885,000	279,125	2,164,125	2041	1,335,000	289,600	1,624,600
2039	1,955,000	213,150	2,168,150	2042	1,390,000	236,200	1,626,200
2040	2,030,000	144,725	2,174,725	2043	1,445,000	180,600	1,625,600
2041	<u>2,105,000</u>	<u>73,675</u>	<u>2,178,675</u>	2044	1,505,000	122,800	1,627,800
	<b>\$45,240,000</b>	<b>\$28,677,794</b>	<b>\$73,917,794</b>	2045	<u>1,565,000</u>	<u>62,600</u>	<u>1,627,600</u>
					<b>\$27,810,000</b>	<b>\$21,182,878</b>	<b>\$48,992,878</b>

Totals may not add due to rounding.



### Credit Ratings

The District strives to obtain the highest credit rating to ensure that borrowing costs are minimized and access to future credit is preserved. The District’s credit profile reflects its large and diverse service area within the affluent San Francisco Bay Area, diverse water supply with ample water in storage, and low debt burden. The District has strong debt service coverage, maintains robust liquidity, and has a consistent history of prudent fiscal management, including maintaining and annually updating a comprehensive 25-year Capital Improvement Program (CIP) and the long-range Financial Planning Model (FPM).

The District’s water revenue bonds ratings are shown in the table below:

Water Systems Credit Ratings		
BOND	Standard and Poor’s	Moody’s
2012 Water Revenue Bonds	AAA	Aa1
2015 Water Revenue Bonds	AAA	Aa1

### Debt Capacity and Debt Service Coverage

There are no statutory or charter debt limitations for the District and there is no policy limit on the amount of debt that may be issued. However, the Board of Directors adheres to strict guiding principles for debt issuance and administration as documented within the Debt Management and Disclosure Policy.

The FY 2021/22 and FY 2022/23 budget provides the following Net Revenue-to-Annual Debt Coverage Ratio for the existing debt and the proposed new debt anticipated in FY 2022/23.

	FY 2021/22	FY 2022/23
Total Revenue	151,160,491	149,678,935
State Water Contract Tax Revenue	(6,089,504)	(5,923,590)
Customer Jobs Revenue	(940,000)	(1,230,000)
Revenue	144,130,987	142,525,345
Total Operating Expenses	109,449,493	112,753,484
State Water Contract Tax Revenue	(6,089,504)	(5,923,590)
Operating Expenses	103,359,989	106,829,894
Facilities Improvement Fund	2,907,998	3,996,660
Net Revenue	43,678,995	39,692,111
Annual Debt Service	5,478,531	6,525,517
<b>Debt Coverage Ratio</b>	<b>797%</b>	<b>608%</b>

The table below shows the debt service schedule of the existing debt and the proposed new debt, as well as the outstanding principal balances of the existing debt.

DEBT SERVICE SCHEDULE (\$ in thousands)								
	Amount of Original Issue	Outstanding Balance at 6/30/2021		FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY 21/22 Adopted Budget	FY 22/23 Adopted Budget
2009 Refunding Rev Bonds 2.0% - 5.0% Maturity: FY 2019-20	\$26,340	-	Principal Interest	\$2,780 87	-	-	-	-
			Total	2,867	-	-	-	-
2012 Revenue Bonds 3.0% - 5.0% Maturity: FY 2040-41	45,240	40,750	Principal Interest	300 1,584	2,335 1,570	2,335 1,570	2,400 1,454	2,465 1,334
			Total	1,884	3,905	3,905	3,854	3,799
2015 Revenue Bonds 4.0% - 5.0% Maturity: FY 2044-45	27,810	24,715	Principal Interest	555 1,072	580 1,044	580 1,044	610 1,015	640 984
			Total	1,627	1,624	1,624	1,625	1,624
Est Debt Service (Advanced Metering Infrastructure)					887	-	-	1,103
<b>Grand Total</b>	<b>\$99,390</b>	<b>\$65,465</b>		<b>\$6,378</b>	<b>\$6,416</b>	<b>\$5,529</b>	<b>\$5,479</b>	<b>\$6,526</b>

## Financial Policies

The District has been entrusted with the care of public funds and takes the stewardship of those limited resources to be one of the District's primary responsibilities. The financial policies are designed to ensure the fiscal stability of the District and provide guidance for the development of the District's rates and budgets. The financial policies are developed in collaboration with staff, financial consultants, the Finance Committee, and are regularly reviewed and adopted by the Board of Directors.

The District maintains the following financial policies:

- Reserve
- Debt Management and Disclosure
- Investment
- Procurement

The following is a summary of the District's financial policies. The full policies are viewable on the District's [Finance Department website](#) and they are also included in Appendix A of this document.

### Reserve Fund Policy

The District's first Reserve Fund Policy (Reserve Policy) was adopted on June 9, 2005 (Board Resolution 05-025) and the policy is subject to Board review on an annual basis in conjunction with the review and approval of the District's budget. The most recent review and update was adopted by the Board on June 10, 2021 (Board Resolution 21-029). The Reserve Policy is intended to ensure that sufficient resources are available to meet operating expenses, capital expenditures, debt service obligations, and address unanticipated events. The reserve funds may be utilized to maintain a balanced budget in certain situations.

The District maintains two types of reserve funds – Restricted Reserves and Designated Reserves. Restricted reserves are reserves that are restricted by an outside source, such as by statute, court determination, or contract. Designated reserves are reserves that are established and set aside to be used for a specific, Board designated purpose. The District maintains the following reserves:

- Restricted Reserves
  - Facilities Improvement Fund Reserve
  - Installer's Reimbursement Fund Reserve
  - Management Retirement Bonus Reserve
- Designated Reserves
  - Operations & Maintenance (O&M) Reserve
  - Capital Reserve
  - Rate Stabilization Reserve
  - Emergency Reserve

The full Reserve Fund Policy is available for review on the District's website here: [Statement of Reserve Fund Policy](#)

### Debt Management and Disclosure Policy

The District's first Debt Management and Disclosure Policy (Debt Policy) was adopted on August 10, 2017 (Board Resolution 17-059) and is subject to Board review on an annual basis and prior to any new debt issuance. The

most recent review and update was adopted by the Board on July 9, 2020 (Board Resolution 20-046). The Debt Policy sets forth guidelines for the financing of capital projects and establishes general parameters for the issuance and administration of bonds and other forms of indebtedness. All indebtedness shall be integrated with the District's biennial Operating Budget, 25-Year Capital Improvement Program, and Financial Planning Model. New indebtedness will be evaluated for impact to pledged revenue, debt service coverage, and annual debt service. The policy establishes guidelines for:

- Criteria for Debt Financing/Policy Goals
- Methods of Financing
- Debt Issuance
- Debt Administration/Internal Control Procedures
- SB 1029 Compliance
- Policy Review

The full Debt Management and Disclosure Policy is available for review on the District's website here: [Debt Management and Disclosure Policy](#)

## **Investment Policy**

The District's first Investment Policy was adopted on February 10, 2005 and is subject to annual review by the Board. The most recent review and update was adopted by the Board on June 10, 2021 (Board Resolution 21-028). The Investment Policy establishes guidelines for the investment of District funds and ensures the District conforms to all applicable federal, state and local statutes. The Investment Policy also incorporates industry best practices.

The District Investment Policy establishes three objectives for District investments, in order of priority:

- 1) Safety of principal
- 2) Sufficient liquidity to meet all operating and capital cash requirements which might be reasonably anticipated
- 3) Achieve a market rate of return through budgetary and economic cycles while conforming to the safety and liquidity criteria above.

The Investment Policy also addresses:

- Ethics and Conflicts of Interest
- Internal Controls
- Authorized Investments
- Authorized Financial Dealers and Institutions
- Prohibited Investments
- Investment in Pools/Mutual Funds
- Collateralization
- Investment Placement
- Safekeeping and Custody
- Maximum Maturities
- Risk Management and Diversification
- Reporting
- Performance Evaluation
- Board Review of Investment Policy

The full investment policy is available for review on the District's website here: [Statement of Investment Policy](#)

## Procurement Policy

The District's updated Procurement Policy was adopted on February 13, 2020 (Board Resolution 20-010). The policy sets forth standards and methods for obtaining goods, equipment, materials, and professional and technical services, and is intended to:

- Foster competition for District contracts
- Promote efficiency in District procurement
- Ensure adherence to proper standards of conduct by District employees and representatives
- Guard against waste, fraud, and abuse
- Maintain proper, fair, and equitable relationships with all vendors
- Provide appropriate public access to contracting information

To this end, the Procurement Policy addresses the following topics:

- Conflicts of Interest
- Procurement Authority
- Methods of Procurement
- Procurement Documentation and Consideration of Bids and Proposals
- Execution of Procurement Contract Documents
- Items Excluded from Procurement Policy
- Sole and Single Source Procurements
- Discretion to Waive the Competitive Process
- Emergency Contracts
- Cooperative Purchasing Agreements
- Purchasing and Accounts Payable Credit Card Programs
- Disposal of Surplus Materials or Equipment
- Revenue Generation Contracts/Concessions
- Procurement Administrative Guidelines

The District's Procurement Policy and Procurement administrative guidelines are established in accordance with applicable laws and best procurement practices, and the General Manager has the authority to maintain and update the administrative guidelines as necessary. The full Procurement Policy can be viewed on the District's website here: [Procurement Policy](#)

## Balanced Budget

The District's budget shall be balanced for each budgeted fund. The budget is considered balanced when total expenditures are less than or equal to total revenues. The budget is also balanced in situations when the District spends fund balances that are available from previous years on one-time or non-routine expenditures, such as for non-recurring capital improvement projects. In these situations, reserve funds must still be maintained at or above Board-approved targets with the exception that rate stabilization and emergency reserve funds may be drawn down if warranted. The District considers the budget to be balanced provided the funds from previous years are available as described and the budget does not build ongoing expenditures into this type of funding. The District's FY 2021/22 and FY 2022/23 budget is balanced by utilizing available reserve funds to cover the cost of non-recurring capital improvement projects. The District is spending down its reserves to cover the net budgeted revenue shortfall. However, due to expected debt proceeds, cash flows remain positive and the ending cash balances are projected to increase over the budget period.



# FINANCIAL SUMMARIES

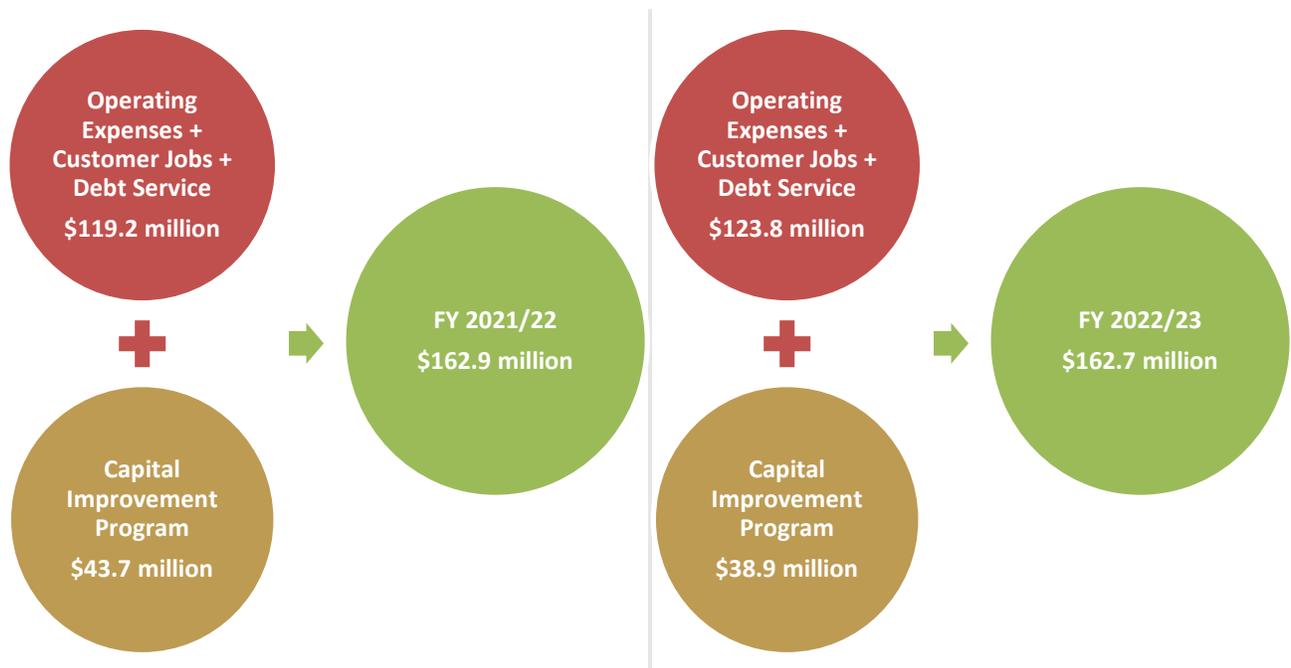
# FINANCIAL SUMMARIES

## Budget Summaries and Budget Trends

Total revenues for all funds are budgeted at \$154.1 million in FY 2021/22 and \$153.7 million in FY 2022/23. The District’s largest revenue source is water revenue, which is budgeted at \$120.6 million in FY 2021/22 and \$126.4 million in FY 2022/23. The projected billed water demand is estimated to increase from 35.2 million gallons per day (MGD) for FY 2020/21, to 35.5 MGD for FY 2021/22 and 36.3 MGD for FY 2022/23.

Operating expenses (excluding expense projects) are budgeted at \$105.3 million in FY 2021/22 and \$107.7 million in FY 2022/23. Expense Projects are budgeted at \$4.1 million in FY 2021/22 and \$5.0 million in FY 2022/23. Total Operating Expenses including Expense Projects are at \$109.4 million and \$112.8 million in FY 2021/22 and FY 2022/23, respectively.

The adopted budget includes capital project expenditures of \$43.7 million in FY 2021/22 and \$38.9 million in FY 2022/23. Debt service payments are budgeted at \$5.5 million in FY 2021/22 and \$6.5 million in FY 2022/23. The debt service for FY 2022/23 includes the annual debt service payment for the \$19.5 million loan from the State Revolving Fund (SRF) for the Advanced Metering Infrastructure Program (AMI).



The following tables present a summary of the FY 2021/22 and FY 2022/23 Adopted Budget operating revenues and expenses, non-operating revenues and expenses, and ending cash balance for all funds. Operating revenues are presented by type and operating expenses are presented by cost center. Detailed descriptions for the major revenues and expenses are provided in the following section.

FY 2021/22 Adopted Budget – All Funds

ALL FUNDS SUMMARY (\$ in thousands)				
	General Fund	Facilities Improvement Fund	Facilities Renewal Fund	Total All Funds
<b>Beginning Cash Balance</b>	<b>\$122,120</b>	<b>\$67,773</b>	-	<b>\$189,893</b>
<b>Revenues</b>				
Water Revenue	120,600	-	-	120,600
Ground Water Revenue	579	-	-	579
1% Tax Allocation	7,360	-	-	7,360
State Water Contract Tax	6,090	-	-	6,090
Interest Revenue	1,737	928	-	2,665
Facilities Connection Charges - FIF	-	1,980	-	1,980
Facilities Connection Charges - FRF	-	-	1,020	1,020
Customer Jobs Revenue	940	-	-	940
Grants, Reimbursements	11,628	-	-	11,628
Other Revenue	1,208	-	-	1,208
<b>Total Revenues</b>	<b>150,140</b>	<b>2,908</b>	<b>1,020</b>	<b>154,068</b>
<b>Expenses</b>				
Source of Supply	42,905	-	-	42,905
Pumping	2,495	-	-	2,495
Water Treatment	17,334	-	-	17,334
Transmission & Distribution	14,654	-	-	14,654
Customer Accounts	5,501	-	-	5,501
Administrative & General	16,591	-	-	16,591
Pension Advanced Funding	5,866	-	-	5,866
Expense Projects	4,104	-	-	4,104
<b>Total Operating Expenses</b>	<b>109,449</b>	-	-	<b>109,449</b>
Capital Projects	36,752	5,883	1,020	43,655
Customer Jobs	4,348	-	-	4,348
Debt Service	5,479	-	-	5,479
<b>Total Non-Operating Expenses</b>	<b>46,579</b>	<b>5,883</b>	<b>1,020</b>	<b>53,481</b>
<b>Total Expenses</b>	<b>156,028</b>	<b>5,883</b>	<b>1,020</b>	<b>162,931</b>
<b>Net of Revenues &amp; Expenses</b>	<b>(5,887)</b>	<b>(2,975)</b>	-	<b>(8,862)</b>
<b>Debt Proceeds</b>	<b>9,750</b>	-	-	<b>9,750</b>
<b>Ending Cash Balance</b>	<b>\$125,983</b>	<b>\$64,798</b>	-	<b>\$190,781</b>

FY 2022/23 Adopted Budget – All Funds

ALL FUNDS SUMMARY (\$ in thousands)				
	General Fund	Facilities Improvement Fund	Facilities Renewal Fund	Total All Funds
<b>Beginning Cash Balance</b>	<b>\$125,983</b>	<b>\$64,798</b>	-	<b>\$190,781</b>
<b>Revenues</b>				
Water Revenue	126,384	-	-	126,384
Ground Water Revenue	588	-	-	588
1% Tax Allocation	7,610	-	-	7,610
State Water Contract Tax	5,924	-	-	5,924
Interest Revenue	1,780	897	-	2,676
Facilities Connection Charges - FIF	-	3,100	-	3,100
Facilities Connection Charges - FRF	-	-	1,610	1,610
Customer Jobs Revenue	1,230	-	-	1,230
Grants, Reimbursements	3,329	-	-	3,329
Other Revenue	1,225	-	-	1,225
<b>Total Revenues</b>	<b>148,069</b>	<b>3,997</b>	<b>1,610</b>	<b>153,676</b>
<b>Expenses</b>				
Source of Supply	42,769	-	-	42,769
Pumping	2,550	-	-	2,550
Water Treatment	17,839	-	-	17,839
Transmission & Distribution	15,683	-	-	15,683
Customer Accounts	5,704	-	-	5,704
Administrative & General	18,162	-	-	18,162
Pension Advanced Funding	5,016	-	-	5,016
Expense Projects	5,032	-	-	5,032
<b>Total Operating Expenses</b>	<b>112,753</b>	-	-	<b>112,753</b>
Capital Projects	31,819	5,499	1,610	38,928
Customer Jobs	4,459	-	-	4,459
Debt Service	6,526	-	-	6,526
<b>Total Non-Operating Expenses</b>	<b>42,803</b>	<b>5,499</b>	<b>1,610</b>	<b>49,912</b>
<b>Total Expenses</b>	<b>155,557</b>	<b>5,499</b>	<b>1,610</b>	<b>162,665</b>
<b>Net of Revenues &amp; Expenses</b>	<b>(7,488)</b>	<b>(1,502)</b>	-	<b>(8,989)</b>
<b>Debt Proceeds</b>	<b>9,750</b>	-	-	<b>9,750</b>
<b>Ending Cash Balance</b>	<b>\$128,245</b>	<b>\$63,296</b>	-	<b>\$191,541</b>

## Budget Summary – General Fund Summary

GENERAL FUND REVENUES & EXPENSES (\$ in thousands)							
	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY21/22 Adopted Budget	FY22/23 Adopted Budget	% Chg 20/21 21/22	% Chg 21/22 22/23
<b>Beginning Balance</b>	<b>\$107,571</b>	<b>\$117,871</b>	<b>\$123,821</b>	<b>\$122,120</b>	<b>\$125,983</b>	-1%	3%
<b>Revenues</b>							
Water Revenue	113,751	119,055	118,284	120,600	126,384	2%	5%
Ground Water Revenue	539	516	585	579	588	-1%	2%
1% Tax Allocation	6,884	6,462	7,118	7,360	7,610	3%	3%
State Water Contract Tax	5,595	5,149	5,338	6,090	5,924	14%	-3%
Interest Revenue	2,338	2,611	2,670	1,737	1,780	-35%	2%
Customer Jobs Revenue	3,272	4,136	1,216	940	1,230	-23%	31%
Grants, Reimbursements	6,640	15,458	12,584	11,628	3,329	-8%	-71%
Other Revenue	1,317	983	1,192	1,208	1,225	1%	1%
<b>Total GF Revenues</b>	<b>140,335</b>	<b>154,370</b>	<b>148,986</b>	<b>150,140</b>	<b>148,069</b>	<b>1%</b>	<b>-1%</b>
<b>Expenses</b>							
Source of Supply	36,824	41,598	45,001	42,905	42,769	-5%	0%
Pumping	1,574	2,134	2,050	2,495	2,550	22%	2%
Water Treatment	15,423	17,303	17,409	17,334	17,839	0%	3%
Transmission & Distribution	14,903	16,314	16,197	14,654	15,683	-10%	7%
Delta Conveyance	83	459	-	-	-	0%	0%
Customer Accounts	1,983	2,780	4,626	5,501	5,704	19%	4%
Administrative & General	17,112	19,184	14,380	16,591	18,162	15%	9%
Pension Advanced Funding	5,975	5,474	5,506	5,866	5,016	7%	-14%
Expense Projects	1,344	2,846	1,816	4,104	5,032	126%	23%
<b>Total Operating Expenses</b>	<b>95,220</b>	<b>108,092</b>	<b>106,985</b>	<b>109,449</b>	<b>112,753</b>	<b>2%</b>	<b>3%</b>
Capital Projects	17,776	45,426	34,373	36,752	31,819	7%	-13%
Customer Jobs	5,687	4,136	3,800	4,348	4,459	14%	3%
Debt Service	6,378	6,416	5,529	5,479	6,526	-1%	19%
<b>Total Non-Operating Expenses</b>	<b>29,841</b>	<b>55,978</b>	<b>43,703</b>	<b>46,579</b>	<b>42,803</b>	<b>7%</b>	<b>-8%</b>
<b>Total GF Expenses</b>	<b>125,062</b>	<b>164,071</b>	<b>150,688</b>	<b>156,028</b>	<b>155,557</b>	<b>4%</b>	<b>0%</b>
<b>Net of Revenues &amp; Expenses</b>	<b>15,274</b>	<b>(9,701)</b>	<b>(1,702)</b>	<b>(5,887)</b>	<b>(7,488)</b>	<b>246%</b>	<b>27%</b>
<b>Debt Proceeds</b>	<b>-</b>	<b>14,500</b>	<b>-</b>	<b>9,750</b>	<b>9,750</b>	<b>0%</b>	<b>0%</b>
Reconciling Timing Difference	976	-	-	-	-		
<b>Ending Balance</b>	<b>\$123,821</b>	<b>\$122,671</b>	<b>\$122,119</b>	<b>\$125,983</b>	<b>\$128,245</b>	<b>3%</b>	<b>2%</b>

## Budget Summary – Facilities Improvement Fund

FACILITIES IMPROVEMENT FUND (FIF) REVENUES & EXPENSES (\$ in thousands)							
	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY21/22 Adopted Budget	FY22/23 Adopted Budget	% Chg 20/21 21/22	% Chg 21/22 22/23
<b>Beginning Balance</b>	\$63,463	\$67,476	\$70,693	\$67,773	\$64,798	-4%	-4%
<b>Revenues</b>							
Facilities Connection Charges - FIF	10,068	3,501	3,496	1,980	3,100	-43%	57%
Interest Revenue	1,360	1,416	1,503	928	897	-38%	-3%
<b>Total FIF Revenues</b>	<b>11,428</b>	<b>4,917</b>	<b>4,999</b>	<b>2,908</b>	<b>3,997</b>	<b>-42%</b>	<b>37%</b>
<b>Expenses</b>							
Capital Projects	4,199	9,409	7,919	5,883	5,499	-26%	-7%
<b>Total FIF Expenses</b>	<b>4,199</b>	<b>9,409</b>	<b>7,919</b>	<b>5,883</b>	<b>5,499</b>	<b>-26%</b>	<b>-7%</b>
<b>Net of Revenues &amp; Expenses</b>	<b>7,229</b>	<b>(4,491)</b>	<b>(2,920)</b>	<b>(2,975)</b>	<b>(1,502)</b>	<b>2%</b>	<b>-50%</b>
<b>Ending Balance</b>	<b>\$70,693</b>	<b>\$62,985</b>	<b>\$67,773</b>	<b>\$64,798</b>	<b>\$63,296</b>	<b>-4%</b>	<b>-2%</b>

## Budget Summary – Facilities Renewal Fund

FACILITIES RENEWAL FUND (FRF) REVENUES & EXPENSES (\$ in thousands)							
	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY21/22 Adopted Budget	FY22/23 Adopted Budget	% Chg 20/21 21/22	% Chg 21/22 22/23
<b>Beginning Balance</b>	-	-	-	-	-	0%	0%
<b>Revenues</b>							
Facilities Connection Charges - FRF	4,383	1,600	1,694	1,020	1,610	-40%	58%
Interest Revenue	-	-	-	-	-	0%	0%
<b>Total FRF Revenues</b>	<b>4,383</b>	<b>1,600</b>	<b>1,694</b>	<b>1,020</b>	<b>1,610</b>	<b>-40%</b>	<b>58%</b>
<b>Expenses</b>							
Capital Projects	4,383	1,600	1,694	1,020	1,610	-40%	58%
<b>Total FRF Expenses</b>	<b>4,383</b>	<b>1,600</b>	<b>1,694</b>	<b>1,020</b>	<b>1,610</b>	<b>-40%</b>	<b>58%</b>
<b>Net of Revenues &amp; Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>
<b>Ending Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>

## Budget Trends – All Funds by Cost Center

TOTAL BUDGET REVENUES & EXPENSES (\$ in thousands)							
	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY 21/22 Adopted Budget	FY22/23 Adopted Budget	% Chg 20/21 21/22	% Chg 21/22 22/23
<b>Beginning Balance</b>							
General Fund	\$107,571	\$117,871	\$123,821	\$122,120	\$125,983	-1%	3%
Facilities Improvement Fund (FIF)	63,463	67,476	70,693	67,773	64,798	-4%	-4%
Facilities Renewal Fund (FRF)	-	-	-	-	-	0%	0%
<b>Total Beginning Balance</b>	<b>171,035</b>	<b>185,347</b>	<b>194,514</b>	<b>189,893</b>	<b>190,781</b>	<b>-2%</b>	<b>0%</b>
<b>Revenues</b>							
Water Revenue	113,751	119,055	118,284	120,600	126,384	2%	5%
Ground Water Revenue	539	516	585	579	588	-1%	2%
1% Tax Allocation	6,884	6,462	7,118	7,360	7,610	3%	3%
State Water Contract Tax	5,595	5,149	5,338	6,090	5,924	14%	-3%
Interest Revenue	3,698	4,027	4,173	2,665	2,676	-36%	0%
Facilities Connection Charges - FIF	10,068	3,501	3,496	1,980	3,100	-43%	57%
Facilities Connection Charges - FRF	4,383	1,600	1,694	1,020	1,610	-40%	58%
Customer Jobs Revenue	3,272	4,136	1,216	940	1,230	-23%	31%
Grants, Reimbursements	6,640	15,458	12,584	11,628	3,329	-8%	-71%
Other Revenue	1,317	983	1,192	1,208	1,225	1%	1%
<b>Total Revenues</b>	<b>156,147</b>	<b>160,887</b>	<b>155,680</b>	<b>154,068</b>	<b>153,676</b>	<b>-1%</b>	<b>0%</b>
<b>Expenses</b>							
Source of Supply	36,906	42,057	45,001	42,905	42,769	-5%	0%
Pumping	1,574	2,134	2,050	2,495	2,550	22%	2%
Water Treatment	15,423	17,303	17,409	17,334	17,839	0%	3%
Transmission & Distribution	14,903	16,314	16,197	14,654	15,683	-10%	7%
Customer Accounts	1,983	2,780	4,626	5,501	5,704	19%	4%
Administrative & General	17,112	19,184	14,380	16,591	18,162	15%	9%
Pension Advanced Funding	5,975	5,474	5,506	5,866	5,016	7%	-14%
Expense Projects	1,344	2,846	1,816	4,104	5,032	126%	23%
<b>Total Operating Expenses</b>	<b>95,220</b>	<b>108,092</b>	<b>106,985</b>	<b>109,449</b>	<b>112,753</b>	<b>2%</b>	<b>3%</b>
Capital Projects	26,357	56,434	43,987	43,655	38,928	-1%	-11%
Customer Jobs	5,687	4,136	3,800	4,348	4,459	14%	3%
Debt Service	6,378	6,416	5,529	5,479	6,526	-1%	19%
<b>Total Non-Operating Expenses</b>	<b>38,422</b>	<b>66,986</b>	<b>53,316</b>	<b>53,481</b>	<b>49,912</b>	<b>0%</b>	<b>-7%</b>
<b>Total Expenses</b>	<b>133,643</b>	<b>175,079</b>	<b>160,301</b>	<b>162,931</b>	<b>162,665</b>	<b>2%</b>	<b>0%</b>
<b>Net of Revenues &amp; Expenses</b>	<b>22,504</b>	<b>(14,192)</b>	<b>(4,621)</b>	<b>(8,862)</b>	<b>(8,989)</b>	<b>92%</b>	<b>1%</b>
<b>Debt Proceeds</b>	<b>-</b>	<b>14,500</b>	<b>-</b>	<b>9,750</b>	<b>9,750</b>	<b>0%</b>	<b>0%</b>
Reconciling Timing Difference	976	-	-	-	-		
<b>Ending Cash Balance</b>							
General Fund	123,821	122,671	122,119	125,983	128,245	3%	2%
Facilities Improvement Fund	70,693	62,985	67,773	64,798	63,296	-4%	-2%
Facilities Renewal Fund	-	-	-	-	-	0%	0%
<b>Total Ending Cash Balance</b>	<b>\$194,514</b>	<b>\$185,655</b>	<b>\$189,892</b>	<b>\$190,781</b>	<b>\$191,541</b>	<b>0%</b>	<b>0%</b>

## Budget Trends – All Funds by Department

TOTAL BUDGET REVENUES & EXPENSES (\$ in thousands)							
	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY 21/22 Adopted Budget	FY22/23 Adopted Budget	% Chg 20/21 21/22	% Chg 21/22 22/23
<b>Beginning Balance</b>							
General Fund	\$107,571	\$117,871	\$123,821	\$122,120	\$125,983	-1%	3%
Facilities Improvement Fund (FIF)	63,463	67,476	70,693	67,773	64,798	-4%	-4%
Facilities Renewal Fund (FRF)	-	-	-	-	-	0%	0%
<b>Total Beginning Balance</b>	<b>171,035</b>	<b>185,347</b>	<b>194,514</b>	<b>189,893</b>	<b>190,781</b>	<b>-2%</b>	<b>0%</b>
<b>Revenues</b>							
Water Revenue	113,751	119,055	118,284	120,600	126,384	2%	5%
Ground Water Revenue	539	516	585	579	588	-1%	2%
1% Tax Allocation	6,884	6,462	7,118	7,360	7,610	3%	3%
State Water Contract Tax	5,595	5,149	5,338	6,090	5,924	14%	-3%
Interest Revenue	3,698	4,027	4,173	2,665	2,676	-36%	0%
Facilities Connection Charges - FIF	10,068	3,501	3,496	1,980	3,100	-43%	57%
Facilities Connection Charges - FRF	4,383	1,600	1,694	1,020	1,610	-40%	58%
Customer Jobs Revenue	3,272	4,136	1,216	940	1,230	-23%	31%
Grants, Reimbursements	6,640	15,458	12,584	11,628	3,329	-8%	-71%
Other Revenue	1,317	983	1,192	1,208	1,225	1%	1%
<b>Total Revenues</b>	<b>156,147</b>	<b>160,887</b>	<b>155,680</b>	<b>154,068</b>	<b>153,676</b>	<b>-1%</b>	<b>0%</b>
<b>Department Expenses</b>							
Board of Directors	87	92	92	79	92	-14%	16%
General Manager's Office	4,151	4,558	4,390	5,244	5,085	19%	-3%
Engineering & Technology Services	6,070	7,424	6,921	6,493	7,681	-6%	18%
Operations & Maintenance	39,703	45,252	44,095	43,647	45,056	-1%	3%
Water Resources	36,221	41,011	44,116	42,399	42,269	-4%	0%
Finance	5,205	6,639	8,126	9,438	9,642	16%	2%
District-Wide	28,879	28,628	27,746	28,924	28,912	4%	0%
Expense Credits	(26,439)	(28,359)	(30,315)	(30,878)	(31,015)	2%	0%
<b>Dept Operating Expenses</b>	<b>93,876</b>	<b>105,246</b>	<b>105,169</b>	<b>105,345</b>	<b>107,721</b>	<b>0%</b>	<b>2%</b>
Expense Projects	1,344	2,846	1,816	4,104	5,032	126%	23%
<b>Total Operating Expenses</b>	<b>95,220</b>	<b>108,092</b>	<b>106,985</b>	<b>109,449</b>	<b>112,753</b>	<b>2%</b>	<b>3%</b>
Capital Projects	26,357	56,434	43,987	43,655	38,928	-1%	-11%
Customer Jobs	5,687	4,136	3,800	4,348	4,459	14%	3%
Debt Service	6,378	6,416	5,529	5,479	6,526	-1%	19%
<b>Total Non-Operating Expenses</b>	<b>38,422</b>	<b>66,986</b>	<b>53,316</b>	<b>53,481</b>	<b>49,912</b>	<b>0%</b>	<b>-7%</b>
<b>Total Expenses</b>	<b>133,643</b>	<b>175,078</b>	<b>160,301</b>	<b>162,931</b>	<b>162,665</b>	<b>2%</b>	<b>0%</b>
<b>Net of Revenues &amp; Expenses</b>	<b>22,504</b>	<b>(14,191)</b>	<b>(4,621)</b>	<b>(8,863)</b>	<b>(8,989)</b>	<b>92%</b>	<b>1%</b>
<b>Debt Proceeds</b>	<b>-</b>	<b>14,500</b>	<b>-</b>	<b>9,750</b>	<b>9,750</b>	<b>0%</b>	<b>0%</b>
Reconciling Timing Difference	976	-	-	-	-		
<b>Ending Cash Balance</b>							
General Fund	123,821	122,671	122,119	125,983	128,245	3%	2%
Facilities Improvement Fund	70,693	62,985	67,773	64,798	63,296	-4%	-2%
Facilities Renewal Fund	-	-	-	-	-	0%	0%
<b>Total Ending Cash Balance</b>	<b>\$194,514</b>	<b>\$185,655</b>	<b>\$189,892</b>	<b>\$190,781</b>	<b>\$191,541</b>	<b>0%</b>	<b>0%</b>

## Expense Summary by Department

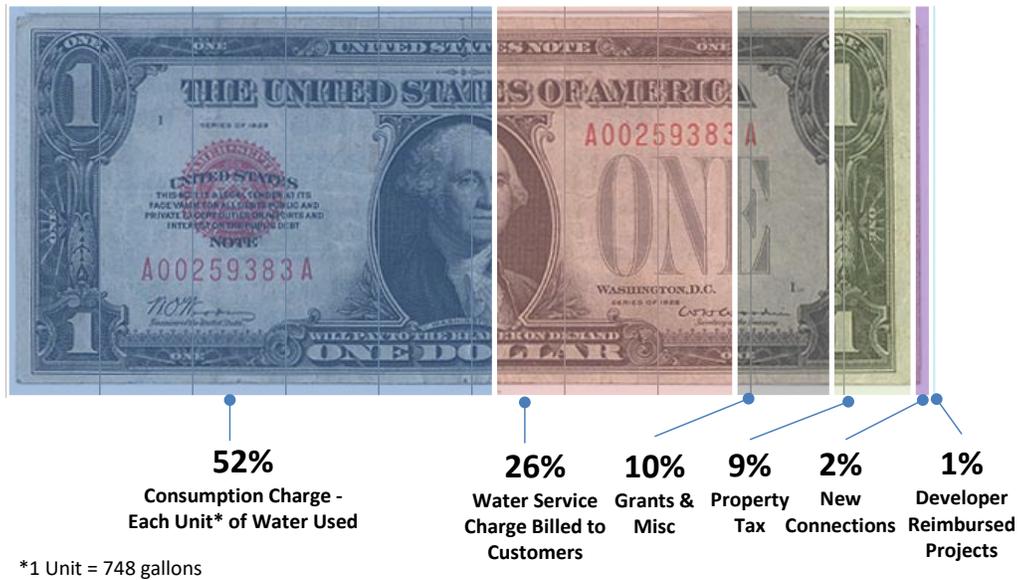
EXPENSE SUMMARY DEPARTMENT (\$ in thousands)							
	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY21/22 Adopted Budget	FY22/23 Adopted Budget	% Chg 20/21 21/22	% Chg 21/22 22/23
<b>Department</b>							
Board of Directors	\$87	\$92	\$92	\$79	\$92	-14%	16%
General Manager's Office	4,151	4,558	4,390	5,244	5,085	19%	-3%
Engineering & Technology Services	6,070	7,424	6,921	6,493	7,681	-6%	18%
Operations & Maintenance	39,703	45,252	44,095	43,647	45,056	-1%	3%
Water Resources	36,221	41,011	44,116	42,399	42,269	-4%	0%
Finance	5,205	6,639	8,126	9,438	9,642	16%	2%
<b>Department Expenses</b>	<b>\$91,437</b>	<b>\$104,977</b>	<b>\$107,739</b>	<b>\$107,300</b>	<b>\$109,825</b>	<b>0%</b>	<b>2%</b>
<b>Non-Department</b>							
District-Wide	28,879	28,628	27,746	28,924	28,912	4%	0%
Expense Credits	(26,439)	(28,359)	(30,315)	(30,878)	(31,015)	2%	0%
<b>Non-Department Expenses</b>	<b>\$2,440</b>	<b>\$269</b>	<b>(\$2,569)</b>	<b>(\$1,955)</b>	<b>(\$2,104)</b>	<b>-24%</b>	<b>8%</b>
<b>Total</b>	<b>\$93,876</b>	<b>\$105,246</b>	<b>\$105,169</b>	<b>\$105,345</b>	<b>\$107,721</b>	<b>0%</b>	<b>2%</b>

# Revenues

## Total Revenues

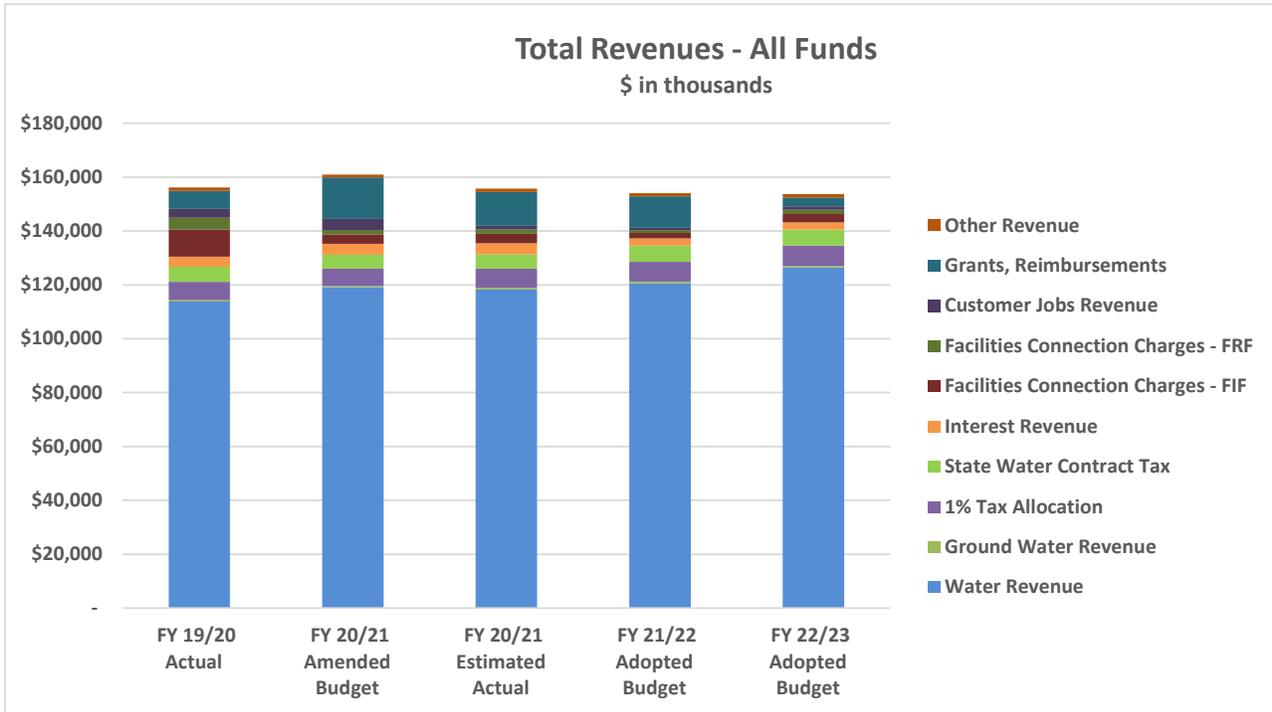
Water revenues are the District's primary source of revenue, comprising approximately 80% of the District's total source of revenues. In addition to revenue from water rates, the District also receives revenues from various sources such as property tax, other revenues (including service charges for late bill payment), facilities connection charges, interest revenues, grants, reimbursements, and other miscellaneous revenues.

Every \$1 flowing in comes from:



The following table illustrates the District's total revenues for all funds.

REVENUES DETAIL (\$ in thousands)							
	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY21/22 Adopted Budget	FY22/23 Adopted Budget	% Chg 20/21 21/22	% Chg 21/22 22/23
<b>Water Revenue</b>	\$113,751	\$119,055	\$118,284	\$120,600	\$126,384	2%	5%
Ground Water Revenue	539	516	585	579	588	-1%	2%
1% Tax Allocation	6,884	6,462	7,118	7,360	7,610	3%	3%
State Water Contract Tax	5,595	5,149	5,338	6,090	5,924	14%	-3%
Interest Revenue	3,698	4,027	4,173	2,665	2,676	-36%	0%
Facilities Connection Charges - FIF	10,068	3,501	3,496	1,980	3,100	-43%	57%
Facilities Connection Charges - FRF	4,383	1,600	1,694	1,020	1,610	-40%	58%
<b>Customer Jobs Revenue</b>	3,272	4,136	1,216	940	1,230	-23%	31%
<b>Grants, Reimbursements</b>	6,640	15,458	12,584	11,628	3,329	-8%	-71%
<b>Other Revenue</b>							
Fire Flow Testing	21	25	14	24	24	74%	0%
Lease of Property	311	327	324	338	355	4%	5%
Scrap Sales	14	18	23	16	16	-29%	0%
Sales of Fixed Assets	69	56	56	57	57	3%	0%
Licenses and Permits	119	140	140	140	140	0%	0%
Misc Revenues	714	352	564	561	561	-1%	0%
Residential Service Line Insurance	69	65	72	72	72	0%	0%
<b>Total Other Revenue</b>	<b>1,317</b>	<b>983</b>	<b>1,192</b>	<b>1,208</b>	<b>1,225</b>	<b>1%</b>	<b>1%</b>
<b>Total Revenues</b>	<b>\$156,147</b>	<b>\$160,887</b>	<b>\$155,680</b>	<b>\$154,068</b>	<b>\$153,676</b>	<b>-1%</b>	<b>0%</b>



## Water Revenue

The District produces high quality drinking water for sale to the customers it serves. Water revenues, which include water sales, fireline service, backflow testing, and account establishment charges, are the District's primary source of revenue. Water sales are overwhelmingly comprised of commodity and service charges billed to customers. Water revenue estimates are determined based on customer demand, which fluctuates based on many factors such as weather, water rates, meter accuracy, new connections, drought conditions and conservation mandates. Trend analyses and growth of customer accounts are based on various general planning documents.

