

NOTICE OF REGULAR MEETING OF BOARD OF DIRECTORS

DATE: Wednesday, October 21, 2026

TIME: 6:00 p.m. Closed Session
7:00 p.m. Open Session (time approximate)

LOCATION: Zone 7 Administration Building
100 North Canyons Parkway, Livermore

LIVE STREAMING: Comcast Channel 29
AT&T U-Verse Channel 99 (Livermore)
Streaming Live at tv29live.org

Any member of the public wishing to address the Board on an item under discussion may do so upon receiving recognition from the President. If a member of the public wishes to provide comment before the meeting, please email publiccomment@zone7water.com by 5:00 p.m. on the day before the Board meeting.

In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available at the Zone 7 Administrative Building lot. If you are a person with a disability and you need disability-related modifications or accommodations to participate in this meeting, please contact the Executive Assistant, Donna Fabian, at (925) 454-5000. Notification 48 hours prior to the meeting will enable Zone 7 to make reasonable arrangements to ensure accessibility to this meeting. {28 CFR 35.102-35, 104 ADA Title II}.

AGENDA

1. Call Zone 7 Water Agency Meeting to Order
2. Closed Session
 - a. Conference with Real Property Negotiators: Property: APNs 99-525-2, 99-550-2-3, 99-550-3-2, 99A-2700-2-5, 99A-2700-6-6, 99A-2700-9- 8, 99A-2700-10, 99A-2700-11-3, 99A-2700-12-6, 99A-2700-12-7, 99A-2420-4-13, 96-420-2, 96-420-3, 96-429-6, 99A-2701-1, 99A-2701-2, 99A-2701-3.
Agency Negotiators: Valerie Pryor/Rebecca Smith
Under negotiation: Price and terms
 - b. Conference with Labor Negotiators pursuant to Government Code § 54954.5:
Agency Negotiators: Valerie Pryor/Osborn Solitei/Shelisa Jackson. Employee Organizations: Alameda County Management Employees Association; Alameda County Building and Construction Trades Council, Local 342, AFL-CIO; International Federation of Professional and Technical Engineers, Local 21, AFL-CIO; Local 1021 of the Service Employees International Union, CTW; Unrepresented Management
 - c. Conference with Legal Counsel – Existing litigation pursuant to Government Code § 54956.9(d) (1): (1) State Water Contractors v. California Department of Fish & Wildlife (JCCP Case No. 5117), (2) Stark v. Alameda County Flood Control and Water Conservation District, Zone 7 (Alameda County Superior Court Case No. 22-CV-5837), (3) Bautista v. Alameda County Flood Control and Water Conservation District, Zone 7 (Alameda County Superior Court Case No. 22-CV-10679); (4) Tulare Lake Basin Water Storage District v. California Department of Water Resources, Sacramento County Superior Court Case No. 24WM000006 and related cases; (5) In re: Aqueous Film-Forming Foams Products Liability Litigation (S.D. South Carolina, MDL No. 2:18-mn-2873-RMG).
 - d. Conference with Legal Counsel (Anticipated Litigation) – Initiation of litigation pursuant to § 54956.9(d)(4) (two cases)
3. Open Session and Report Out of Closed Session
4. Pledge of Allegiance
5. Roll Call of Directors
6. Public Comment on Non-Agenda Items
The Public Comment section provides an opportunity to address the Board of Directors on items that are not listed on the agenda, or informational items pertinent to the Agency's business. The Board welcomes your comments and requests that speakers present their remarks in a respectful manner, within established time limits, and focus on issues which directly affect the agency or are within the jurisdiction of the Agency. The Board will not be able to act on matters brought to its attention under this item until a future Board meeting.

7. Minutes
 - a. Regular Board Meeting Minutes of September 16, 2026
8. Consent Calendar
 - a. Request for Out-of-State Travel to Attend the Association of California Water Agencies' Annual Washington, D.C. Conference
 - b. Adoption of Dougherty Valley Use Fees for Calendar Years 2027 – 2031
 - c. Authorize Grants of Storm Drain Easements and Maintenance Use License Agreement to the City of Livermore at Altamont Creek
 - d. Authorize Acceptance of Easement Deeds for Livermore Turnout 5 from the City of Livermore
 - e. Authorize Lodging Reimbursement Above U.S. General Services Administration Per Diem Rates for Certain Official Travel
 - f. Authorize Renewal of Geographic Information System Software License

Recommended Action: Adopt Resolutions

9. Adoption of Untreated Water Rates for Calendar Years 2027, 2028, 2029, and 2030

Recommended Action: Adopt Resolution

10. Adoption of Treated Water Rates for Calendar Years 2027, 2028, 2029, and 2030

Recommended Action: Adopt Resolution

11. Committees
 - a. Finance Committee Meeting Notes of September 1, 2026
 - b. Finance Committee Meeting Notes of September 24, 2026