Water customers are charged a fixed service charge based on the size of each meter at the customer's property. For residential customers – who typically have a meter accommodating either 5/8- or 3/4-inch pipe - the current service charge is \$56.61 bi-monthly. Residential customers whose meter has been upsized solely to accommodate fire sprinkler flows are also charged this amount. The charge is designed to recover costs which do not vary with consumption. These costs include meter reading and billing customers for each bimonthly period, a portion of the District's debt service costs, maintenance and replacement of meters and service lines in the distribution system, and capital costs. The charge is in addition to the District's commodity charge which is based on the amount of water consumed.

The water consumption charge is based on the number of "units" used by each customer. One unit is equivalent to 100 cubic feet or 748 gallons of water. The water consumption charge is currently \$4.596 per unit. The average single-family residential customer currently uses about 16 units of water in a two-month billing cycle, or about 200 gallons per day. This means an average bi-monthly bill of \$130.15.

The adopted budget assumes total projected billed water demand (consumption) of 35.5 million gallons per day (MGD) for FY 2021/22 (0.7% increase from FY 2020/21) and 36.3 MGD for FY 2022/23 (2.3% increase from FY 2021/22). The assumed increases in water demand are due to new residential and commercial development, as well as improvement in meter accuracy from new water meters installed as part of the Advanced Metering

Infrastructure (AMI) Project. New water accounts are estimated to increase 0.7% annually for the next two fiscal years.

WATER REVENUES DETAIL (\$ in thousands)							
	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY21/22 Adopted Budget	FY22/23 Adopted Budget	% Chg 20/21 21/22	% Chg 21/22 22/23
<b>Water Revenues</b>							
Consumption Charge - Each Unit of Water Used	\$75,457	\$79,011	\$78,495	\$80,047	\$83,922	2%	5%
Water Service Charge - Billed to Customers	37,166	38,916	38,662	39,426	41,335	2%	5%
Other Water Revenues	1,128	1,128	1,128	1,128	1,128	0%	0%
<b>Total Water Revenues</b>	<b>\$113,751</b>	<b>\$119,055</b>	<b>\$118,284</b>	<b>\$120,600</b>	<b>\$126,384</b>	<b>2%</b>	<b>5%</b>

Total water revenue is budgeted at \$120.6 million in FY 2021/22 and \$126.4 for FY 2022/23. The table below summarizes the current service charge and commodity charge:

Bimonthly Meter Service Charge		Commodity Rates (All Customers)	
Meter Size	Charge per Meter		Per Hundred Cubic Feet (748 gallons)
5/8" & 3/4" Meter	\$56.61	Inside District	\$4.596
1" Meter	\$87.29	Outside District	\$5.285
1-1/2" Meter	\$163.97		
2" Meter	\$255.99		
3" Meter	\$547.39		
4" Meter	\$976.81		
6" Meter	\$2,464.48		
8" Meter	\$4,304.88		
10" Meter	\$6,451.99		

The chart below compares total consumption by fiscal year by month. The most recent drought impacted consumption in FY 2015/16, and is therefore shown here for comparative purposes.

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



## Property Taxes

Property tax proceeds are the second largest consistent revenue source. The District receives two different types of property tax revenue – a share of the 1% tax allocation (ad valorem tax) and the State Water Contract Tax for the State Water Project. The 1% ad valorem tax allocation is based on the assessed values of the property located within the District’s service area (City of Fremont, City of Newark, and City of Union City) determined annually by the Alameda County Assessor as of January 1. Property Taxes are due from property owners on November 1 and February 1. The County is permitted by State Law (Proposition 13) to levy taxes at 1% of the full market value of the property (at the time of purchase) and can only increase the property’s assessed valuation by reappraisals of property due to new construction or change. The county can also increase the property’s assessed valuation for cost of living increases up to a maximum of 2% per year. The District receives approximately 1% of the 1% ad valorem tax with most of the proceeds allocated to schools and city and county governments.

In addition to the ad valorem property tax revenues received from the County, the District receives an override property tax amount that helps fund the groundwater portion of both the fixed and variable costs of State Water Project (SWP) water purchased by the District. The District projects such costs annually and requests that the County collect the projected amount. The annual request to the County is adjusted for prior year over or under collections of tax revenue, and actual prior year’s State Water Project expenses. The District collects approximately 67.7% of SWP expenses through this tax (note that it is collected as a percentage of the property’s assessed value).

## Facilities Connection Charges

The District imposes Facilities Connection Charges (FCC) to property developers to recover the cost of water system facilities required for serving growth. These are one-time charges on new or expanded connections to the District’s water system that are designed to cover the cost of growth-related infrastructure benefiting new development. The FCC is a full cost-recovery capacity charge that provides an equitable means by which new (or increased) system users can pay for the costs of the potable water facilities required to serve them. FCC is based on a reasonable relationship between the needs and benefits brought about by the development (or required increase in capacity). The basic statutory standards governing water capacity charges are provided in California Government Code Section 66000 et seq.

There are two components of the FCC – incremental cost and equity buy-in. Both components are calculated and established in accordance with the American Water Works Association Manual M1 and meet the requirements of California Government Code Section 66000 et seq. The equity buy-in component is included in addition to the traditional incremental method component to recognize the benefit new customers receive from the investments existing customers have made in the District’s water system. The FCC equity buy-in component revenues are deposited into the Facilities Renewal Fund (FRF) for the sole purpose to fund capital projects that refurbish or replace the District’s existing core facilities. The FCC incremental cost component revenues are deposited into the Facilities Improvement Fund (FRF) for the sole purpose to fund the growth-related component of capital projects in the District’s Capital Improvement Program (CIP).

The most recent nexus study and report from the District’s financial consultant on fees for new developments connecting to the District’s water system is available on the District’s website here: [Facilities Connection Charges Calculation Methodology](#)

## Grants

The District regularly reviews and pursues Grant opportunities from a variety of sources, primarily State and Federal agencies. The District has had considerable success securing funding for many capital improvement projects, as well as sustainability, hazard mitigation, and repair efforts. The District's Fish Ladder, Rubber Dam, and Shinn Pond fish screen projects each received several million dollars in grant funding and the District was recently awarded \$2,000,000 for implementation of the Advanced Metering Infrastructure Project. The District has also negotiated substantial reimbursement from the Alameda County Flood Control District for their share of fishery projects in Alameda Creek. Additional detail on these and other grants received by the District is detailed in the table below.

<b>GRANTS &amp; REIMBURSEMENTS DETAIL</b>					
(\$ in thousands)					
	<b>FY 19/20 Actual Activity</b>	<b>FY 20/21 Estimated Budget</b>	<b>FY 21/22 Adopted Budget</b>	<b>FY 22/23 Adopted Budget</b>	<b>Total</b>
<b>Grants</b>					
ACFCD for RD1/Drop Struct. Fish Ladder	\$2,138	\$4,494	\$6,206	\$3,329	\$16,167
CA WCB for Rubber Dam Fish Ladder No. 1	1,106	2,447	1,805	-	5,358
CDFW Restoration Grant for RD1 and Shinn Screens	1,891	2,000	1,110	-	5,000
IRWMP Prop 1 Grant for RD1 System Fish Passage Improvements	-	1,944	1,403	-	3,347
Oliver de Silva Inc.	1,000	1,000	-	-	2,000
SWRCB - Niles Cone Groundwater Basin Extraction Well Site Evaluation Project	-	49	565	-	613
DWR- Alternative Update & Model Upgrade for Niles Cone	-	142	358	-	500
CNRA URG for RD3	435	-	-	-	435
EBMUD BAIRWMP Prop 1 Regional Conservation Grant	-	248	64	-	312
State Water Resources Control Board for GW Sustain. Prog. (Old Jarvis)	5	117	77	-	199
Avalon Tank CalOES/FEMA	-	128	-	-	128
Coastal Conservancy Prop 1 for RD3	25	-	41	-	66
StopWaste Conservation Grant	33	-	-	-	33
Solano County Conservation Grant	9	12	-	-	21
Mayhew Reservoir CalOES/FEMA	-	1	-	-	1
<b>Total</b>	<b>\$6,641</b>	<b>\$12,584</b>	<b>\$11,628</b>	<b>\$3,329</b>	<b>\$34,181</b>

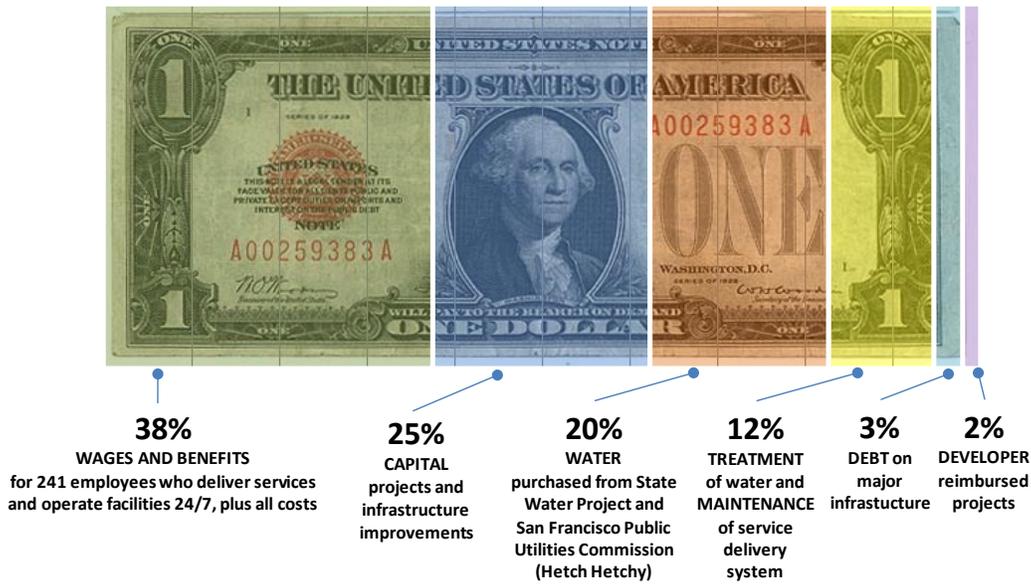
# Expenses

The following tables and graphics illustrate the District’s expenses totaling \$162.9 million in FY 2021/22 and \$162.7 million in FY 2022/23.

District’s costs are not just for the supply of water but for many other costs including such items as debt service, capital expenditures, labor and benefits, and water treatment. If the District’s cost components were spread evenly across every dollar spent, the breakdown would be as shown below.

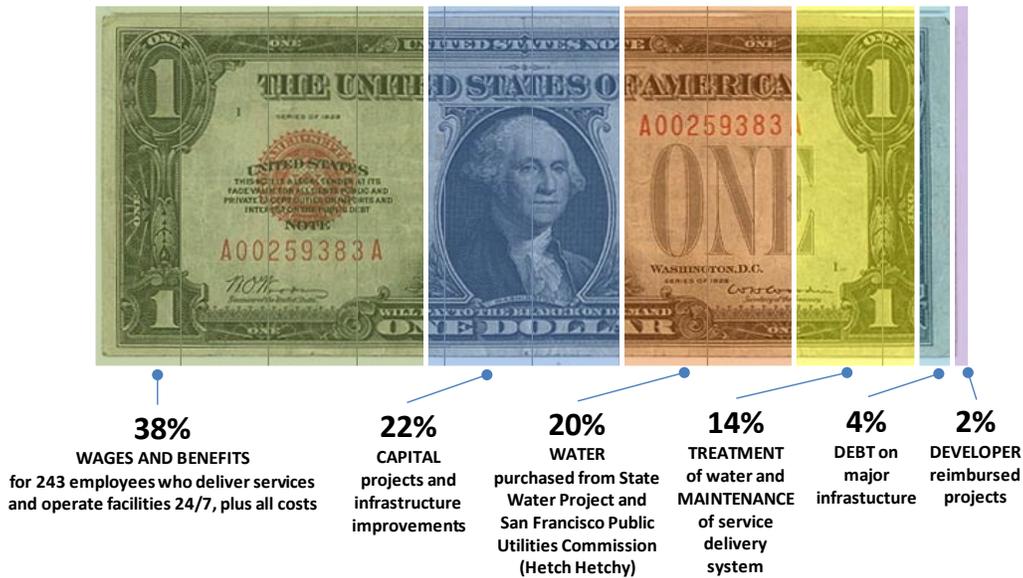
## FY 2021/22 Adopted Budget:

Every \$1 pays for:



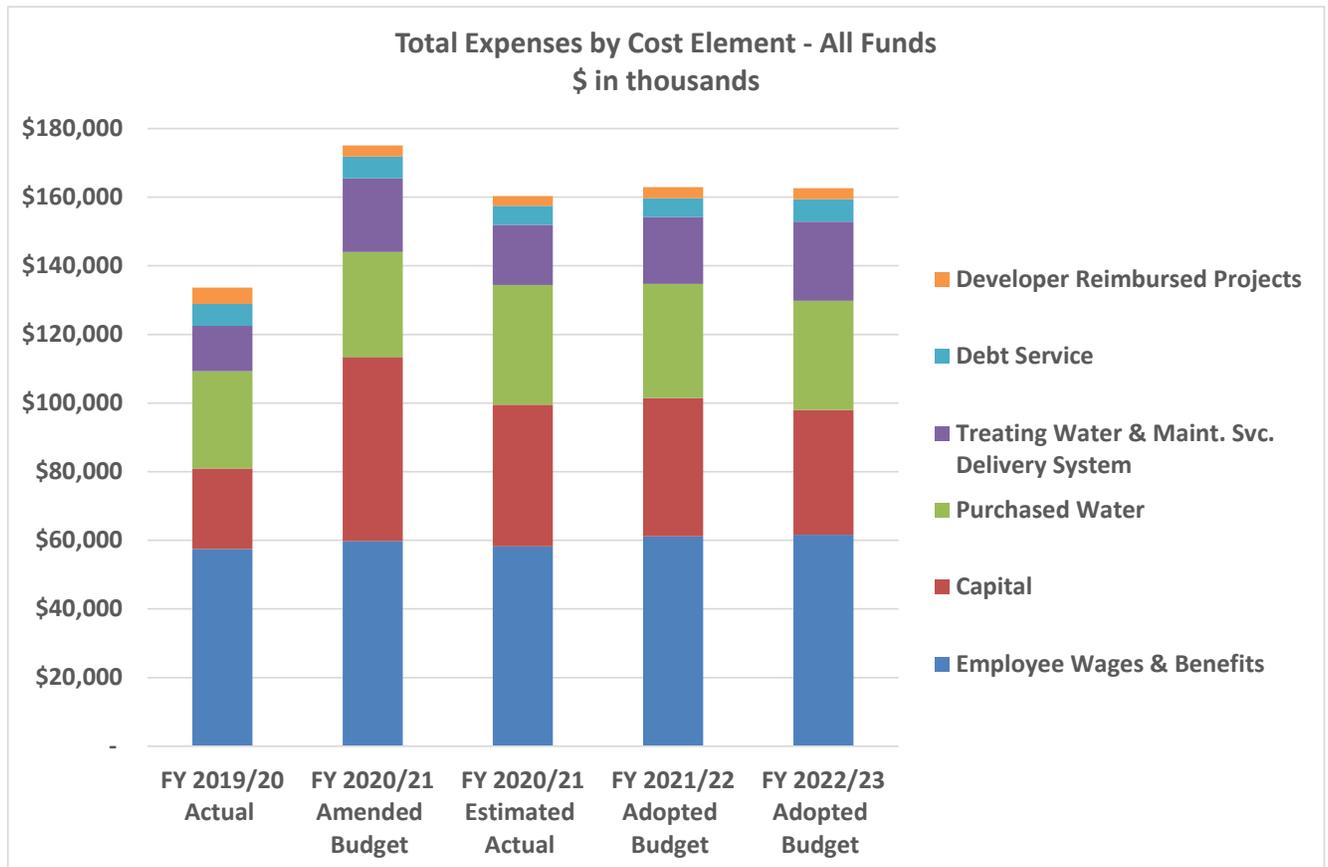
## FY 2022/23 Adopted Budget:

Every \$1 pays for:



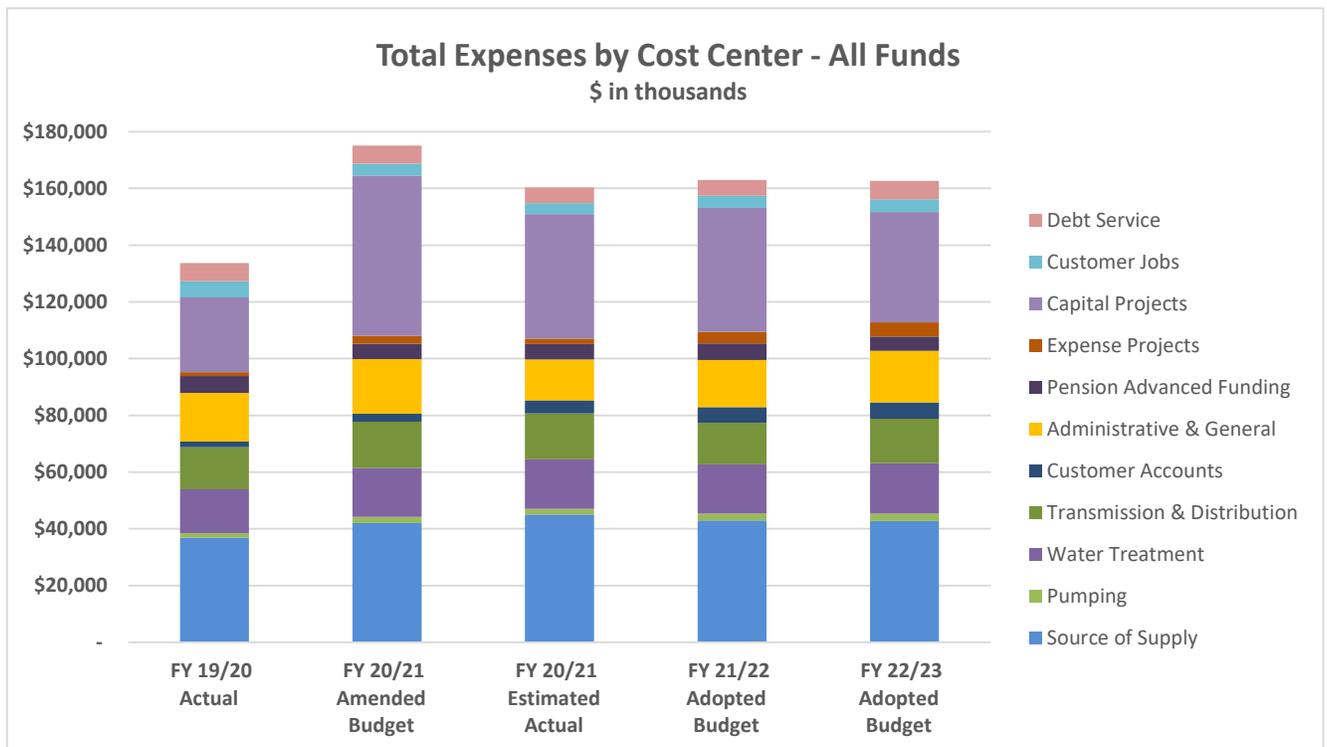
The below table illustrates the District’s expenses by Cost Element for all funds.

EXPENSE SUMMARY COST ELEMENT (\$ in thousands)							
	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY21/22 Adopted Budget	FY22/23 Adopted Budget	% Chg 20/21 21/22	% Chg 21/22 22/23
<b>Labor</b>							
Operating	\$26,202	\$28,404	\$27,694	\$28,010	\$29,883	1%	7%
Capital	2,874	2,742	2,742	3,323	2,503	21%	-25%
Customer Jobs	960	948	948	1,125	1,166	19%	4%
<b>Total Labor</b>	<b>30,036</b>	<b>32,094</b>	<b>31,384</b>	<b>32,458</b>	<b>33,551</b>	<b>3%</b>	<b>3%</b>
<b>Purchased Water</b>	28,349	30,571	34,880	33,264	31,819	-5%	-4%
<b>Employee Benefits</b>	27,409	27,687	26,885	28,686	28,046	7%	-2%
<b>Other Expenses</b>							
Operating	13,261	21,431	17,526	19,490	23,005	11%	18%
Capital	23,484	53,692	41,244	40,331	36,425	-2%	-10%
Customer Jobs	4,727	3,188	2,853	3,224	3,293	13%	2%
<b>Total Other Expense</b>	<b>41,472</b>	<b>78,311</b>	<b>61,623</b>	<b>63,045</b>	<b>62,723</b>	<b>2%</b>	<b>-1%</b>
<b>Debt Service</b>	6,378	6,416	5,529	5,479	6,526	-1%	19%
<b>Total Expenses</b>	<b>\$133,643</b>	<b>\$175,079</b>	<b>\$160,301</b>	<b>\$162,931</b>	<b>\$162,665</b>	<b>2%</b>	<b>0%</b>

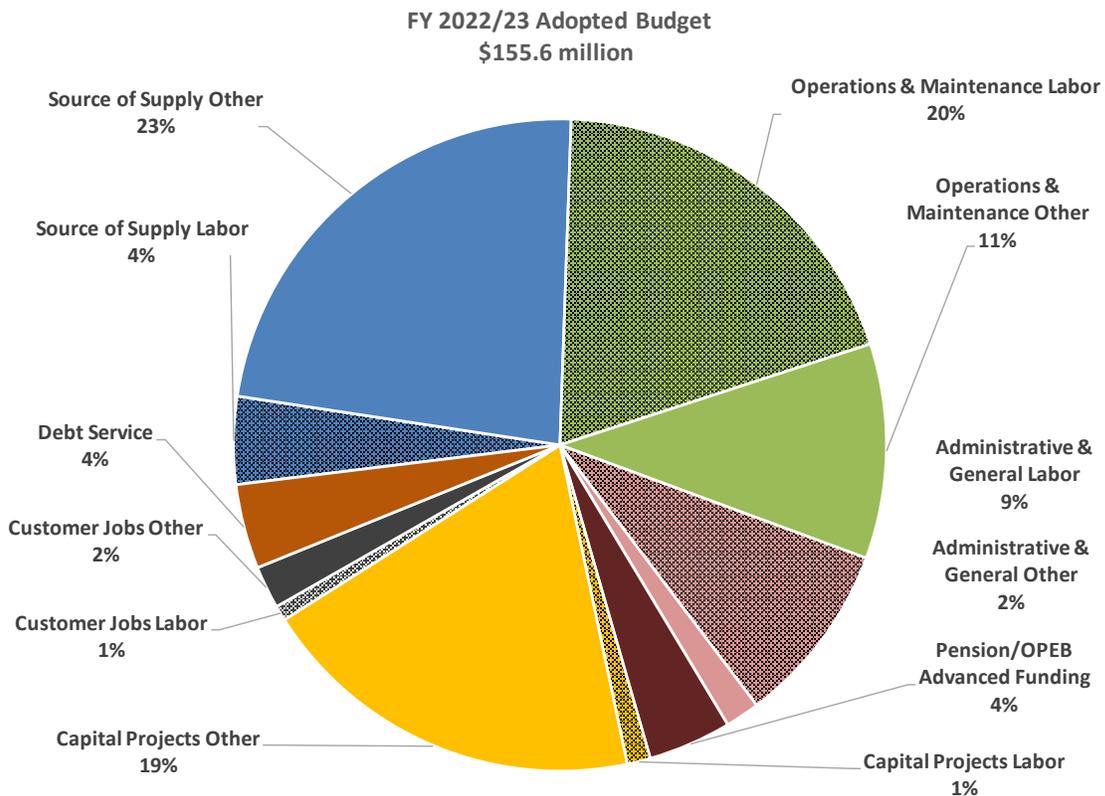
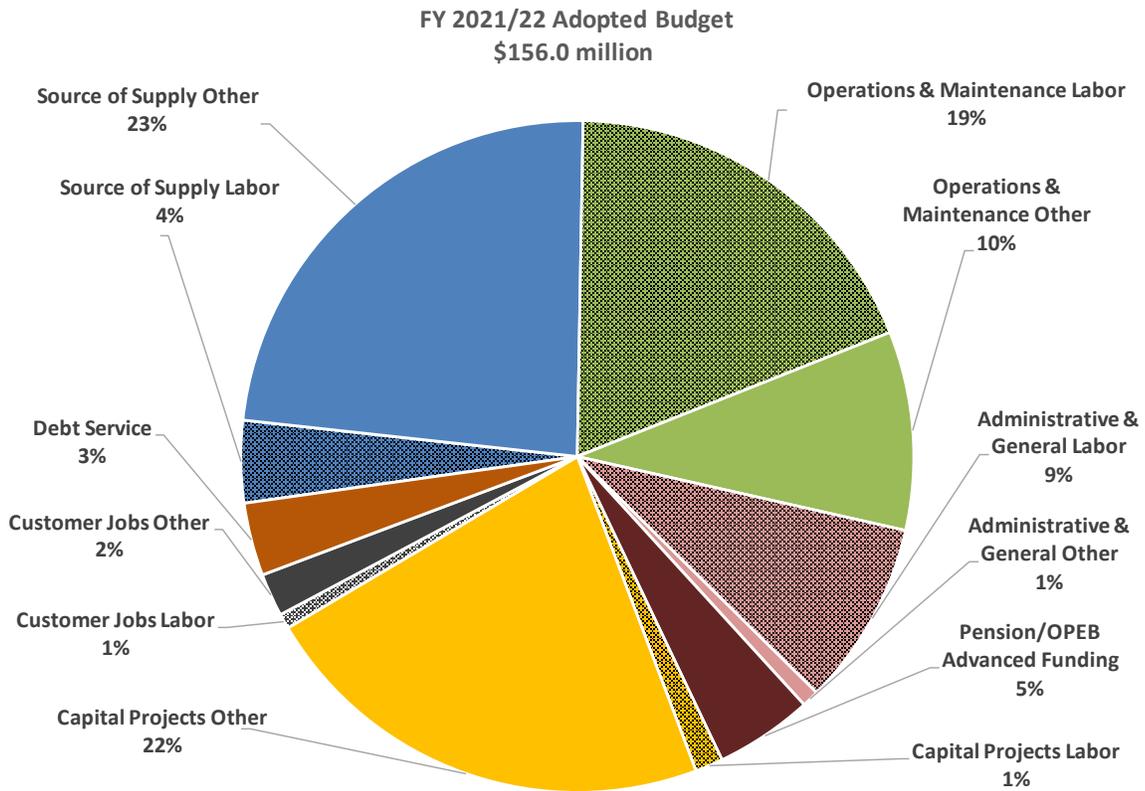


The following table illustrates the District’s expenses by Cost Center.

EXPENSE SUMMARY COST CENTER (\$ in thousands)							
	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY21/22 Adopted Budget	FY22/23 Adopted Budget	% Chg 20/21 21/22	% Chg 21/22 22/23
<b>Expenses</b>							
Source of Supply	\$36,824	\$41,598	\$45,001	\$42,905	\$42,769	-5%	0%
Pumping	1,574	2,134	2,050	2,495	2,550	22%	2%
Water Treatment	15,423	17,303	17,409	17,334	17,839	0%	3%
Transmission & Distribution	14,903	16,314	16,197	14,654	15,683	-10%	7%
<b>Total O&amp;M Expenses</b>	<b>68,724</b>	<b>77,349</b>	<b>80,657</b>	<b>77,388</b>	<b>78,840</b>	<b>-4%</b>	<b>2%</b>
Delta Conveyance	83	459	-	-	-	0%	0%
Customer Accounts	1,983	2,780	4,626	5,501	5,704	19%	4%
Administrative & General	17,112	19,184	14,380	16,591	18,162	15%	9%
Pension Advanced Funding	5,975	5,474	5,506	5,866	5,016	7%	-14%
Expense Projects	1,344	2,846	1,816	4,104	5,032	126%	23%
<b>Total A&amp;G/Exp Proj Expenses</b>	<b>26,497</b>	<b>30,743</b>	<b>26,328</b>	<b>32,061</b>	<b>33,913</b>	<b>22%</b>	<b>6%</b>
Capital Projects - GF	17,776	45,426	34,373	36,752	31,819	7%	-13%
Capital Projects - FIF	4,199	9,409	7,919	5,883	5,499	-26%	-7%
Capital Projects - FRF	4,383	1,600	1,694	1,020	1,610	-40%	58%
Customer Jobs	5,687	4,136	3,800	4,348	4,459	14%	3%
Debt Service	6,378	6,416	5,529	5,479	6,526	-1%	19%
<b>Total Non-Operating Expenses</b>	<b>38,423</b>	<b>66,986</b>	<b>53,316</b>	<b>53,481</b>	<b>49,912</b>	<b>0%</b>	<b>-7%</b>
<b>Total Expenses</b>	<b>\$133,644</b>	<b>\$175,079</b>	<b>\$160,301</b>	<b>\$162,931</b>	<b>\$162,665</b>	<b>2%</b>	<b>0%</b>



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



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

OPERATING EXPENSES OPERATIONS & MAINTENANCE (O&M) DETAIL (\$ in thousands)								
Reporting Group	Description	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY 21/22 Adopted Budget	FY 22/23 Adopted Budget	% Chg 20/21 21/22	% Chg 21/22 22/23
<b>Source of Supply</b>								
8111	Oper & Planning of Supply System	\$2,553	\$3,426	\$3,059	\$2,829	\$2,978	-8%	5%
8113	Operations of Takeoffs	06	18	15	18	19	23%	4%
8114	Ground Water Resources	3,134	3,780	3,763	3,692	4,768	-2%	29%
8121	Maint of Recharge Facilities	492	905	760	743	759	-2%	2%
8122	Maintenance of Wells	1,800	2,243	2,109	2,217	2,274	5%	3%
8123	Maint of Take Offs	79	151	108	138	146	28%	6%
8124	Maint of Replenishment Meters	0	5	6	4	5	-33%	32%
8131	Purchased Water - SWP	9,451	10,218	10,133	10,755	10,463	6%	-3%
8132	Purchased Water - SF Water	17,527	17,888	21,426	18,567	19,061	-13%	3%
8133	Purchased Water - Semitropic	1,371	2,464	3,321	3,942	2,295	19%	-42%
8134	Purchased Water-Other	413	500	301	-	-	-100%	0%
	<b>Total Source of Supply</b>	<b>36,824</b>	<b>41,598</b>	<b>45,001</b>	<b>42,905</b>	<b>42,769</b>	<b>-5%</b>	<b>0%</b>
<b>Pumping</b>								
8211	Operation of Prod Wells	17	28	29	24	25	-15%	3%
8212	Operation of Booster Pumps	15	5	16	14	14	-15%	3%
8214	Operation of Desal Supply	0	17	13	17	18	35%	4%
8223	Maintenance of Booster Pumps	1,124	1,648	1,490	1,661	1,704	11%	3%
8224	Maintenance of SCADA System	418	436	502	779	788	55%	1%
	<b>Total Pumping</b>	<b>1,574</b>	<b>2,134</b>	<b>2,050</b>	<b>2,495</b>	<b>2,550</b>	<b>22%</b>	<b>2%</b>
<b>Water Treatment</b>								
8311	Operation of Blending Facility	947	783	795	800	802	1%	0%
8313	Oper of Water Treatment Plant #1	70	243	174	115	119	-34%	3%
8314	Oper of Water Treatment Plant #2	5,221	5,723	5,996	6,033	6,345	1%	5%
8315	Operation of Desalination Facility	919	1,025	1,052	1,124	1,175	7%	5%
8318	Operations Tech Support	1,234	1,502	1,570	1,401	1,393	-11%	-1%
8321	Maintenance of Blending Facility	664	603	534	693	711	30%	3%
8323	Maint of Water Treatment Plant #1	144	257	236	225	232	-4%	3%
8324	Maint of Water Treatment Plant #2	2,120	2,204	2,170	2,192	2,222	1%	1%
8325	Maintenance of Desalination Plant	1,232	1,512	1,366	1,462	1,523	7%	4%
8330	Laboratory Services	2,871	3,452	3,517	3,290	3,319	-6%	1%
	<b>Total Water Treatment</b>	<b>15,423</b>	<b>17,303</b>	<b>17,409</b>	<b>17,334</b>	<b>17,839</b>	<b>0%</b>	<b>3%</b>
<b>Transmission &amp; Distribution</b>								
8411	Engineering of Distrib System	1,780	2,438	2,468	1,280	2,005	-48%	57%
8412	Operation of Distrib System	2,721	2,588	2,727	2,930	2,996	7%	2%
8421	Maintenance of Reservoirs	1,058	1,035	883	1,009	1,028	14%	2%
8422	Maintenance of Mains	2,269	2,224	2,265	2,579	2,792	14%	8%
8423	Maintenance of Cathodic Stations	13	41	29	25	25	-14%	1%
8424	Maintenance of Service Lines	1,505	1,500	1,528	1,278	1,299	-16%	2%
8425	Maintenance of Meters	913	973	991	797	807	-20%	1%
8426	Maintenance of Fire Hydrants	295	249	254	210	219	-17%	4%
8427	Maintenance of Backflow Preventers	675	482	491	518	525	6%	1%
8428	Maintenance of Distribution System	1,934	2,199	2,239	2,178	2,197	-3%	1%
8429	Maintenance - Facilities Engineering	1,545	2,279	2,067	1,560	1,497	-25%	-4%
8450	Maintenance of Regulator Stations	195	306	256	291	293	14%	1%
	<b>Total Transmission &amp; Distribution</b>	<b>14,903</b>	<b>16,314</b>	<b>16,197</b>	<b>14,654</b>	<b>15,683</b>	<b>-10%</b>	<b>7%</b>
	<b>Total Operations and Maintenance</b>	<b>\$68,724</b>	<b>\$77,349</b>	<b>\$80,657</b>	<b>\$77,388</b>	<b>\$78,840</b>	<b>-4%</b>	<b>2%</b>

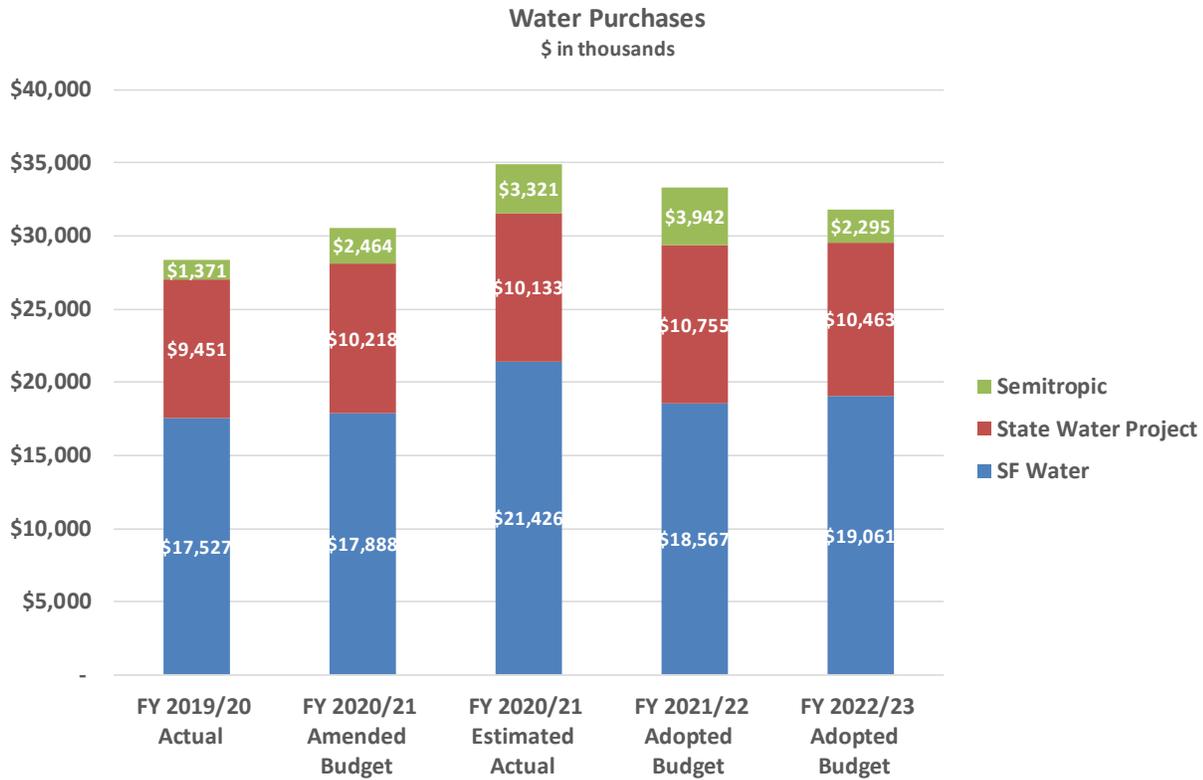
The below table illustrates the Administrative and General (A&G) operating expense detail.

OPERATING EXPENSES ADMINISTRATIVE & GENERAL (A&G) DETAIL (\$ in thousands)							
Description	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY 21/22 Adopted Budget	FY22/23 Adopted Budget	% Chg 20/21 21/22	% Chg 21/22 22/23
Salaries	\$6,930	\$7,541	\$6,854	\$7,260	\$7,944	6%	9%
Other Pay (Vacation, Holiday, Sick Leave, etc.)	5,826	5,849	5,559	5,502	5,588	-1%	2%
Employees' Retirement and Benefits	16,966	18,183	17,340	18,782	18,986	8%	1%
Property and Liability Insurance	897	737	737	853	879	16%	3%
Election Expense	-	450	623	-	625	-100%	100%
Education & Training	103	299	168	314	323	87%	3%
Travel, Subscriptions, & Dues	278	407	301	322	399	7%	24%
Office Supplies	105	159	150	157	158	5%	0%
Postage & Shipping Services	214	255	244	246	248	1%	1%
Telephone	125	130	125	100	100	-20%	0%
Small Tools/Supplies	222	186	184	184	183	0%	-1%
Legal Services	880	804	808	808	808	0%	0%
Professional Services	633	1,151	993	1,151	1,045	16%	-9%
OPEB	3,251	2,461	2,522	2,573	2,635	2%	2%
OPEB Advanced Funding	1,217	1,569	1,518	1,465	1,410	-3%	-4%
Pension Advanced Funding	5,975	5,474	5,506	5,866	5,016	7%	-14%
Information Technology	1,136	1,745	1,619	1,844	1,933	14%	5%
Security & Emergency Services	524	1,063	1,072	1,256	1,381	17%	10%
Public Information/Conservation	600	1,206	996	1,509	1,387	52%	-8%
Equipment/Auto Maintenance	790	966	962	994	996	3%	0%
Property Maintenance	975	1,364	1,261	1,347	1,368	7%	2%
Other A&G	1,881	1,020	2,180	2,266	2,197	4%	-3%
<b>Total A&amp;G Before Expense Transfers</b>	<b>49,526</b>	<b>53,017</b>	<b>51,719</b>	<b>54,799</b>	<b>55,603</b>	<b>6%</b>	<b>1%</b>
Expense Transfer - Equipment	(1,163)	(822)	(822)	(693)	(707)	-16%	2%
Expense Transfer - Overhead	(25,276)	(27,537)	(29,493)	(30,185)	(30,308)	2%	0%
<b>Total Expense Transfer</b>	<b>(26,439)</b>	<b>(28,359)</b>	<b>(30,315)</b>	<b>(30,878)</b>	<b>(31,016)</b>	<b>2%</b>	<b>0%</b>
<b>Net A&amp;G After Expense Transfers</b>	<b>\$23,087</b>	<b>\$24,658</b>	<b>\$21,404</b>	<b>\$23,921</b>	<b>\$24,587</b>	<b>12%</b>	<b>3%</b>

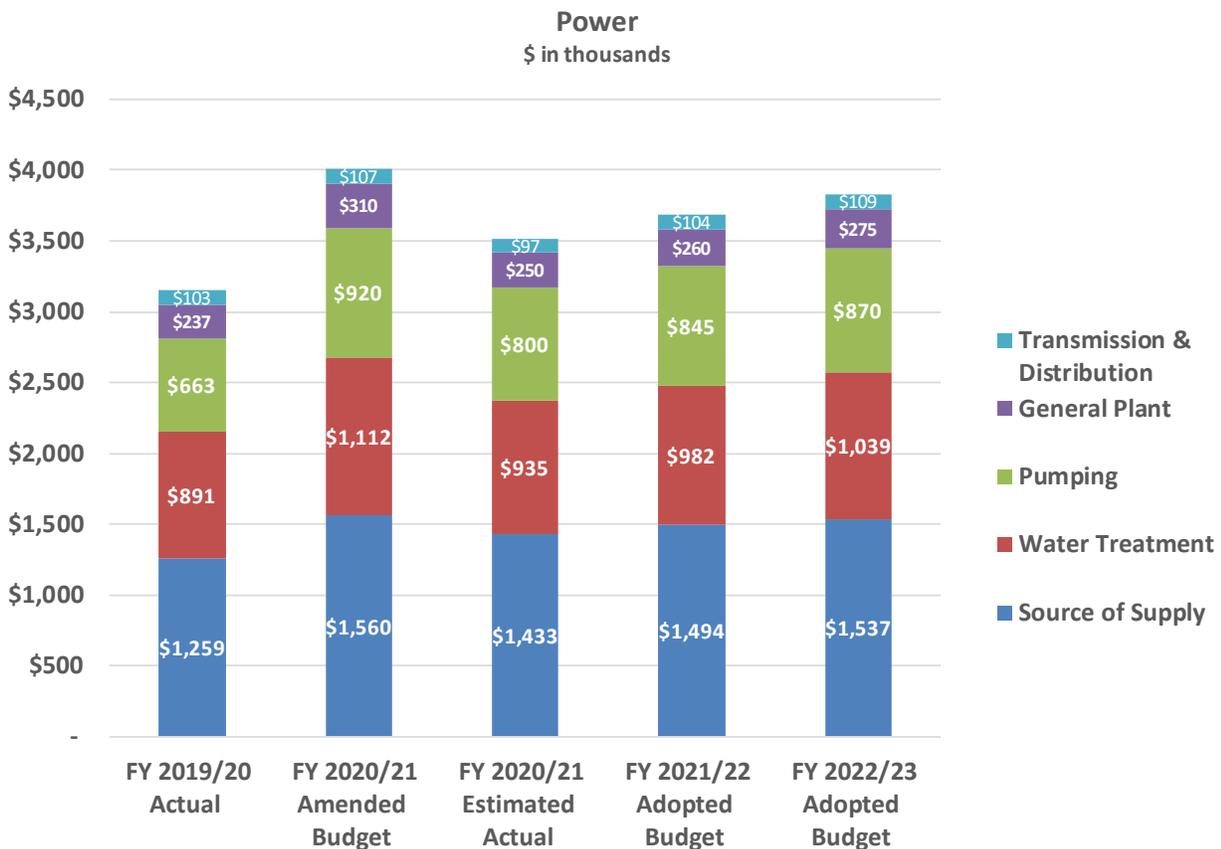
The below table summarizes total operating expenses.

OPERATING EXPENSES SUMMARY (\$ in thousands)							
	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY 21/22 Adopted Budget	FY 22/23 Adopted Budget	% Chg 20/21 21/22	% Chg 21/22 22/23
<b>Operating Expenses</b>							
Source of Supply	\$36,824	\$41,598	\$45,001	\$42,905	\$42,769	-5%	0%
Pumping	1,574	2,134	2,050	2,495	2,550	22%	2%
Water Treatment	15,423	17,303	17,409	17,334	17,839	0%	3%
Transmission & Distribution	14,903	16,314	16,197	14,654	15,683	-10%	7%
<b>Total O&amp;M Expenses</b>	<b>68,724</b>	<b>77,349</b>	<b>80,657</b>	<b>77,388</b>	<b>78,840</b>	<b>-4%</b>	<b>2%</b>
Delta Conveyance	83	459	-	-	-	0%	0%
Customer Accounts	1,983	2,780	4,626	5,501	5,704	19%	4%
Administrative and General	17,112	19,184	14,380	16,591	18,162	15%	9%
Pension Advanced Funding	5,975	5,474	5,506	5,866	5,016	7%	-14%
Expense Projects	1,344	2,846	1,816	4,104	5,032	126%	23%
<b>Total A&amp;G/Exp Proj Expenses</b>	<b>26,497</b>	<b>30,743</b>	<b>26,328</b>	<b>32,061</b>	<b>33,913</b>	<b>22%</b>	<b>6%</b>
<b>Total Operating Expenses</b>	<b>\$95,220</b>	<b>\$108,092</b>	<b>\$106,985</b>	<b>\$109,449</b>	<b>\$112,753</b>	<b>2%</b>	<b>3%</b>

## Water Purchases



## Power Costs



**OPERATING EXPENSES**  
**EXPENSE PROJECTS DETAIL**  
(\$ in thousands)

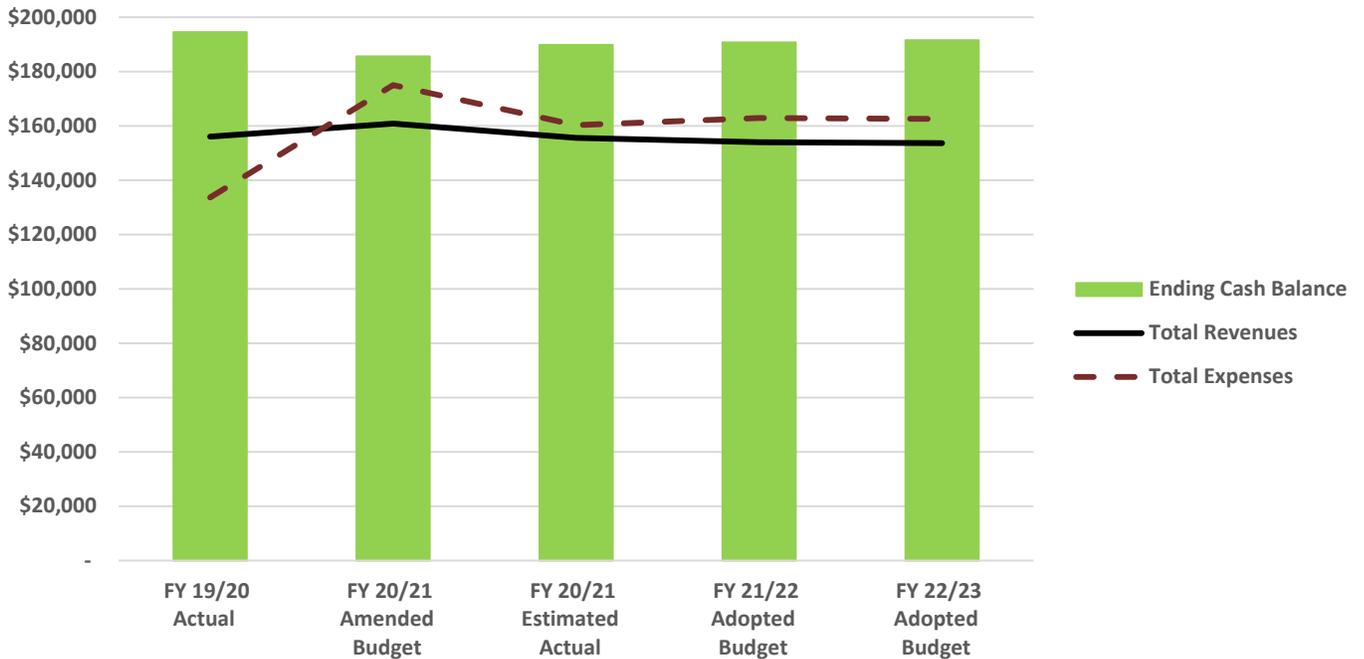
Description	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY 21/22 Adopted Budget	FY 22/23 Adopted Budget
2019 Joint Purified Water Feasibility Evaluation	\$198	\$550	\$723	\$127	-
BARR DCP Study	5	-	-	-	-
Blending Facility PFAS Voluntary Monitoring Program	-	-	52	93	93
Clean Energy Plan Review/Implementation	319	-	-	-	-
COVID-19 Prevention Activities	211	-	-	-	-
Desal Supply Well Pilot Study	67	227	352	84	-
District Security Review	76	288	145	150	-
Eng Dept - Capital Equipment and Materials	9	5	-	-	-
Environmental Monitoring	5	95	-	-	-
Facility Division Asset Management Master Plan	-	75	-	95	75
Facility Standby Power Study	-	25	-	-	-
Groundwater Basin Flow Model Alternative Update	84	-	-	-	-
Hazard Mitigation and Emergency Response	-	150	63	-	-
Headquarters Improvements	16	-	-	-	-
Integrated Resources Planning	-	-	-	213	277
IT Enterprise Software Upgrades - Cityworks	-	50	-	50	-
IT Enterprise Software Upgrades - JD Edwards	-	-	360	-	100
IT Enterprise Software Upgrades - Microsoft	-	50	70	-	-
Jarvis Rd Well Destruction	23	-	-	-	-
Los Vaqueros Reservoir Expansion Project	161	1,200	-	2,500	4,000
Niles Canyon Stroll & Roll	5	-	-	-	-
Niles Cone Groundwater Basin	20	-	-	-	-
PFAS Regulatory Monitoring	1	-	-	-	-
PFAS treatment study (EE)	-	-	-	371	81
PID Mutual Assistance	2	-	-	-	-
School lead testing	10	-	-	13	-
Water Efficiency Master Plan	111	-	-	-	-
Water Quality Extraordinary Expenses	-	39	51	407	407
WRF Manganese BioFiltration	20	-	-	-	-
WTP2 Filter Media Replacement	-	93	-	-	-
<b>Total Expense Projects</b>	<b>\$1,344</b>	<b>\$2,846</b>	<b>\$1,816</b>	<b>\$4,104</b>	<b>\$5,032</b>

## Fund Balances

Since the District’s budget is prepared on a cash-basis, fund balance refers to actual cash balance. In accounting terms, fund balance is the excess of the total assets of a fund over its total liabilities and reserves. It is typically divided into three categories: (1) reserved – indicating that there are legal restrictions governing the future expenditures, (2) non-discretionary-indicating that the Board of Directors expects to expend it for certain purposes, or (3) discretionary – indicating it is available for expenditures for general governmental purposes. Minimum fund balances are established to assure cash flow requirements are met, comply with applicable statutory requirements, finance future capital facilities, finance improvements, repair/replace existing assets, provide for economic uncertainties/contingencies/emergencies/other unforeseen operating or capital needs. Maintaining fund balances at appropriate levels is a prudent, ongoing business process that consists of an iterative, dynamic assessment and application of various revenue generating alternatives.

The following schedules illustrate the projected changes in fund balances for the General Fund, Facilities Improvement Fund, and Facilities Renewal Fund. Since the District budgets on a cash basis, the schedules show beginning and ending cash rather than fund balance.

**Total Revenues, Expenses, and Ending Cash Balances - All Funds**  
\$ in thousands



**CHANGES IN FUND BALANCE  
BY FUND  
(\$ in thousands)**

	<b>FY 18/19 Actual Activity</b>	<b>FY 19/20 Actual Activity</b>	<b>FY 20/21 Amended Budget</b>	<b>FY 20/21 Estimated Actual</b>	<b>FY 21/22 Adopted Budget</b>	<b>FY22/23 Adopted Budget</b>	<b>FY23/24 Projected Budget</b>
<b>General Fund</b>							
<b>Beginning Balance</b>	<b>\$98,329</b>	<b>\$107,571</b>	<b>\$117,871</b>	<b>\$123,821</b>	<b>\$122,120</b>	<b>\$125,983</b>	<b>\$128,245</b>
Revenues	130,100	140,335	154,370	148,986	150,140	148,069	154,251
Expenses	122,514	125,062	164,071	150,688	156,028	155,557	165,205
Debt Proceeds	-	-	14,500	-	9,750	9,750	-
Reconciling Timing Difference	1,505	976	-	-	-	-	-
<b>General Fund Ending Balance</b>	<b>107,420</b>	<b>123,821</b>	<b>122,671</b>	<b>122,119</b>	<b>125,983</b>	<b>128,245</b>	<b>117,291</b>
Change in Fund Balance \$	9,091	16,250	4,799	(1,702)	3,863	2,262	(10,954)
Change in Fund Balance %	9%	15%	4%	-1%	3%	2%	-9%
<b>Facilities Improvement Fund</b>							
<b>(FIF) Beginning Balance</b>	<b>\$55,141</b>	<b>\$63,463</b>	<b>\$67,476</b>	<b>\$70,693</b>	<b>\$67,773</b>	<b>\$64,798</b>	<b>\$63,296</b>
Revenues	11,932	11,428	4,917	4,999	2,908	3,997	4,725
Expenses	3,610	4,199	9,409	7,919	5,883	5,499	8,926
<b>FIF Ending Balance</b>	<b>63,463</b>	<b>70,693</b>	<b>62,985</b>	<b>67,773</b>	<b>64,798</b>	<b>63,296</b>	<b>59,096</b>
Change in Fund Balance \$	8,323	7,229	(4,491)	(2,920)	(2,975)	(1,502)	(4,201)
Change in Fund Balance %	15%	11%	-7%	-4%	-4%	-2%	-7%
<b>Facilities Renewal Fund (FRF)</b>							
<b>Beginning Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues	538	4,383	1,600	1,694	1,020	1,610	1,127
Expenses	538	4,383	1,600	1,694	1,020	1,610	1,127
<b>FRF Ending Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Change in Fund Balance \$	-	-	-	-	-	-	-
Change in Fund Balance %	0%	0%	0%	0%	0%	0%	0%

The following shows the District's reserves. Target reserve levels are set by the Board. Funds accumulated over recent years are needed to fund upcoming capital projects and are therefore shown as part of the Capital reserve.

RESERVES	FY 2019/20		FY 2020/21			FY 2021/22		FY 2022/23	
	Actual	Target	Amended Budget	Estimated Actual	Target	Adopted Budget	Target	Adopted Budget	Target
	(\$ in thousands)								
Debt Service	\$ 2,759	\$ 2,759	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mgt Retirement Bonus	1,133	1,598	1,133	1,157	1,157	1,157	1,157	1,157	1,157
Emergency	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Operations & Maint.	28,156	27,924	29,482	29,289	29,289	29,868	29,868	31,314	31,314
Capital	74,924	14,060	74,515	74,089	14,060	76,853	14,060	76,453	14,060
Rate Stabilization	6,850	6,199	7,540	7,585	7,585	8,105	8,105	9,321	9,321
<b>GENERAL FUND</b>	<b>123,822</b>	<b>62,540</b>	<b>122,670</b>	<b>122,120</b>	<b>62,091</b>	<b>125,983</b>	<b>63,190</b>	<b>128,245</b>	<b>65,852</b>
<b>FACIL. IMPROVEMENT</b>	<b>70,693</b>		<b>62,985</b>	<b>67,773</b>		<b>64,798</b>		<b>63,296</b>	
<b>FACIL. RENEWAL</b>	<b>-</b>		<b>-</b>	<b>-</b>		<b>-</b>		<b>-</b>	

## Long-Term Financial Planning

The District utilizes three main comprehensive long range integrated planning models: The Integrated Resources Plan (IRP); Capital Improvement Program (CIP); and the Financial Planning Model (FPM). The IRP process evaluates a wide range of water supply and water conservation options as well as land use projections in the District's service area to develop the District's long range water supply strategy necessary to meet projected demands. The CIP includes project schedules and estimated costs for production facilities and other projects identified in the IRP needed to support and maintain water supply and system reliability, public health and water quality, and environmental compliance over a 25-year planning horizon. The FPM includes short and long range projections of the District's revenues, operating and maintenance expenses, capital expenditures, and reserves over a 25-year planning horizon. The District has implemented a financial planning cycle that typically includes:

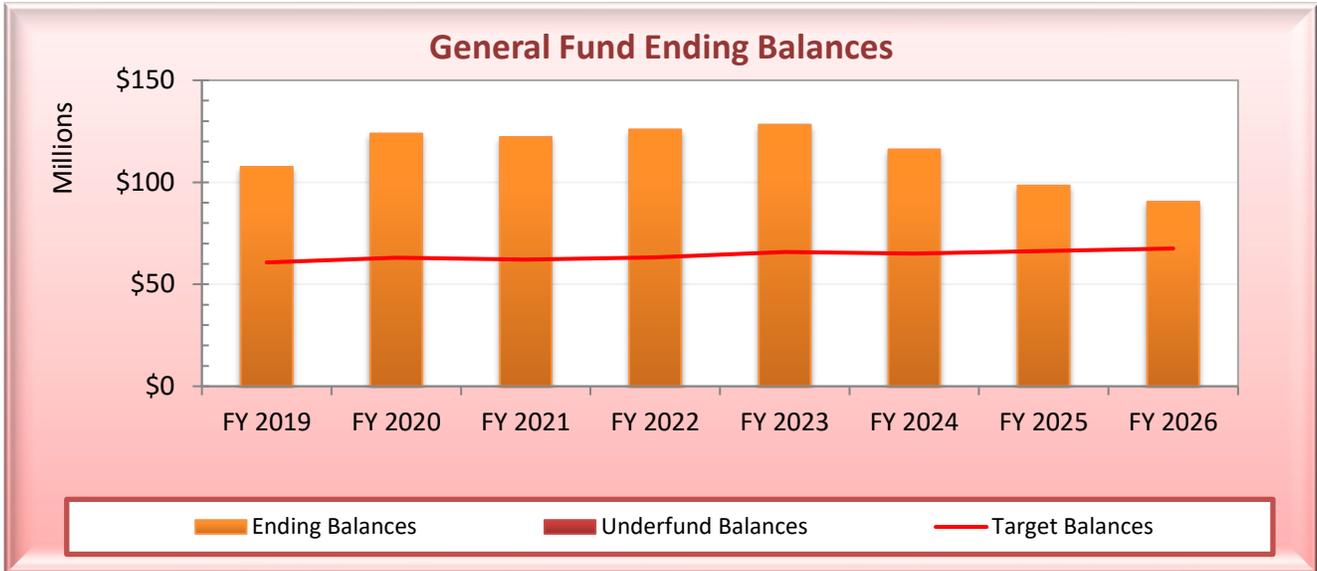
- Overall review of the operating and capital plan in the first quarter of the calendar year,
- Budget development during late spring,
- Adoption of the operating and capital budgets in June,
- Rate design and review through the fall, and
- Rate adoption, if necessary, usually in the first quarter of the following calendar year.

The FPM is a comprehensive spreadsheet model of the District's revenues, operating and maintenance expenses, capital expenditures, and reserves over a 25-year period. These projections are derived from other planning tools and models, including the District's IRP, CIP, and the two-year budget. The FPM can reflect a wide range of assumptions and forecast scenarios and it provides a dashboard of charts and metrics that include General Fund Ending Balances, Debt Coverage Ratios, Operating Revenues vs. Operating Expenses, CIP and Funding Sources, and Rate & Charges vs. Revenue Requirements.

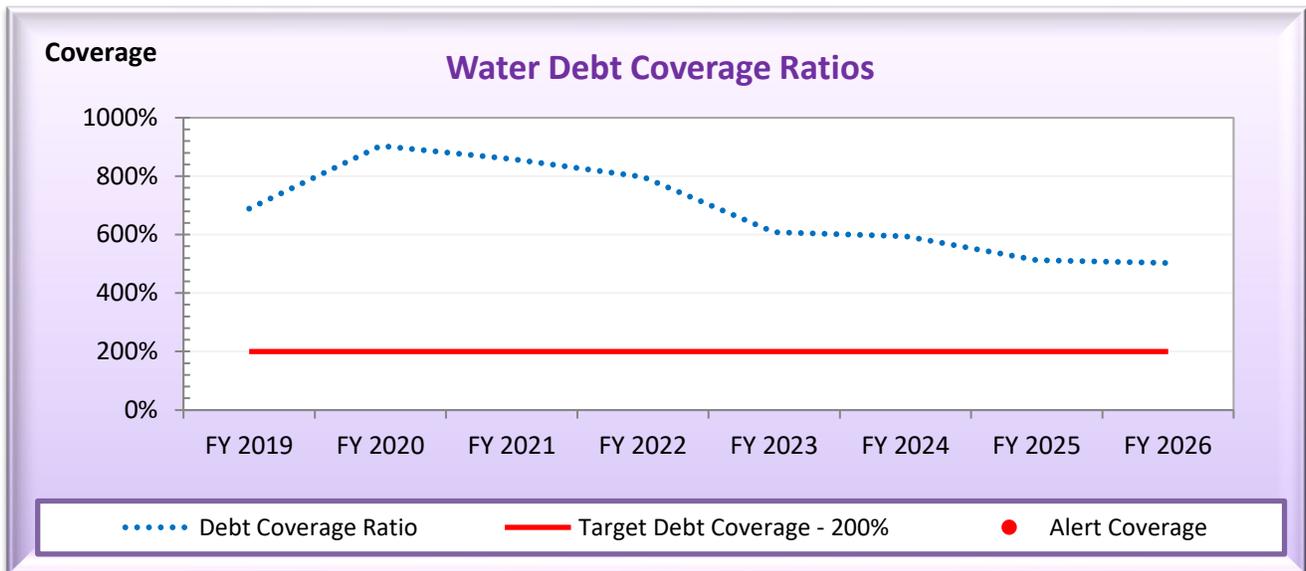
Forecast results are based on multiple assumptions. The major assumptions incorporated into the FPM include: water rates increases, billed water demand, assumed growth rate in customer accounts, salary and benefits, employee medical costs, and water purchase costs. The FPM provides the revenue requirement enabling the District to set rates and charges to generate sufficient water revenues. These revenues are required to meet the District's short- and long-term obligations in an orderly manner and to minimize significant rate fluctuations from year-to-year. The FPM also shows the level of revenues that will maintain minimum cash balance levels and provide adequate debt service coverage.

The following charts from the FPM Dashboard illustrate the key metrics that help the District with long-term financial planning.

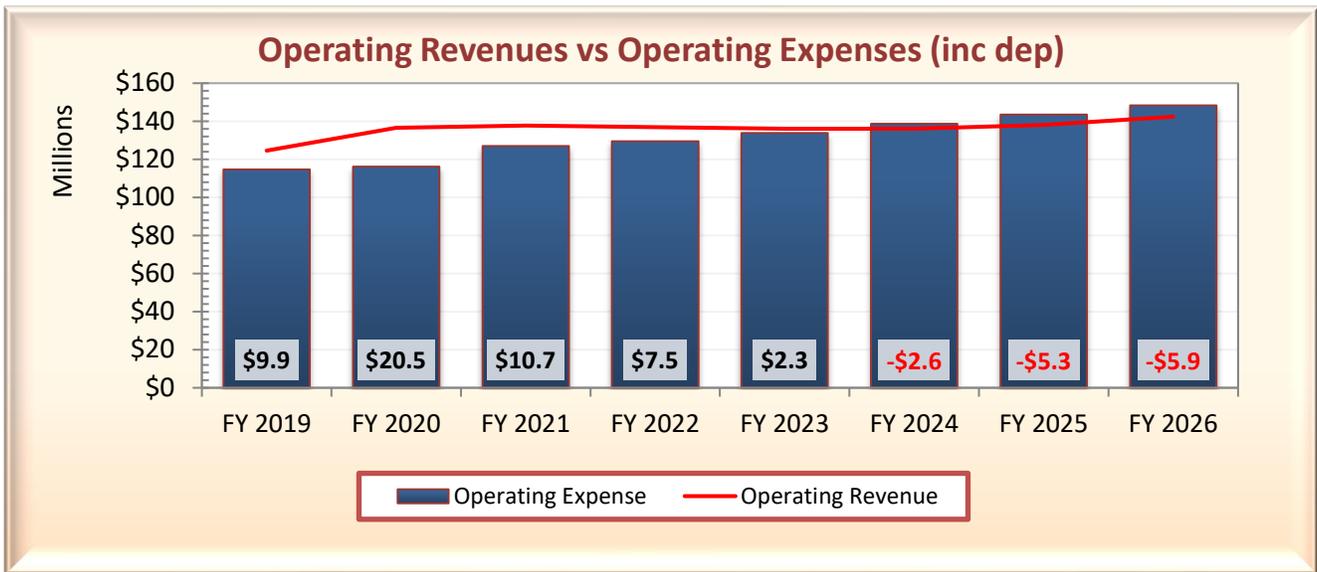
**General Fund Ending Balances:** The below chart shows the District’s ending balances remain above the Board’s reserve target balances over the current planning period. The low year is in FY 2025/26 with a balance \$22.9 million above the reserve target. The reserves include operations and maintenance reserve, capital reserve, management retirement bonus reserve, debt reserve, emergency reserve, and rate stabilization reserve. The debt reserve was for the 2009 Revenue Bonds that was paid off in FY 2019/20. The updated reserve policy was approved by the Board in June.



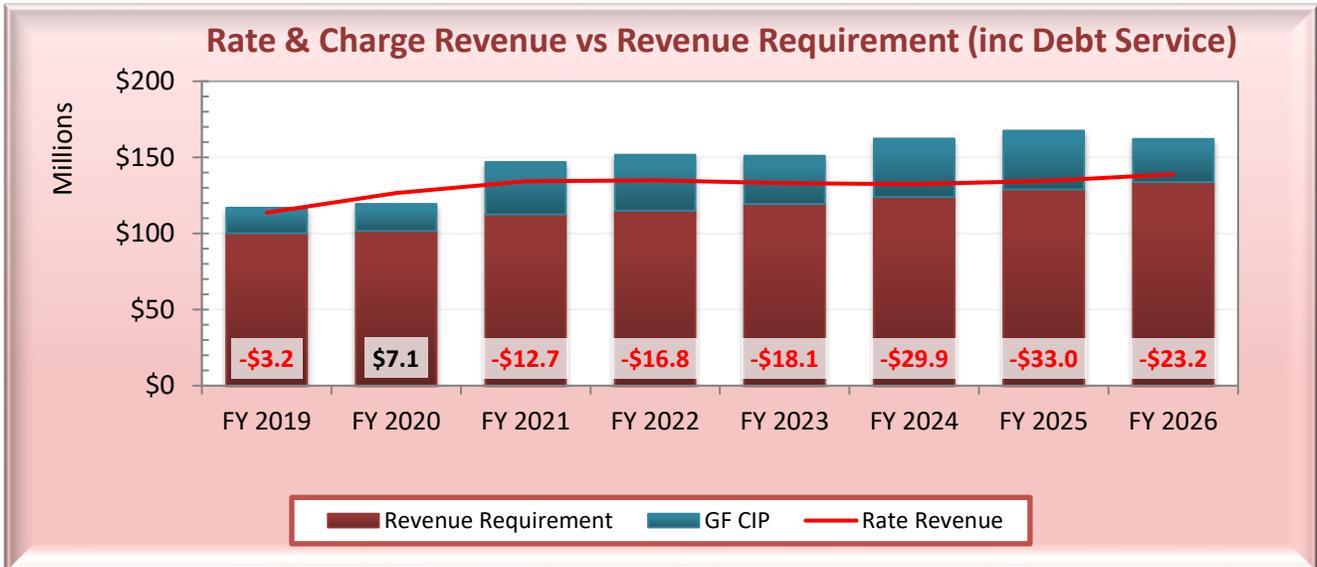
**Debt Coverage Ratios:** The debt coverage ratio compares net revenue to annual debt service. The Board set the target at 200%. The below chart shows the District continues to maintain strong debt coverage ratios over the planning period. The low year is in FY 2025/26 with the debt coverage ratio of 503%, which is well above target.



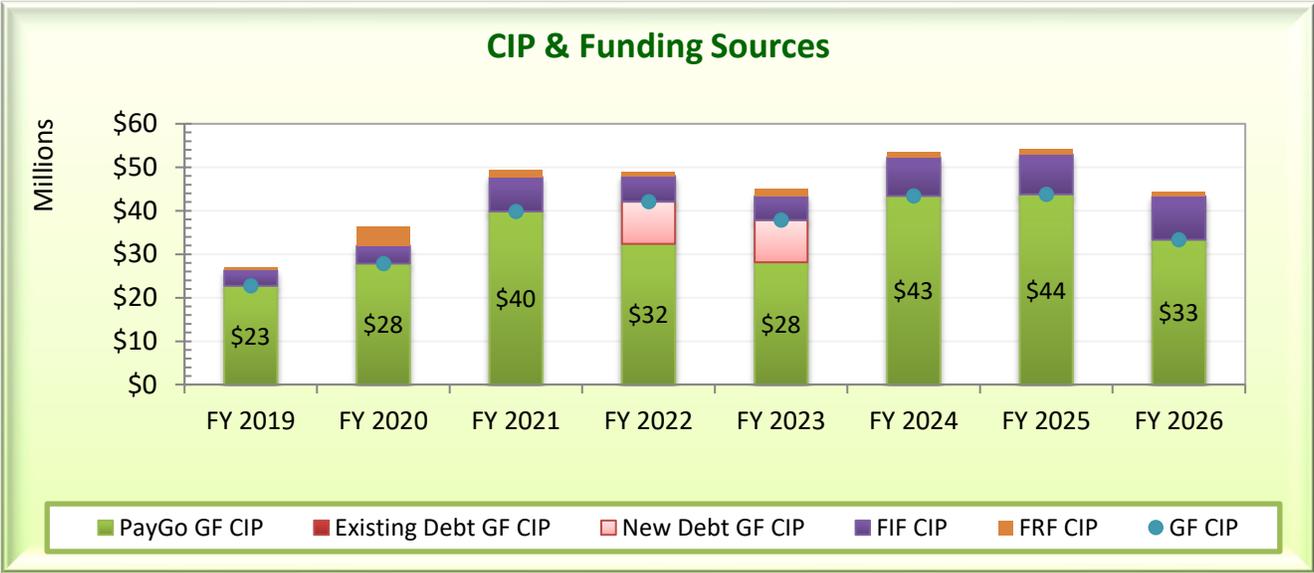
**Operating Revenues vs. Operating Expenses:** The chart below shows that operating revenues are sufficient to cover operating expenses (including depreciation) over the two-year budget period. Operating expenses are projected to exceed operating revenues starting in FY 2023/24.



**Rate and Charge Revenue vs. Revenue Requirement:** The chart below shows there are funding gaps between Rate & Charge Revenue vs. Revenue Requirement (including debt service) starting in FY 2020/21. The District utilizes other revenue sources (such as property taxes, grants and reimbursements, and interest income) to fill the funding gaps.



**CIP and Funding Sources:** The below chart shows the Capital Improvement Program (CIP) by funding sources – General Fund, Facilities Improvement Fund (FIF), Facilities Renewal Fund (FRF), and new debt proceeds.





# **CAPITAL IMPROVEMENT PROGRAM (CIP)**

# CAPITAL IMPROVEMENT PROGRAM (CIP)

The District's mission is to provide a reliable supply of high quality water at a reasonable price to our customers. To continue meeting the District's mission, the following goals need to be consistently achieved when implementing Capital Improvement Program (CIP) projects:

- CIP Projects are planned, identified, and executed in a manner that ensures overall project success.
- CIP Project implementation efficiency is maximized, both in terms of resources and expenditures.
- CIP Projects are consistently implemented, regardless of the lead department and/or individual(s) assigned to complete a particular project.
- District stakeholders understand their respective roles and all collectively share responsibility, accountability, and credit for the successful completion of CIP Projects.
- Project status and financial reports are timely, accurate, and consistently formatted.

The District uses a Team Approach to complete CIP Projects. This means that projects are identified and executed in a manner which involves all stakeholders, both within the District (Board of Directors, Office of the General Manager, Engineering and Technology Services, Finance, Operations and Maintenance, and Water Resources) and outside the District (District ratepayers, other agencies and interested organizations, and impacted businesses and residences) as appropriate.

## CIP Planning Process

In order to meet its mission, the District strives to ensure that the following goals and objectives are maintained over a 25-year planning horizon:

- **Water Supply Reliability:** Avoid chronic shortages, manage risk from future uncertainty, and maximize local control.
- **Production and Distribution Facility Reliability:** Maintain the District's infrastructure, improve employee and/or public safety, perform other work necessary to maintain or improve service to customers, and address vulnerabilities from seismic and other possible events.
- **High Quality:** Consistently meet or exceed existing and future water quality regulations. Provide uniform aesthetic quality to all customers to the extent practicable.
- **Reasonable Cost:** Ensure that sound, responsible financial management practices are observed in the conduct of District business.
- **Environmental Protection:** Plan, design, and operate District facilities efficiently, effectively, and safely, bearing in mind our responsibility to be a good neighbor and a good steward of the environment by avoiding or mitigating environmental impacts, reliably complying with existing and future environmental regulations, and protecting groundwater resources.

The District's planning process has been developed to ensure that the following is well documented and understood by all stakeholders – District's overall planning objectives, justification of planned CIP Projects, relationship of individual projects, and refinement of project criteria as more information becomes known. The planning process begins with the general plans of the three cities that the District serves (City of Fremont, City of Newark, and City of Union City). As such, the District's planning is intended to allow for the orderly expansion of urban development consistent with both the local land use and growth management plans and the District's mission. To accomplish this, the District's Water Resources Planning section periodically performs or updates an Integrated Resources Planning (IRP) Study (and a complimentary Urban Water Management Plan) to determine the size, type, and timing of water supply and production facilities needed to meet projected

demands over a 25-year period. Key components of the planning process include accurately predicting future water demands and confirming existing and planned water supplies.

To implement the recommendations of the IRP Study, more detailed, short-range reports are needed. The CIP Engineering Report serves to ensure that appropriate project-specific decisions are made over a 10-year specific planning period. CIP Engineering Reports establish refined criteria for water production and groundwater, water quality (as related to CIP projects), transmission mains, storage facilities and booster pump stations, reliability, and major replacements. These reports are based upon detailed analyses and hydraulic modeling, current and projected customer demands, the current and projected state of water supply infrastructure such as pipelines, pumping stations, and production facilities, and current and projected regulations and standards related to water quality, water storage, land uses, and other factors impacting water service needs. Because of the relatively short planning horizon of the CIP Engineering Report, additional project criteria refinement for projects identified in the IRP is appropriate.

The District's CIP includes all projects identified in both the IRP and CIP Engineering Reports, as well as other maintenance and reliability projects and extraordinary expense items. New projects that are not developed during the planning process, and thus not contained within the CIP Spreadsheet, may be added as needed. Depending on the cost and type of project, Board approval for funding may be required. Typically, new projects are identified either during the annual budget process or as a result of regularly held Engineering/Operations Project Coordination Meetings.

### **Capital Improvement Program Budget**

The District's Capital Improvement Program Budget totals \$43.7 million for FY 2021/22 and \$38.9 million for FY 2022/23. The projects included in this two-year budget are consistent with the District's water master plan, the IRP, and CIP Engineering Report, which identify projects as being required for the replacement of existing infrastructure or projects for expansion.

Projects that are budgeted within the Capital Improvement Program Budget fall within the definition of Capital Expenditures, meaning they (1) create or extend the lives of assets, (2) their work products have a useful life of greater than one year, and (3) they involve an expenditure of District resources in excess of \$5,000.

The FY 2021/22 and FY 2022/23 Adopted Budget includes the following capital projects, listed by category: Distribution System, Ground Water, Vehicle, Headquarters Facility, Engineering, and Operations.

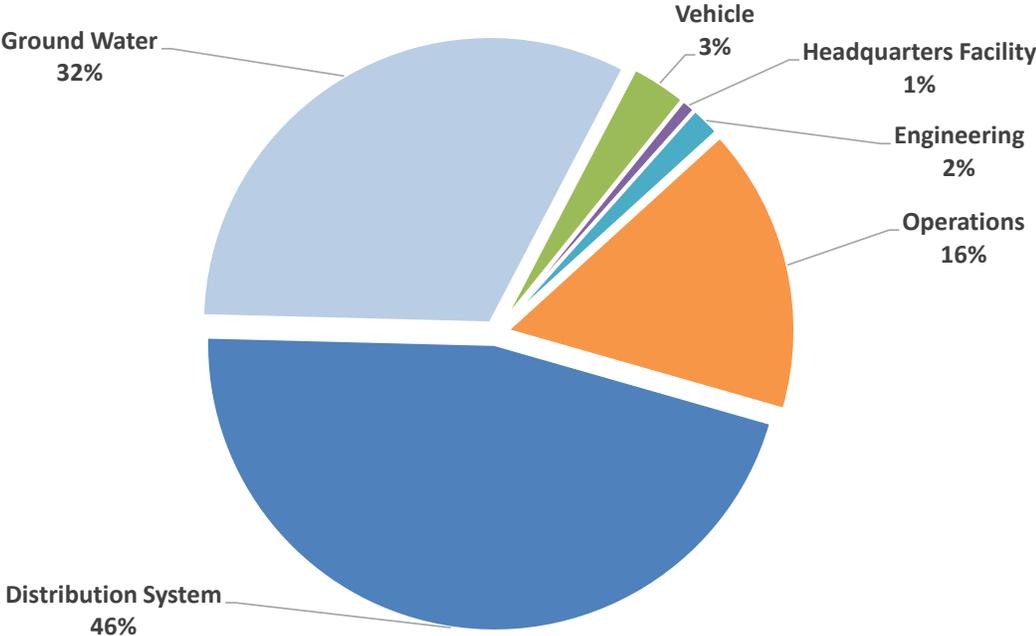
**CAPITAL PROJECTS  
SUMMARY  
(\$ in thousands)**

	FY 19/20 Actual Expense				FY20/21 Amended Budget	FY 20/21 Estimated Actual			
	Total	GF	FIF	FRF		Total	GF	FIF	FRF
Distribution System	\$9,765	\$4,282	\$1,100	\$4,383	\$32,689	\$20,587	\$15,387	\$3,505	\$1,694
Ground Water	14,476	11,583	2,894	-	18,364	20,390	16,121	4,269	-
Vehicle	666	666	-	-	551	488	488	-	-
Headquarters Facility	424	424	-	-	2,177	1,409	1,409	-	-
Engineering	546	351	195	-	749	226	153	73	-
Operations	480	470	10	-	1,904	888	816	72	-
<b>Total Capital Projects</b>	<b>\$26,359</b>	<b>\$17,776</b>	<b>\$4,199</b>	<b>\$4,383</b>	<b>\$56,434</b>	<b>\$43,987</b>	<b>\$34,373</b>	<b>\$7,919</b>	<b>\$1,694</b>

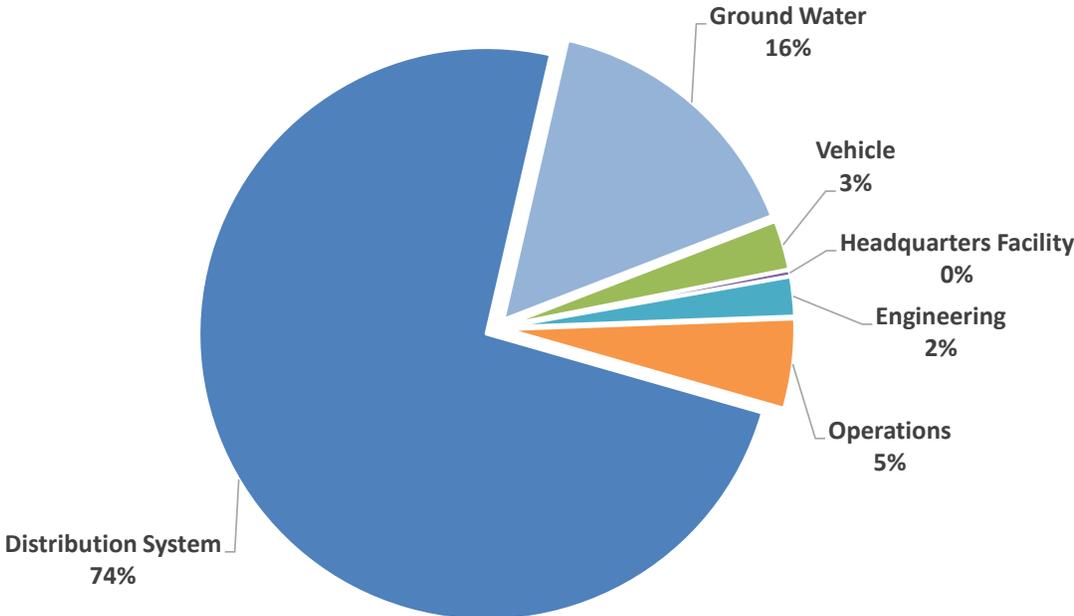
**CAPITAL PROJECTS  
SUMMARY  
(\$ in thousands)**

	FY 21/22 Adopted Budget				FY 22/23 Adopted Budget			
	Total	GF	FIF	FRF	Total	GF	FIF	FRF
Distribution System	\$20,065	\$16,320	\$2,725	\$1,020	\$28,864	\$23,009	\$4,245	\$1,610
Ground Water	14,076	11,126	2,950	-	6,043	4,938	1,105	-
Vehicle	1,359	1,359	-	-	1,075	1,075	-	-
Headquarters Facility	345	345	-	-	125	125	-	-
Engineering	730	624	105	-	860	860	-	-
Operations	7,081	6,978	103	-	1,961	1,813	148	-
<b>Total Capital Projects</b>	<b>\$43,655</b>	<b>\$36,752</b>	<b>\$5,883</b>	<b>\$1,020</b>	<b>\$38,928</b>	<b>\$31,819</b>	<b>\$5,499</b>	<b>\$1,610</b>

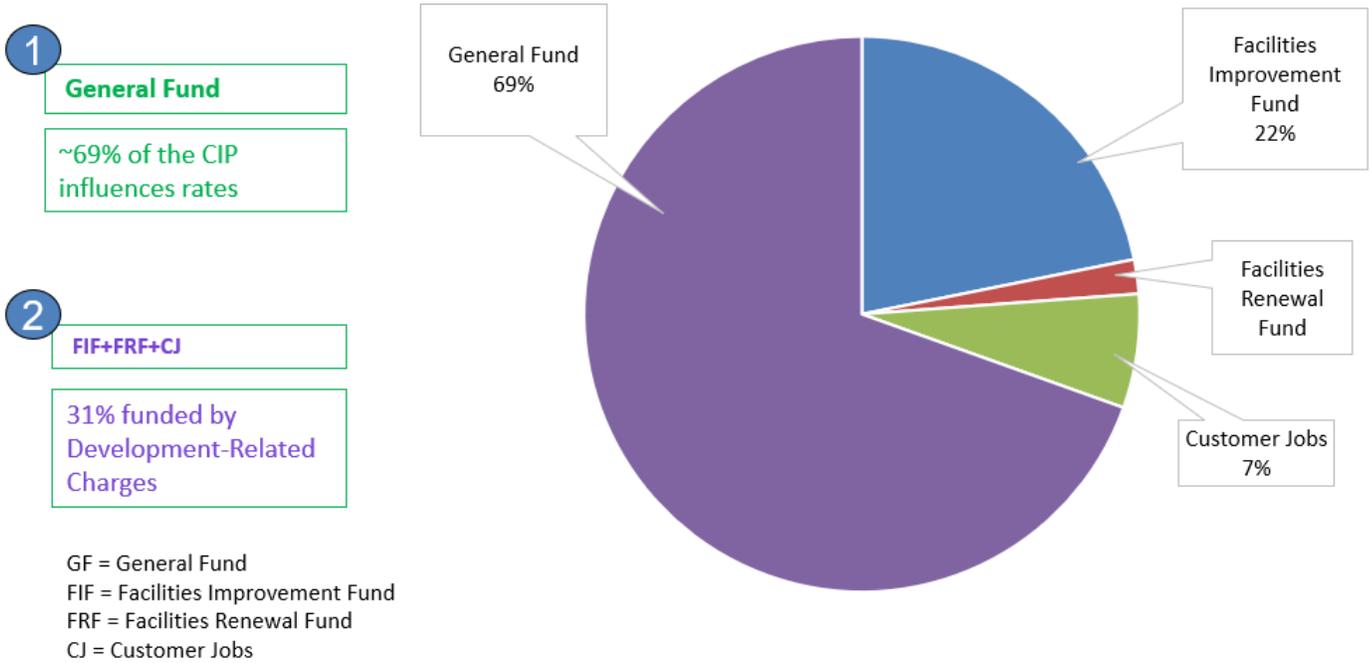
**Capital Improvement Program  
FY 2021/22 Adopted CIP Budget  
\$43.7 million**



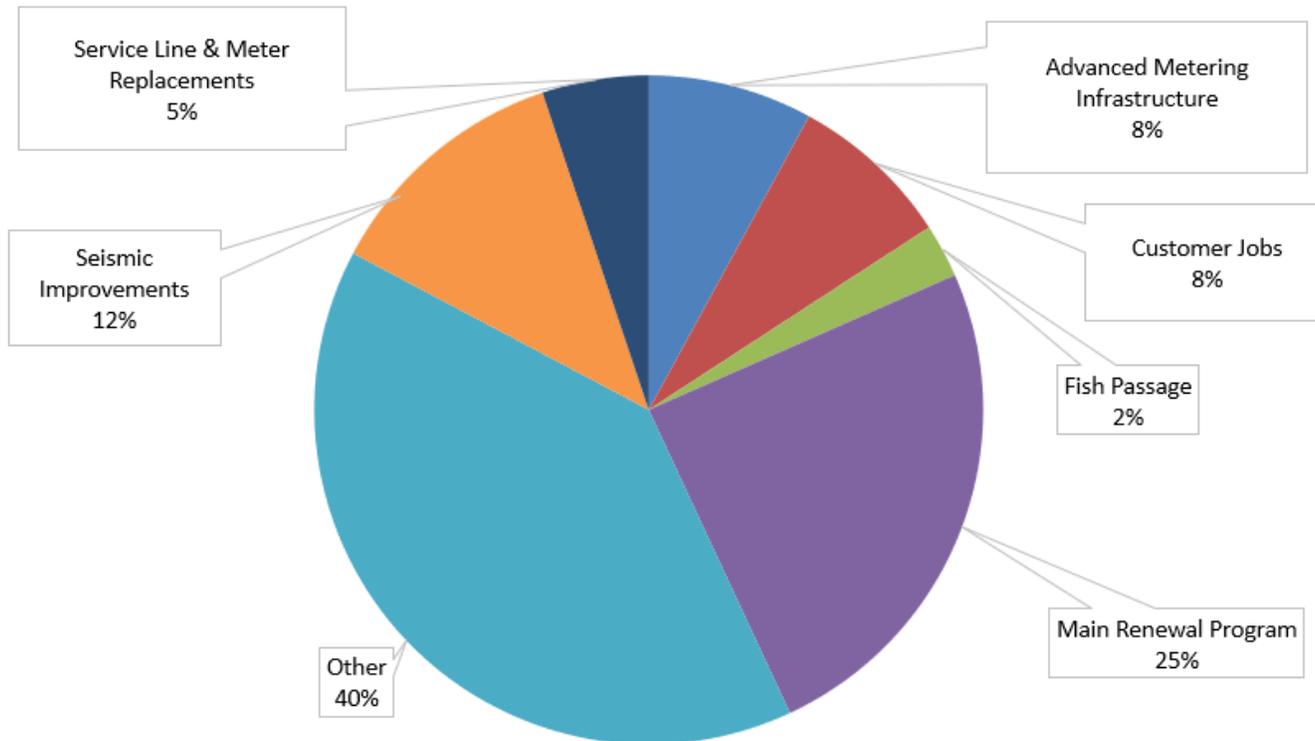
**Capital Improvement Program  
FY 2022/23 Adopted CIP Budget  
\$38.9 million**