12. Reports – Directors
 - a. Verbal Comments by President
 - b. Written Reports
 - c. Verbal Reports

13. Items for Future Agenda – Directors

14. Staff Reports
 - a. General Manager's Report
 - b. September Outreach Activities
 - c. Legislative Update
 - d. Monthly Water Inventory and Water Budget Update
 - e. FY 2025-26 Unaudited Fourth Quarter Revenue and Expenditure Report

15. Adjournment

16. Upcoming Board Schedule: (All meeting locations are in the Boardroom at 100 N. Canyons Pkwy., Livermore, unless otherwise noted.)
 - a. Water Resources Committee Meeting: October 27, 2026, 3:00 p.m.
 - b. Regular Board Meeting: November 18, 2026, 7:00 p.m.

MINUTES OF THE BOARD OF DIRECTORS
ZONE 7

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

REGULAR MEETING

September 16, 2026

Directors Present: Alan Burnham
Sandy Figuers
Laurene Green
Jim Lehrman
Kathy Narum
Sarah Palmer
Sean Roberts

Staff Present: Valerie Pryor, General Manager
Osborn Solitei, Treasurer/Assistant General Manager – Finance
JaVia Green, Financial Analyst
Donna Fabian, Executive Assistant/Board Secretary

General Counsel: Rebecca Smith, Downey Brand

Item 1 – Call Zone 7 Water Agency Meeting to Order

The Zone 7 Water Agency meeting was called to order by President Green at 7:06 p.m.

Item 2 – Closed Session

The Board entered Closed Session at 6:00 p.m. Closed Session concluded at 6:57 p.m.

Item 3 – Open Session and Report Out of Closed Session

President Green stated that there was nothing to report.

Item 4 – Pledge of Allegiance

Director Burnham led the Pledge of Allegiance.

Item 5 – Roll Call of Directors

All Directors were present.

Item 6 – Public Comment

There was no public comment.

Item 7 – Minutes

Director Palmer moved to approve the minutes of the special Board meeting held on August 12, 2026. The motion was seconded by Director Burnham and approved by a voice vote of 7–0.

Director Palmer moved to approve the minutes of the regular Board meeting held on August 19, 2026. The motion was seconded by Director Narum and approved by a voice vote of 7–0.

Item 8 – Consent Calendar

Director Narum moved to approve Consent Calendar Items 8a through 8g, seconded by Director Palmer. The motion was approved by a roll-call vote of 7–0.

At President Green’s request, Item 10 was heard before Item 9.

Item 10 – Sites Reservoir Project Water Rights Process

Valerie Pryor, General Manager, provided an update on the Sites Reservoir Project water rights process. She reported that the State Water Resources Control Board issued a revised Draft Decision and Draft Water Right Permit in early September following concerns with the initial draft. Ms. Pryor stated that the revised water right was significantly improved and provides a workable basis for a viable Sites Reservoir Project.

Ms. Pryor explained that the Sites Project Authority Board would consider opening the investor escrow period at its September 18 meeting. Opening the escrow period would essentially freeze the project documents, including the Benefits and Obligations Contract and proposed amendments to the Joint Powers Agreement and bylaws, and project participants would then have approximately three to six months to make their final participation decisions. She noted that the timing of a future Zone 7 workshop would depend on the schedule established by the Sites Project Authority.

President Green asked whether the operational assumptions discussed at the August 19 Board workshop, particularly those relevant to the Agency’s potential participation level, remained valid under the revised water right. Ms. Pryor confirmed that the revised water right did not significantly change the information previously presented to the Board and that staff continued to consider those assumptions valid. President Green noted that this information would be important to the Board’s ultimate decision regarding the Agency’s level of participation in the Project.

Item 9 – Proposed Treated Water Rates for Calendar Years 2027–2030

JaVia Green, Financial Analyst, presented the findings and recommendations of the Wholesale Treated Water Rate Study for Calendar Years 2027 through 2030. She reviewed the rate-setting process and additional information prepared in response to Board comments from the August 12, 2026 workshop, including the Agency's cost-efficiency measures, grant funding, financial structure, Water Reliability Reserve, credit rating, water supply costs, and costs of potential water reliability projects.