## 25 Year CIP – by Funding Source



## 10 Year CIP – by Program



### FY 2021/22 Projects and Programs (>\$500,000)

Project Title	Annual Budget (FY 21/22)	Multi-Year Project Cost*
Service Line Emergency Replacement Program	\$ 1,900,000	
Niles Cone Groundwater Basin Extraction Well Site Evaluation	\$ 1,168,567	
Alternative Update and Model Upgrade Project	\$ 579,430	\$ 1,419,685
WTP2 Filter Media Replacement	\$ 538,179	\$ 1,126,358
Los Vaqueros Reservoir Expansion Project	\$ 2,500,000	\$ 98,500,000
Advanced Metering Infrastructure	\$ 10,344,930	\$ 43,803,945
Vehicle Capital - Construction Equipment and Machinery	\$ 500,000	
Avalon Tank Slope Stabilization Improvements	\$ 1,318,728	\$ 3,231,763
SCADA Systems Replacements	\$ 700,652	\$ 5,113,727
Alvarado Niles Pipeline Seismic Improvement Project	\$ 999,996	\$ 30,284,079
Rubber Dam No. 1 - Fabric Replacement, and Control Building & Equipment Modifications	\$ 1,246,844	\$ 8,395,112
Rubber Dam 1 - Fish Ladder	\$ 5,934,955	\$ 30,250,266
Shinn Pond Fish Screen	\$ 4,228,351	\$ 14,566,568
Watershed preservation and protection	\$ 5,000,000	

### FY 2022/23 Projects and Programs (>\$500,000)

Project Title	Annual Budget FY22/23	Multi-Year Project Cost*
Service Line Emergency Replacement Program	\$ 1,900,000	
Brackish Groundwater Reclamation Project-Desal Replacement	\$ 2,879,240	\$ 12,793,476
WTP2 Filter Media Replacement	\$ 538,179	\$ 1,419,685
Los Vaqueros Reservoir Expansion Project	\$ 4,000,000	\$ 98,500,000
Main Renewal - Lindsey Tract	\$ 500,000	\$ 5,230,000
Advanced Metering Infrastructure	\$ 15,608,563	\$ 43,803,945
Vehicle Capital - Construction Equipment and Machinery	\$ 900,000	
MSJ Tank Improvements	\$ 500,000	\$ 2,218,226
Avalon Tank Slope Stabilization Improvements	\$ 1,000,000	\$ 3,231,763
SCADA Systems Replacements	\$ 920,402	\$ 5,113,727
Distribution PLC Upgrade	\$ 529,362	\$ 15,062,604
Vallecitos Channel Betterments	\$ 1,772,152	\$ 2,473,486
Alameda Reservoir Roof Replacement	\$ 3,000,000	\$ 12,842,671
Curtner Road Booster Station Upgrade	\$ 1,000,000	\$ 4,693,663

\*Total project estimate for projects spanning multiple years

**CAPITAL PROJECTS  
DISTRIBUTION SYSTEM  
(\$ in thousands)**

<b>CIP No</b>	<b>Description</b>	<b>FY 19/20 Actual Activity</b>	<b>FY 20/21 Amended Budget</b>	<b>FY 20/21 Estimated Actual</b>	<b>FY 21/22 Adopted Budget</b>	<b>FY 22/23 Adopted Budget</b>
BB0101B	Canyon Heights Booster Station Upgrade/Replacement	\$178	\$600	\$900	\$481	-
BB0602B	Seven Hills Booster Station Study and Upgrade	-	-	-	50	50
BB1501	PR-1 Booster Station	30	10	5	-	-
EE0201B	Engineering Report for CIP	215	150	40	100	50
MD0110B	Zone Valve Relocation - Warm Springs	-	-	-	32	27
MM4011	East West Connector Project	-	5	-	-	-
MM4012	ACFC Crossings	7	61	51	49	-
MM8007	Main Renewal - MR1 Driscoll	676	3,000	400	100	100
MM8008	Main Renewal - MR3 Central Newark	336	2,458	400	100	200
MM8006	Alvarado Niles Pipeline Seismic Improvement Project	1,111	11,792	10,700	1,000	138
MN0101B	Cathodic Protection Improvements and Additions	9	538	5	212	465
PJ0110	MSJWTP - Replace Diesel Generator and Cooling System	151	25	7	-	-
SR0650	Patterson Reservoir Remediation Project	34	30	-	50	89
ST0251B	Canyon Heights Tank Improvements	1,513	146	96	-	-
ST0551B	MSJ Tank Improvements	8	68	68	323	500
BB0203B	Curtner Road Booster Station Upgrade	131	407	200	200	1,000
BB1351B	Avalon Heights Booster Improvements and Equipment Replacements	-	55	-	40	-
EE0601	Hazard Mitigation and Emergency Response Strategic Planning	185	-	-	-	-
GA5005	Desal Production Well Equipment Replacement	30	155	25	66	66
MD0101	Service Line Emergency Replacement Program	1,403	1,551	1,480	1,900	1,900
MD0102	Service Line Incidental Replacement Program	139	201	200	168	168
MD6005	Advanced Metering Infrastructure	845	5,000	2,000	10,345	15,609

**CAPITAL PROJECTS  
DISTRIBUTION SYSTEM  
(\$ in thousands)**

<b>CIP No</b>	<b>Description</b>	<b>FY 19/20 Actual Activity</b>	<b>FY 20/21 Amended Budget</b>	<b>FY 20/21 Estimated Actual</b>	<b>FY 21/22 Adopted Budget</b>	<b>FY 22/23 Adopted Budget</b>
MD0111	Service Lines - Lead Evaluation	144	100	10	31	31
MD0201	Water Meter Replacement Program - Large Meters	202	104	37	20	20
MD0202	Water Meter Replacement Program - Medium Meters	60	276	-	5	5
MD5001B	Distribution System Large Valve Replacement Program	164	35	35	35	35
MU5002	Regulator Site Improvements and Equipment Replacements	2	30	27	15	15
PF0201	Durham Take-off Improvements	-	-	1	-	-
PH0151B	PT Blending Facility Improvements and Equipment Replacements	43	25	10	45	45
PH0251B	Desal Facility Improvements / Equipment Replacements	146	75	24	55	55
PH0252B	Membranes for Desal Facility	83	-	-	-	-
PJ0251C	WTP No.2 Improvements and Equipment Replacements	162	663	648	168	108
PW0351B	Mowry and PT Wellfields - Replacement Pumping Equipment	174	180	189	56	56
PW5001B	Wellfield General Improvements and Equipment Replacements	91	45	10	40	40
YI0102B	Distribution PLC Upgrade	61	250	135	200	529
YI0103B	Watershed SCADA additions to Distribution SCADA	-	10	-	27	27
BB0851	Washington Booster Improvements (Phase 1 and 2)	-	-	-	84	281
EE0202	Desal Reliability Project	-	41	-	-	-
EE0501	CIP Planning/Facility Assessments	1	-	-	-	-
MD0203	Water Meter Replacements - Small Meters	-	-	-	26	26
MD6004	Meter Test Bench Upgrades	-	-	-	190	60
MM8012	Main Renewal - Lindsey Tract	-	-	-	150	500
ST0752	Avalon Tank Slope Stabilization Improvements	217	487	265	1,319	1,000

**CAPITAL PROJECTS  
DISTRIBUTION SYSTEM  
(\$ in thousands)**

<b>CIP No</b>	<b>Description</b>	<b>FY 19/20 Actual Activity</b>	<b>FY 20/21 Amended Budget</b>	<b>FY 20/21 Estimated Actual</b>	<b>FY 21/22 Adopted Budget</b>	<b>FY 22/23 Adopted Budget</b>
SR8001B	BF Tank and Reservoir Seismic Upgrades (Appian)	-	-	-	-	50
AK0352	Water Quality Laboratory Equipment Program	-	42	-	-	-
BB1602	B16 WTP2 Zone 3 Booster Discharge Pipeline Replacement	-	68	28	177	-
BB5001	Booster Stations- Facility Improvements / Equipment Replacement	116	25	62	45	45
MD0112	Distribution Leak Detection System	-	175	175	132	132
MD5001	Distribution System Large Valve Replacement Program	-	205	55	72	72
MM8011	Main Renewal - Small Diameter Pipeline Renewal	1,056	2,400	1,600	100	100
MU0101B	FR1 Upgrade	-	-	-	-	358
MU0501B	Dry Creek Regulator Upgrade	-	41	-	43	-
PH0154B	Blending Facility Low Flow Control Modifications/Neat Feed	22	285	100	234	308
PJ0208B	WTP2 Process Basin Concrete Grouting	-	82	-	344	291
SR0101	Alameda Reservoir Roof Replacement	6	200	60	382	3,000
SR0201	Decoto Reservoir Roof Replacement	10	161	44	259	359
SR0251	Decoto - Lining/Structural/Mechanical/WQ Improvements	1	-	-	-	-
SR0403	Mayhew Reservoir Control Valve Vault	-	-	-	40	100
SR5001	Reservoir- Facility Improvements/ Equipment Replacement	1	50	38	25	25
ST5001	Tanks- Facility Improvements/ Equipment Replacement	-	25	22	20	25
YI0204	Clean Energy Implementations	-	274	415	8	-
YI0204a	Clean Energy - Implementation of PPA	-	80	20	203	207
SR0601	Patterson Reservoir Roof Replacement	-	-	-	-	312
PJ0150	MSJWTP Improvements & Equipment Replacements	-	-	-	50	15
PJ0154	MSJWTP Property Improvements	-	-	-	250	-
YI0106	Desal PLC Upgrade Project	-	-	-	-	272
<b>Total</b>		<b>\$9,765</b>	<b>\$32,689</b>	<b>\$20,587</b>	<b>\$20,065</b>	<b>\$28,864</b>

**CAPITAL PROJECTS  
GROUND WATER  
(\$ in thousands)**

CIP No	Description	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY 21/22 Adopted Budget	FY 22/23 Adopted Budget
GG0302B	Kaiser Pond Diversion Improvement Project	\$93	-	\$29	\$20	\$22
GG0305	Pit T-2 Slope Rehabilitation	4	-	-	-	-
GG0501	Vallecitos Channel Betterments	161	301	-	-	-
GG1301B	Shinn Pond Fish Screen	4,389	3,283	4,632	4,228	-
GG4103B	Rubber Dam 1 - Fish Ladder	8,703	9,866	12,865	5,935	-
GG4302B	Rubber Dam No. 3 Fabric Replacement	53	58	-	76	-
GG4303B	Rubber Dam No. 3 Fish Ladder	121	52	58	13	-
GA0901	New Aquifer Reclamation Program Well	40	500	100	10	10
GG0601B	Monitoring Well Construction Project	-	19	-	27	354
GG5001	GW Supply Facilities Improv/Equip Replacements	1	40	10	40	40
GG5004	Old Jarvis Road Irrigation Well Destruction Grant Project	-	228	160	160	-
GG7001	G-G 70.01 Groundwater Basin Flow Model (Upgrade)	-	928	756	579	-
GA5004	Montecito Well Site Demolition	1	-	-	-	-
GG0501B	Vallecitos Channel Betterments	1	-	636	65	1,772
GG4101B	Rubber Dam No. 1 - Fabric Replace, Ctrl Bldg & Equip Mod	910	2,240	1,095	1,247	-
GG4203	BF Rubber Dam No. 2 Larinier Fishway	-	-	-	-	481
GA1001	Niles Cone Groundwater Basin Extraction Well Site Evaluation	-	848	37	1,169	-
GA5007	Brackish Groundwater Reclamation Project-Desal Replacement	-	-	-	80	2,879
GG4303B2	Fish Passage Facility Grating Assessment	-	-	-	99	99
GG5006	Fisheries SCADA integration	-	-	-	75	-
GG5007	Groundwater PFAs Sampling and Source Investigation	-	-	11	150	150
GG5008	Groundwater SGMA Enhancement	-	-	-	102	102
YI0104	H02 - Foundation Fieldbus Replacement	-	-	-	-	134
<b>Total</b>		<b>\$14,476</b>	<b>\$18,364</b>	<b>\$20,390</b>	<b>\$14,076</b>	<b>\$6,043</b>

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

<b>CIP No</b>	<b>Description</b>	<b>FY 19/20 Actual Activity</b>	<b>FY 20/21 Amended Budget</b>	<b>FY 20/21 Estimated Actual</b>	<b>FY 21/22 Adopted Budget</b>	<b>FY 22/23 Adopted Budget</b>
AV0101	Vehicle Capital - Air Quality Reg'd Equip Upgrades	\$106	\$ -	\$ -	\$ -	\$ -
AV0102	Vehicle Capital - Light Duty Vehicles	278	145	206	414	105
AV0104	Vehicle Capital - Heavy -Duty Vehicles	151	150	36	375	-
AV0152	Equipment and Tools - Distribution Maintenance	-	66	18	60	60
AV0153	Equipment and Tools - Facilities Maintenance	-	30	-	-	-
AV0154	Equipment and Tools - General Facilities	-	10	5	10	10
AV0103	Vehicle Capital - Construction Equipment and Machinery	132	150	223	500	900
<b>Total</b>		<b>\$666</b>	<b>\$551</b>	<b>\$488</b>	<b>\$1,359</b>	<b>\$1,075</b>

**CAPITAL PROJECTS  
HEADQUARTERS FACILITY  
(\$ in thousands)**

<b>CIP No</b>	<b>Description</b>	<b>FY 19/20 Actual Activity</b>	<b>FY 20/21 Amended Budget</b>	<b>FY 20/21 Estimated Actual</b>	<b>FY 21/22 Adopted Budget</b>	<b>FY 22/23 Adopted Budget</b>
AQ0110	Board Room Audio-Visual Upgrades	\$214	\$50	\$30	\$75	\$25
AQ0103	Headquarter Facility -HVAC Upgrades	-	70	-	-	-
AQ0151C	Headquarters Facility Improvement/ Equipment Replacement	211	257	110	270	100
AQ0152	Headquarter Facility- Reroof Building Office Complex and Garage	-	1,800	1,269	-	-
<b>Total</b>		<b>\$424</b>	<b>\$2,177</b>	<b>\$1,409</b>	<b>\$345</b>	<b>\$125</b>

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

<b>CIP No</b>	<b>Description</b>	<b>FY 19/20 Actual Activity</b>	<b>FY 20/21 Amended Budget</b>	<b>FY 20/21 Estimated Actual</b>	<b>FY 21/22 Adopted Budget</b>	<b>FY 22/23 Adopted Budget</b>
AK0103	IT Custom Applications-DCJETS Replacement and Upgrades	\$185	\$129	\$50	\$77	-
AK0104B	IT - Cityworks for Groundwater Permits	34	25	\$75	\$95	-
AK0109	IT Infrastructure Upgrades - Capital	92	75	\$75	\$225	\$250
AK0110	IT Records Management Project	90	220	\$25	\$225	\$125
AK0251	Engineering Department - Capital Equipment and Materials	-	-	\$1	\$33	\$5
AK0165	IT Enterprise Software Upgrades - MS Office, SharePoint, Exchange	144	-	-	-	-
AK0167	IT Enterprise Software Upgrades - JD Edwards	-	300	-	-	-
YI0603	Electrical Redundancy & Reliability for IT Systems	-	-	-	-	\$78
MD0104	Distribution System Seismic Study Update	-	-	-	\$74	\$402
<b>Total</b>		<b>\$546</b>	<b>\$749</b>	<b>\$226</b>	<b>\$730</b>	<b>\$860</b>

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

CIP No	Description	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY 21/22 Adopted Budget	FY 22/23 Adopted Budget
AK0104	Citywork Interface DMD	-	\$100	\$50	\$50	-
GA5006	Desal Supply Well Pilot Study	15	-	-	-	-
PH0155	Re-pipe Blending Facility S-1 sample line	-	-	-	3	-
YI0101	SCADA Systems Software Replacements	73	859	650	701	920
YI0101B	SCADA Systems Infrastructure Upgrades	122	100	10	227	100
YI0502B	Communications Projects - Production and Storage	261	275	41	-	60
YI0601	Facility Arc Flash Calculation and Labeling	-	190	50	360	-
YI5002B	Avalon System Fiber Optic Systems Upgrades	-	50	-	-	20
YI5004	Physical Security Upgrades at Critical District Facilities	8	-	9	-	-
MD5001	Facilities Maintenance Shop	-	330	-	165	165
AV0153	Equipment and Tools - Facilities Maintenance	-	-	9	10	10
EE0202	Desal Reliability Project	-	-	20	27	-
GG9903	Watershed preservation and protection	-	-	-	5,000	-
PH0108a	PFAS treatment (CIP)	-	-	-	-	134
PJ0262	WTP2 Filter Media Replacement	-	-	50	538	538
PW0302	PFAS related wellfield or distribution system modifications (CIP)	-	-	-	-	13
<b>Total</b>		<b>\$480</b>	<b>\$1,904</b>	<b>\$888</b>	<b>\$7,081</b>	<b>\$1,961</b>

**CAPITAL PROJECTS  
CUSTOMER JOBS  
(\$ in thousands)**

CIP No	Description	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY 21/22 Adopted Budget	FY22/23 Adopted Budget
MD0109	Customer Generated Distribution System Improvements	\$5,687	\$4,136	\$3,800	\$4,348	\$4,459

## Impacts of Capital Projects on Operating Costs

Nearly all the capital projects budgeted for FY 2021/22 and FY 2022/23 relate to renewal or replacement of existing water infrastructure and there are few significant operating impacts. However, the following nonrecurring projects have significant impacts on District operations. Although these projects will impact District operations, the budgetary impacts are not fully developed as the capital projects are largely still in construction during the budget period.

### 1) Advanced Metering Infrastructure (AMI) Project:

The District is in the process of implementing an Advanced Metering Infrastructure (AMI) Project designed to benefit the District and its customers. The District's AMI Project includes the deployment of both AMI metering technology for all consumption meters and a best-in-class customer web portal to provide customer self-service access to the AMI data and customer service functions.

The deployment of AMI will have significant impact on staff labor both during the transition deployment period and after AMI implementation. Industry leading practices will be utilized for recommending new positions, updating, or creating new policies, updating current business processes, and developing and adopting new business processes needed for the AMI system.

Operational impacts include:

- Manual meter reading will be automated through the AMI system.
- Addressing leaks proactively as consumption data is available in 15-minute intervals.
- Reduced field visits for customer requests and consumption related issues, such as tampering, reading verification and high bill complaints.
- Updated testing, installation, and removal process for new meter types with radio devices.
- Increased need for technological support for internal and external customers.
- Conduct water consumption analysis on daily, weekly, and monthly intervals.
- Enhanced efforts for customer engagement and conservation.
- Detecting meter issues, such as backflow events and non-registering meters, more frequently.
- Temporary dual processes during transition phase of the project.

### 2) Rubber Dam 1 Fish Ladder Project

The District is in the process of constructing a second fish ladder in Alameda Creek to allow for passage of threatened steelhead trout across the District's Rubber Dam 1 and the Alameda County Flood Control District's adjacent flood control drop structure. Completion of this ladder in 2021 will be the last in a series of capital projects to accommodate on-going Alameda Creek fishery restoration efforts.

Once the Rubber Dam 1 Fish Ladder is complete, the District will commence start-up of the facility and adjust operations on Alameda Creek to align with the requirements of a 2017 Biological Opinion (BiOp) issued by the National Marine Fisheries Service (NMFS) to minimize any impacts on steelhead. Most significantly, the BiOp includes a new requirement for minimum bypass flows on Alameda Creek that must be achieved in 2023, which will be implemented through a new Fish Ladder Operations for Water Sustainability (FLOWS) program.

Operational impacts include:

- Start-up and testing of the new Rubber Dam 1 Fish Ladder.
- Development of new facility operating procedures.
- Increased need for maintenance support during facility start-up.

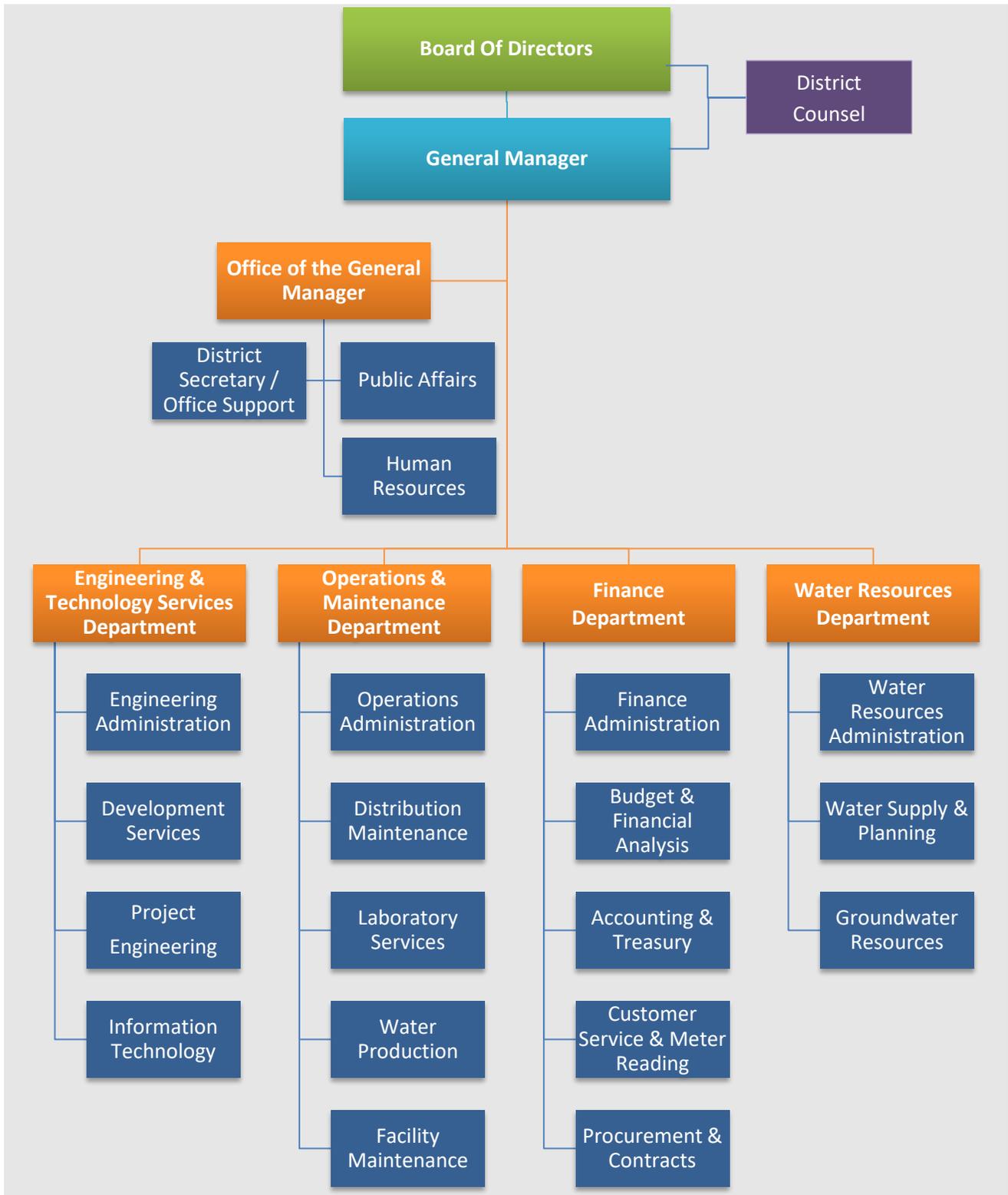
- Additional complexity to coordinate and integrate operations between multiple Alameda Creek facilities.
- Additional real-time weather monitoring to respond to storms more quickly to make facility adjustments.
- Conducting FLOWS program stakeholder outreach on operational changes and interagency coordination needs.
- Additional coordination with upstream agencies on bypass flows.
- Additional data collection and storage for compliance with BiOp and other regulatory permits.
- Development of additional reporting procedures.



**PERSONNEL**

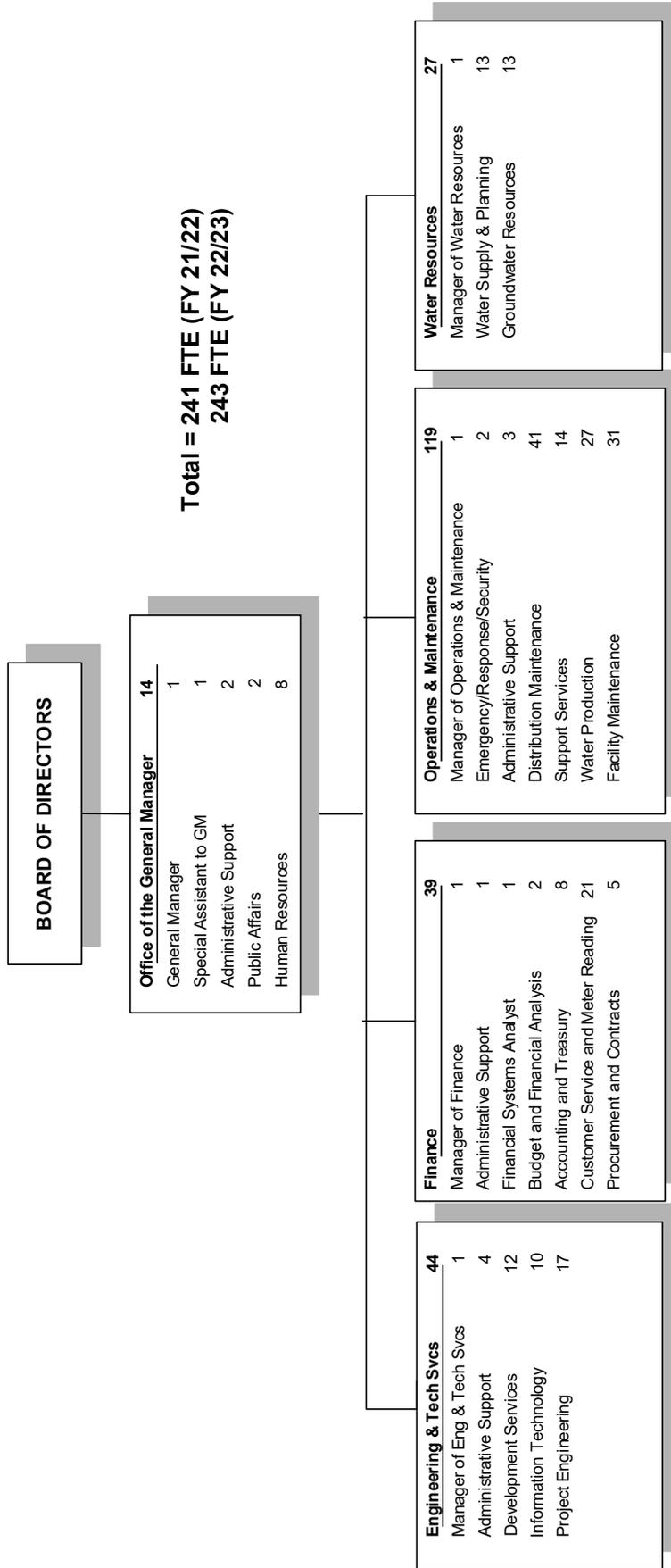
# PERSONNEL

## District Organizational Chart





**ALAMEDA COUNTY WATER DISTRICT  
FUNCTIONAL ORGANIZATIONAL CHART  
FY 21/22 & 22/23**

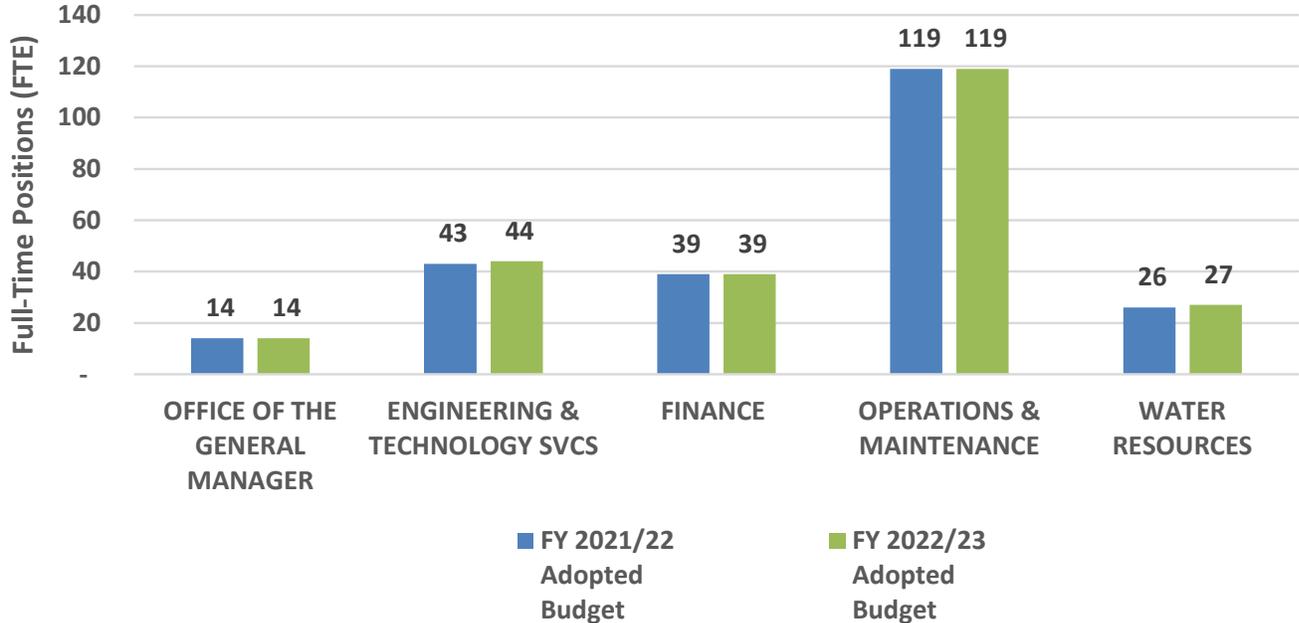


The table and charts below indicate the personnel summary by Department and Division and highlights the changes for FY 2021/22 and FY 2022/23. The position counts include both full time and temporary/part time positions.

## Personnel Summary by Department – Full Time

DEPARTMENT	FY 2019/20 Actual Activity		FY 2020/21 Amended Budget		FY 2021/22 Adopted Budget		FY 2022/23 Adopted Budget		Change 20/21 to		Change 21/22 to	
	FULL TIME	TEMP/ PART TIME	FULL TIME	TEMP/ PART TIME	FULL TIME	TEMP/ PART TIME	FULL TIME	TEMP/ PART TIME	FULL TIME	TEMP/ PART TIME	FULL TIME	TEMP/ PART TIME
OFFICE OF THE GENERAL MANAGER	13.0	1.0	13.0	1.0	14.0	1.0	14.0	1.0	1.0	0.0	0.0	0.0
ENGINEERING & TECHNOLOGY SVCS	41.0	1.0	41.0	3.0	43.0	3.0	44.0	3.0	2.0	0.0	1.0	0.0
FINANCE	37.0	2.0	38.0	2.0	39.0	2.0	39.0	2.0	1.0	0.0	0.0	0.0
OPERATIONS & MAINTENANCE	117.0	2.0	118.0	2.0	119.0	2.0	119.0	2.0	1.0	0.0	0.0	0.0
WATER RESOURCES	25.0	4.0	26.0	4.0	26.0	4.0	27.0	4.0	0.0	0.0	1.0	0.0
<b>TOTAL DISTRICT</b>	<b>233.0</b>	<b>10.0</b>	<b>236.0</b>	<b>12.0</b>	<b>241.0</b>	<b>12.0</b>	<b>243.0</b>	<b>12.0</b>	<b>5.0</b>	<b>0.0</b>	<b>2.0</b>	<b>0.0</b>

### Total Authorized Full-Time Positions



## Personnel Detail by Division – Full Time & Temporary/Part Time

Classification	FY 2019/20 Actual Activity	FY 2020/21 Estimated Actual	FY 2021/22 Adopted Budget	FY 2022/23 Adopted Budget
<b>Engineering Administration</b>				
Manager of Engineering & Technology Services	1.00	1.00	1.00	1.00
Office Assistant II	3.00	3.00	3.00	3.00
Office Supervisor II	1.00	1.00	1.00	1.00
	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>
<b>Development Services</b>				
Construction Inspector I/II	2.00	2.00	3.00	3.00
Construction Inspector I/II (Defined Term)	1.00	1.00	1.00	1.00
Development Services Manager	1.00	1.00	1.00	1.00
Engineer I	2.00	2.00	1.00	1.00
Engineering Technician I/II	4.00	4.00	5.00	5.00
Engineering Technician I/II (Defined Term)	1.00	1.00	1.00	1.00
Engineering Technician III	1.00	1.00	1.00	1.00
	<b>12.00</b>	<b>12.00</b>	<b>13.00</b>	<b>13.00</b>
<b>Project Engineering</b>				
Engineer I/II	6.00	6.00	8.00	8.00
Engineer III	4.00	4.00	3.00	3.00
Engineering Supervisor I/II	2.00	2.00	2.00	2.00
Engineering Technician II	1.00	1.00	1.00	1.00
Engineering Technician III	1.00	1.00	1.00	1.00
Project Engineering Manager	1.00	1.00	1.00	1.00
	<b>15.00</b>	<b>15.00</b>	<b>16.00</b>	<b>16.00</b>
<b>Information Technology</b>				
Information Security Officer	-	-	1.00	1.00
Information Systems Analyst II	2.00	2.00	2.00	2.00
Information Technology Manager	1.00	1.00	1.00	1.00
Information Technology Supervisor	1.00	1.00	1.00	1.00
Network Administrator II	1.00	1.00	1.00	1.00
Network Analyst II	1.00	1.00	1.00	1.00
Network Technician	1.00	1.00	1.00	1.00
Senior Business Analyst	1.00	1.00	1.00	1.00
Server & System Administrator II	1.00	1.00	1.00	1.00
	<b>9.00</b>	<b>9.00</b>	<b>10.00</b>	<b>10.00</b>
<b>ENGINEERING &amp; TECHNOLOGY SERVICES – FULL TIME</b>	<b>41.00</b>	<b>41.00</b>	<b>44.00</b>	<b>44.00</b>
Engineering Intern	0.00	2.00	2.00	2.00
Work Experience Education Student	1.00	1.00	1.00	1.00
<b>ENGINEERING &amp; TECHNOLOGY SERVICES – TEMP/PART TIME</b>	<b>1.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>

Classification	FY 2019/20 Actual Activity	FY 2020/21 Estimated Actual	FY 2021/22 Adopted Budget	FY 2022/23 Adopted Budget
<b>Operations Administration</b>				
Emergency & Security Services Planner	1.00	1.00	1.00	1.00
Emergency Response/Security Officer	1.00	1.00	1.00	1.00
Manager of Operations & Maintenance	1.00	1.00	1.00	1.00
Office Assistant II	2.00	2.00	2.00	2.00
Office Supervisor II (ADS)	1.00	1.00	1.00	1.00
QA/QC Officer	1.00	1.00	1.00	1.00
	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>
<b>Laboratory Services</b>				
Chemist I/II	4.00	4.00	4.00	4.00
Environmental Specialist	1.00	1.00	1.00	1.00
Laboratory Services Supervisor	1.00	1.00	1.00	1.00
Laboratory Technician I/II	3.00	3.00	3.00	3.00
Senior Chemist	1.00	1.00	1.00	1.00
	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b>Distribution Maintenance</b>				
Distribution Maintenance Manager	1.00	1.00	1.00	1.00
Distribution Maintenance Supervisor I	2.00	2.00	2.00	2.00
Distribution Maintenance Supervisor II	1.00	1.00	1.00	1.00
Meter/Cross Connection Worker II	4.00	4.00	4.00	4.00
Office Assistant II	1.00	1.00	1.00	1.00
Storekeeper II	1.00	1.00	1.00	1.00
Utility Worker I/II/III	30.00	30.00	30.00	30.00
	<b>40.00</b>	<b>40.00</b>	<b>40.00</b>	<b>40.00</b>
<b>Water Production</b>				
Engineer I /II	4.00	4.00	4.00	4.00
Engineering Supervisor I	1.00	1.00	1.00	1.00
Engineering Technician II	2.00	2.00	2.00	2.00
Treatment & Distribution Supervisor I/II	2.00	2.00	2.00	2.00
Treatment Facilities Operator/Trn/Adv	8.00	8.00	8.00	8.00
Water Production Manager	1.00	1.00	1.00	1.00
Water Treatment Plant Operator/Trn/Adv	13.00	13.00	13.00	13.00
	<b>31.00</b>	<b>31.00</b>	<b>31.00</b>	<b>31.00</b>
<b>Facilities Maintenance</b>				
Auto mechanic II	2.00	2.00	2.00	2.00
Electrician	3.00	3.00	3.00	3.00
Engineer I/II	2.00	2.00	2.00	2.00
Engineering Supervisor II	1.00	1.00	1.00	1.00
Engineering Technician II	1.00	1.00	1.00	1.00
Facilities Maintenance Supervisor	1.00	1.00	1.00	1.00
Facilities Maintenance Worker	2.00	2.00	2.00	2.00
Facility Maintenance Manager	1.00	1.00	1.00	1.00
Gardener II	2.00	2.00	2.00	2.00
Gardener III	1.00	1.00	1.00	1.00
General Facilities Supervisor	1.00	1.00	1.00	1.00

Classification	FY 2019/20 Actual Activity	FY 2020/21 Estimated Actual	FY 2021/22 Adopted Budget	FY 2022/23 Adopted Budget
Office Assistant II	1.00	1.00	1.00	1.00
Operations Systems Position - TBD	-	-	1.00	1.00
Planner/Scheduler	2.00	2.00	2.00	2.00
Senior Instrument Technician	4.00	4.00	4.00	4.00
Senior Operations Systems Analyst	1.00	1.00	1.00	1.00
Utility Mechanic I/II	5.00	5.00	5.00	5.00
	<b>30.00</b>	<b>30.00</b>	<b>31.00</b>	<b>31.00</b>
<b>OPERATIONS &amp; MAINTENANCE – FULL TIME</b>	<b>118.00</b>	<b>118.00</b>	<b>119.00</b>	<b>119.00</b>
Intern	2.00	2.00	2.00	2.00
<b>OPERATIONS &amp; MAINTENANCE – TEMP/PART TIME</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>
<b>General Manager Administration</b>				
Administrative Office Assistant III	1.00	1.00	1.00	1.00
Executive Assistant/District Secretary	1.00	1.00	1.00	1.00
General Manager	1.00	1.00	1.00	1.00
Special Assistant to the General Manager	-	-	1.00	1.00
	<b>3.00</b>	<b>3.00</b>	<b>4.00</b>	<b>4.00</b>
<b>Human Resources</b>				
Administrative Analyst II	1.00	1.00	1.00	1.00
Human Resources Analyst II	3.00	3.00	3.00	3.00
Human Resources Technician II	2.00	2.00	2.00	2.00
Human Resources/Risk Manager	1.00	1.00	1.00	1.00
Workplace Health & Safety Officer	1.00	1.00	1.00	1.00
	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>
<b>Public Affairs</b>				
Public Affairs Specialist II	1.00	1.00	1.00	1.00
Public Affairs Supervisor II	1.00	1.00	1.00	1.00
	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>
<b>OFFICE OF THE GENERAL MANAGER – FULL TIME</b>	<b>13.00</b>	<b>13.00</b>	<b>14.00</b>	<b>14.00</b>
Public & Community Affairs Intern	1.00	1.00	1.00	1.00
<b>OFFICE OF THE GENERAL MANAGER – TEMP/Part time</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>
<b>Finance Management</b>				
Administrative Analyst II	1.00	1.00	1.00	1.00
Manager of Finance	1.00	1.00	1.00	1.00
	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>
<b>Budget and Financial Analysis</b>				
Senior Financial Analyst	1.00	1.00	1.00	1.00
Supervising Financial Analyst	1.00	1.00	1.00	1.00
	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>

Classification	FY 2019/20 Actual Activity	FY 2020/21 Estimated Actual	FY 2021/22 Adopted Budget	FY 2022/23 Adopted Budget
<b>Accounting and Treasury</b>				
Accountant II	3.00	3.00	3.00	3.00
Accounting & Treasury Manager	1.00	1.00	1.00	1.00
Accounting Assistant I	3.00	3.00	3.00	3.00
Accounting Supervisor I	1.00	1.00	1.00	1.00
Financial System Analyst	1.00	1.00	1.00	1.00
	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>
<b>Customer Service and Meter Reading</b>				
Business Analyst II	1.00	1.00	1.00	1.00
Customer Account Field Representative	2.00	2.00	2.00	2.00
Customer Account Representative I/II	7.00	7.00	7.00	7.00
Customer Account Rep. I/II (Defined Term)	-	-	1.00	1.00
Customer Account Representative III	1.00	1.00	1.00	1.00
Customer Service Supervisor I	1.00	1.00	1.00	1.00
Customer Services & Systems Manager	1.00	1.00	1.00	1.00
Meter Reader	6.00	6.00	6.00	6.00
Meter Reader Supervisor	1.00	1.00	1.00	1.00
	<b>20.00</b>	<b>20.00</b>	<b>21.00</b>	<b>21.00</b>
<b>Procurement and Contracts</b>				
Buyer II	1.00	1.00	1.00	1.00
Office Assistant II	1.00	1.00	1.00	1.00
Procurement Specialist	1.00	1.00	1.00	1.00
Purchasing Officer I	1.00	1.00	1.00	1.00
Senior Buyer	1.00	1.00	1.00	1.00
	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>
<b>FINANCE – FULL TIME</b>	<b>38.00</b>	<b>38.00</b>	<b>39.00</b>	<b>39.00</b>
Work Experience Education Student	2.00	2.00	2.00	2.00
<b>FINANCE – TEMP/PART TIME</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>
<b>Water Resources Administration</b>				
Manager of Water Resources	1.00	1.00	1.00	1.00
	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>
<b>Water Supply and Planning</b>				
Engineer II	3.00	3.00	3.00	3.00
Engineering Technician II	1.00	1.00	1.00	1.00
Water Conservation Specialist I/II	2.00	2.00	2.00	2.00
Water Conservation Supervisor	1.00	1.00	1.00	1.00
Water Controller I/II	3.00	3.00	3.00	3.00
Water Operations Analyst I/II	-	-	1.00	1.00
Water Resources Planning Manager	1.00	1.00	1.00	1.00
Water Supply Supervisor	1.00	1.00	1.00	1.00
	<b>12.00</b>	<b>12.00</b>	<b>13.00</b>	<b>13.00</b>
<b>Groundwater Resources</b>				
Engineer I/II	3.00	3.00	3.00	3.00
Engineer III	1.00	1.00	1.00	1.00
Engineering Technician I/II	4.00	4.00	4.00	4.00

Classification	FY 2019/20 Actual Activity	FY 2020/21 Estimated Actual	FY 2021/22 Adopted Budget	FY 2022/23 Adopted Budget
Engineering Technician III	1.00	1.00	1.00	1.00
Groundwater Resources Manager	1.00	1.00	1.00	1.00
Hydrogeologist I/II	3.00	3.00	3.00	3.00
Well Ordinance Supervisor I	1.00	1.00	1.00	1.00
	<b>13.00</b>	<b>13.00</b>	<b>13.00</b>	<b>13.00</b>
<b>WATER RESOURCES – FULL TIME</b>	<b>26.00</b>	<b>26.00</b>	<b>27.00</b>	<b>27.00</b>
Engineering Intern	4.00	4.00	4.00	4.0
<b>WATER RESOURCES – TEMP/PART TIME</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>
<b>TOTAL DISTRICT - FULL TIME</b>	<b>236.00</b>	<b>236.00</b>	<b>241.00</b>	<b>243.00</b>
<b>TOTAL DISTRICT – TEMP/PART TIME</b>	<b>10.00</b>	<b>12.00</b>	<b>12.00</b>	<b>12.00</b>

### Changes in Position Counts

The FY 2021/22 and FY 2022/23 Adopted Budget includes an additional 7.00 FTE (5.00 FTE starting in FY 2021/22 and an additional 2.00 FTE in FY 2022/23) and a reclassification of 1.00 FTE in various departments to support District operations. The following are the changes in the authorized position counts:

#### Changes in FY 2021/22:

- 1) Add 1.00 FTE Special Assistant to the General Manager in the Office of the General Manager
- 2) Add 2.00 FTE Engineers in the Engineering & Technology Services Department
- 3) Add 1.00 FTE Customer Service Representative I (Defined-Term) in the Finance Department
- 4) Add 1.00 FTE Operations Systems Position in the Operations & Maintenance Department
- 5) Reclass 1:00 FTE Engineer position to Construction Inspector I/II in the Engineering & Technology Services Department

#### Changes in FY 2022/23:

- 1) Add 1.00 FTE Information Security Officer in the Engineering & Technology Services Department
- 2) Add 1.00 FTE Water Operations Analyst I/II in the Water Resources Department



# DEPARTMENT INFORMATION

# DEPARTMENT INFORMATION

## Organization Structure

The Board of Directors is responsible for establishing the policies and priorities of the District and hiring a General Manager to be responsible for the day-to-day operation of the District. The General Manager is responsible for supporting the Board of Directors and implementing the policy direction of the Board, as well as directing all activities of the District.

- Board of Directors
- Office of the General Manager

Reporting to the General Manager are the following four Departments:

- Engineering and Technology Services
- Operations and Maintenance
- Finance
- Water Resources

The Departments are organized into Divisions and they are the link to achieving the District's strategic goals and objectives. Departments are overseen by the Executive Staff and the Divisions are overseen by the Division Managers.

The next section includes the department and division summaries. The department summaries include staffing levels, operating expenses, and significant budget changes. The division summaries include the following: Description of Services Provided, Accomplishments, Goals and Objects, and Performance Measure Indicators.

Budget information for each department is rolled-up into three broad categories: Labor, Materials, and Outside Services. The following illustrates the major expenses that are included in each category.

- **Labor:** Employee Salaries
- **Materials:** Purchased Water, Power, Chemicals, Fuel, Computer Software, Computer Hardware/Supplies, Vehicle/Equipment Usage, Property and Liability Insurance, Permits and Rights of Way, Dues, Rebates, General Postage, and Outside Materials
- **Outside Services:** Professional Services, Legal Services, Miscellaneous Services, Contractor Services, Computer Services, Education and Training, and Administrative Overhead Allocation

ALAMEDA COUNTY WATER DISTRICT

**BOARD OF DIRECTORS**

# Board of Directors

## Description of Services Provided

The Board of Directors is responsible for establishing the policies and priorities of the District, hiring a General Manager to be responsible for the day-to-day operation of the agency, and holding the General Manager accountable to the community that the District serves.

The Board conducts monthly Regular Board Meetings, holds less formal Board Workshops (both open to the public for input), and delegates specific issues to five separate Board Committees.

Members of the Board represent the District to the community and hold positions in outside organizations in which the District holds an interest.

## Featured Major Projects, Programs, or Initiatives

The District has been engaged with federal and state agencies, local public agencies, and legislative issues associated with the Los Vaqueros Expansion Project, as well as numerous other issues impacting the State Water Project, the SFPUC regional water system, and Special District Governance.

While FY 2020/21 has been an especially challenging year for the District due to the scope and breadth of impacts associated with the unprecedented COVID-19 pandemic, the District has maintained a high level of customer service with very little impact to the customer.

## FY 2019/20 & 2020/21 Accomplishments

- Elected Board Officers for CY 2021.
- Attended Board Meetings and 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 Financing Authority, the Fremont Chamber of Commerce Government Affairs Committee, County of Alameda Countywide Oversight Board, and other organizations.
- Consulted with District’s General Counsel and District Secretary, as appropriate, to ensure compliance with all laws, statutes, and best practices for an elected County Water District Board of Directors.
- Recruited for and selected a new General Manager, effective July 2, 2021.

## FY 2021/22 & FY 2022/23 Goals and Objectives

Strategic Goals	Objectives
<b>Goal 1 – Maintain and Improve the Cost Effectiveness and Value of District Services</b>	<ul style="list-style-type: none"> <li>• Promote value and cost effectiveness through oversight of District operational activities and capital projects.</li> </ul>
<b>Goal 2 – Sustain a Reliable, High Quality Water Supply for District Customers</b>	<ul style="list-style-type: none"> <li>• Provide oversight and direction regarding District participation in water supply initiatives.</li> </ul>
<b>Goal 3 – Improve the District’s financial stability and transparency</b>	<ul style="list-style-type: none"> <li>• Monitor the District’s finances and consider water rate increase(s) as appropriate to address rising costs and the District’s overall objectives.</li> </ul>
<b>Strategic Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement</b>	<ul style="list-style-type: none"> <li>• Complete smooth transition to new General Manager. Monitor and provide policy guidance to new General Manager, as appropriate.</li> </ul>

Strategic Goals	Objectives
<b>Strategic Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities</b>	<ul style="list-style-type: none"> <li>• Work with the District’s Sacramento representative to support legislative-related outreach and activities, as needed.</li> <li>• Complete all required ethics and sexual harassment training, as required by law.</li> <li>• Attend conferences and educational seminars to keep abreast of important issues, and best practices related to water districts in California.</li> </ul>

## Department Expenditures

EXPENSE SUMMARY DEPARTMENT DETAIL (\$ in thousands)							
	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY21/22 Adopted Budget	FY22/23 Adopted Budget	% Chg 20/21	% Chg 21/22
Labor	\$65	\$65	\$65	\$65	\$65	0%	0%
Materials	23	26	26	13	26	-49%	96%
Outside Services	-	1	1	1	1	0%	0%
Board of Directors	<b>\$87</b>	<b>\$92</b>	<b>\$92</b>	<b>\$79</b>	<b>\$92</b>	<b>-14%</b>	<b>16%</b>

## Financial Comments

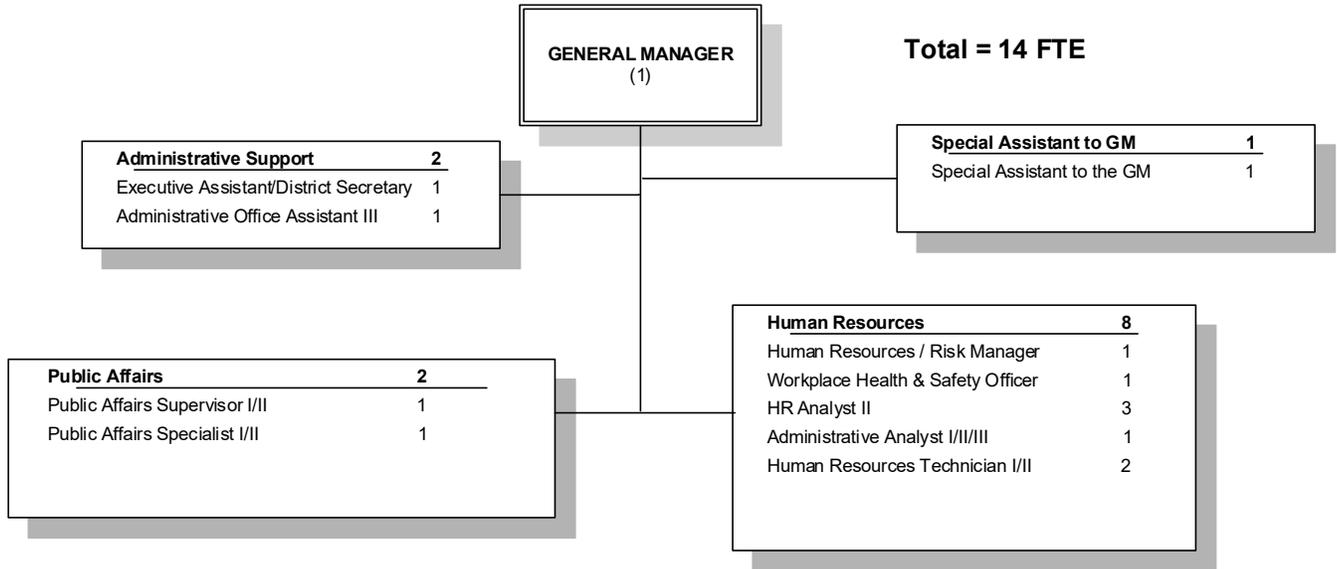
Increase in Materials is due to the District’s travel expenses for all departments assumed at 50% of normal for FY 2021/22 due to the COVID-19 pandemic. Travel expense budget is assumed at a normal level starting in FY 2022/23.



# OFFICE OF THE GENERAL MANAGER

# Office of the General Manager

ALAMEDA COUNTY WATER DISTRICT  
**OFFICE OF THE GENERAL MANAGER**  
 FY 21/22 & 22/23



## Description of Services Provided

The Office of the General Manager is responsible for supporting the Board of Directors and implementing the policy direction of the Board, as well as directing all activities of the District. Activities include establishing strategies, goals, objectives, policies, and procedures, implementing the District's long-term capital improvement program, directing the preparation and implementation of the District's financial program, and representing the District to federal, state and local public agencies, the media, and private organizations.

In addition to the chief executive function, the Office of the General Manager contains the Human Resources and Risk Management, Public Affairs, and District Secretary divisions.

## Featured Major Projects, Programs, or Initiatives

The District has been engaged with federal and state agencies, local public agencies, and legislative issues associated with the Los Vaqueros Expansion Project, as well as numerous other issues impacting the State Water Project, the SFPUC regional water system, and Special District Governance. While FY 2020/21 has been an especially challenging year for the District due to the scope and breadth of impacts associated with the unprecedented COVID-19 pandemic, the District has maintained a high level of customer service with very little impact to the customer.

## FY 2019/20 & 2020/21 Accomplishments

- Organizationally, the District achieved or made substantial progress on the District's Strategic Plan priorities and goals in a difficult operating environment.
- Maintained customer service in an environment in which about 40% of employees were working from home. Improved communications with employees, given the new operating environment.
- Transitioned to 100% virtual public Board Meetings and Board Workshops.

- Facilitated succession to a new General Manager after the recent announcement of the current General Manager's retirement, effective July 1, 2021.

### FY 2021/22 & FY 2022/23 Goals and Objectives

Strategic Goals	Objectives
<b>2018 Strategic Plan</b>	<ul style="list-style-type: none"> <li>Substantially complete objectives that were identified in the 2018 Five Year Strategic Plan and work with the Board of Directors to create and implement a new 5-year Strategic Plan.</li> </ul>
<b>Goal 3 – Improve the District's financial stability and transparency</b>	<ul style="list-style-type: none"> <li>Work with the Board of Directors and the community to evaluate the District's rate structure and water rates.</li> </ul>
<b>Strategic Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement</b>	<ul style="list-style-type: none"> <li>Complete smooth transition to new General Manager. New General Manager to provide oversight and support to all District departments in accomplishment of the District's strategic goals.</li> <li>Transition to post-COVID pandemic mode of operations.</li> </ul>
<b>Strategic Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities</b>	<ul style="list-style-type: none"> <li>Coordinate with external agencies and other organizations to further the District's interests, goals, and objectives.</li> </ul>

### Department Expenditures

EXPENSE SUMMARY DEPARTMENT DETAIL (\$ in thousands)							
	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY21/22 Adopted Budget	FY22/23 Adopted Budget	% Chg 20/21 21/22	% Chg 21/22 22/23
Labor	\$1,625	\$1,955	\$1,928	\$2,393	\$2,207	24%	-8%
Materials	1,276	1,217	1,102	1,347	1,344	22%	0%
Outside Services	1,249	1,386	1,360	1,504	1,534	11%	2%
Office of the General Manager	\$4,151	\$4,558	\$4,390	\$5,244	\$5,085	19%	-3%
Funded Staffing Level (FTE)	13.00	13.00	13.00	14.00	14.00	8%	0%

### Financial Comments

The FY 2021/22 and FY 2022/23 Adopted Budget includes an addition of 1.00 FTE Special Assistant to the General Manager position. The labor cost increase is also due to the MCP Bonus and leave payments for the retiring General Manager. Property & Liability Insurance increased by \$116,000 in FY 2021/22 and \$141,590 in FY 2022/23 compared to the FY 2020/21 Amended Budget.

# Human Resources and Risk Management

## Description of Services Provided

The Human Resources and Risk Management division is responsible for employee attraction, recruitment, engagement, and retention as well as identifying and evaluating risk exposure and the implementation of policies and procedures to avoid or minimize the impacts. Program areas include labor relations; employee wellness and engagement; performance management; employee training; risk management, including health and safety programs, safety training, property and liability claims, and workers' compensation claims; recruitment and onboarding; and benefits administration.

## Featured Major Projects, Programs, or Initiatives

The unprecedented events and COVID-19 pandemic in FY 2020/21 required many adjustments to the District's workforce as well as new legislated benefits and workplace safety procedures. The Division also continued to move forward a number of improvement initiatives to enhance employee engagement, safety, as well as internal division protocols and procedures.

## FY 2019/20 & 2020/21 Accomplishments

- Implemented newly legislated COVID-19 related benefits and additional District enhancements to maximize support to employees and their families.
- Implemented significant new safety protocols to prevent the exposure and spread of COVID-19 in the workplace.
- Launched the District's first Diversity, Equity, and Inclusion (DEI) Council and District-wide DEI Work Plan.
- Launched the District's second Employee Engagement Survey.
- Launched the reimplementation of the District's recruitment and onboarding software to streamline services and better leverage technology.
- Launched a workgroup to create a Performance Evaluation Pilot Program, with the goal to implement a coaching and goal-based model for unrepresented employee evaluations.
- Conducted a District-wide Classification and Compensation Study.
- Completed review of District insurance options with Board consideration.
- Transitioned and continued all standard recruitment, onboarding, and training activities and employee services to a virtual setting.
- Created work from home equipment policy and procedures.

## FY 2021/22 & FY 2022/23 Goals and Objectives

Strategic Goals	Objectives
<p><b>Strategic Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement</b></p>	<ul style="list-style-type: none"> <li>• Develop post-COVID workplace policies and environment.</li> <li>• Conclude labor negotiations with both union organizations.</li> <li>• Implement the Classification and Compensation Study.</li> <li>• Implement updated Health and Safety Program Manual.</li> <li>• Complete review of all HR-related Administrative Guidelines.</li> <li>• Implement new Recruitment Procedures Policy, following completion of recruitment platform reimplementation. Implement associated training for Managers/Supervisors.</li> </ul>

Strategic Goals	Objectives
	<ul style="list-style-type: none"> <li>• Implement the Diversity, Equity and Inclusion (DEI) Work Plan.</li> <li>• Implement Employee Engagement Action Plan following 2021 survey and recommendation findings.</li> <li>• Launch MCP Employee Evaluation Pilot Program and associated training.</li> <li>• Launch the third cohort of the Leadership Skills Training program.</li> <li>• Streamline onboarding process, including virtual onboarding process as well as post-hire onboarding and orientation process beyond an employee’s first day.</li> </ul>

**Performance Measures**

Performance Measures	Target	FY 2019/20 Actual	FY 2020/21 Estimate	FY 2021/22 Target	FY 2022/23 Target
Recruitment cycle duration – 5 months from requisition to candidate offer	5 months	Approx. 70%	Approx. 70%	Goal 90%	Goal 90%
Maintain healthy attrition rate	10%	8.5%	6%	9%	10%
Performance Evaluation Completion Compliance	75% on-time	60%	50%	60%	70%

# Public Affairs

## Description of Services Provided

The Public Affairs division is responsible for public outreach and community engagement, water education, media relations, and legislative affairs. Activities include development and dissemination of District news, outreach of the District’s capital improvement, conservation, rates and water quality programs, District and community event planning, local and regional coordination of public information, implementation of the school education program, and legislative tracking.

## Featured Major Projects, Programs, or Initiatives

The unprecedented events and COVID-19 pandemic in FY 2020/21 required many adjustments to the District’s communication and outreach. With shelter-in-place and physical distancing, the District shifted some of its traditional outreach efforts to virtual engagement. Through adaptations and virtual programming, the District was able to continue and, in some instances, enhance customer, community and stakeholder engagement.

## FY 2019/20 & 2020/21 Accomplishments

- Communicate the District’s COVID-19 response to community, stakeholders and local and regional partners with ongoing water quality and operational change messaging including safety of drinking water messaging, the District’s continued operation of essential services, and building reactivation guidance.
- Increased customer and community engagement through social media.
- Successfully launched Advanced Metering Infrastructure project public outreach plan for proof-of-concept, voluntary PFAS monitoring program, and main renewal and seismic upgrade programs.
- Transitioned school education program to 100% virtual and distance learning programming.
- Hosted three virtual community events reaching more than 2,000 online viewers.
- Monitored State Legislative and executive branch activities.

## FY 2021/22 & FY 2022/23 Goals and Objectives

Strategic Goals	Objectives
<p><b>Strategic Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities</b></p>	<ul style="list-style-type: none"> <li>• Develop an electronic newsletter.</li> <li>• Evaluate and expand water education program.</li> <li>• Host ribbon cutting event for completion of fish passage projects.</li> <li>• Increase public awareness of District-wide initiatives, programs, and projects with consistent, public-friendly messaging, including outreach for water conservation, rates, capital improvement projects and emergency preparedness.</li> <li>• Issue RFP for complete website redesign and hosting services.</li> <li>• Continue to monitor state and federal legislation on water policy, quality, conservation, local agency governance, and other issues impacting the District.</li> </ul>

## Performance Measures

Performance Measures	Target	FY 2019/20 Actual	FY 2020/21 Estimate	FY 2021/22 Target	FY 2022/23 Target
Timely mailing of minimum of three ACWD Aqueduct newsletters annually	~124,000 newsletters per issue	100%	100%	100%	Transition to e-newsletter

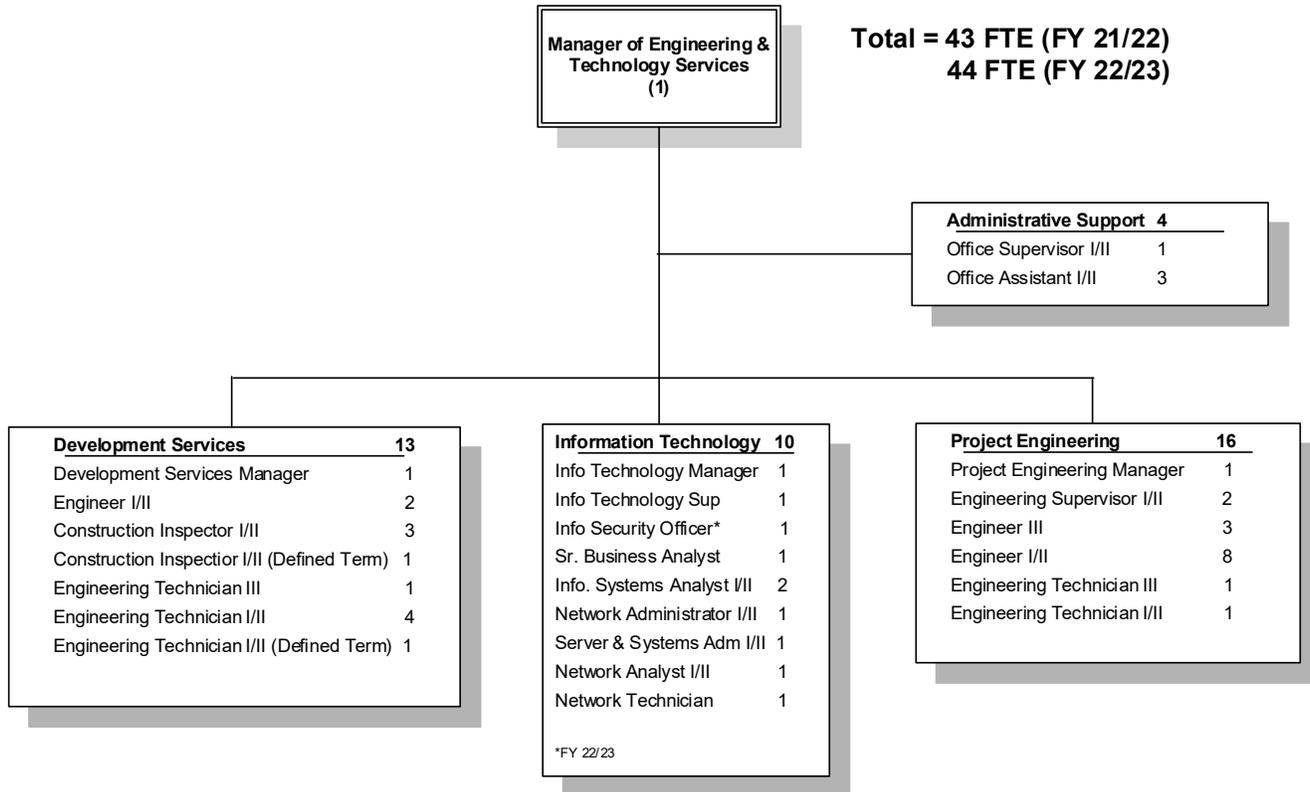
Performance Measures	Target	FY 2019/20 Actual	FY 2020/21 Estimate	FY 2021/22 Target	FY 2022/23 Target
Host District sponsored biennial event	One event every two years	Supported Niles Canyon Stroll & Roll	Virtual event	In person event	Support Niles Canyon Stroll & Roll
Water education program	Provide water education to 10,000 students annually	15,908	5,000	15,000	15,000



# **ENGINEERING & TECHNOLOGY SERVICES**

# Engineering & Technology Services Department

ALAMEDA COUNTY WATER DISTRICT  
**ENGINEERING & TECHNOLOGY SERVICES DEPARTMENT**  
**FY 21/22 & 22/23**



## Engineering Administration

It is the Mission of the Engineering & Technology Services (ETS) Department to provide exceptional service and expertise in the areas of information technology, new development, engineering planning, design, construction, and related technical and administrative support, in order to advance the District's Mission, while remaining effective stewards of the public trust.

### Featured Major Projects, Programs, or Initiatives

Faced by an expanding COVID-19 pandemic, the ETS department broadened available productivity tools and resources to support additional staff working remotely as well as enable all staff to maximize their efficiency and productivity whether working onsite or remotely. The Information Technology Division accelerated planned cybersecurity improvements and mobile device management while continuing aggressive migration of information systems and records to the cloud. The Project Engineering and Development Services divisions modified contracts and agreements to conform to state, county, and local health related orders and guidance. Department administration updated the department's business continuity planning and provided staffing to be trained in support of core operational needs of other departments.

ETS Administrative staff continued to support both the ETS Department and the Water Resources Department with multiple modified workflows, electronic approval processes, and remote and onsite services to support on

premise and remote work for all divisions and workgroups in both departments.

The department held four department-wide meetings during FY 2020/21 as well as monthly and weekly division and section staff meetings to maintain communication and collaboration across the department and the District. District Informational Presentation Series (DIPS) meetings continued throughout the year to allow all District staff to remain informed about important topics across the District and the water industry.

Despite continuing staff turnover, the department worked to maintain and increase staffing levels by filling vacancies with qualified staff.

## Department Expenditures

EXPENSE SUMMARY DEPARTMENT DETAIL (\$ in thousands)							
	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY21/22 Adopted Budget	FY22/23 Adopted Budget	% Chg 20/21 21/22	% Chg 21/22 22/23
Labor	\$3,477	\$3,742	\$3,333	\$3,451	\$4,025	4%	17%
Materials	338	451	421	452	459	7%	2%
Outside Services	2,255	3,232	3,166	2,589	3,197	-18%	23%
Engineering & Tech Services	\$6,070	\$7,424	\$6,921	\$6,493	\$7,681	-6%	18%
Funded Staffing Level (FTE)	41.00	41.00	41.00	43.00	44.00	5%	2%

## Financial Comments

Labor costs increase includes the additional three full-time positions (3.00 FTE) to support the activities of the department. Two Engineer positions are added starting in FY 2021/22 in the Project Engineering Division to provide support for the Capital Improvement Program. One Information Security Officer is added starting in FY 2022/23 in the Information Technology Division. One Engineer position is reclassified to Construction Inspector in the Development Services Division. Outside Services decreased by \$643,000 in FY 2021/22 compared to FY 2020/21 Amended Budget primarily due to lower overhead allocation costs for capital projects.

# Development Services

## Description of Services Provided

The Development Services division assists customers and developers needing new or modified water services or extensions to the public water system. It also handles distribution system related records, design and construction standards, cathodic protection and corrosion control program, and property related issues such as surplus property, licenses, acquisitions, disposal, annexations, and easements.

## Featured Major Projects, Programs, or Initiatives

The District’s Clean Energy Program will implement solar photovoltaic systems at several District facilities and properties. The program will be implemented over several fiscal years under Power Purchase Agreements (PPAs) with a solar developer in order to maximize value to the District while enhancing the environmental sustainability of the District’s operations.

The Cathodic Protection and Corrosion Control Program will evaluate and replace or rehabilitate existing impressed current cathodic protection systems, which protect buried steel pipelines and water storage tanks, and update related District standard specifications and drawings.

The implementation of Cityworks PLL software for Development Services will provide significant improvements to the Customer Job Order workflow process, eliminate the current process of preparing and tracking of Customer Job Orders on paper forms and Excel spreadsheets, improve efficiency of meeting customer needs, integrate effectively with existing systems including Cityworks AMS, and improve operational efficiencies.

## FY 2019/20 & 2020/21 Accomplishments

- Provided data to others, as needed, to support Large Water System report and AWWA Water Loss Audit.
- Advertised and negotiated Power Purchase Agreements (PPAs) for the District’s Clean Energy Program to implement solar photovoltaic systems at several District facilities and properties.
- Met or made significant progress on meeting turn-around goals for improvement plan reviews and customer job processing.
- Mapped approximately 12.5 miles of newly installed or renewed water mains.
- Continued to provide support related to new or modified water service and perform fire flow tests on behalf of both internal and external customers.
- Provided GIS maps and related records for existing facilities and infrastructure to both internal and external customers.
- Continued to assist with property acquisition in support of watershed protection and potential future establishment of conservation/mitigation land bank.
- Continued with configuration and testing of Cityworks PLL for Development Services.

## FY 2021/22 & FY 2022/23 Goals and Objectives

Strategic Goals	Objectives
<p><b>Strategic Goal 1 – Maintain and improve the cost effectiveness and value of District services</b></p>	<ul style="list-style-type: none"> <li>• Continue to review proposed development projects that include new water infrastructure to ensure compliance with standards, regulations, and District requirements for reliable service.</li> <li>• 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.</li> </ul>

Strategic Goals	Objectives
	<ul style="list-style-type: none"> <li>Continue to map new water system facilities and make updates to the District’s infrastructure records, as field verified information is provided, in GIS to provide accurate mapping of the District’s facilities.</li> <li>Implement consultant services for review and valuation of existing corrosion control and cathodic protection systems and provide recommendations to the program and specifications/drawings, as appropriate, to be consistent with current industry standards.</li> <li>Fully implement Cityworks PLL for Development Services to provide significant improvements to the Customer Job Order workflow process.</li> </ul>
<b>Strategic Goal 2 – Sustain a Reliable, High Quality Water Supply for District Customers</b>	<ul style="list-style-type: none"> <li>Continue to assist with property acquisition in support of watershed protection and potential future establishment of conservation/mitigation land bank.</li> </ul>
<b>Strategic Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement</b>	<ul style="list-style-type: none"> <li>Fully staff Development Services and provide opportunities for growth and employee engagement within Development Services.</li> <li>Continue to engage with other divisions/departments on collaboration, communication, and coordination related to new developments, new or revised water service, and support of District workgroups and programs.</li> </ul>

**Performance Measures**

Performance Measures	Target	FY 2019/20 Actual	FY 2020/21 Estimate	FY 2021/22 Target	FY 2022/23 Target
Meet Improvement Plan Review Turn-Around Goal	75% COF 101-150*	70%	70-75%	80-85%	80-85%
Meet Job Order Turn-Around Goal	6 weeks	75%	75-80%	75-80%	80-85%
Meet Public Water System Extension Agreement Preparation Goal	w/in 14 days of receipt of signed plans	85%	85-95%	85-95%	85-95%
Meet GIS Data/Mapping updates	w/in 30 days of receipt of information	75%	80-85%	80/85%	80-85%

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

# Project Engineering

## Description of Services Provided

The Project Engineering (PE) division develops, implements, and manages the District's Capital Improvement Program. The division secures permits, prepares designs and contract documents, and constructs capital projects that include new facilities and infrastructure replacements that support the operation and maintenance activities of the District. The Project Engineering division also provides technical support to other District divisions and functions.

## Featured Major Projects, Programs, or Initiatives

The Fish Passage Improvements Program is restoring migratory fish passage through Lower Alameda Creek through the construction of two new fishways, new screened water diversions, and related improvements to existing rubber dams. Construction of the first fishway was completed in May 2019. The three-year project to construct the second fishway and associated improvements commenced May 2019 and will be completed during FY 2021/22.

The Advanced Metering Infrastructure (AMI) Project will implement AMI technology throughout the District's service area. AMI will provide the District's customers access to leak detection and water use efficiency tools, enable enhanced customer service, and improve the District's operational efficiencies. The AMI deployment work will be completed in two phases, specifically a Proof of Concept (PoC) phase which commenced in late March 2021 and will install approximately 3,300 new AMI compatible ultrasonic meters, and a full-deployment phase which is anticipated to commence in July 2021 and be completed by December 2023. The project will also provide an online customer portal named "My Smart Water Connect" to provide District customers with safe and secure access to their AMI water consumption data, as well as enhanced customer service features and access to conservation tools.

The Main Renewal and Seismic Upgrade Program focuses on proactive renewal of distribution system water pipelines, water storage facilities, and other infrastructure to improve water service reliability and seismic reliability. The program is currently focused on the proactive renewal of aging water distribution and transmission infrastructure to prevent unmanageable numbers of pipeline failures while minimizing overall costs over the long term. Pipelines are prioritized for renewal based on a risk-model that considers several factors including likelihood of failure, consequence of failure, capacity constraints, and service to critical facilities. As part of the program, the District has replaced nearly 29,000 feet of pipeline and plans to invest an average of \$10 Million/year with increasing investments over time.

## FY 2019/20 & 2020/21 Accomplishments

- Received American Public Works Association (APWA) 2020 Award for Excellence in Public Works Projects for the Rubber Dam No. 3 Fishway Construction and Fabric Replacement Project.
- Completed seasonal in-channel construction work for the Rubber Dam No. 1 Fish Passage project in accordance with environmental permits.
- Completed construction of Alvarado-Niles Pipeline Seismic Improvement Project (Phase I) in Union City that includes installation of approximately 9,000 feet of 14-inch and 16-inch pipeline designed to resist seismic forces. The project includes installation of service laterals, fire hydrant assemblies, and 21 system branch connections to the surrounding water system.
- Completed construction of Souza Avenue and Concord Street Project in Newark that includes installation of approximately 5,100 feet of 8-inch pipeline, service laterals, fire hydrant assemblies, and 15 system branch connections to the surrounding water system.

- Awarded the AMI Deployment Contract, Customer Service Portal, Software as a Service (SaaS) and Network as a Service (NaaS) agreements. Commenced AMI Proof of Concept (PoC) phase that includes installation of approximately 3,300 meters.
- Completed the District’s Hydraulic Model Update project and provided modeling training for staff across the District.
- Completed construction of Canyon Heights Tank Improvements Project including tank coating, structural repairs and improvements, and site safety improvements.

**FY 2021/22 & FY 2022/23 Goals and Objectives**

Strategic Goals	Objectives
<p><b>Strategic Goal 1 – Maintain and improve the cost effectiveness and value of District services</b></p>	<ul style="list-style-type: none"> <li>• Milestone completions for the Main Renewal and Seismic Improvement Program including completing construction of Alvarado-Niles Pipeline Seismic Improvement Project Phase 2, Driscoll Road Main Replacement Project, and select reservoir roof replacements.</li> <li>• Complete construction of Vallecitos Channel Improvements Project.</li> <li>• Complete Canyon Heights Booster Station Improvement Project.</li> <li>• Begin construction of Curtner Booster Station Upgrades Project.</li> <li>• Complete final season of major construction for Lower Alameda Creek Fish Passage Improvements program.</li> <li>• Milestone completions for Clean Energy Program including implementation of solar arrays at all Phase 1 sites under the program.</li> <li>• Complete Capital Improvement Program (CIP) Engineering Report.</li> <li>• Annual Capital Improvement Program updates.</li> </ul>
<p><b>Strategic Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement</b></p>	<ul style="list-style-type: none"> <li>• Continue to support strategies to enhance employee engagement within the Project Engineering Division based on updated feedback of the employee engagement survey.</li> <li>• Fully staff the Project Engineering Division and provide opportunities for growth and employee engagement.</li> <li>• Continue to engage with other divisions/departments on collaboration, communication, and coordination related to the Capital Improvement Program.</li> </ul>
<p><b>Strategic Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities</b></p>	<ul style="list-style-type: none"> <li>• Milestone completions for Advanced Metering Infrastructure Project including beginning the final implementation phase of meter replacements/upgrades and full system integrations.</li> </ul>

## Performance Measures

Performance Measures	Target	FY 2019/20 Actual	FY 2020/21 Estimate	FY 2021/22 Target	FY 2022/23 Target
		<b>(\$ in thousands)</b>			
Fiscal year capital expenditures for PE Division capital projects	85% to 100% of budget	\$32,045 (64%)	\$40,274 (90%)	\$47,058 (100%)	\$59,905 (100%)
Main Renewal Program Expenditures	\$10 Million	\$6,871	\$14,640	\$9,493	\$19,617
Contract change orders for PE Division construction contracts	<10%	<5%	<10%	<10%	<10%

# Information Technology

## Description of Services Provided

The Information Technology (IT) Division provides comprehensive technology planning, development, integration, operation, maintenance, and support to all areas of the District to maximize efficiency. The division's primary responsibilities include day-to-day IT helpdesk support activities; support and maintenance of end-user devices; operation and administration of local and wide-area networks, servers, telecommunications, and storage environment; cyber-security; and support and administration of enterprise software applications including Geographic Information Systems (GIS). Extended responsibilities include support, administration, and management of audiovisual systems, databases, disaster recovery, mobile devices, printers, scanners, multi-function copiers, custom report and software development, project management of software implementation and upgrade projects, WI-FI, and Internet. In FY 2018/19 and FY 2019/20, the IT Help Desk received approximately 480 tickets per quarter.

## Featured Major Projects, Programs, or Initiatives

The District continued improvements and upgrades to its information technology programs and practices in accordance with the Information Technology Master Plan.

The District finalized the records retention schedule as part of a comprehensive Records Management program. The program objectives are to increase workflow efficiencies and access to documents and records while ensuring transparency and compliance with regulations. The program is also expected to reduce ongoing costs related to maintenance and expansion of electronic storage systems, disaster recovery systems, and hard copy document infrastructure.

The District made significant progress towards its cloud adoption strategy by completing the implementation of Microsoft Office 365 and SharePoint Online. In addition, the IT Division continued with several IT infrastructure and cyber-security enhancements along with a major upgrade to its Enterprise Resource Planning (ERP) system. To continue supporting a more mobile workforce and a secure work from home environment, the District escalated the adoption of mobile devices as part of its ongoing personal computer hardware renewal and replacement program, strengthened remote access security, and implemented additional District-wide collaboration tools such as Microsoft Teams.

## FY 2021/22 & FY 2022/23 Goals and Objectives

- Completed the upgrade of JD Edwards ERP system.
- Implemented a Mobile Device Management (MDM) solution.
- Completed the implementation of Microsoft Office 365 including Exchange online and initiated migration of SharePoint on-premises environment to Microsoft cloud.
- Completed the implementation of Cityworks Permit, Licensing, and Land module for Development Services' customer job order process for new and enhanced water service connection requests.
- Implemented new failover, redundancy, and bandwidth consolidation for the District's redundant Internet services.
- Completed the Boardroom Audio-visual Improvements project.
- Completed several cyber-security enhancements to the District's network and systems.
- Received the 2020 Excellence in Technology Practices award from the Municipal Information Systems Association of California (MISAC).

## FY 2021/22 & FY 2022/23 GOALS AND OBJECTIVES

Strategic Goals	Objectives
<b>Strategic Goal 1 – Maintain and improve the cost effectiveness and value of District services</b>	<ul style="list-style-type: none"> <li>• Continue and complete migration of all District SharePoint sites to Microsoft cloud.</li> <li>• Implement adopted Records Retention Schedule for electronic documents in SharePoint and other repositories.</li> <li>• Continue updates to the District technology infrastructure for increased cyber-security and high availability.</li> <li>• Enhance Disaster Recovery capabilities for IT systems.</li> <li>• Enhance workforce mobility via replacement of desktop workstations with laptops and tablets.</li> </ul>
<b>Strategic Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities</b>	<ul style="list-style-type: none"> <li>• Support the implementation of Advanced Metering Infrastructure (AMI).</li> </ul>

### Performance Measures

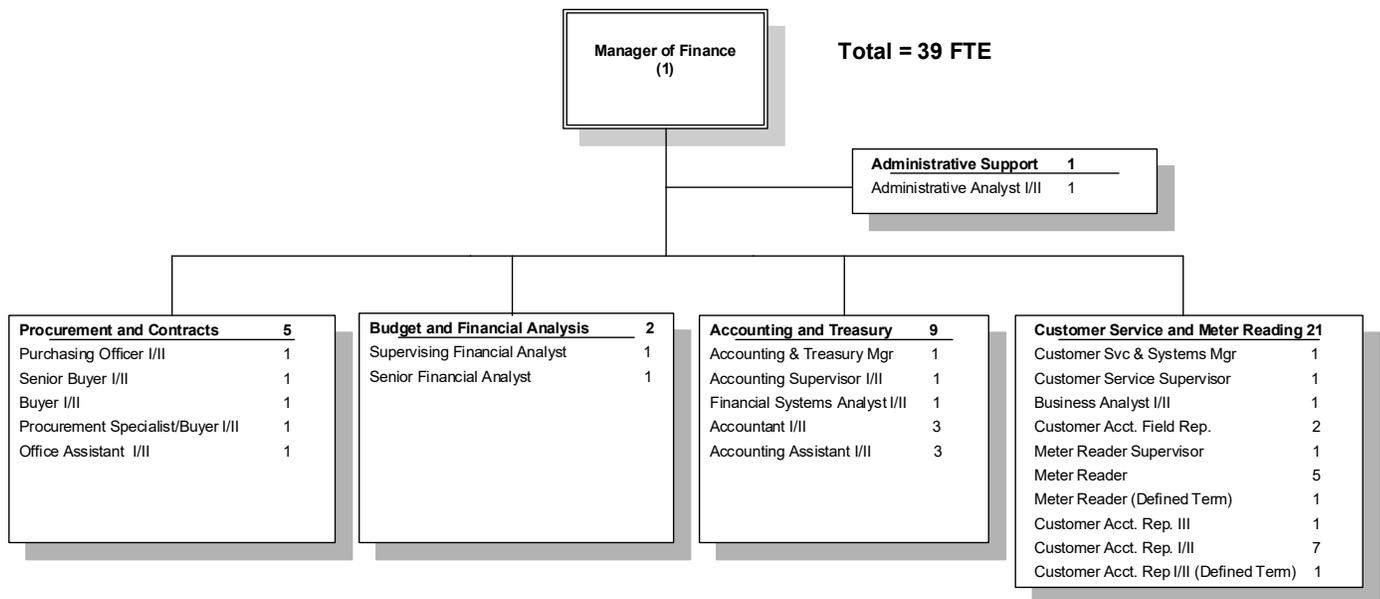
Performance Measures	Target	FY 2019/20 Actual	FY 2020/21 Estimate	FY 2021/22 Target	FY 2022/23 Target
Meet Service Level Agreement Response Commitments	90%	N/A	75%	90%	90%
Network and Systems Availability	99.9%	99.9%	99.9%	99.9%	99.9%
Helpdesk Ticket Resolution (% close w/in quarter)	75%	77%	75%	75%	75%

**SAVE  
WATER  
LIVE  
BETTER**

**FINANCE**

# Finance Department

ALAMEDA COUNTY WATER DISTRICT  
**FINANCE DEPARTMENT**  
 FY 21/22 & 22/23



## Finance Administration

### Description of Services Provided

It is the mission of the Finance Department to assure financial responsibility in a customer-focused manner. Finance Administration supports this mission by providing leadership and support to each Finance Department workgroup and responsibility for the District’s overall financial management. This includes both support for Division managers, supervisors, and employees, and development of Department goals, priorities, and strategy. Additionally, the Finance Management group is responsible for managing the District’s Customer Assistance Program (Help on Tap), the District’s Grants Team, and other special projects.

### Featured Major Projects, Programs, or Initiatives

The District is currently a partner in the regional Los Vaqueros Reservoir Expansion project, which has the potential to provide additional storage for surplus water, a new water conveyance option, and enhanced water system resiliency. The Finance Administration group is leading partner agencies in evaluating proposed fees for use of certain existing facilities as part of the project and is actively supporting the District’s evaluation of project governance.

### FY 2019/20 & 2020/21 Accomplishments

- Developed new, area-specific income guidelines for Help on Tap and implemented a benefit increase.
- Ensured District financial stability through the COVID-19 pandemic while adhering to emergency customer assistance measures.
- Ensured compliance with District strategic goals and objectives, including additional reviews of various financial policies.
- Developed a Finance Department operational priorities document.

- Completed the annual financial benchmarking analysis.