Ms. Green reported that the Agency has implemented several measures to control costs, including participation in energy and chemical purchasing programs, maintaining a 10 percent vacancy rate, and implementing a computerized maintenance management system to support proactive maintenance and asset management. She also reported that the Agency has been awarded approximately \$48 million in grants and is actively pursuing an additional \$28 million. Ms. Green noted that Fitch Ratings had affirmed the Agency's AAA credit rating that day and explained that the rating provides the Agency with access to lower borrowing costs. She stated that approximately 77 percent of Fund 100 costs are fixed and 23 percent are variable, while the current rate structure recovers 45 percent of rate revenue through fixed charges and 55 percent through volume-based charges.

Ms. Green reviewed water supply costs, noting that they vary significantly depending on hydrology, customer demand, and State Water Project allocations. She explained that annual water supply costs ranged from approximately \$15.9 million during FY 2021-22, when drought conditions and a zero percent State Water Project allocation required water transfers, to approximately \$4.1 million in FY 2025-26 due to favorable water conditions. She also reviewed estimated costs of potential water reliability projects, which range from approximately \$1,500 to \$5,500 per acre-foot, compared with approximately \$2,600 to \$2,700 per acre-foot for Sites Reservoir.

Ms. Green explained that Phase II of the Rate Study evaluated the rate impacts of different Sites Reservoir participation levels and cost allocations. Staff recommended annual treated water rate adjustments of 4.5 percent for Calendar Years 2027 through 2030, based on 30,000 acre-feet of Sites Reservoir participation and allocating 34 percent of Sites costs to water rates. The 10-year financial plan assumes the Water Reliability Reserve will be drawn down over time to help fund increasing Sites Reservoir payments and minimize rate impacts. The preliminary rates include total fixed charges increasing from approximately \$34.8 million in 2027 to \$39.7 million in 2030 and a volume-based rate increasing from \$2.59 to \$2.95 per CCF over the same period. Fixed charges would continue to be allocated among retailers and direct customers based on a two-year rolling average of actual water usage.

During Board discussion, Director Narum asked about the effect of higher interest rates on investment income and whether increased earnings could allow future rate adjustments to be revisited. Osborn Solitei, Treasurer/Assistant General Manager – Finance, explained that additional investment income would flow through the fund balance and could affect future rate decisions if other costs remained unchanged, although changes in the Agency's investment portfolio occur over time. Director Narum also asked about the comparative costs of other water reliability projects and the assumptions underlying the volume-based rate. Ms. Green

identified desalination as the project at the upper end of the estimated cost range, and Ms. Pryor clarified that the comparison was intended to demonstrate the relative cost of Sites Reservoir and did not indicate that the Agency was pursuing each of the projects shown. Ms. Green and Ms. Pryor further explained that water supply costs are budgeted using a five-year historical average rather than assuming a specific percentage of groundwater, imported water, or banked water use.

Director Burnham asked about inflation assumptions, energy savings associated with the Del Valle Water Treatment Plant solar facility, and the relationship between the Agency's fixed and variable costs and its rate structure. Mr. Solitei explained that higher investment earnings could be offset by higher inflation. Ms. Green explained that the fixed-charge component was introduced following the 2018 rate study and gradually increased to 45 percent by 2022, providing greater revenue stability during periods when water deliveries decline while fixed costs remain. Mr. Solitei further explained that costs such as labor remain relatively constant throughout the year, while costs such as energy, chemicals, and water purchases vary with operations and demand.

Director Palmer asked how grant funding could affect the financial projections. Mr. Solitei explained that grant funding currently being pursued is already reflected in the budget and that staff would return to the Board to consider funding alternatives if anticipated funding, including approximately \$25 million for the Mocho PFAS Treatment Plant, is not received.

Public comment was received from a Pleasanton resident.

President Green discussed the proposed 4.5 percent rate adjustment and the recommended reduction in assumed Sites Reservoir participation from 62,000 to 30,000 acre-feet. Director Palmer noted that the lower participation level would also improve efficiency by reducing costs associated with carrying and losing unused water. President Green expressed continued concern about giving up Sites Reservoir participation that could not be regained in the future but stated that the information presented supported the lower participation level.

The Board provided direction to proceed with the proposed 4.5 percent annual treated water rate adjustments for Calendar Years 2027 through 2030. Staff will return to the Board in October with the final Rate Study and resolution for adoption, with new rates proposed to take effect January 1, 2027.

Item 11 – Committees

There were no comments on the Legislative Committee meeting notes of August 13, 2026.

Item 12 – Reports – Directors

President Green reported that she attended the CSDA Leadership Academy in San Luis Obispo.