### FY 2021/22 & FY 2022/23 Goals and Objectives

Strategic Goals	Objectives
<b>Strategic Goal 2 – Sustain a Reliable, High Quality Water Supply for District Customers</b>	<ul style="list-style-type: none"> <li>• Continue to support all facets of the District’s participation in the Los Vaqueros project with a leadership role on financial aspects of the project.</li> <li>•</li> </ul>
<b>Strategic Goal 3 – Improve the District’s Financial Stability and Transparency</b>	<ul style="list-style-type: none"> <li>• Continue to pursue and secure additional grant funding to support the District’s Capital Improvement Program.</li> <li>• Promote transparency by publicly reviewing each financial policy and financial benchmarking results.</li> </ul>
<b>Strategic Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement</b>	<ul style="list-style-type: none"> <li>• Implement recommended strategies to enhance employee engagement in the Finance Department based on feedback provided in the updated employee engagement survey.</li> </ul>
<b>Strategic Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities</b>	<ul style="list-style-type: none"> <li>• Implement an online Help on Tap application.</li> <li>• Review and streamline Help on Tap program rules and materials to improve ease-of-use.</li> </ul>

### Performance Measures

Performance Measures	Target	FY 2019/20 Actual	FY 2020/21 Estimate	FY 2021/22 Target	FY 2022/23 Target
Process Help on Tap applications within two weeks of receipt	90%	77%	60%	90%	90
Total Cost of Water Production <sup>1,2</sup>	Median	Lower Cost than Median	Lower Cost than Median	Lower Cost than Median	Lower Cost than Median
Connections per Employee	Median	Above Median	Above Median	Above Median	Above Median
Operating Revenue per Employee	Median	Above Median	Above Median	Above Median	Above Median
Operating Cost per Connection	Median	Lower Cost than Median	Lower Cost than Median	Lower Cost than Median	Lower Cost than Median
Debt Coverage Ratio	Median	Above Median	Above Median	Above Median	Above Median
Pension/OPEB Liability Ratio	Median	Higher Ratio than Median	Higher Ratio than Median	Median	Median
Rate Increase Percentage	Median	Smaller Increase than Median			
Monthly Bill	Median	Median	Median	Median	Lower than Median
Total Debt Capacity	Median	More Capacity	More Capacity	More Capacity	More Capacity than Median

		than Median	than Median	than Median	
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1. It's the District's goal to rank at or 'better' than the median in each measure (in certain measures lower is better while in other measures higher is better).
2. Financial benchmarks are separately presented in more detail during the budget workshop.

## Department Expenditures

EXPENSE SUMMARY DEPARTMENT DETAIL (\$ in thousands)							
	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY21/22 Adopted Budget	FY22/23 Adopted Budget	% Chg 20/21 21/22	% Chg 21/22 22/23
Labor	\$3,884	\$4,691	\$4,430	\$4,599	\$4,842	4%	5%
Materials	423	564	496	668	680	35%	2%
Outside Services	898	1,384	3,199	4,171	4,120	30%	-1%
Finance	\$5,205	\$6,639	\$8,126	\$9,438	\$9,642	16%	2%
Funded Staffing Level (FTE)	37.00	38.00	38.00	39.00	39.00	3%	0%
<b>Total Department Expenses</b>	<b>\$91,437</b>	<b>\$104,977</b>	<b>\$107,739</b>	<b>\$107,300</b>	<b>\$109,825</b>	<b>0%</b>	<b>2%</b>
<b>Total FTE</b>	<b>233.00</b>	<b>235.00</b>	<b>236.00</b>	<b>241.00</b>	<b>243.00</b>	<b>2%</b>	<b>1%</b>

## Financial Comments

The increases in the Finance Department expenditures are due primarily to the overhead cost allocation, customer billing, contract services, and additional staffing. Starting in FY 2020/21, the Customer Service organization unit is charged overhead at the current overhead rate of 168.4%. The department expects to see an increase in customer contact to assist with understanding the new customer portal and Advanced Metering Infrastructure (AMI) meters. As a result, the department will require additional staffing to support the project. The budget includes one two-year defined-term Customer Account Representative I position in the Customer Service and Meter Reading Division to provide additional resources during the AMI transition period.

# Budget & Financial Analysis

## Description of Services Provided

The Budget & Financial Analysis Division is responsible for the development, preparation, and management of the District’s budget and long-range financial plan, and overseeing the rate setting process and debt management. The division provides the financial analysis needs of the District, prepares revenue and expenditure forecasts, provides ad hoc reports and analysis on special projects, and assists in the preparation of the capital improvement program budget. The division is also charged with managing the District’s participation in the California Employers’ Retiree Benefit Trust Fund to finance retiree health care benefits.

## Featured Major Projects, Programs, or Initiatives

The District has two outstanding bonds – 2012 Revenue Bonds and 2015 Revenues Bonds. The 2012 Revenue Bonds, issued in 2012, will be eligible for refunding in FY 2021/22. Since interest rates are currently favorable, the District will consider refunding the outstanding balance of the 2012 Revenue Bonds. Market conditions are being monitored and a decision on the potential refunding will be made closer to the time of issuance. The Budget & Financial Analysis team will lead this effort in the early Fall of 2022.

## FY 2019/20 & 2020/21 Accomplishments

- Completed a water rate setting process and a cost-of-service study update.
- Updated the miscellaneous fees and charges including implementation of the inflationary update to the Facilities Connection Charges.
- Completed the fringe and overhead rate update.
- Updated the District’s long range Financial Planning Model.
- Performed financial analysis in support of labor negotiations.

## FY 2021/22 & FY 2022/23 Goals and Objectives

Strategic Goals	Objectives
<p><b>Goal 3 – Improve the District’s financial stability and transparency</b></p>	<ul style="list-style-type: none"> <li>• Complete a water rate setting process and an updated cost of service study.</li> <li>• Prepare the budget in accordance with best practices to improve financial transparency and achieve the Government Finance Officers Association’s (GFOA) Distinguished Budget Presentation recognition.</li> <li>• Review and update the Reserve Fund Policy and Debt Management and Disclosure Policy.</li> <li>• Update the miscellaneous fees and charges and the Rate and Fee Schedule, including implementation of the inflationary update to the Facilities Connection Charges.</li> <li>• Complete the fringe and overhead rate update.</li> </ul>

## Performance Measures

Performance Measures	Target	FY 2019/20 Actual	FY 2020/21 Estimate	FY 2021/22 Target	FY 2022/23 Target
Maintain bond rating through strong reserves and fiscal policies	AAA	AAA	AAA	AAA	AAA
Maintain strong debt service coverage ratio	>200%	>200%	>200%	>200%	>200%
Number of fiscal policies updated and reviewed with the Board	2	2	2	2	2

# Accounting & Treasury

## Description of Services Provided

The Accounting & Treasury Division provides financial and administrative support to all departments. The Accounting Division's responsibilities include accounts payable, accounts receivable, job costing, payroll processing, grant reporting, cash management, fixed asset management, and income and investment reporting. This division maintains the general ledger and all subsidiary ledgers and ensures internal controls over all financial functions. This division also ensures the District meets all state and federal financial reporting requirements, as well as compliance with General Accepted Accounting Principles (GAAP) and the Government Accounting Standards Board (GASB).

## Featured Major Projects, Programs, or Initiatives

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

1. Implementing electronic payments for vendor invoices. This will allow the District to use the automated clearing house (ACH) network to pay vendors for their service. The implementation of this project will provide additional vendor payment methods for the District, reduce the amount of paper checks printed, provide vendors faster receipt of payments, improve internal controls, reduce chances for check fraud, and provide reliability in being able to continue to make payments in the case of business disruptions due to emergency events.
2. Reviewing and making updates to its capital assets and depreciation policy. The policy was last updated in 2002 and the updates will help provide a uniform method of maintaining and accounting for the District's capital assets records. In addition, the updates are necessary to bring the policy in accordance with state and federal regulations, generally accepted accounting principles, internal controls, audit requirements, and best practices established for the maintenance of capital assets records.

## FY 2019/20 And 2020/21 Accomplishments

- Completed the Comprehensive Annual Financial Report for FY 2019/20 with no audit findings.
- Worked with Information Technology and other stakeholders to complete the upgrade of the financial system JD Edwards to version 9.2.
- Received the Certificate of Achievement for Excellence in Financial Reporting award from the Government Finance Officers Association for the 21st consecutive year.

## FY 2021/22 & FY 2022/23 Goals and Objectives

Strategic Goals	Objectives
<b>Goal 3 – Improve the District's financial stability and transparency</b>	<ul style="list-style-type: none"><li>• Complete the Comprehensive Annual Financial Report for FY20/21 with no audit findings.</li><li>• Establish a list of facilities to enable for better tracking of current and future fixed assets of the District.</li><li>• Finalize the Accounting Policies and Procedures Manual.</li></ul>

## Performance Measures

Performance Measures	Target	FY 2019/20 Actual	FY 2020/21 Estimate	FY 2021/22 Target	FY 2022/23 Target
Timely payment of invoices	80% of invoices	65% of invoices	75% of invoices	80% of invoices	80% of invoices
Completion of financial audit and Comprehensive Annual Financial Report	120 days after fiscal year end	122 days after fiscal year end	121 days after fiscal year end	120 days after fiscal year end	120 days after fiscal year end
Filing of tax forms with regulatory agencies.	5 days before due	3 days before due	4 days before due	5 days before due	5 days before due
Filing of State Controller's Office Reporting	5 days before due	4 days before due	5 days before due	5 days before due	5 days before due
Fiscal Year End Close	65 days after fiscal year end	66 days after fiscal year end	65 days after fiscal year end	65 days after fiscal year end	65 days after fiscal year end

# Customer Service & Meter Reading

## Description of Services Provided

The Customer Service & Meter Reading Division manages the day-to-day account management activities for customers of the Alameda County Water District. This includes issuing bills; operating the Customer Service Call Center with customer interactions through telephone, emails and counter visits; processing electronic, pay by mail, and front counter payments; addressing customer complaints; reading water meters on a bimonthly cycle; completing service orders, and managing collections and assistance programs.

## Featured Major Projects, Programs, or Initiatives

Customer Service and Meter Reading is heavily involved in the District’s Advanced Metering Infrastructure (AMI) project and will have operational responsibility for the AMI system upon project completion. This will allow water meters to be read remotely providing customers the ability to detect potential leaks early, reduce surprise water bills, and view up-to-date usage using the customer portal or mobile app. During AMI implementation, the division will run parallel processes for meters that are read manually and meters that are already transitioned to the AMI system.

## FY 2019/20 & 2020/21 Accomplishments

- Upgraded Meter Reading software to use a smart phone app.
- Upgraded Customer Information Software to the latest version.
- Developed and implemented the Board billing adjustment policy to address crossed meters and other unique circumstances.
- Increased credit amount for customers on Help on Tap.

## FY 2021/22 & FY 2022/23 Goals and Objectives

Strategic Goals	Objectives
<b>Goal 3 – Improve the District’s financial stability and transparency</b>	<ul style="list-style-type: none"> <li>• Develop and implement processes in support of the AMI system.</li> </ul>
<b>Strategic Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities</b>	<ul style="list-style-type: none"> <li>• Actively promote the District’s My Smart Water Connect portal.</li> <li>• Increase current customer enrollment in paperless billing by 25% from 21,000 to 27,000 by June 2023.</li> </ul>

## Performance Measures

Performance Measures	Target	FY 2019/20 Actual	FY 2020/21 Estimate	FY 2021/22 Target	FY 2022/23 Target
Percent of customer calls answered within 60 seconds	80%	73.6%	78%	80%	80%
Average hold time	1:00	1:07	1:02	1:00	1:00
Percent of abandoned calls	5%	4.9%	4.2%	5%	5%
Average monthly number of accounts paid by automated method	35,000	32,293	32,000	35,000	35,000
Number of customers receiving paperless billing	27,000	21,142	23,000	25,000	27,000
Average number of bimonthly reads	87,000	86,100	86,500	87,000	87,000
Number of service orders processed annually	15,500	15,241	12,000	15,500	15,500
Number of months where all routes are read and billed	12	12	12	12	12

# Procurement & Contracts

## Description of Services Provided

The Procurement & Contracts (Procurement) Division purchases materials, goods, equipment, and services to meet the District’s needs of providing a safe water supply to the residents of its service area. Procurement also manages the janitorial and breakroom supplies and ensures that external and internal mail is both metered and delivered. Procurement also administers the Surplus programs for the District’s purchased assets.

## Featured Major Projects, Programs, or Initiatives

Procurement is in the process of piloting Job Order Contracting (JOC). If successful, this alternative delivery method will change the manner in which the District contracts for small and routine public works jobs. Procurement is also working with other stakeholders in order to review and revise the District’s current insurance requirements. Additionally, Procurement is working with the Distribution Maintenance Division (DMD) in order to solicit and award Emergency Contracts.

## FY 2019/20 & 2020/21 Accomplishments

- Completion of the comprehensive audit of the District’s Purchase Card (P-Card) Program with minimal findings.
- Worked with the Accounting and Information Technology Divisions and other stakeholders to complete the upgrade of the financial system JD Edwards to version 9.2.
- Realized cost savings in excess of \$500,000 to the District.

## FY 2021/22 & FY 2022/23 Goals and Objectives

Strategic Goals	Objectives
<b>Strategic Goal 1 – Maintain and improve the cost effectiveness and value of District services</b>	<ul style="list-style-type: none"> <li>• Continue to support all departments in obtaining products and services.</li> <li>• Work with DMD and other stakeholders to conduct an inventory/warehouse management assessment.</li> <li>• Conclude the Job-Order Contracting pilot program.</li> </ul>
<b>Strategic Goal 3 – Improve the District’s Financial Stability and Transparency</b>	<ul style="list-style-type: none"> <li>• Continue to realize cost saving for the District through full and open competition and the use of Cooperative Agreements.</li> <li>• Implement changes to P-Card Policy in accordance with audit findings.</li> <li>• Obtain the Achievement of Excellence in Procurement Award.</li> </ul>
<b>Strategic Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities</b>	<ul style="list-style-type: none"> <li>• Conduct a vendor fair / training on how to do business with the District.</li> </ul>

## Performance Measures

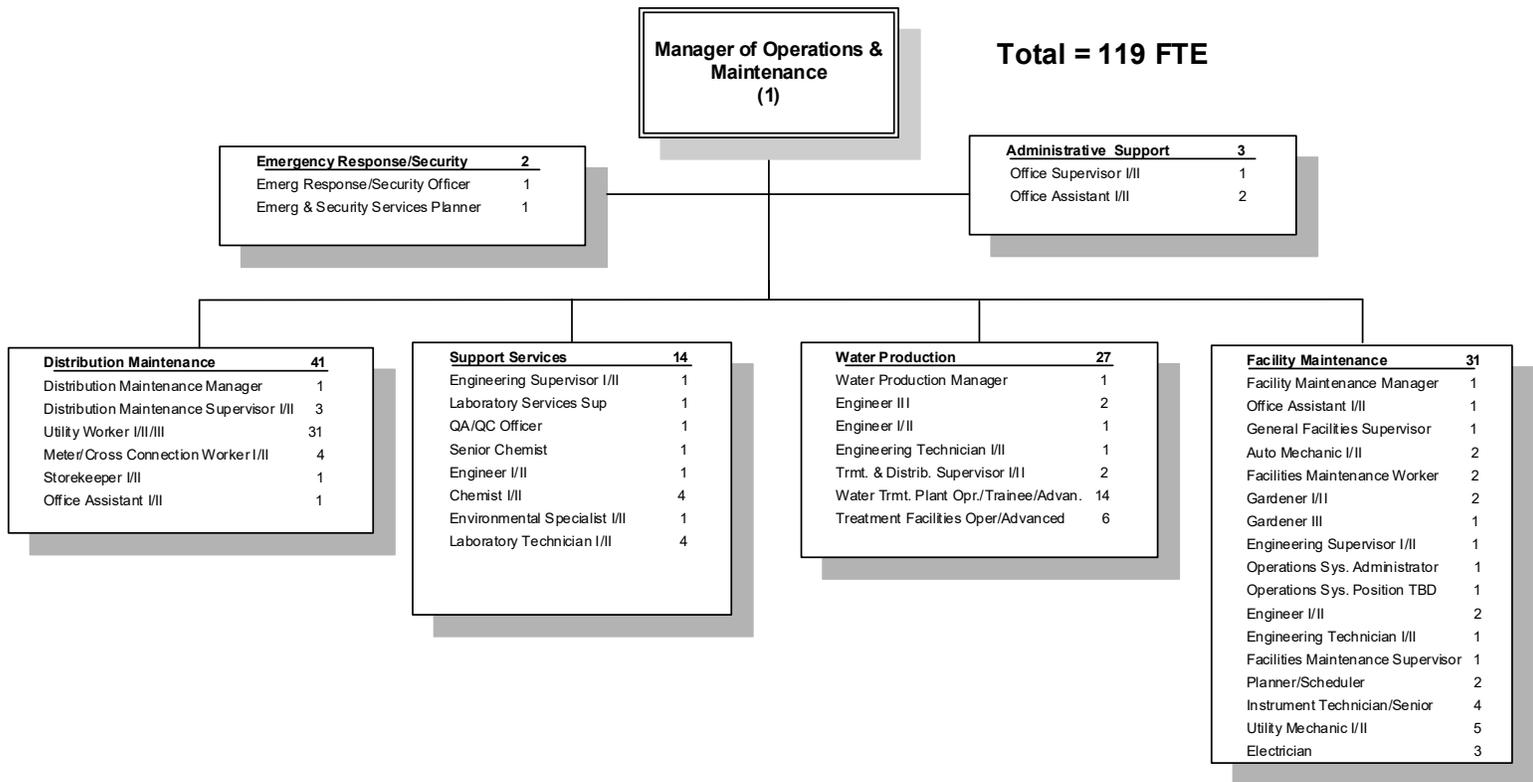
Performance Measures	Target	FY 2019/20 Actual	FY 2020/21 Estimate	FY 2021/22 Target	FY 2022/23 Target
Timely processing of requisitions <\$10k	3 days	N/A	5 days	3 days	3 days
Timely processing of requisitions >\$10k	10 days	N/A	12 days	10 days	10 days
Timely processing of requisitions >\$25k	65 days	N/A	60 days	65 days	65 days
Accuracy of purchase orders	90%	N/A	90%	90%	90%
P-Card policy & procedure compliance	90%	N/A	90%	90%	90%



# OPERATIONS & MAINTENANCE

# Operations & Maintenance Department

## ALAMEDA COUNTY WATER DISTRICT OPERATIONS & MAINTENANCE DEPARTMENT FY 21/22 & 22/23



## Operations Administration

### Description of Services Provided

Operations Administration is responsible for leading the Operations and Maintenance Department workgroups and the District's overall water production, distribution, and maintenance programs. This includes both support for Division managers, supervisors, and employees, and development of Department goals, priorities, and strategy. Additionally, the Operations Administration group is responsible for fielding customers' water quality calls and managing the District's Emergency and Security Services.

### Featured Major Projects, Programs, or Initiatives

Emergency Operations Center (EOC) – The District's EOC was activated for the first time ever in response to the pandemic. The EOC objectives were to implement COVID-19 prevention protocols, draft infection response plans, and draft business continuity plans. In addition, the EOC synchronized with local and state EOCs to ensure staff could be updated weekly on all COVID related efforts. Additional coordination was required related to social protests and major wildfire disasters such as the SCU fire complex.

### FY 2019/20 & 2020/21 Accomplishments

- Optimized District Uniform Program resulting in an overall savings of 19% or \$16,262 each fiscal year.
- Responded to 1,200 customer calls related to water quality and leaks.

- Completed agency-wide Business Continuity Plan identifying and prioritizing all District mission essential functions and how the functions are supported to be used when there is a business interruption.
- Hosted Incident Command System (ICS) 300 training course that used the SCU fire complex as an exercise to train command and general staff on how to conduct incident action planning.
- Complied with the American Water Infrastructure Act requirements by conducting a risk and resilience assessment and creating a related emergency response plan.
- Maintained and responded to systems to ensure operational readiness including burglar, fire, radio, and access control located throughout 11 facilities including production, treatment, distribution, and headquarters.

### FY 2021/22 & FY 2022/23 Goals and Objectives

Strategic Goals	Objectives
<b>Strategic Goal 1 – Maintain and improve the cost effectiveness and value of District services</b>	<ul style="list-style-type: none"> <li>• Update District Security Master Plan for all physical and information technology (IT) based security systems updating and integrating security systems to meet current threats.</li> <li>• Complete and adopt Local Hazard Mitigation Plan (LHMP) to allow for the District to apply for CalOES and FEMA grants before a disaster and to file for Public Assistance (reimbursement) after a disaster.</li> <li>• Continue to maintain systems to ensure operational readiness including burglar, fire, radio, and access control system located throughout the District.</li> </ul>

### Department Expenditures

EXPENSE SUMMARY DEPARTMENT DETAIL (\$ in thousands)							
	FY 19/20 Actual Activity	FY 20/21 Amended Budget	FY 20/21 Estimated Actual	FY21/22 Adopted Budget	FY22/23 Adopted Budget	% Chg 20/21 21/22	% Chg 21/22 22/23
Labor	\$14,005	\$14,872	\$14,462	\$14,061	\$14,776	-3%	5%
Materials	7,879	10,335	9,495	9,543	9,771	1%	2%
Outside Services	17,819	20,046	20,138	20,042	20,509	0%	2%
Operations & Maintenance	<u>\$39,703</u>	<u>\$45,252</u>	<u>\$44,095</u>	<u>\$43,647</u>	<u>\$45,056</u>	-1%	3%
Funded Staffing Level (FTE)	117.00	118.00	118.00	119.00	119.00	1%	0%

### Financial Comments

The Operations and Maintenance Department will require additional staffing to support the water treatment and distribution program. The budget includes one Operations Systems Position in the Facilities Maintenance Division for this purpose.

# Distribution Maintenance

## Description of Services Provided

The Distribution Maintenance Division is responsible for the proper operation and overall maintenance of the District’s water distribution system. The Division, through three separate work groups, performs maintenance, new construction, and support activities that are all directed at maintaining and improving the quality of the water distribution system. Additionally, the Division oversees the District’s Cross Connection Control Program, Meter Shop and Warehouse to support all aspects of water distribution system maintenance and improvements.

## Featured Major Projects, Programs, or Initiatives

The Distribution Maintenance Division is partnering with the District’s Project Engineering Group and Customer Service & Meter Reading Group in the development and implementation of an Advanced Metering Infrastructure Project that will bring automated meter reading and the change out or upgrade of over 86,000 water meters throughout the District. The Division will support the field activities of this 3-year project.

## FY 2019/20 & 2020/21 Accomplishments

- 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 to ensure water quality goals are met.
- Responded to and repaired/replaced 199+ service line and main leaks to assure reliability of the water distribution system on a 24/7 basis.
- In conjunction with Development Services, maintained an under three-month or better new construction installation window for customers during continued historic new construction boom in the Tri-City area.
- Ensured annual completion of Warehouse Physical Inventory by June 30<sup>th</sup> of each year.

## FY 2021/22 & FY 2022/23 Goals and Objectives

Strategic Goals	Objectives
<b>Strategic Goal 1 – Maintain and improve the cost effectiveness and value of District services</b>	<ul style="list-style-type: none"> <li>• Ensure continued planned Polybutylene (PB) service line replacements in conjunction with emergency PB replacement to minimize excavation and paving costs.</li> <li>• Continue to proactively monitor water distribution system leaks to determine if leaks can be held to repair or replace during normal working hours as opposed to overtime hours.</li> </ul>
<b>Strategic Goal 2 – Sustain a Reliable, High Quality Water Supply for District Customers</b>	<ul style="list-style-type: none"> <li>• Ensure water quality measures are routinely performed in conjunction with repairs, replacements, and new installations to the water distribution system.</li> <li>• Continue to plan and complete the annual Flushing Program of the District’s water distribution system to ensure water quality goals are met.</li> </ul>
<b>Strategic Goal 3 – Improve the District’s financial stability and transparency</b>	<ul style="list-style-type: none"> <li>• Continue to look for cost saving opportunities in DMD through new repair techniques and cost saving equipment such as Inserta-Valve.</li> </ul>
<b>Strategic Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement</b>	<ul style="list-style-type: none"> <li>• Continue to support strategies to enhance employee engagement within the Distribution Maintenance Division based on updated feedback of the employee engagement survey.</li> </ul>

Strategic Goals	Objectives
	<ul style="list-style-type: none"> <li>Continue to recruit qualified employees to promote a more diverse and professional work group.</li> <li>Ensured employee water distribution system knowledge retention through continued on-site Water Distribution classes.</li> </ul>
<b>Strategic Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities</b>	<ul style="list-style-type: none"> <li>Ensure continued outstanding customer service while performing water distribution repairs and installations within the Tri-City communities we serve.</li> <li>Continue to proactively notify customers of pending water shutdowns for repairs, replacements, and new installations of the water distribution system.</li> </ul>

### Performance Measures

Performance Measures	Target	FY 2019/20 Actual	FY 2020/21 Estimate	FY 2021/22 Target	FY 2022/23 Target
Annual required testing of Backflow Assemblies per State of CA regulation	100%	100%	100%	100%	100%
Complete annual Warehouse Physical Inventory Count by June 30 <sup>th</sup>	Complete	Complete	Planned and anticipate “completion” week of June 21st	Completion Spring of 2022	Completion Spring of 2023
Ensure yearly Flushing Program completion to maintain water quality	100%	100%	60% anticipate completion June of 2021	100%	100%
Complete new construction installation jobs within a 3 month <sup>1</sup> or better time frame after receipt	90%	90%	100%	100%	100%

1. Some new construction jobs are delayed outside of the District’s control (COVID-19, Developer delays)

# Laboratory Services

## Description of Services Provided

The Laboratory Services Division collects samples, provides advisory services, and produces analytical data for proper operation of District facilities and compliance with water quality regulations. Analytical data generated by ACWD staff and sub-contract laboratories is ensured to be unbiased, trustworthy, and auditable through implementation of a Quality System and an Ethics and Data Integrity program.

## Featured Major Projects, Programs, or Initiatives

The California Code of Regulations (CCR) - T22 – Division Chapter 19 – Certification of Environmental Laboratories articles were updated from 1994 versions on January 1, 2021. These revised articles define and prescribe operating requirements for environmental laboratories certified by the State Water Resources Control Board Environmental Laboratory Accreditation Program (ELAP). Management of the Laboratory Services Division tracked the development of these code revisions beginning in 2017, continually modified and improved the Water Quality Laboratory (WQL) quality system, and was compliant with the revised CCR when operative in January 2021.

## FY 2019/20 & 2020/21 Accomplishments

- Development and maintenance of a laboratory quality system that meets the California Code requirements for certification of environmental laboratories. The quality system is described in the WQL Quality Manual.
- Development of an in-house sampling procedure for Per- and Polyfluoroalkylsubstances (PFAS), which are an emerging contaminant of concern.
- Purchase and beginning implementation of a new Laboratory Information Management System (LIMS).
- Identification and removal of unnecessary or redundant actions performed by lab staff resulting in increased efficiency and cost savings.

## FY 2021/22 & FY 2022/23 Goals and Objectives

Strategic Goals	Objectives
<p><b>Strategic Goal 1 – Maintain and improve the cost effectiveness and value of District services</b></p>	<ul style="list-style-type: none"> <li>• Hire third party auditor to perform an on-site audit of the Water Quality Laboratory and successfully correct any audit findings within the allowed time. (Third party audits (TPAs) are now required by ELAP for laboratories that have sophisticated instrumentation. On-site audits are used to verify the information submitted with the laboratory ELAP application is true and the laboratory is compliant with CCR quality system requirements, instrumentation, and analytical method requirements.)</li> <li>• Continue to identify and eliminate unnecessary or redundant actions performed by the WQL with the goal of streamlining operations and ensuring that the usefulness of the actions exceeds the cost to District.</li> </ul>
<p><b>Strategic Goal 2 – Sustain a Reliable, High Quality Water Supply for District Customers</b></p>	<ul style="list-style-type: none"> <li>• Perform per defined schedule: Quality Manual update, Chemical Hygiene Plan update, Ethics and Data Integrity training, internal method audits, SOP review and update, form revisions, update of training records (demonstration of capability), and calculation of method detection and control limits.</li> </ul>

**Performance Measures**

Performance Measures	Target	FY 2019/20 Actual	FY 2020/21 Estimate	FY 2021/22 Target	FY 2022/23 Target
Complete internal audits	Annually	Annually	Annually	Annually	Annually
Collect required samples	100%	100%	100%	100%	100%
Analyze samples correctly and within holding time	100%	100%	100%	100%	100%
Apply for ELAP certification	Annually	Annually	Annually	Annually	Annually
Pass annual ELAP Performance Testing	100%	100%	100%	100%	100%
Complete required training	Annually	Annually	Annually	Annually	Annually

# Water Production

## Description of Services Provided

The Water Production division is responsible for the operation of the District's water treatment and distribution system facilities and ensuring compliance with water quality and environmental regulations. This includes providing water quality and permitting support to staff at multiple levels throughout the District. Additionally, the Water Production division is responsible for operating the District's various water treatment facilities to meet customer demands, and water quality and water supply reliability goals; and tracking upcoming drinking water, air quality, environmental discharge, and hazardous materials handling, storage, and disposal regulations and developing implementation strategies to meet more stringent regulations and customer requirements.

## Featured Major Projects, Programs, or Initiatives

Per- and Polyfluoroalkyl substances (PFAS) are an emerging contaminant of concern which have been detected in the District's groundwater supply. Regulations for PFAS are currently in development at both the federal and state level. The Water Production division is leading the District's efforts in addressing the customer water quality impacts of PFAS.

The Lead and Copper Rule is an existing regulation which was recently revised to include more stringent requirements for water agencies to ensure public protection from lead in drinking water. The rule is expected to be finalized in December 2021. The Water Production division is leading the District's efforts in evaluating and implementing the requirements of the new rule.

The Water Production division is also actively leading the District's effort to optimize water treatment plant and distribution system operations, which includes infrastructure improvements, revisions to facility documentation, and operator training program enhancements.

## FY 2019/20 & 2020/21 Accomplishments

- Met or surpassed all primary and secondary drinking water standards 100% of the time.
- Maintained employee safety and operational reliability by developing and implementing COVID-19 related work practices for water treatment and distribution operators and water quality and environmental compliance support staff.
- Developed and communicated COVID-19 water quality messaging, including re-activation guidance for businesses whose water use had been reduced due to pandemic restrictions.
- Began a voluntary PFAS monitoring program for sources of supply and treated water and completed four quarters of monitoring.
- Completed an inventory of service line material and submitted a proposed replacement schedule for service lines of unknown material as required by California regulation.
- Completed development of several SOPs and SCADA help screens related to optimizing system operations.
- Completed California Accidental Releases Program (CalARP) 5-year assessments for Water Treatment Plant Number 2 (WTP-2), the Blending Facility, and Newark Desalination Facility (NDF).
- Commenced NDF source well pilot testing to ascertain if improved aquifer water quality conditions would allow mixing of the two aquifers in raw water supplied to the NDF.

## FY 2021/22 & FY 2022/23 Goals and Objectives

Strategic Goals	Objectives
<b>Strategic Goal 1 – Maintain and improve the cost effectiveness and value of District services</b>	<ul style="list-style-type: none"> <li>• Replace WTP-2 filter media.</li> <li>• Complete NDF source well pilot testing and potentially introduce Darvon 1 to the NDF source water flow, depending on the test results.</li> <li>• Complete the logic validation, documentation development, and some infrastructure improvement elements of the operations optimization effort.</li> <li>• Meet or surpass all primary and secondary drinking water standards 100% of the time.</li> <li>• Comply with environmental regulations 100% of the time.</li> <li>• Complete PFAS treatment study at the Mowry and PT wellfields.</li> <li>• Implement the elements of the Revised Lead and Copper rule when finalized.</li> <li>• Complete tri-ennial customer lead and tap sampling.</li> <li>• Prepare the 2022 tri-ennial Public Health Goals report.</li> </ul>
<b>Strategic Goal 2 – Sustain a Reliable, High Quality Water Supply for District Customers</b>	<ul style="list-style-type: none"> <li>• Maintain involvement in source water quality monitoring collaboratives such as the MWQI program, the SBCWQTF, and the BAWSCA/SFPUC Joint Water Quality Committee.</li> </ul>
<b>Strategic Goal 3 – Improve the District’s financial stability and transparency</b>	<ul style="list-style-type: none"> <li>• Leverage economies of scale for water treatment chemical purchases by participating in the BACC for bulk chemical purchases.</li> </ul>
<b>Strategic Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities</b>	<ul style="list-style-type: none"> <li>• Continue to update the District’s public outreach on PFAS as regulations develop.</li> <li>• Utilize post-card notifications to customers, supplemented with updated website information and bill messaging, for the annual mains cleaning program.</li> </ul>

## Performance Measures

Performance Measures	Target	FY 2019/20 Actual	FY 2020/21 Estimate	FY 2021/22 Target	FY 2022/23 Target
Compliance with Primary Drinking Water Standards – Percentage of Days/Year	100%	100%	100%	100%	100%
Compliance with Secondary Drinking Water Standards – Percentage of Days/Year	100%	100%	100%	100%	100%
Compliance with Environmental Regulation – Number of Notice of violations. Goal is less than 1 per facility.	< 4	1	0	<4	<4
Total Million Gallons of Water Produced	11,800 (2016 level)	14,139	14,300	14,300	14,500
PFAS adaption	Milestones being met	Initiated PFAS voluntary monitoring program	Complete 4 quarters of PFAS monitoring. Track regulatory development.	Complete PFAS treatment study	Initiate implementation based on study findings

# Facility Maintenance

## Description of Services Provided

Facilities Maintenance Division (FMD) provides maintenance and repair for the District’s vertical (or above ground) assets. FMD responsibilities include mechanical, electrical, instrumentation and telemetry, fleet, buildings, and vegetation management for District facilities and assets. FMD engineering staff provides technical support for skilled trades staff and performs small capital improvement work.

## Featured Major Projects, Programs, or Initiatives

Conducting booster station pump assessment program that tests booster pumps for performance and efficiency. Pumps testing outside of design parameters and desired operating range are identified and scheduled for appropriate level of rehabilitation. Staff is currently in the process of performing tests and prioritizing rehabilitations or replacements as necessary. This work is expected to occur over the next budget cycle and will ultimately save the District money in pumping costs as well as improve overall system reliability and efficiency.

## FY 2019/20 & 2020/21 Accomplishments

- Completed over 90% of scheduled Preventative Maintenance (PM) work.
- Completed Coyote Hills high speed radio communications network project.
- Upgraded PR-1 booster station.
- Rehabilitated several wells including Darvon 2, Mowry 4, and Mowry 9.
- Replaced roof at Headquarters building complex.
- Upgraded and rehabilitated Seven Hills primary regulator station.
- Rehabilitated WTP-2 gravity thickeners.

## FY 2021/22 & FY 2022/23 Goals and Objectives

Strategic Goals	Objectives
<b>Strategic Goal 1 – Maintain and improve the cost effectiveness and value of District services</b>	<ul style="list-style-type: none"> <li>• Building management system (BMS) upgrade for HVAC and lighting controls.</li> <li>• Utilize lease program for light duty vehicles.</li> <li>• Continue to adopt time of use (TOU) program to maximize savings with operating equipment during lower cost PG&amp;E times.</li> </ul>
<b>Strategic Goal 2 – Sustain a Reliable, High Quality Water Supply for District Customers</b>	<ul style="list-style-type: none"> <li>• Uninterruptable Power Supply replacements across District facilities for power redundancy, operations reliability, and emergency response.</li> <li>• SCADA system and cyber security improvements, and SCADA Replacement Project support.</li> <li>• Develop and implement asset management program for vertical assets.</li> </ul>
<b>Strategic Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement</b>	<ul style="list-style-type: none"> <li>• Complete arc flash electrical safety hazard identification and labeling program.</li> </ul>

## Performance Measures

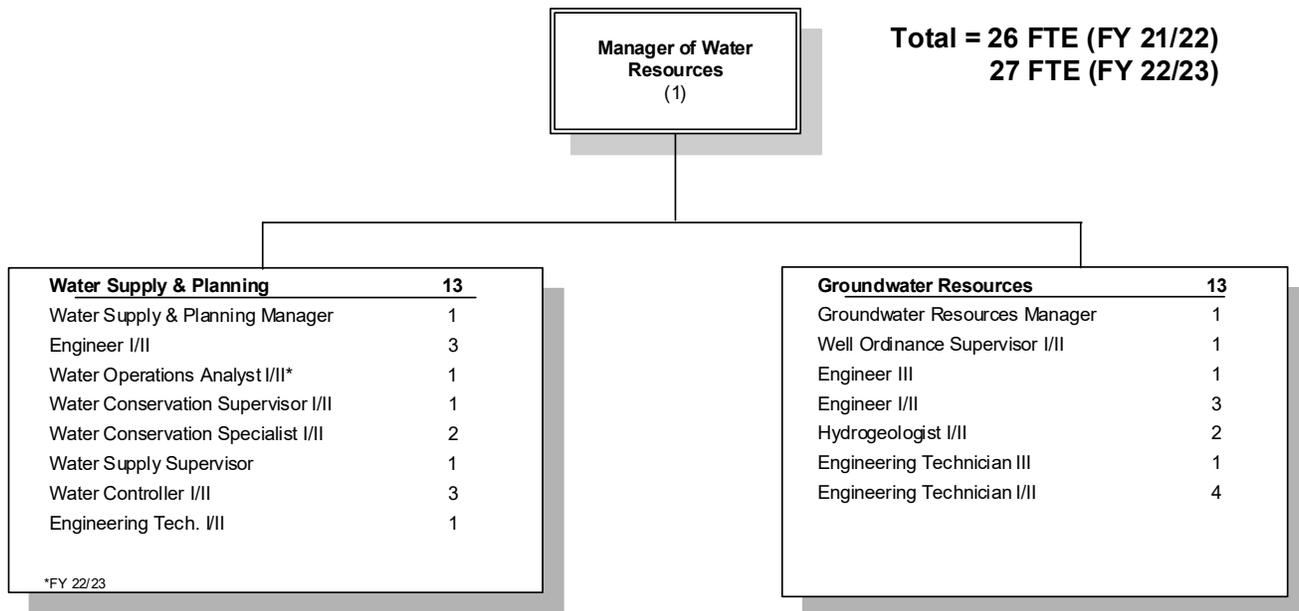
Performance Measures	Target	FY 2019/20 Actual	FY 2020/21 Estimate	FY 2021/22 Target	FY 2022/23 Target
Preventive Maintenance (PM) to Corrective Repair Work Ratio	1:1	0.97:1	1.22:1	1:1	1:1
90% or Greater of PMs on Fleet	90% or Greater	98%	96%	95%	95%
# of Work Orders Completed	2,000 or Greater	2,175	2,180	2,250	2,250
Maintain SCADA Up Time	100%	n/a	100%	100%	100%
Renewable Energy Self-Generation Bill Credit Transfer program (RES-BCT) Credits in Kilowatt Hours (KWH)	1,200,000 or Greater KWH	1,362,514 KWH	1,267,000 KWH	1,250,000 KWH	1,250,000 KWH



# WATER RESOURCES

# Water Resources Department

## ALAMEDA COUNTY WATER DISTRICT WATER RESOURCES DEPARTMENT FY 21/22 & 22/23



## Water Resources Administration

### Description of Services Provided

It is the mission of the Water Resources Department to plan for, manage, and protect the District’s water resources in support of the District’s Mission. The Department is comprised of the Groundwater Resources Division and the Water Supply & Planning Division, and is responsible for overseeing protection and management of groundwater resources, near- and long-term planning for water supplies, water use efficiency programs, operations of fish passage and groundwater recharge facilities, and management of the District’s imported water supplies.

### Featured Major Projects, Programs, or Initiatives

With the onset of the COVID-19 pandemic, a majority of Water Resources staff transitioned to working remotely in March 2020, with the exception of staff with field inspection and operational responsibilities. In-person processes, where possible, were transitioned to virtual processes and platforms. Department administration updated the department’s business continuity planning and provided staffing to be trained in support of core operational needs in Water Resources and in other departments.

Water Resources held four department-wide meetings during FY 2020/21, as well as regular management team, division, and section meetings to maintain regular communications while many staff worked remotely. Department administration shared department-wide email messages and blog posts to provide key updates, promote connectedness, and provide encouragement for continued communication and collaboration throughout the year.

## Department Expenditures

**EXPENSE SUMMARY  
DEPARTMENT DETAIL  
(\$ in thousands)**

	<b>FY 19/20 Actual Activity</b>	<b>FY 20/21 Amended Budget</b>	<b>FY 20/21 Estimated Actual</b>	<b>FY21/22 Adopted Budget</b>	<b>FY22/23 Adopted Budget</b>	<b>% Chg 20/21 21/22</b>	<b>% Chg 21/22 22/23</b>
Labor	\$3,111	\$3,664	\$3,465	\$3,430	\$3,958	-1%	15%
Materials	28,953	31,944	35,433	34,257	33,352	-3%	-3%
Outside Services	4,157	5,403	5,218	4,712	4,959	-10%	5%
Water Resources	\$36,221	\$41,011	\$44,116	\$42,399	\$42,269	-4%	0%
Funded Staffing Level (FTE)	25.00	25.00	26.00	26.00	27.00	0%	4%

### Financial Comments

Labor costs increase includes the additional 1.00 FTE Water Operations Analyst position starting in FY 2022/23 to support the water supply and planning program. Costs are added for temporary staffing (\$150,000) to support the water conservation program changes for the dry year conditions and rebates. The budget includes increased purchased water costs for additional water from the State Water Project, SPFUC, and taking water back from the Semitropic Groundwater Bank totaling \$4 million.

# Water Supply & Planning

## Description of Services Provided

Water Supply & Planning (WS&P) is responsible for coordination of the District’s water supply operations and water resources planning efforts. This includes protecting and preserving District water supplies; development of long-range water supply plans, alternate water supplies, and regional partnerships; dry-year planning; and promoting efficient use of water by customers through cost-effective programs, outreach, and education. Additionally, WS&P is responsible for efficiently and cost-effectively managing the District’s imported water supplies, Alameda Creek fish passage and diversion facilities, and groundwater recharge operations in accordance with applicable contracts, permits, and regulations.

## Featured Major Projects, Programs, or Initiatives

WS&P is working toward updating the District’s water supply master plan, known as the Integrated Resources Plan (IRP), in 2023 - 2025. Completion of a Climate Adaptation Plan and Purified Water Feasibility Evaluation over the next two fiscal years will be key projects to prepare for this update. Implementation of the new Water Efficiency Master Plan, which will guide the District’s water use efficiency efforts over the next five years, will also be a focus in this period as new and modified water savings measures are made available to District customers. Additionally, implementation of the Alameda Creek Fish Ladder Operations for Water Sustainability (FLOWS) program will be a major initiative during this period and will involve significant start-up testing of new fisheries facilities and implementation of a new Biological Opinion to provide flows for Steelhead restoration in the creek.

## FY 2019/20 & 2020/21 Accomplishments

- Completed the 2020-2025 Urban Water Management Plan (UWMP).
- Completed and began implementation of the Water Use Efficiency Master Plan (WEMP).
- Monitored and participated in State workgroups to inform implementation of water conservation legislation.
- Contributed to Proof-of-Concept preparations and development of the My Smart Water Connect portal for the District’s Advanced Metering Infrastructure (AMI) project.
- Completed data processing of historic Water Use Efficiency program participation data, which will streamline tracking of future water efficiency savings.

## FY 2021/22 & FY 2022/23 Goals and Objectives

Strategic Goals	Objectives
<b>Strategic Goal 1 – Maintain and improve the cost effectiveness and value of District services</b>	<ul style="list-style-type: none"> <li>• Minimize operating expenses through water supply and production optimization.</li> </ul>
<b>Strategic Goal 2 – Sustain a Reliable, High Quality Water Supply for District Customers</b>	<ul style="list-style-type: none"> <li>• Complete the Purified Water Feasibility Evaluation.</li> <li>• Continue preparation for the 2023-2025 Integrated Resource Plan update effort through development of a Climate Adaptation Plan.</li> <li>• Prepare a “business case” evaluation for potential participation in the Los Vaqueros Expansion Project.</li> <li>• Implement cost-effective water use efficiency measures and leverage AMI through targeted outreach to assist all customers with water use efficiency improvements in alignment with the WEMP.</li> </ul>

Strategic Goals	Objectives
	<ul style="list-style-type: none"> <li>Implement the District’s Alameda Creek Biological Opinion via the FLOWS program by January 2023 to comply with new flow requirements for Steelhead restoration.</li> <li>Coordinate with the California Department of Water Resources to complete agreement renewals related to the delivery of imported water supplies.</li> </ul>

**Performance Measures**

Performance Measures	Target	FY 2019/20 Actual	FY 2020/21 Estimate	FY 2021/22 Target	FY 2022/23 Target
Implement cost-effective water use efficiency measures in alignment with the WEMP	Achieve annual WEMP water savings goal	n/a	n/a	113 AF	97 AF
Minimize operating costs through supply and production optimization	SFPUC water supply purchases less than 3% above minimum contract amount	2%	<3%	<3%	<3%
Implement FLOWs Program by January 2023	Meet by January 2023	n/a	n/a	n/a	Meet
Complete Purified Water Feasibility Evaluation	Meet by December 2022	n/a	n/a	n/a	Meet
Develop Climate Change Adaption Plan	Meet in 2023	n/a	n/a	n/a	Meet

# Groundwater Resources

## Description of Services Provided

Groundwater Resources is responsible for the management and protection of groundwater resources within the District, including contamination prevention, site investigation and cleanup, aquifer reclamation, replenishment assessment, well ordinance administration, support for operation and maintenance of production wells, hydro-geologic research, and the investigation and analysis of the groundwater basin. This includes collaboration with other departments and divisions on key projects, and collaboration with local cities and agencies on groundwater-related issues for development and other land use projects. Additionally, Groundwater Resources is responsible for compliance with the Sustainable Groundwater Management Act (SGMA) and other regulations and technical guidelines that relate to groundwater management and protection.

## Featured Major Projects, Programs, or Initiatives

Groundwater Resources is leading the Alternative Update and Model Upgrade Project to upgrade the District's existing groundwater model and prepare an Alternative Update for submittal to the Department of Water Resources (DWR) that will include improvements previously identified by the District and incorporate the recommended actions documented in DWR's Alternative approval. The upgraded groundwater model will provide a robust planning tool for ongoing management of the groundwater basin under current and expected future conditions.

The Niles Cone Groundwater Basin Extraction Well Site Evaluation Project will evaluate three potential locations where water wells can be installed to extract brackish water in the Centerville-Fremont Aquifer to expedite removal of saltwater from aquifers, improve the ability to store fresh groundwater, improve water supply reliability, and reduce the District's reliance on outside water resources.

The Brackish Groundwater Reclamation Project is the implementation phase of the Extraction Well Site Evaluation Project above and will install up to three wells for future use as replacement Newark Desalination Facility (NDF) source wells. The existing NDF wells were primarily installed in 1974 and have been used as source wells for NDF since 2003 and 2010, and replacement wells are needed to address this aging infrastructure and ensure long-term reliability of the NDF.

## FY 2019/20 & 2020/21 Accomplishments

- Met various State deadlines regarding groundwater management, such as compliance with the California Statewide Groundwater Elevation Monitoring Program (CASGEM) and the Sustainable Groundwater Management Act (SGMA).
- Rehabilitated two production wells.
- Initiated cleanup at three sites within the basin with soil and/or groundwater contamination.
- Complied with the Replenishment Assessment Act of the Alameda County Water District.
- Applied and enforced compliance with the Alameda County Water District Groundwater Protection Act.

## FY 2021/22 & FY 2022/23 Goals and Objectives

Strategic Goals	Objectives
<p><b>Strategic Goal 2 – Sustain a Reliable, High Quality Water Supply for District Customers</b></p>	<ul style="list-style-type: none"> <li>• Complete the annual Groundwater Monitoring Report and Survey Report on Groundwater Conditions and meet Replenishment Assessment deadlines.</li> <li>• Complete the SGMA Annual Report by the April 1 deadline each year.</li> <li>• Complete update of the District’s Sustainable Groundwater Management Act Alternative Plan Update by December 31, 2021.</li> <li>• Complete upgrade of the Niles Cone Groundwater Basin model platform.</li> <li>• Support near-term and long-term groundwater production facility maintenance and improvement projects.</li> </ul>
<p><b>Strategic Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities</b></p>	<ul style="list-style-type: none"> <li>• Conduct one or more Board Workshops with public participation regarding water resources planning-related topics, including groundwater management and SGMA implementation.</li> <li>• Send letters and communications informing all well owners/operators and interested parties about Board of Directors or other public discussions that consider items regarding the management of Niles Cone Subbasin 2-09.01 (Niles Cone) during Committee Meetings, Regular Board of Directors meetings, Board Workshops or other public meetings.</li> </ul>

## Performance Measures

Performance Measures	Target	FY 2019/20 Actual	FY 2020/21 Estimate	FY 2021/22 Target	FY 2022/23 Target
Compliance with Replenishment Assessment Act of the Alameda County Water District	100%	100%	100%	100%	100%
Compliance with the Sustainable Groundwater Management Act (SGMA)	100%	100%	100%	100%	100%
Submittal of SGMA Annual Report by April 1 deadline	Meet	Met	Met	Meet	Meet
Aquifer Reclamation Program-pumping minimum of 7,000 acre-feet (AF) to remove brackish groundwater.	7,000 AF	Met	Meet	Meet	Meet

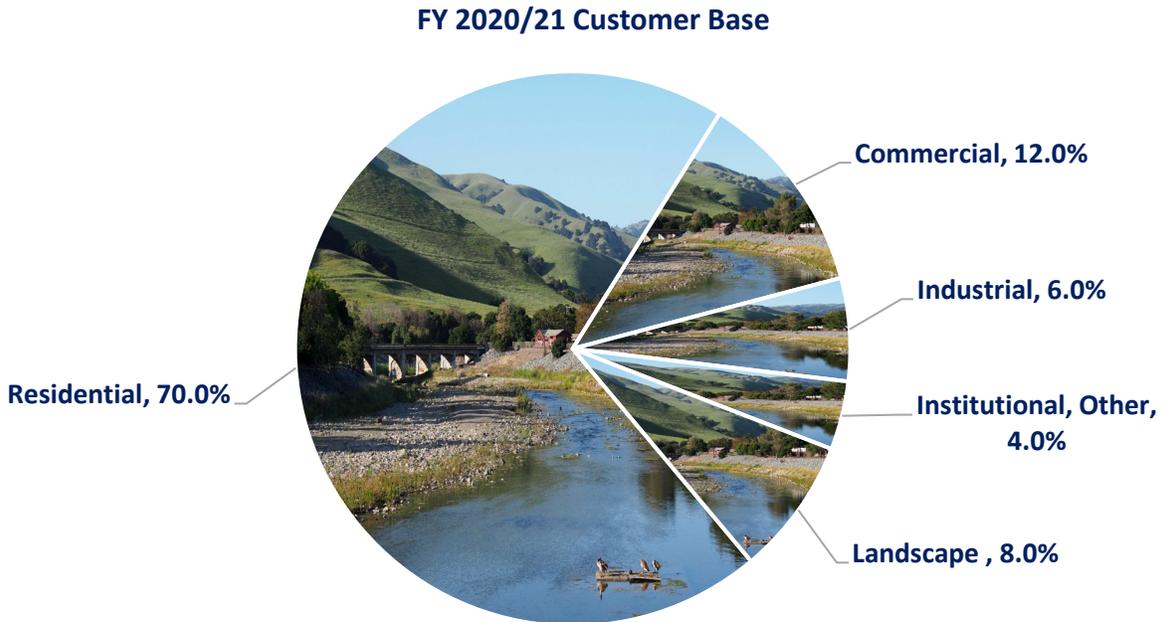


# SUPPLEMENTARY INFORMATION

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## Our Customer Base

The District provides water primarily to urban customers: approximately 70% of supplies are used by residential customers, with the balance (approximately 30%) utilized by commercial, industrial, institutional, and large landscape customers. Total distribution system water use (including non-revenue water) was approximately 43,000 Acre-Feet in FY 2020/21.



## Local Economy

The local economy of ACWD's service area has been a reflection of nearby Silicon Valley and the greater Bay Area. The Tri-City's diverse base supports a mix of large and small businesses and in a normal environment provides for greater economic stability and less volatility than more specialized economies. As of March 2021, the unemployment rates for the cities of Fremont, Newark and Union City are 5.2%, 5.8%, and 6.5% respectively, as compared to the State (8.3%) and the United States (6.0%). Assessed property values within the District increased 6.4% in FY 2020/21 and are conservatively anticipated to increase another 3.4% in FY 2021/22.

ACWD's overall customer base is anticipated to grow modestly in size and income. Last calendar year, population for combined cities of Fremont, Newark, and Union City grew 0.3%. Population grew 0.5% to 234,239 for the City of Fremont, 0.5% to 48,859 for the City of Newark, and decreased 0.6% to 72,779 for the City of Union City (Source: State of California Department of Finance). The US Census Bureau data, as of July 1, 2019, estimated median household income of \$133,354 for the City of Fremont, \$116,856 for the City of Newark, and \$114,681 for the City of Union City.

## Ten Largest Water Customers

The District has a diverse customer base and the largest ten water service customers by water revenues represented only about 7% of total water sales revenue in FY 2019/20.

1=Highest to 10=Lowest

	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	2019/20 Water Revenues (000's)
City of Fremont	1	1	1	1	1	\$1,527
Fremont Unified School Dist.	3	2	3	2	2	1,066
Tesla, Inc.	2	3	2	3	3	1,021
Western Digital Technologies	4	5	5	4	4	679
Lam Research Corporation	-	9	8	5	5	628
Prologis Trust	5	4	4	7	6	604
City of Union City	6	6	6	6	7	573
Ardenwood Forest Apartments	8	7	7	8	8	515
Contempo Homeowners Assoc.	7	8	9	9	9	512
Cargill Salt	-	-	-	-	10	452

Source: Alameda County Water District Finance Department



# GLOSSARY

# GLOSSARY

## Acronyms

The following acronyms are used in this budget document.

AF: Acre Feet or Acre Foot

ACWA: Association of California Water Agencies

ACWD: Alameda County Water District

ACFCD: Alameda County Flood Control and Conservation District

AWWA: American Water Works Association

BMP: Best Management Practices

CalOES: California Governor's Office of Emergency Services

CalWEP: California Water Efficiency Partnership

CA WCB: California Wildlife Conservation Board

CCF: Centum Cubic Feet of water which equals 748 gallons or one unit. Also known as HCF.

CDFW: California Department of Fish and Wildlife

CEQA: California Environmental Quality Act

CIP: Capital Improvements Program

CAFR: Comprehensive Annual Financial Report

CalPERS: California Public Employees Retirement System

CNRA: California Natural Resources Agency

COLA: Cost of Living Adjustment

CUWA: California Urban Water Agencies

DWR: Department of Water Resources

EBMUD: East Bay Municipal Utility District

FCC: Facilities Connection Charge

FEMA: Federal Emergency Management Agency

FIF: Facilities Improvement Fund

FRF: Facilities Renewal Fund

GIS: Geographic Information Services

GAAP: Generally Accepted Accounting Principles

GASB: Governmental Accounting Standards Board

GFOA: Government Finance Officers Association

GPCD: Gallons per Capita per Day

HCF: one Hundred Cubic Feet of water which equals 748 gallons or one unit. Also known as CCF.

IRP: Integrated Resources Planning

IRWMP: Integrated Regional Water Management Plan

LAIF: Local Agency Investment Fund

MGD: Million Gallons per Day

PFAS: Per- and Polyfluoroalkyl Substances

SCADA: Supervisory Control and Data Acquisition

SFPUC: San Francisco Water Public Utility Commission

SWP: State Water Project

SWRCB: State Water Resources Control Board

UWMP: Urban Water Management Plan

WEMP: Water Efficiency Master Plan

## Definitions

**Accrual Basis of Accounting:** The basis of accounting under which transactions are recognized when they occur, regardless of the timing of cash receipts and disbursements.

**Acre-Foot/Acre-Feet (AF):** A unit of measure equivalent to 325,851 gallons of water.

**Adopted Budget:** The Adopted Budget represents estimated revenues and appropriations for the two fiscal years that are adopted by the Board of Directors.

**Ad Valorem Tax:** A tax based on the assessed value of taxable property. ACWD receives a portion of the ad valorem taxes levied by Alameda County on properties in the service area.

**Advanced Metering Infrastructure (AMI):** This technology includes hardware, meter data management software, communications equipment and smart meters that provide real-time meter reads and consumption data to the customer and the utility. This information will then allow the customer to be more aware of water usage, identify problems sooner, and allows the Utility to improve meter reading accuracy and efficiency.

**Amended Budget:** The prior year's Adopted Budget, plus adjustments approved by the Board of Directors through the midcycle budget review and adoption process.

**American Water Works Association (AWWA):** An international scientific and educational society dedicated to the improvement of drinking water quality and supply. ACWD is a member of AWWA.

**Appropriation:** An amount of money in the budget authorized for expenditure or obligation within organizational units for specific purposes.

**Assessed Valuation:** An official government value placed upon real estate or other property as a basis for levying taxes.

**Balanced Budget:** A budget is balanced when budgeted expenditures are equal to or less than the amount of budgeted revenues plus other available sources.

**Beginning Balance:** The beginning balance is comprised of residual funds brought forward from the previous fiscal year (ending balance).

**Board of Directors:** The governing body of the Alameda County Water District. The governing board is made up of five members, elected at-large from the service area.

**Budget:** A financial plan for a specified period of time that matches all planned revenues and expenditures. The District uses a fiscal year beginning each July 1 and ending each June 30 for budgetary and financial reporting purposes.

**Capital Improvement Program (CIP):** The District's 25-year plan for the construction, rehabilitation and modernization of the District's water system infrastructure.

**Capital Projects:** Capital projects consist of an expense or related group of expenses which are used to acquire, build, rehabilitate, replace or improve an asset. A capital project is used during the budget process to allocate District resources over the next two fiscal years. Projects that are budgeted within the Capital Improvement Program Budget and fall within the definition of Capital Expenditures, meaning they (1) create or extend the

lives of assets, (2) their work products have a useful life of greater than one year, and (3) they involve an expenditure of District resources in excess of \$5,000.

**CCF (Hundred Cubic Feet):** CCF is the standard rate of billing for retail water service. One CCF is equal to 100 cubic feet of water, which is equal to 748 gallons of water. Sometimes referred to as HCF.

**Commodity Charge:** A charge per CCF that includes retail water usage charges and pass through charges for purchased water.

**Cost Center:** Cost Centers are separate accounts in the financial accounting system in which costs are accumulated for tracking and planning purposes. A cost center generally represents a division or functional area of the District (such as water supply planning or information technology).

**Cost Element:** Cost Elements are separate accounts in the financial accounting system in which costs are accumulated for tracking and planning purposes. Cost elements include categories such as wages, power costs, professional services, etc.

**Debt Coverage:** The ratio of net revenues to debt service requirements, calculated in accordance with the District's bond documents. The District's policy is to maintain a debt coverage ratio of at least 2.0; although its bond covenants only require debt coverage of 1.25.

**Debt Service:** The District's obligation to pay the principal and interest of bonds and other debt instruments according to a predetermined payment schedule.

**Department of Water Resources (DWR):** The state agency responsible for financing, constructing and operating State Water Project facilities. DWR operates and maintains the State Water Project, including the South Bay Aqueduct that brings water to the Bay Area. The department also provides dam safety and flood control services, assists local water districts in water management and conservation activities, promotes recreational opportunities, and plans for future statewide water needs.

**Desalination:** Removal of salts from salt water by evaporation or distillation. Specific treatment processes, such as reverse osmosis or multi-stage flash distillation, to de-mineralize seawater or brackish (saline) waters for reuse.

**Division:** A major administrative unit of the District which has overall management responsibility for a group of related operations within a functional area.

**Enterprise Fund:** A fund established to account for operations that are financed and operated in a manner similar to business enterprises where (1) the intent of the governing body is that costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) the governing body or higher governmental authority has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control and accountability for other purposes.

**Expenditure:** An amount of money disbursed or obligated. Expenditures include current operating expenses and capital improvements requiring the present or future use of net current assets and the current year portion of debt service.

**Extraordinary Expense Projects:** Extraordinary Expense Projects (Expense Projects) consist of infrequent and unusual expenses which are not part of the District's ordinary, day to day operations. Costs for these projects will not result in an asset, increase the life of an existing asset or may not be directly identifiable with a specific

asset. Examples include feasibility studies, software upgrades, pilot programs, monitoring, and unusual or unplanned events (COVID or Fires, as two examples). Extraordinary Expense Projects roll-up under the operating expenses, but because they may have a material impact on the District and may use significant resources, they are broken out separately in the budget.

**Facilities Connection Charge (FCC):** The charge is a capacity fee imposed when a customer requests a new or expanded service connection.

**Facilities Improvement Fund (FIF):** This fund is used by ACWD to plan, design and construct facilities to support the additional demand placed on the water system by expanded, new, and future service connections.

**Financial Policies:** Documents approved by the Board of Directors that identify parameters through which ACWD manages its finances and provides a standard in which fiscal performance can be reviewed.

**Fiscal Year:** The timeframe in which the Budget applies. This is the period from July 1 through June 30 of the succeeding year.

**Full-Time Equivalent (FTE):** An employee that works full time and receives full benefits. The amount of time a position has been budgeted for in terms of the amount of time a regular, full-time employee normally works in a year (2,080 hours).

**Fund:** A set of accounts used to account for a specific activity, such as a water enterprise fund. A fiscal and accounting entity with a self-balancing set of accounts, recording cash and other financial resources, together with all related liabilities and changes in these assets and liabilities.

**Fund Balance:** In accounting terms, excess of the total assets of a fund over its total liabilities and reserves. Since the District's budget is prepared on a cash-basis, fund balance refers to actual cash balance.

**General Fund:** Unrestricted funds used to pay for general or operating expenditures.

**Generally Accepted Accounting Principles (GAAP):** Uniform minimum standards of, and guidelines for, external financial accounting and reporting. They govern the form and content of the basic Financial Statements of an entity. The responsibility for setting GAAP for state and local governments rests with the Governmental Accounting Standards Board (GASB).

**Geographic Information System (GIS):** GIS is a system designed to capture, store, manipulate, analyze, manage and present all types of geographically referenced data.

**Grant:** A contribution by a government or other organization to support a particular function.

**Groundwater:** Water that has percolated into natural, underground aquifers; water in the ground, not water collected on the surface. Groundwater is water pumped from underground aquifers.

**Imported Water:** Water imported by ACWD from the State Water Project through the South Bay Aqueduct system and water purchased from the San Francisco Public Utility Commission (SFPUC).

**Integrated Resource Plan (IRP):** The water resource planning document that looks broadly at the options available for matching the District's water supplies and customer demands.

**Moody's Investor Services (Moody's):** One of the nationally recognized statistical-rating organizations that produces a credit rating for ACWD.

**Operating Expenses:** Operating expenses consist of expenses required for the day-to-day operations of the District. These include necessary costs to purchase, treat, and distribute water to customers; ensure proper maintenance of facilities; and fund needed support services (management, customer service, administrative services, planning, regulatory compliance, and communication).

**Other Post-Employment Benefits (OPEB):** Post-employment benefits that an employee will begin to receive at the start of retirement, but it does not include pension benefits paid to the retired employee.

**Overhead:** General Fund expenses that cannot be specifically associated with a given service, program, project or operational unit (i.e., accounting, technology services, human resources). Overhead expenses are allocated to programs and/or projects via an overhead rate that is calculated as a percentage of direct program/project salaries. The overhead rate provides a mechanism to reimburse for the costs incurred.

**Pay-As-You-Go (PAYGO):** The practice of funding capital projects from current revenues in-lieu of using debt proceeds.

**Per- and polyfluoroalkyl substances (PFAS):** PFAS are a group of man-made chemicals that includes PFOA, PFOS, GenX, and many other chemicals. PFAS have been manufactured and used in a variety of industries around the globe, including in the United States since the 1940s. PFOA and PFOS have been the most extensively produced and studied of these chemicals. Both chemicals are very persistent in the environment and in the human body – meaning they don't break down and they can accumulate over time. There is evidence that exposure to PFAS can lead to adverse human health effects.

**Performance Measurement:** A qualitative or quantitative indicator of successful goal attainment. A “good” performance measure is a reasonable approximation or representation of goal attainment. The performance measure cited should also be one that the Agency can affect, gather data on, and measure.

**Public Employees Retirement System (PERS).** An agent, multiple-employer, public retirement system to which the District contributes that acts as a common investment and administrative agent for participating public entities within the State of California.

**Restricted Reserves:** Reserve funds set aside to be used for a specific purpose either by Board action or by contractual or legal requirements.

**Standard & Poor's (S&P):** One of the nationally recognized statistical-rating organizations that produces a credit rating for ACWD.

**State Water Contract Tax:** This is the override tax collected through the property tax bill that helps pay for the District's State Water Project costs.

**State Water Project (SWP):** A water development and distribution system owned and operated by the State of California Department of Water Resources, which transports water from northern California to 29 contracting public agencies. It entails the operation and maintenance of the collection and transportation facilities.

**Strategic Plan:** A long-term plan defining the District's mission, goals, objectives and implementing actions.

**Target Reserve:** A level of reserves set by the Board of Directors for various purposes such as operations and maintenance, rate stabilization, capital projects, and emergencies.

**Unfunded Actuarial Accrued Liability (UAAL):** The difference between the actuarial accrued liability and the actuarial value of assets accumulated to finance that obligation.

**Urban Water Management Plan (UWMP):** An engineering study prepared by a water purveyor to ensure the appropriate level of reliability of water service sufficient to meet the needs of its various categories of customers during normal, single dry or multiple dry years. The study recommends and prioritizes capital improvements based on long-range planning efforts through analysis and assessment of the capacity of existing and planned infrastructure, with respect to established design criteria.

**Water Rates:** Retail water rates charged to ACWD customers. ACWD currently has a uniform rate structure. The water rates consist of two main components: a fixed monthly Service Charge and a variable water usage Commodity Charge. The rates for the Service Charge vary based on meter size, whereas the Commodity Charge is a set amount charged for each HCF of water consumption.

# **APPENDIX A: 25-YEAR CAPITAL IMPROVEMENT PROGRAM**

Fiscal Years 2021/22 through FY 2045/46 Capital Improvement Program adopted by the Board (Resolution No. 21-032).

APPENDIX A  
25-YEAR CAPITAL IMPROVEMENT PROGRAM

ACWD CAPITAL IMPROVEMENT PROGRAM  
REFLECTS ESTIMATED EXPENDITURES FOR FY2020-21 AND PROPOSED BUDGET FOR FY 2021-23  
FY 2021-22 AND LATER PROJECTS IN 2021 DOLLARS

Budget Code	CIP No	FIF	FRF	Title	Estim'd 20-21	Year 1 21-22	Year 2 22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36	36-37	37-38	38-39	39-40	40-41	41-42	42-43	43-44	44-45	45-46	2 YR Total	10 YR Total	25 YR Total		
BudgetCode	CIPNumber	FIF	FRF	Title	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	FY 29-30	FY 30-31	FY 31-32	FY 32-33	FY 33-34	FY 34-35	FY 35-36	FY 36-37	FY 37-38	FY 38-39	FY 39-40	FY 40-41	FY 41-42	FY 42-43	FY 43-44	FY 44-45	FY 45-46	2 YR Total	10 YR Total	25 YR Total		
D	MD0101	0	No	Service Line Emergency Replacement Program	\$ 1,480,000	\$ 1,900,000	\$ 1,900,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	\$ 2,412,000	
D	MD0102	0	No	Service Line Incidental Replacement Program	\$ 200,000	\$ 168,412	\$ 168,412	\$ 168,412	\$ 168,412	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	\$ 173,400	
Customer Jobs	MD0109	0	No	CUSTOMER GENERATED DISTRIBUTION SYSTEMS IMPROVEMENTS	\$ 3,800,000	\$ 4,348,257	\$ 4,458,709	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	
D	MD0201	0	No	Water Meter Replacements - Large Meters	\$ 36,500	\$ 20,000	\$ 20,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	
G	GA5007	0.2	No	Brackish Groundwater Reclamation Project-Desal Replacement	\$ -	\$ 80,250	\$ 2,879,240	\$ 4,231,906	\$ 3,641,040	\$ 1,961,040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
G	GA1001	0.2	No	Niles Cone Groundwater Basin Extraction Well Site Evaluation	\$ 37,207	\$ 1,168,567	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D	GA7002	0	No	Convert Lowry Well to Standby Well	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
D	MM8011	0.2	YES	Main Renewal - Small Diameter Pipeline Renewal	\$ 1,600,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 778,050	\$ 3,334,500	\$ 5,187,000	\$ 5,187,000	\$ 2,300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Exp	GA5006	0.2	NO	Desal Supply Well Pilot Study	\$ 352,000	\$ 84,442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Exp	AK0166	0	No	IT Enterprise Software Upgrades - Cityworks	\$ -	\$ 50,000	\$ -	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ 60,000	
D	BB5001	0	No	Booster Stations- Facility Improvements / Equipment Replacement	\$ 62,000	\$ 45,000	\$ 45,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	
D	SR5001	0.1	No	Reservoir- Facility Improvements/ Equipment Replacement	\$ 38,237	\$ 25,000	\$ 25,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	
D	ST5001	0.1	No	Tanks- Facility Improvements/ Equipment Replacement	\$ 22,000	\$ 20,000	\$ 25,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 515,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 415,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
O	YI0101B	0	No	SCADA Systems Infrastructure Upgrades	\$ 10,000	\$ 227,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
O	YI0028	0	No	Avanion System Fiber Optic Systems Upgrades	\$ -	\$ -	\$ 20,000	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Exp	YI0602	0	No	Facility Standby Power Study	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
D	MD0202	0	No	Water Meter Replacements - Medium Meters	\$ -	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000		
V	AV0152	0	No	Equipment and Tools - Distribution Maintenance	\$ 18,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	
D	MD5001B	0	No	Inserta Valve Insertion Equipment	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	
D	PJ0110	0	No	MSWTP - Replace Diesel Generator and Cooling System	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
V	AV0101	0	No	Vehicle Capital - Air Quality Reg'd Equip Upgrades	\$ -	\$ -	\$ -	\$ 85,000	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D	PH0251B	0	No	Desal Facility Improvements / Equipment Replacements	\$ 24,273	\$ 55,000	\$ 55,000	\$ 56,000	\$ 56,000	\$ 76,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	
G	GG0501	0.2	No	Vallejos Channel Pipeline Installation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ 300,000	\$ 1,000,000	\$ 1,000,000	\$ 10,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D	MD0104A	0.2	No	Asbestos Cement Pipeline Assessment	\$ -	\$ -	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
G	GG5007	0	No	Groundwater PFAS Sampling and Source Investigation	\$ 11,000	\$ 149,524	\$ 149,524	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
G	GG5008	0.5	No	Groundwater SGMA Enhancement	\$ -	\$ 101,840	\$ 101,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Exp	PH0108	0	No	Blending Facility PFAS voluntary monitoring program	\$ 51,860	\$ 92,576	\$ 92,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
HF	AQ0153	0	No	HQ Electrical Infrastructure Replacement & Upgrade	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D	SR0251	0.2	No	Decoto Reservoir Electrical Infrastructure Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 350,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D	PJ0251C	0	No	WTP No.2 Improvements and Equipment Replacements	\$ 648,000	\$ 168,000	\$ 108,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000	
E	YI0603	0	No	Electrical Redundancy & Reliability for IT Systems	\$ -	\$ -	\$ 77,700	\$ 22,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
O	AK0104	0	No	Cityworks Interface DMD	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
D	MD0112	0.1	No	Distribution Leak Detection System																															



## APPENDIX B: FINANCIAL POLICIES

The District maintains the following financial policies:

- Reserve
- Debt Management and Disclosure
- Investment
- Procurement

The following are the full policies. They are also viewable on the District's [Finance Department website](#). Summary of each policy is also provided in the Financial Policies section of this budget document.

RESOLUTION NO. 21-029

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT  
APPROVING AN UPDATED STATEMENT OF RESERVE FUND POLICY

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WHEREAS, the Alameda County Water District maintains several reserve funds in the course of conducting business to ensure that sufficient resources are available to meet operating expenses, capital expenditures, debt service obligations, and address unanticipated events; and

WHEREAS, a reserve fund policy has been developed to demonstrate the District's commitment to fiscal responsibility and prudent financial planning; and

WHEREAS, on June 11, 2020, by Resolution No. 20-040, the Board reviewed and updated the District's Statement of Reserve Fund Policy to update the "Rate Stabilization Reserve" to add clarification for variable water sales as "the difference in revenue that would result from using the lowest water usage year versus the most recent year or a typical year based on current commodity rates."; and

WHEREAS, to promote financial transparency in accordance with the District Strategic Plan Goal 3.3 – Promote Financial Transparency, the Statement of Reserve Fund Policy will be reviewed on an annual basis; and

WHEREAS, staff has reviewed the Statement of Reserve Fund Policy and recommends that the "Debt Service Reserve" be removed since the District's 2009 revenue bonds have been paid off and the District is no longer required to maintain a balance in the Debt Service Reserve; the "Capital Project Sinking Fund" be added to account for resources specifically designated for future capital projects; the "Capital Reserve" be updated to include that the funding in the "Capital Reserve" will be revised annually based on the prior year's depreciation and will be adjusted to account for unanticipated timing issues that may affect the reserve balance; and the "Rate Stabilization Reserve" be updated to include that any General Fund balances that are either short or in excess of the "Capital Projects Sinking Fund" target will be accounted for in the "Rate Stabilization Reserve."

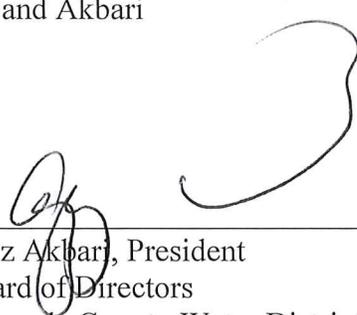
NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of ALAMEDA COUNTY WATER DISTRICT that the updated Statement of Reserve Fund Policy as documented in Exhibit A, attached hereto and incorporated herein as though fully set forth, is hereby approved as the reserve fund policy of the ALAMEDA COUNTY WATER DISTRICT.

PASSED AND ADOPTED this 10<sup>th</sup> day of June 2021, by the following vote:

AYES: Directors Weed, Gunther, Huang, Sethy, and Akbari

NOES: None

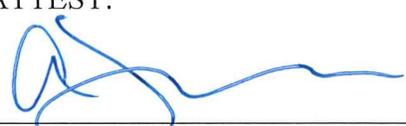
ABSENT: None



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Aziz Akbari, President  
Board of Directors  
Alameda County Water District

ATTEST:



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Andrew Warren, Assistant District Secretary  
Alameda County Water District  
(Seal)

APPROVED AS TO FORM:



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Patrick T. Miyaki, General Counsel  
Alameda County Water District

**ALAMEDA COUNTY WATER DISTRICT**  
**Statement of Reserve Fund Policy**  
**June 10, 2021**

POLICY

A key element of prudent financial planning is to ensure that sufficient funding is available for current operating, capital, and debt service cost needs. Another critical aspect of fiscal responsibility is to not only anticipate and prepare for future funding requirements for ongoing operations and maintenance expenses and capital expenditures, but also to prepare for unforeseen disasters and other unforeseen events. In addition, reserves need to be maintained when defined by statute, court determinations, contractual agreements, or bond resolutions. The Alameda County Water District will at all times strive to have sufficient funding available to meet its operating, capital, debt service cost, and any other obligations.

Reserve funds will be accumulated and managed in a manner which allows the District to fund costs consistent with the Capital Improvement Plan, the Long Range Financial Planning Model, and the Integrated Resource Management Plan while avoiding significant rate fluctuations due to changes in cash flow requirements. The District will maintain a cash reserve position that may be utilized to fund unexpected fluctuations in revenues and operating and capital expenditures. In addition, annual net revenue levels will be maintained to ensure that the Debt Service Coverage Ratio stays at or above the target rate of 2.0 while also adequately funding all cash reserves at their designated minimums and targets. Staff will review with the Board of Directors, during the annual budget review, the level of reserve funds needed.

DEFINITIONS

The District maintains two types of reserve funds:

Restricted Reserves

Restricted reserves are reserves that are restricted by an outside source, such as by statute, court determination, or contract.

Designated Reserves

Designated reserves are reserves that are established and set aside to be used for a specific, Board designated purpose.

RESTRICTED RESERVES

Facilities Improvement Fund Reserve

The Facilities Improvement Fund Reserve is a restricted reserve, required by California Government Code Section §66013, for the purposes of depositing Facilities Connection Charges from customers and then utilizing the funds to help pay for the growth related component of capital projects in the District's Capital Improvement Program. The Facilities Connection Charge amount is reviewed regularly and has a cost basis calculated on the cost of growth capital in the 25-Year Capital Improvement Plan.

The Facilities Improvement Fund Reserve may make loans to the Installer's Reimbursement Fund Reserve as needed to ensure an adequate reserve balance to reimburse developers for eligible projects. Notwithstanding the authorization to make loans, funds in the Facilities Improvement Fund Reserve and Installer's Reimbursement Fund Reserve shall continue to be separately accounted for to ensure the funds are not comingled. Any loans shall identify the date that the loan will be repaid and shall be repaid to the Facilities Improvement Fund Reserve with interest calculated at the rate paid by the Local Agency Investment Fund.

#### Installer's Reimbursement Fund Reserve

The Installer's Reimbursement Fund Reserve is a restricted reserve for the purpose of depositing Facilities Reimbursement Charges from developers. The funds are used to reimburse developers for the marginal cost of building over-sized mains or other infrastructure that supports growth and that exceeds the requirements to serve their development, and is built at the direction of the District. The Facilities Reimbursement Charge is reviewed regularly and has a cost basis calculated on the cost of anticipated developer reimbursements.

#### Management Retirement Bonus Reserve

The Management Retirement Bonus Reserve is a restricted reserve established by the Board of Directors to fund the total estimated remaining amount of future bonuses for any current employees that meet the eligibility requirements of the Management Retirement Bonus program. This program was established for employees hired on or before December 31, 2000. Employees hired on or after January 1, 2001 are not eligible.

### DESIGNATED RESERVES

#### Operations & Maintenance (O&M) Reserve

The O&M Reserve is a designated reserve, which has been established by the Board of Directors to maintain a level of funding to meet the daily cash needs for ongoing operations and maintenance of the water system. This also provides funds to ensure District operations are not affected by the timing of planned expenses, an unexpected expense, or disruption in revenue.

The O&M Reserve has an established minimum target of three months of water revenues.

#### Capital Reserve

The Capital Reserve is a designated reserve, which has been established by the Board of Directors to maintain a minimum level of funding to meet the cash flow requirements of the Capital Improvement Program and fund up to one-year of capital improvements. The District's main current source of funding for capital improvements is from water revenues. Capital improvements are designed to meet regulatory requirements, improve system reliability, and address future water demand in the District and are included in the 25-Year Capital Improvement Program and Long Range Financial Planning Model, both of which are reviewed by the Board of Directors each fiscal year.

The Capital Reserve has an established minimum target of one year of water system depreciation. This total minimum level of capital cash reserves is to ensure there are sufficient reserves maintained to help minimize the risk from year to year of not having enough cash in reserve to fund unanticipated swings in “pay-go” capital expenditures or to fund capital investments to maintain the value of the water system during a decline in revenues. However, the funding in the Capital Reserve will be revised annually based on the prior year’s depreciation and will be adjusted to account for unanticipated timing issues that may affect the reserve balance.

#### Capital Projects Sinking Fund

Funds for planned capital projects may temporarily accumulate due to unanticipated timing issues and will be retained for paying capital expenditures as the expenses are incurred. Due to the timing of capital projects, the Capital Projects Sinking Fund is utilized to account for resources specifically designated for future capital projects. The annual Capital Improvement Program appropriations are drawn from this fund as needed.

The Capital Projects Sinking Fund has an established target equal to the difference between the current General Fund ending balance and lowest ending balance within the next five years as presented in the Financial Planning Model. Any General Fund balances that are either short or in excess of the Capital Projects Sinking Fund target will be accounted for in the Rate Stabilization Reserve.

#### Rate Stabilization Reserve

The Rate Stabilization Reserve is a designated reserve, which at the direction of the Board of Directors is maintained at an amount equal to six months of variable water sales – the difference in revenue that would result from using the lowest water usage year versus the most recent year or a typical year based on current commodity rates. Any General Fund balances that are either short or in excess of the Capital Projects Sinking Fund target will be accounted for in the Rate Stabilization Reserve.

These reserve funds may be designated to address revenue shortfalls resulting from lower than anticipated water sales due to unusually wet weather, conservation in response to a water shortage emergency, or any other reason that may cause lower water sales. Rate Stabilization Reserve funds will be replenished as needed during years of higher than anticipated water sales. The purpose of this reserve is to moderate the need for rate increases resulting from lower water demand.

#### Emergency Reserve

The Emergency Reserve is a designated reserve, which at the direction of the Board of Directors, is to be maintained at a target level of \$10 million. This is the calculated additional amount of funds needed to purchase water in a year of adverse water conditions. The Emergency Reserve is to be used only with the authorization of the Board of Directors in the event of an unforeseen event such as a natural disaster, water shortage emergency, or other unanticipated adverse situation.

## RESERVE POLICY REVIEW

The provisions of this Reserve Policy will be reviewed by the Board of Directors on an annual basis in conjunction with the review and approval of the District's budget.

RESOLUTION NO. 20-046

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT  
APPROVING UPDATED DEBT MANAGEMENT AND DISCLOSURE  
POLICY

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WHEREAS, the Alameda County Water District has outstanding debt and may issue additional debt in the future; and

WHEREAS, the Alameda County Water District is committed to prudent financial management, systematic capital planning, and long-term financial planning; and

WHEREAS, on August 10, 2017, the Board adopted its Debt Management and Disclosure Policy, which sets forth guidelines for the financing of capital projects and establishes general parameters for the issuance and administration of bonds and other forms of indebtedness; and

WHEREAS, on October 11, 2018, the Board updated the Debt Management and Disclosure Policy to confirm that arbitrage calculations will be done every five years or no less frequently than the maximum period allowed by law and to clarify the District's continuing disclosure dissemination protocol; and

WHEREAS, on July 11, 2019, the Board updated the Debt Management and Disclosure Policy to confirm that the District will evaluate whether or not to capitalize interest during the construction period of a project on a case-by-case basis; confirm that it is the intent of the District to maintain the debt service coverage ratio at 2.00 or higher; and as required for transactions closed after February 2019, the District will disclose any incurrence of a material financial obligation which may affect bondholders or any events under the terms of a financial obligation that may reflect financial difficulties. An example of a financial obligation would include a new debt

issuance while an example of an event that reflects financial difficulties would include failure to make a required debt service payment.

WHEREAS, the Board desires to update the Debt Management and Disclosure Policy to confirm that the Debt Management and Disclosure Policy is intended to comply with the requirements of Senate Bill 1029 (SB 1029), codified as part of Government Code Section 8855(i), effective on January 1, 2017 and shall govern all debt undertaken by the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of ALAMEDA COUNTY WATER DISTRICT that the Updated Debt Management and Disclosure Policy as documented in Exhibit A, attached hereto and incorporated herein as though fully set forth, is hereby approved as the debt policy of the ALAMEDA COUNTY WATER DISTRICT.

PASSED AND ADOPTED this 9<sup>th</sup> day of July, 2020, by the following vote:

AYES: Directors Akbari, Gunther, Sethy, Weed, and Huang

NOES: None

ABSENT: None

/s/ JUDY C. HUANG

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

ATTEST:

APPROVED AS TO FORM:

/s/ GINA MARKOU

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

/s/ PATRICK T. MIYAKI

Patrick T. Miyaki, General Counsel  
Alameda County Water District

**ALAMEDA COUNTY WATER DISTRICT  
Debt Management and Disclosure Policy  
July 9, 2020**

**POLICY**

The Debt Management and Disclosure Policy (the “Debt Policy”) sets forth guidelines for the financing of capital projects and establishes general parameters for the issuance and administration of bonds and other forms of indebtedness. This Debt Policy is intended to comply with the requirements of Senate Bill 1029 (SB 1029), codified as part of Government Code Section 8855(i), effective on January 1, 2017 and shall govern all debt undertaken by the District.

The Alameda County Water District (the “District”) is committed to prudent financial management, systematic capital planning, and long-term financial planning. It is the purpose of the Debt Policy to further the District’s mission to provide a reliable supply of high quality water at a reasonable price to customers through the pursuit of the following objectives:

- guide the prudent use of resources
- maintain access to cost-effective borrowing
- minimize debt service and issuance costs
- retain the highest possible credit rating
- maintain full and complete financial disclosure and reporting
- achieve full and timely repayment of debt
- ensure future financial flexibility

All indebtedness shall be integrated with the District’s biennial Operating Budget, 25-Year Capital Improvement Program, and Financial Planning Model. New indebtedness will be evaluated for impact to pledged revenue, debt service coverage, and annual debt service.

**CRITERIA FOR DEBT FINANCING/POLICY GOALS**

As a guiding policy, debt financing shall only be used to fund the design, construction, or acquisition of capital assets; it will not be used for operating and maintenance or other recurring costs. The District will use the following criteria to evaluate pay-as-you-go versus pay-as-you-use (debt) financing for portions of its capital improvement program from time to time:

**Factors Favoring Pay-As-You-Go Financing**

- Projects or assets with short useful lives
- Project can be adequately funded with current resources without impairing the District’s future financial position
- Additional debt would adversely affect the District’s cash flow position, operating

- flexibility, or ability to maintain compliance with existing debt covenants
- Capital market conditions are unstable or present difficulties in financing

#### Factors Favoring Pay-As-You-Use (Debt) Financing

- Projects or assets with long useful lives
- Proposed pledged revenues for debt service are sufficient and reliable so that long-term financing can be obtained at favorable interest rates
- Additional debt would not adversely impact covenants of outstanding debt
- Determination that it would be prudent to provide intergenerational equity
- Project is mandated by state or federal requirements and other funding options are insufficient or unavailable
- Project is immediately required to meet District needs and other funding options are insufficient or unavailable

### **METHODS OF FINANCING**

The District will evaluate all possible project financing alternatives including, but not limited to, bonds (issued either directly by the District or through a joint powers authority), bank loans, lines of credit, commercial paper, state revolving funds, Water Infrastructure Finance and Innovation Act (WIFIA) loans, interfund borrowing, and grants. Financing methods will be evaluated within the framework of the District's outstanding debt, capital improvement plan and long-term financial planning model. Financing will be evaluated in combination of all outstanding debt to ensure debt coverage and District creditworthiness is not adversely impacted.

### **DEBT ISSUANCE**

While the District strives to adhere to the Debt Policy, changes in capital markets, unforeseen circumstances, or extraordinary conditions may require exceptions. Exceptions to the Debt Policy will be reviewed with the Board of Directors (the "Board") for consideration prior to debt issuance.

**Method of Sale** – Bonds will primarily be sold through competitive sale, but may alternatively be sold through a negotiated sale due to volatile market conditions, complex security features, or policy goals. Private Placements will generally be avoided.

**Type** – The District will typically issue special revenue bonds secured by a pledge of the District's water revenue.

**Term** – Debt terms will not exceed the useful life of the asset. Debt will be structured to have a fair allocation of costs to current and future users.

**Lien Level** – Senior, Junior, and Subordinated Junior Liens will be evaluated based on cost or capacity of the revenue source securing the debt.

**Coupon** – The District will generally seek to issue fixed rate debt and avoid variable rate debt to minimize interest rate risk.

**Maturity** – Debt issuances will typically be a combination of serial and term bonds. Only under certain market conditions will capital appreciation (zero coupon) bonds be used.

**Structure** – Level debt service, level principal, or “wrap around” option bond structures will be evaluated based on projected cash flow, current annual debt service, and estimated project revenues.

**Tax Exempt** – The District will evaluate tax status of any bond sales with bond counsel and comply with all applicable laws and regulations to ensure the tax-exempt status of its bonds. Taxable debt will generally be avoided to reduce interest expense unless there is a legally required or advantageous reason for utilizing taxable bonds vis-à-vis tax-exempt bonds.

**Capitalized Interest** – The District will evaluate whether or not to capitalize interest during the construction period of a project on a case-by-case basis. Generally, capitalized interest will only be considered for a revenue-producing project and such that debt service expense does not begin until the project is expected to be operational and producing revenues.

**Debt Service Coverage** – The District’s existing bond covenants require a debt service coverage ratio (net revenues to debt service) of at least 1.25. It is the intent of the District to maintain the debt service coverage ratio at 2.00 or higher.

**Redemption Provisions** – For all debt issuances, the District will evaluate the cost benefit of redemption provisions against potential interest savings through refunding. Periodic reviews of all outstanding debt will be undertaken to determine redemption opportunities. Redemption will only be considered if allowable by debt covenants and there are sufficient resources to prepay/retire debt without adverse impact to the District’s financial position.

**Credit Enhancement** – Credit enhancements will be evaluated on a case-by-case basis for each debt issuance.

**Debt Service Reserve** – The size of Debt Service Reserve Funds are generally the lesser:

- 10% of par
- 125% of average annual debt service
- 100% of maximum annual debt service

In consultation with the District’s underwriter and financial advisor, debt service reserve funds will not be utilized unless it is determined beneficial to the District’s bond issuance or borrowing needs.

**Derivatives** – Derivative products carry certain risks that are not associated with standard debt instruments. Derivatives will generally not be utilized by the District.

## **DEBT ADMINISTRATION/INTERNAL CONTROL PROCEDURES**

The District shall maintain compliance with all bond covenants and agreement of each debt issuance on an ongoing basis.

**Investment of Proceeds** – Bond proceeds and reserve funds shall be invested in accordance with each issue’s indenture or trust agreement. All investments will be made in compliance with the District’s Investment Policy and State and federal laws.

**Arbitrage Compliance** – The District will diligently monitor its compliance with Internal Revenue Service regulations and the federal Tax Code to ensure adherence to arbitrage and rebate requirements. The District will implement quinquennial arbitrage reviews or reviews no less frequently than the maximum period allowed by law.

**Filing Requirements** – The District shall file all required notices and reports with the California Debt and Investment Advisory Commission (CDIAC) in compliance with applicable laws.

**Refunding** – Periodic reviews of all outstanding debt will be undertaken to determine refunding opportunities. Refunding will be considered (within federal tax law constraints) if and when there is a significant economic benefit of the refunding or the refunding is essential in order to modernize covenants essential to operations and management.

**Continuing Disclosure** – The District shall comply with the requirements of the Continuing Disclosure Certificate(s) entered into at the time of each debt issuance. The District shall be responsible for overseeing the continuing disclosure process and providing ongoing disclosure information to the Municipal Securities Rulemaking Board’s (MSRB) Electronic Municipal Market Access (EMMA) system. The District shall require that its dissemination agent provide confirmation that all required documents have been properly distributed to the appropriate parties within the legal deadlines.

In addition to annual reports, Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) (“Rule”) obligates the District to disclose in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the securities being offered:

- Principal and interest payment delinquencies
- Non-payment related defaults, if material
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
- Modifications to rights of securities holders, if material

- Bond calls, if material, or tender offers
- Defeasances
- Release, substitution, or sale of property securing repayment of the securities, if material
- Rating changes
- Bankruptcy, insolvency, receivership or similar event of an obligated person
- The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- Appointment of a successor or additional trustee or the change of name of a trustee, if material
- (For any transactions closed after February 2019) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material.
- (For any transactions closed after February 2019) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

For purposes of the Rule, “Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities (defined in the Rule) as to which a final official statement (defined in the Rule) has been provided to the MSRB consistent with the Rule.

**Use of Proceeds** – The District shall prepare monthly bond expenditure and drawdown reports for management review and approval to ensure that debt proceeds are directed to their intended use and spent within a timely manner. The monthly Revenue & Expenditures report tracks year-to-date capital project expenses and the Bond Project Expenses report tracks the inception-to-date bond project expenses. On a quarterly basis, bond drawdowns are requested based on the Bond Expenses report.

The District shall prepare an annual Revenue & Expenditures report to the Board of Directors for review of remaining bond proceeds and annual spending of each capital project. The report shall be prepared by the District for review by the Board of Directors within 90 days after the close of each fiscal year.

**Trustee** – In compliance with the Installment Purchase Contract for each debt issuance, the District will annually file with the designated Trustee, all required certificates and will furnish a copy of the certificates to any bondholder and any investment banker, securities dealer and other interested parties requesting copies of the certificates.

**Retention** – A copy of all relevant documents and records will be maintained by the District for the term of the bonds (including refunding bonds, if any) plus ten years. Relevant documents and records will include sufficient documentation to support the requirements relating to the tax-

exempt status, including:

- Bond transcripts, official statement and other offering documents.
- Documents relating to capital expenditures financed by bond proceeds.
- Records identifying the assets or portions of assets that are financed with bond proceeds.
- All records of investments, investment agreements, arbitrage reports, return filings with the IRS and underlying documents, trustee statements, rating correspondence, and continuing disclosure.

### **SB 1029 COMPLIANCE**

SB 1029, signed by Governor Brown on September 12, 2016, and enacted as Chapter 307, Statutes of 2016, requires issuers to adopt debt policies addressing each of the five items below, all of which are addressed within this debt policy.

- A. The purposes for which the debt proceeds may be used.
- B. The types of debt that may be issued.
- C. The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable.
- D. Policy goals related to the issuer's planning goals and objectives.
- E. The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

### **POLICY REVIEW**

The provisions of this policy will be reviewed by the Board of Directors on an annual basis and prior to any new debt issuance.

RESOLUTION NO. 21-028

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT  
APPROVING STATEMENT OF INVESTMENT POLICY

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WHEREAS, Government Code Section 53646(a)(2) provides that the treasurer or chief fiscal officer of each local agency may submit to said agency's governing body any change in the statement of said agency's investment policy; and

WHEREAS, Senate Bill No. 998 expanded Government Code Section 53601 to increase the maximum investment allocation in commercial paper from 25% to 40% for local agencies that have one hundred million dollars (\$100,000,000) or more of investments under management; and

WHEREAS, Senate Bill No. 998 also expanded Government Code Section 53601.6 to allow local agencies to invest in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity; and

WHEREAS, the Board of Director of ALAMEDA COUNTY WATER DISTRICT wish to increase the percentage allocation from 25% to 30% for United States government-sponsored enterprise obligation, and the single issuer percentage from 5% to 10% for supranational securities to align the statement of investments policy with Code.

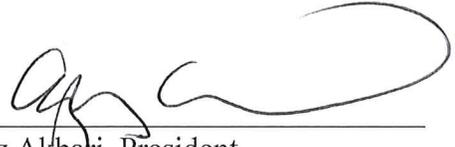
NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of ALAMEDA COUNTY WATER DISTRICT that the Statement of Investment Policy as documented in Exhibit A, attached hereto and incorporated herein as though fully set forth, is hereby approved as the investment policy of the ALAMEDA COUNTY WATER DISTRICT.

PASSED AND ADOPTED THIS 10<sup>th</sup> day of June 2021, by the following vote:

AYES: Directors Weed, Gunther, Huang, Sethy, and Akbari

NOES: None

ABSENT: None



\_\_\_\_\_  
Aziz Akbari, President  
Board of Directors  
Alameda County Water District

ATTEST:



\_\_\_\_\_  
Andrew Warren, Assistant District Secretary  
Alameda County Water District  
(Seal)

APPROVED AS TO FORM:



\_\_\_\_\_  
Patrick T. Miyaki, Attorney  
Alameda County Water District

**EXHIBIT A**  
**ALAMEDA COUNTY WATER DISTRICT**  
**Statement of Investment Policy**  
**Effective June 10, 2021**

**Policy**

It is the policy of the Alameda County Water District (the District) to invest District funds in a prudent manner which will provide the highest investment return with the maximum security of principal while meeting the daily cash flow demands of the District and conforming to all applicable federal, state and local statutes governing the investment of public funds.

This policy is written to incorporate industry best practices and recommendations from sources such as the Government Finance Officers Association (GFOA), California Municipal Treasurers Association (CMTA), California Debt and Investment Advisory Commission (CDIAC) and the Association of Public Treasurers (APT).

**Scope**

This investment policy applies to all District funds which are under the direct oversight of the Board of Directors, excluding deferred compensation, other post-employment benefit assets, and bond proceeds. The investment of bond proceeds shall be governed by the provisions of the related bond indentures or resolutions.

**Delegation of Authority**

Authority to manage the District's investment program is derived from California Government Code, Sections 53600 et seq. The management responsibility for the investment program is hereby delegated to the Treasurer for the following Fiscal Year. No person may engage in an investment transaction except as provided under the limits of this policy unless specifically exempted by statute or ordinance. The Treasurer may delegate the day-to-day placement of investments to a registered Investment Advisor under the Investment Advisers Act of 1940, via written agreement approved by the Board of Directors. The Investment Advisor shall make all investment decisions and transactions in strict accordance with state law and this Policy. The Treasurer shall establish a system of written internal controls to regulate the District's investment activities, including the activities of the Investment Advisor and any staff acting on behalf of the District.

The District's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The District recognizes that in a diversified portfolio, occasional measured losses may be inevitable and must be considered within the context of the overall portfolio's return and the cash flow requirements of the District

Investment officers and staff acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

**Standard of Care**

The Board of Directors and those persons authorized to make investment decisions on behalf of the

District are trustees of public funds. The standard of care to be used in all investment transactions shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio (Government Code Section 53600.3). The Code section states:

“...all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

**Objective**

The primary objectives, in priority order, of the District's investment activities shall be:

- Safety: Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification by issuer and type and maturity of securities will be made to avoid or minimize loss on individual securities.
- Liquidity: The District's investment portfolio will remain sufficiently liquid to enable the District to meet all operating and capital cash requirements which might be reasonably anticipated.
- Return: The District's investment portfolio shall be designed with the objective of providing a market rate of return throughout budgetary and economic cycles while conforming to the safety and liquidity criteria above.

**Ethics and Conflicts of Interest**

All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. Thus employees and officials involved in the investment process shall refrain from personal business activity that could create a conflict of interest or the appearance of a conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Employees and investment officials shall disclose to the General Manager any material interests in financial institutions with which they conduct business, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the District.

### **Internal Controls**

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Periodically, as deemed appropriate by the District and/or the Board of Directors, an independent analysis by an external auditor shall be conducted to review internal controls, account activity and compliance with policies and procedures

### **Authorized Investments**

The Districts' investments are governed by California Government Code, Sections 53600 et seq. Within the investments permitted by the Government Code, the District seeks to further restrict eligible investments to the guidelines listed below. In the event a discrepancy is found between this policy and the Government Code, the more restrictive parameters will take precedence. Percentage holding limits and minimum credit quality listed in this section apply at the time the security is purchased.

Any investment currently held at the time the policy is adopted which does not meet the new policy guidelines can be held until maturity, and shall be exempt from the current policy. At the time of the investment's maturity or liquidation, such funds shall be reinvested only as provided in the current policy.

Rating requirements and percentage limitations, where indicated, apply at the time of purchase. In the event a security held by the District is subject to a rating change that brings it below the minimum specified rating requirement, the Treasurer shall notify the Board of Directors of the change as required by this policy. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the ratings change, prognosis for recovery or further ratings changes, and the market price of the security.

An appropriate risk level shall be maintained by primarily purchasing securities that are of high quality, liquid, and marketable. The portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual issuers.

The following investments may be purchased in accordance with the provisions of Section 53601 et. seq. of the California Government Code:

- Certificates of Deposit. Federal Deposit Insurance Corporation (FDIC)-insured or fully collateralized time certificates of deposit in financial institutions. All time deposits exceeding \$250,000 must be collateralized in accordance with Section 53652 of the

California Government Code. All certificates of deposit will be supported by a contract for deposit of money with the depositing bank. No more than 20% of the portfolio will be invested in a combination of federally insured and collateralized time deposits, and the maximum maturity shall not exceed five (5) years.

- United States Treasury notes, bonds, bills or other obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest. There are no limits on the dollar amount or percentage in which the District may invest in United State Treasuries.
- Federal agency or United States government-sponsored enterprise (GSE) obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. No more than 30% of the portfolio may be invested in any single Agency/GSE issuer. The maximum percent of agency callable securities in the portfolio will be 20%.
- Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or any local agency or by a department, board, agency, or authority of the state or any local agency; provided such obligations are rated in a rating category of "A" or its equivalent or better by at least one nationally recognized statistical ratings organization ("NRSRO"). California and local California agency obligations combined with the municipal obligations of the other 49 United States may not exceed 30% of the District's surplus funds. No more than 5% of the portfolio may be invested in any single issuer.
- Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California; provided such obligations are rated in a rating category of "A" or its equivalent or better by at least one NRSRO. Municipal obligations of the other 49 United States combined with California and local California agency obligations may not exceed 30% of the District's surplus funds. No more than 5% of the portfolio may be invested in any single issuer.
- Bankers' acceptances provided that such obligations are rated "A-1" or its equivalent or better by at least one NRSRO; or long-term debt obligations which are rated in a rating category of "A" or its equivalent or better by at least one NRSRO. Bankers' acceptances may not exceed 180 days maturity or 40% of the District's surplus funds. No more than 5% of the portfolio may be invested in any single issuer.
- Commercial paper provided that such obligations are rated "A-1" or its equivalent or better by at least one NRSRO. Issuing corporations must be organized and operating within the United States as a general corporation, have total assets in excess of \$500

million, and must have outstanding debt, other than commercial paper, rated in the rating category of “A” or its equivalent or better by at least on NRSRO. Commercial paper may not exceed 270 days maturity. Commercial paper holdings may not represent more than 10% of the outstanding paper of an issuing corporation. No more than 5% of the portfolio may be invested in one single issuer. Additionally, Commercial paper cannot exceed 25% of the District’s surplus funds. Under a provision sunsetting on January 1, 2026, no more than 40% of the portfolio may be invested in Commercial Paper if the District’s investment assets under management are greater than \$100,000,000.

- Negotiable certificates of deposit or deposit notes issued by a nationally or state- chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Negotiable certificates of deposit may not exceed 30% of the District's surplus funds. Any amount insured up to the FDIC limit does not require any credit ratings. Any amount above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated “A-1” or its equivalent or better by at least one NRSRO; or long-term obligations rated in a rating category of “A” or its equivalent or better by at least one NRSRO.
- Medium-term corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States provided that the senior debt obligations of the issuing institution is in a rating category of “A” or its equivalent or better by at least NRSRO. Medium-term corporate notes may not exceed 30% of the District's total surplus funds. No more than 5% of the portfolio may be invested in any single issuer and the maximum maturity does not exceed five (5) years.
- State of California Local Agency Investment Fund (LAIF). The District may invest up to the maximum amount permitted by LAIF. LAIF’s investments in instruments prohibited by or not specified in the District’s policy do not exclude the investment in LAIF itself from the District’s list of allowable investments, provided LAIF’s reports allow the Treasurer to adequately judge the risk inherent in LAIF’s portfolio.
- Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (q), inclusive, of California Government Code Section 53601. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:
  - (1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.
  - (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.

- (3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).
- Mutual Funds and Money Market Mutual Funds that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, provided that:
  - (1) Mutual Funds that invest in the securities and obligations as authorized under California Government Code, Section 53601 (a) to (k) and (m) to (q) inclusive and that meet either of the following criteria:
    - attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code, Section 53601 and with assets under management in excess of \$500 million.
    - no more than 10% of the total portfolio may be invested in shares of any one mutual fund.
  - (2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S. C. Sec. 80a-1, et seq.). The company must have met either of the following criteria:
    - attained the highest ranking letter and numerical rating provided by not less than two NRSROs or
    - have an investment advisor registered with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500 million.
    - No more than 20% of the total portfolio may be invested in the shares of any one Money Market Mutual Fund.

The purchase price of shares may not exceed 20% of the District's total surplus funds.

- Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations from Issuers not defined in sections on US Treasuries and Federal Agencies provided that the securities are rated in a rating category of "AA" or its equivalent or better by a NRSRO; no more than 20% of the total portfolio may be invested in these securities; no more than 5% of the portfolio may be invested in any single Asset-Backed or Commercial Mortgage security issuer; and the maximum legal final maturity does not exceed five (5) years.

- Supranationals, provided that issues are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. The securities are rated in a rating category of “AA” or its equivalent or better by a NRSRO; no more than 30% of the total portfolio may be invested in these securities; no more than 10% of the portfolio may be invested in any single issuer. The maximum maturity does not exceed five (5) years.

### **Authorized Financial Dealers and Institutions**

1. If a third party Investment Advisor is authorized to conduct investment transactions on the District’s behalf, the Investment Advisor may use its own list of approved broker/dealers and financial institutions for investment purposes. The Investment Advisor’s approved list must be made available to District upon request. The District may instruct the Advisor not to use a particular broker for the investment of District funds.
2. For any investment transactions conducted by the Treasurer on behalf of the District, the Treasurer shall comply with the following requirements

Investments not purchased directly from the issuer will be purchased from:

- Institutions licensed by the State of California as broker-dealers
- Member of a federally regulated securities exchange
- Federal or California state chartered banks or savings institutions
- Brokerage firms designated as a primary government dealer by the Federal Reserve bank

Public deposits will be made only in qualified public depositories as established by State law. Deposits will be insured by the, or, to the extent the amount exceeds the insured maximum, will be collateralized in accordance with State law.

Prior to providing investment services to the District, and annually thereafter, each financial institution shall acknowledge in writing that it has received a copy of the District's investment policy and that the policy has been reviewed by all persons handling the District's account. All authorized financial institutions will be required to annually submit audited financial statements to the Treasurer. The Treasurer shall maintain a list of established dealers, brokers, banks and savings and loan associations with which securities trading and placement of funds are authorized. Dealers and brokers shall be regulated by the Securities and Exchange Commission and be members in good standing of the National Association of Securities Dealers.

### **Prohibited Investments**

State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to futures and options. In accordance with Government Code, Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited. Investment in any security that could result in a zero interest accrual if held to maturity is prohibited. Under a provision sunseting on January 1, 2026, securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted. Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited. Purchasing or selling securities on margin is prohibited. The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited. The purchase of foreign currency denominated securities is prohibited.

### **Investment in Pools/ Mutual Funds**

The District shall conduct a thorough investigation of any pool or mutual fund prior to making an investment, and on a continual basis thereafter. The Treasurer shall develop a questionnaire which will answer the following general questions:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc. utilized by the pool/fund
- A fee schedule, and when and how is it assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds

### **Collateralization**

Certificates of Deposit (CDs). The District shall require any commercial bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

Collateralization of Bank Deposits. This is the process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing repayment of deposited funds. The District shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

### **Investment Placement**

Investment placement shall be determined by, but not limited to, continual evaluation and projection of market conditions, interest rate trends, cash flow needs, economic data and interest rate forecasts. Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

### **Safekeeping and Custody**

All security transactions entered into by the District shall be conducted on a delivery-versus-payment basis. All securities owned by the District shall be delivered to the District by book entry, physical delivery or a third party custodial agreement. Securities held by a third party custodian will be evidenced by safekeeping receipts that establish the District's ownership. The District's deposits with the State of California Local Agency Investment Fund, mutual funds, money market mutual funds, and joint powers authorities will be evidenced by the standard reporting requirements of those entities.

### **Maximum Maturities**

To the extent possible, the District will attempt to match its investments with anticipated cash flow requirements. The District will not invest in securities maturing more than five (5) years from the date of trade settlement, unless the Board of Directors has by resolution granted authority to make such an investment no less than three months prior to the investment, either specifically or as a part of an investment program.

Effective April 10, 2020, for those securities for which Government Code does not specify a maximum maturity limit, the District may purchase securities whose maturities do not exceed ten years.

### **Risk Management and Diversification**

#### **Mitigating Credit Risk in the Portfolio:**

Credit risk is the risk that a security or a portfolio will lose some or all its value due to a real or perceived change in the ability of the issuer to repay its debt. The District will mitigate credit risk by adopting the following strategies:

- The diversification requirements included in the "Authorized Investments" section of this policy are designed to mitigate credit risk in the portfolio.
- No more than 5% of the total portfolio may be deposited with or invested in securities issued by any single issuer unless otherwise specified in this policy.
- The District may elect to sell a security prior to its maturity and record a capital gain or loss in order to manage the quality, liquidity or yield of the portfolio in response to market conditions or District's risk preferences.

- If the credit ratings of any security owned by the District are downgraded to a level below the quality required by this investment policy, making the security ineligible for additional purchases, the following steps will be taken.
  - If the District employs a professional investment manager, any actions taken related to the downgrade by the investment manager will be communicated to the Treasurer in a timely manner.
  - If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the Board of Directors.

Mitigating Market Risk in the Portfolio:

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The District recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The District will mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes.

The District further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The District, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

- The District will maintain a target of three months of budgeted operating expenditures plus the emergency reserve in short term investments to provide sufficient liquidity for expected disbursements.
- The maximum stated final maturity of individual securities in the portfolio will be five (5) years, except as otherwise stated in this policy.
- The duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by the District based on the District's investment objectives, constraints and risk tolerances.

**Reporting**

The Treasurer shall submit to the Board of Directors a monthly report containing a complete description of the District's investment portfolio, including the types of investments, issuing institutions, maturity dates, par values and current market values. In addition, the report shall state the portfolio's rate of return for the month, the average weighted life of the portfolio, a statement regarding the portfolio's compliance with the District's investment policy and a statement regarding the District's ability to meet expenditure requirements over the following six month period.

**Performance Evaluation**

The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the District’s risk constraints, the cash flow characteristics of the portfolio, and state and local laws, ordinances or resolutions that restrict investments.

The Treasurer shall monitor and evaluate the portfolio’s performance relative to the chosen market benchmark(s), which will be included in the Treasurer’s quarterly report. The Treasurer shall select an appropriate, readily available index to use as a market benchmark.

**Board Review of Investment Policy**

On an annual basis, the investment policy shall be presented to the Board of Directors for consideration. The investment policy shall remain in effect until a new or amended policy is approved by the Board of Directors.

This investment policy was endorsed and adopted by the District’s Board of Directors and is effective as of the 10<sup>th</sup> day of June, 2021, and replaces any previous versions.

## GLOSSARY OF INVESTMENT TERMS

**AGENCIES.** Shorthand market terminology for any obligation issued by a *government-sponsored entity (GSE)*, or a *federally related institution*. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

**FFCB.** The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

**FHLB.** The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

**FHLMC.** Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called “FreddieMac” issues discount notes, bonds and mortgage pass-through securities.

**FNMA.** Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as “FannieMae,” issues discount notes, bonds and mortgage pass-through securities.

**GNMA.** The Government National Mortgage Association, known as “GinnieMae,” issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

**PEFCO.** The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

**TVA.** The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

**ASSET BACKED SECURITIES.** Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

**AVERAGE LIFE.** In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

**BANKER’S ACCEPTANCE.** A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which “accepts” the obligation to pay the investor.

**BENCHMARK.** A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

**BROKER.** A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

**CALLABLE.** A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline, the issuer will likely call its current securities and reissue them at a lower rate of interest.

**CERTIFICATE OF DEPOSIT (CD).** A time deposit with a specific maturity evidenced by a certificate.

**CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS).** A private placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and

other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

**COLLATERAL.** Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

**COLLATERALIZED BANK DEPOSIT.** A bank deposit that is collateralized at least 100% (principal plus interest to maturity). The deposit is collateralized using assets set aside by the issuer such as Treasury securities or other qualified collateral to secure the deposit in excess of the limit covered by the Federal Deposit Insurance Corporation.

**COLLATERALIZED MORTGAGE OBLIGATIONS (CMO).** Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

**COLLATERALIZED TIME DEPOSIT.** Time deposits that are collateralized at least 100% (principal plus interest to maturity). These instruments are collateralized using assets set aside by the issuer such as Treasury securities or other qualified collateral to secure the deposit in excess of the limit covered by the Federal Deposit Insurance Corporation.

**COMMERCIAL PAPER.** The short-term unsecured debt of corporations.

**COUPON.** The rate of return at which interest is paid on a bond.

**CREDIT RISK.** The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

**DEALER.** A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

**DEBENTURE.** A bond secured only by the general credit of the issuer.

**DELIVERY VS. PAYMENT (DVP).** A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

**DERIVATIVE.** Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate, or index.

**DISCOUNT.** The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

**DIVERSIFICATION.** Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

**DURATION.** The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a security to changes interest rates.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC).** The Federal Deposit Insurance Corporation (FDIC) is an independent federal agency insuring deposits in U.S. banks and thrifts in the event of bank failures. The FDIC was created in 1933 to maintain public confidence and encourage stability in the financial system through the promotion of

sound banking practices.

**FEDERALLY INSURED TIME DEPOSIT.** A time deposit is an interest-bearing bank deposit account that has a specified date of maturity, such as a certificate of deposit (CD). These deposits are limited to funds insured in accordance with FDIC insurance deposit limits.

**LEVERAGE.** Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

**LIQUIDITY.** The speed and ease with which an asset can be converted to cash.

**LOCAL AGENCY INVESTMENT FUND (LAIF).** A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

**LOCAL GOVERNMENT INVESTMENT POOL.** Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

**MAKE WHOLE CALL.** A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

**MARGIN.** The difference between the market value of a security and the loan a broker makes using that security as collateral.

**MARKET RISK.** The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

**MARKET VALUE.** The price at which a security can be traded.

**MATURITY.** The final date upon which the principal of a security becomes due and payable.

**MEDIUM TERM NOTES.** Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

**MODIFIED DURATION.** The percent change in price for a 100-basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

**MONEY MARKET.** The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

**MONEY MARKET MUTUAL FUND.** A mutual fund that invests exclusively in short-term securities. Examples of investments in money market funds are certificates of deposit and U.S. Treasury securities. Money market funds attempt to keep their net asset values at \$1 per share.

**MORTGAGE PASS-THROUGH SECURITIES.** A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

**MUNICIPAL SECURITIES.** Securities issued by state and local agencies to finance capital and operating expenses.

**MUTUAL FUND.** An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money

market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

**NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO).**

A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

**NEGOTIABLE CERTIFICATE OF DEPOSIT (CD).** A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

**PRIMARY DEALER.** A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

**PRUDENT PERSON (PRUDENT INVESTOR) RULE.** A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

**REPURCHASE AGREEMENT.** Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.

**SAFEKEEPING.** A service to bank customers whereby securities are held by the bank in the customer's name.

**SECURITIES AND EXCHANGE COMMISSION (SEC).** The U.S. Securities and Exchange Commission (SEC) is an independent federal government agency responsible for protecting investors, maintaining fair and orderly functioning of securities markets and facilitating capital formation. It was created by Congress in 1934 as the first federal regulator of securities markets. The SEC promotes full public disclosure, protects investors against fraudulent and manipulative practices in the market, and monitors corporate takeover actions in the United States.

**SECURITIES AND EXCHANGE COMMISSION SEC) RULE 15c3-1.** An SEC rule setting capital requirements for brokers and dealers. Under Rule 15c3-1, a broker or dealer must have sufficient liquidity in order to cover the most pressing obligations. This is defined as having a certain amount of liquidity as a percentage of the broker/dealer's total obligations. If the percentage falls below a certain point, the broker or dealer may not be allowed to take on new clients and may have restrictions placed on dealings with current client.

**STRUCTURED NOTE.** A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling,

and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

**SUPRANATIONAL.** A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

**TOTAL RATE OF RETURN.** A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

**U.S. TREASURY OBLIGATIONS.** Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

**TREASURY BILLS.** All securities issued with initial maturities of one year or less are issued as discounted instruments and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

**TREASURY NOTES.** All securities issued with initial maturities of two to ten years are called Treasury notes and pay interest semi-annually.

**TREASURY BONDS.** All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

**YIELD TO MATURITY.** The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

RESOLUTION NO. 20-010

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT  
ADOPTING PROPOSED REVISIONS TO PROCUREMENT POLICY

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WHEREAS, the Board of Directors of the Alameda County Water District wishes to adopt proposed revisions for the Board Policy on Procurement of Materials, Supplies, Equipment, Routine Services, Professional Services, and Construction Projects.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of ALAMEDA COUNTY WATER DISTRICT that the Procurement Policy, as documented in Exhibit A, attached hereto and incorporated herein as though fully set forth, is hereby approved.

PASSED AND ADOPTED this 13<sup>th</sup> day of February, 2020, by the following vote:

AYES: Directors Akbari, Gunther, Sethy, Weed, and Huang

NOES: None

ABSENT: None

/s/ JUDY C. HUANG

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

ATTEST:

APPROVED AS TO FORM:

/s/ ANDREW WARREN

Andrew Warren, Assistant District Secretary  
Alameda County Water District  
(Seal)

/s/ PATRICK T. MIYAKI

Patrick T. Miyaki, General Counsel  
Alameda County Water District

**PROCUREMENT POLICY**  
**ALAMEDA COUNTY WATER DISTRICT**

**PURPOSE**

This Procurement Policy (Policy) provides a broad overview of the standards and methods which will guide the Alameda County Water District (District) in obtaining goods, equipment, materials, and professional and technical services. It shall be the District's policy to procure all goods and services in an open manner that permits, wherever possible, the agency to receive the best quality and best value of public funds. To this end, this Policy has been prepared to give direction to all employees.

Wherever in this Policy the General Manager is the designated authority, such authority shall be understood to include the designee of the General Manager.

**A. Fundamental Principles**

The District's Procurement Policy is guided by seven fundamental principles to:

1. Foster open competition for District contracts;
2. Promote economy and efficiency in District procurement activities;
3. Ensure adherence to proper standards of conduct by District Board members, officers and employees to guard against corruption, fraud, waste and abuse;
4. Maintain procurement policies and procedures that ensure compliance with applicable state and federal laws and regulations;
5. Establish and maintain an arm's length relationship with all vendors;
6. Treat all prospective contractors, consultants, and vendors in a fair and equitable manner; and
7. Provide appropriate public access to contracting information.

Based on these fundamental principles and the general standards of public sector procurement, the following set of procurement and contracting policies have been developed.

**B. Conflicts of Interest**

No director, officer, employee or agent of the District shall participate in any procedure, tasks, or decisions relative to initiation, evaluation, award, or administration of a contract if a conflict of interest, real or apparent, exists. Such a conflict of interest arises when (a) the director, officer, employee or agent, (b) any member of his or her immediate family, (c) his or her business associate, or (d) an organization which employs, or which is about to employ, any of the above described individuals has a financial or other interest in a firm that participates in a District procurement process or that is selected for an award. The standards governing the determination as to whether such an interest exists are set forth in the Political Reform Act (Section 8100 *et seq.* of the California Government Code) and in Sections 1090, 1091, and 1091.5 of the California Government Code.

### **C. Procurement Authority**

1. Board Authorization is required for all procurements exceeding \$100,000.
2. The Board at its discretion may authorize the General Manager to approve all procurements, execute agreements, amend agreements and change orders in an amount greater than \$100,000.
3. The General Manager is authorized to approve all procurements and agreements, in an amount not to exceed \$100,000.
4. The General Manager may approve all contract amendments and change orders as follows:
  - (a) When the original contract amount exceeds \$100,000, (and has been approved by the Board), the General Manager may approve amendments and change orders up to a total cumulative amount not to exceed \$100,000,
  - (b) When the Board approves any contract amendment or change order, the General Manager may approve subsequent contract amendments or change orders up to a total cumulative amount not to exceed \$100,000.
  - (c) The General Manager has \$100,000 authorization to approve contract amendments and change orders after each Board action on that contract.
5. Procedures for procurements less than \$100,000 shall be established by the General Manager.

### **D. Methods of Procurement**

1. All purchases and contracts, whether by informal bidding or formal bidding, shall be made on a competitive basis to the greatest extent practicable.
2. The method of procurement, such as informal bids or, formal competitive bidding, shall be appropriate for the type of procurement and shall be in the best interest of the District.
3. Competitive bids should be requested for maintenance repairs and public work greater than \$25,000 and awarded to the lowest responsive, responsible bidder. Alternative methods of procurement, such as a design build approach, may be utilized and in full compliance with all applicable requirements.
4. Formal competitive bidding should be used when purchasing goods and related services greater than \$25,000 and awarded to the lowest responsive, responsible bidder. On a case by case basis, a best value approach as defined in Section E below may be used in evaluating the bids received.
5. Formal competitive proposals that evaluate factors in addition to price shall be used when purchasing professional services greater than \$25,000. Specialized State and federal laws will apply to the procurement of professional services as identified in section 4525 of the Government Code.

6. An informal procurement method may be utilized for the purchase of goods and services when the estimated expenditure is greater than \$10,000 but does not exceed \$25,000. To the extent reasonable, a minimum of three written quotes shall be obtained that permit prices and other terms to be compared. The District will make every effort to undertake adequate outreach to ensure open competition. The District's informal bidding procedures using a lowest responsive, responsible bidder standard for bid comparison will serve as the typical standard on which to base the purchase of materials, equipment, or supplies; unless it is determined in writing that it is in the District's best interest to apply a "best value" approach.
7. An informal procurement method may be utilized for the purchase of goods and services when the estimated expenditure does not exceed \$10,000. To the extent reasonable, a minimum of one written quote shall be obtained.
8. In certain circumstances, a competitive negotiation process utilizing a Request for Proposal (RFP) process may be necessary or appropriate to accomplish the District's procurement goals, such as to procure specialized goods and related services.
9. The use of existing cooperative agreements (as defined in section L below) resulting from a cooperative procurement is encouraged in order to reduce duplicative effort and to achieve cost economies.
10. The District may purchase items or services without further competition under the following conditions:
  - (a) If the District rejects bids received in connection with a procurement of materials, supplies and equipment requiring formal competitive bidding, or
  - (b) When no bids or proposals are received in response to an Invitation to Bid or Request for Proposals, in which case the General Manager is authorized to procure the required item or services through direct negotiations with a vendor or to resolicit as appropriate.

**E. Procurement Documentation and Consideration of Bids and Proposals**

1. Formal competitive bidding requires preparation of bid documents that clearly set forth all requirements which must be fulfilled in order for the bid to be responsive and, once bids are received, an award, if made, to the lowest responsive and responsible bidder.
2. Formal competitive proposals, including the "best value" approach, require issuance of RFPs, which clearly set forth all the requirements, and state the qualitative factors, in addition to price, which will be used to evaluate and rank the Proposals. An award, if made, will be to the proposer receiving the highest consensus ranking based on the evaluation criteria set forth in the RFP, subject to successful negotiations with the District as may be applicable.

3. Board approval is required when rejecting all bids received for any procurement exceeding \$100,000.
4. The District may only contract with persons, firms or entities that are qualified and possess the ability to perform successfully under the terms and conditions of the solicitation documents.
5. The General Manager is authorized to establish protest procedures for competitive bidding processes.

#### **F. Execution of Procurement Contract Documents**

1. All District contracts and amendments will be in writing and executed prior to beginning performance under the contract.
2. The General Manager shall execute all contracts, with an attestation by the District Secretary, on behalf of the District that are duly approved by the Board of Directors and delegated to the General Manager.
3. The General Manager shall determine procedures for executing contracts, amendments, and change orders not subject to Board approval.

#### **G. Contract Administration**

The District shall administer all contracts to ensure that contractors conform to the terms, conditions, and specifications of all contracts and to ensure all purchases and services are received in a timely manner.

#### **H. Excluded From Procurement Policy**

A non-exclusive list of examples of non-discretionary services not governed under this policy includes, but is not limited to:

1. Electrical, water, or other regulated utility services provided by a municipality or vendor
2. Advertisements placed in a newspaper of general circulation
3. Non-discretionary Payments to other government agencies
4. Association dues
5. Inventory items

#### **I. Sole and Single Source Procurements**

Regardless of the estimated cost of the procurement, the District is not required to engage in the competitive bidding process when procuring materials, equipment, supplies or services for which there exists a single or proprietary sole source of supply. The General Manager is authorized to make a single or sole source determination in lieu of following the competitive procurement requirements outlined in Section D of this policy for procurements that do not

exceed \$100,000. When the total cumulative amount exceeds \$100,000, the approval of single or sole source procurement shall be made by the Board.

**J. Discretion to Waive the Competitive Process**

The Board of Directors may waive the requirements for formal competitive bidding or other procedures set forth in this Policy, when a determination is made that the best interests of the District are served thereby, and provided there is adequate documentation of the need for such material, supplies, equipment, public works or services. These circumstances shall be evaluated on a case-by-case basis, keeping in mind the fundamental principles of procurement set forth in this Policy. The findings justifying the waiver must be documented in the record.

**K. Emergency Contracts**

For procurements requiring competitive bidding and/or Board approval, in case of any sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services, the Board hereby authorizes the General Manager to take all necessary and proper measures in such emergency conditions to maintain the District's systems in operation. The Board also grants the General Manager the authority to determine that there is insufficient time for competitive bidding and that public interest and necessity demand the immediate expenditure of public money to safeguard life, health, or property. If the General Manager makes such a determination, the General Manager may expend or enter into a contract involving the expenditure of any sum needed in such emergency without observance of the provisions requiring competition, bids or notice. The General Manager shall promptly report on the reasons and necessity for proceeding without a competitive solicitation to the Board of Directors at the next available meeting, provided that the General Manager reports to the Board no later than 30 days after the General Manager takes such emergency action. Upon hearing the General Manager report, the Board shall determine, by a majority vote, whether or not there is a need to continue the emergency action. The Board shall continue to evaluate the emergency action, determining whether or not the emergency procurement is still required, at every regularly scheduled meeting thereafter until the action is terminated.

**L. Cooperative Purchasing Agreements**

To foster greater economy and efficiency, the District may avail itself of national, state and local intergovernmental agreements for procurement or use of common goods, materials and services. Joint procurements, state cooperative purchasing programs, and assignment of existing contract rights ("piggyback" procurements) with other public agencies may be used when consistent with applicable regulatory requirements. Such programs may be used in lieu of following the competitive bidding requirements set forth in this policy.

#### **M. Purchasing and Accounts Payable Credit Card Programs**

To facilitate small purchases to meet daily operational needs and to take advantage of prompt payment discounts offered by suppliers, employees designated by the General Manager will be authorized to use either a purchasing or accounts payable credit card as issued by a bank under the State of California public agency credit card program known as CAL-Card. Credit card program policies and procedures shall be established by the General Manager.

#### **N. Disposal of Surplus Materials or Equipment**

Due to procedural changes, certain supplies, materials or equipment are retired from use; design and specification changes sometimes leave commodities unused; new systems can produce stocks of leftover items; and the installation of more complex hardware can render older equipment obsolete. All of these retired, unused and leftover items should be declared surplus or obsolete.

Declared surplus and obsolete items will be stored at the direction of the General Manager until requested by another department or until such time as the item(s) can be disposed of. Surplus supplies, materials or equipment that cannot be effectively utilized by the District must be disposed of in a manner clearly most advantageous to the District as established by the General Manager.

#### **O. Revenue Generating Contracts/Concessions**

To the extent they are not otherwise governed by District policies, concession agreements are contracts where the District grants permission to use District facilities or property to vendors to sell products or services, for which the District may receive a percentage of the proceeds and/or a flat rate of compensation. Generally, these arrangements are at no direct cost to the District.

Where it is determined that a number of potential vendors are available to provide similar products or services, a competitive procurement procedure should be followed taking into consideration the economic return to the District, quality of the product, service and experience of the vendor, or other criteria that may be established in the RFP.

Contracts generating \$100,000 per year or more in revenue are subject to Board approval. Contracts generating less than \$100,000 per year in revenue shall be approved according to procedures established by the General Manager.

#### **P. Procurement Administrative Guidelines**

This Policy sets forth the standards and methods to be followed by the District in obtaining goods and services. The District has in place Procurement Administrative Guidelines that set forth implementing guidelines and procedures consistent with applicable law, best procurement practices, and this Procurement Policy. The General

Manager shall have the authority to maintain and update as necessary the Procurement Administrative Guidelines to give effect to this Policy and may make subsequent revisions if necessary to implement changes in applicable laws and regulations and best procurement practices and standards, or other well accepted external references.

## **APPENDIX C: BOARD BUDGET RESOLUTION**

RESOLUTION NO. 21-032

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT  
ADOPTING THE FY 2021/22 AND FY 2022/23 BUDGET AND THE 25-YEAR  
CAPITAL IMPROVEMENT PROGRAM

BE IT RESOLVED by the BOARD OF DIRECTORS of ALAMEDA COUNTY WATER DISTRICT that the attached Budget for the Fiscal Year beginning July 1, 2021 and ending June 30, 2022, and the Fiscal Year beginning July 1, 2022 and ending June 30, 2023, which has been reviewed and considered by this Board, is approved and adopted.

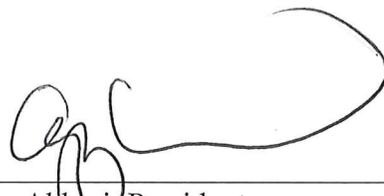
BE IT FURTHER RESOLVED that the attached 25-Year Capital Improvement Program for the period from Fiscal Year 2021/22 through Fiscal Year 2045/46, which has been reviewed and considered by this Board, is approved and adopted.

PASSED AND ADOPTED this 10<sup>th</sup> day of June 2021, by the following vote:

AYES: Directors Weed, Gunther, Huang, Sethy, and Akbari

NOES: None

ABSENT: None



Aziz Akbari, President  
Board of Directors  
Alameda County Water District

ATTEST:



Andrew Warren, Assistant District Secretary  
Alameda County Water District  
(Seal)

APPROVED AS TO FORM:



Patrick T. Miyaki, General Counsel  
Alameda County Water District