Director Palmer reported on several ACWA work groups addressing policy issues, including drinking water, infrastructure modernization, and affordability. She also reported that she and Ms. Pryor attended an ACWA Region 5 event that included presentations on regional

groundwater coordination and tours of recharge and dam facilities. Director Palmer noted that Karla Nemeth began serving as ACWA's Executive Director on September 1 and expressed enthusiasm about ACWA's direction and its focus on policy issues of statewide importance. She stated that she would provide a more detailed report on the Region 5 event the following month.

Director Burnham reported on work he performed for another organization involving the deployment of buoys in Clifton Court Forebay to study carbon dioxide exchange. He stated that the work provided an opportunity to observe State Water Project facilities and some of the operational and maintenance challenges associated with them, including sediment, vegetation, and infrastructure corrosion related to golden mussels. He noted that the experience provided insight into the costs associated with maintaining the State Water Project and ensuring a reliable water supply.

Item 13 – Items for Future Agenda – Directors

There were no items for a future agenda.

Item 14 – Staff Reports

Ms. Pryor highlighted several items from the General Manager's Report. She announced that Fitch Ratings had reaffirmed the Agency's AAA credit rating and recognized Mr. Solitei and his team for their financial stewardship.

Ms. Pryor also reported that significant storm repair work was underway in the Agency's flood channels during the limited seasonal work window. She concluded by announcing the Agency's annual Flood Preparedness Open House on October 24 from 10:00 a.m. to 2:00 p.m., noting that the event would focus on educating the public about emergency preparedness and flood prevention.

Item 15 – Adjournment

President Green adjourned the meeting at 8:03 p.m.

ORIGINATING SECTION: Office of the General Manager
CONTACT: Donna Fabian

AGENDA DATE: October 21, 2026

SUBJECT: Request for Out-of-State Travel to Attend the Association of California Water Agencies' Annual Washington, D.C. Conference

SUMMARY:

Directors Laurene Green and Sarah Palmer and Carol Mahoney, Government Relations Manager, have expressed an interest in attending the Association of California Water Agencies' (ACWA) Annual Washington, D.C. Conference, February 23–25, 2027, in Washington, D.C. The preliminary conference agenda is not yet available.

The conference provides an opportunity for California water agencies to engage on federal legislative, regulatory, funding, and policy matters affecting their agencies and customers. It typically includes updates on federal water priorities, discussions with congressional and federal agency representatives, and opportunities to advocate for California water interests. Attendees may also arrange meetings with members of California's congressional delegation and their staff to discuss issues of importance to Zone 7.

Out-of-state travel requires Board approval for both Directors and staff under their respective policies. Directors' participation and reimbursement are governed by the Board of Directors Compensation and Expense Reimbursement Policy. Carol Mahoney's travel is governed by the applicable staff travel policy. This report requests Board authorization for all three attendees.

FINANCIAL:

Conference registration is estimated at \$950 per person. The total cost, including registration, airfare, parking, accommodations, and other travel expenses, is estimated at \$4,500 per person, or \$13,500 for the three attendees. Funds are available from Fund 100 – Water Enterprise Operations.

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENT:

Resolution

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Authorization for Out-Of-State Travel to Attend the
Association of **California Water Agencies'** Washington, D.C. Conference

WHEREAS, Directors Laurene Green and Sarah Palmer and Carol Mahoney, Government Relations Manager, have expressed an interest in attending the Association of California Water Agencies' (ACWA) Annual Washington, D.C. Conference, February 23–25, 2027, in Washington, D.C.; and

WHEREAS, the proposed action is in support of Goal E, Effective Operations – Provide the Agency with effective leadership, administration, and governance; and

WHEREAS, Section D of the Board of Directors Compensation and Expense Reimbursement Policy encourages Directors to participate in activities and organizations that, in the judgment of the Board, further the interests of Zone 7; and

WHEREAS, Directors' compensation and reimbursement of related expenses require specific Board authorization, and staff out-of-state travel requires Board approval under the applicable staff travel policy; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District authorizes Directors Laurene Green and Sarah Palmer and Carol Mahoney, Government Relations Manager, to attend ACWA's Annual Washington, D.C. Conference, February 23–25, 2027; and

BE IT FURTHER RESOLVED that compensation for Directors Green and Palmer and reimbursement of actual and necessary expenses for all three attendees are authorized in accordance with their respective applicable policies.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on October 21, 2026.

By: _____
President, Board of Directors

ORIGINATING SECTION: Administrative Services
CONTACT: Osborn Solitei

AGENDA DATE: October 21, 2026

SUBJECT: Adoption of Dougherty Valley Use Fees for Calendar Years 2027 – 2031

SUMMARY:

- The proposed action is in support of Strategic Plan Goal H – Fiscal Responsibility: Operate the Agency in a fiscally responsible manner. In carrying out these fiscal responsibilities, the Agency sets rates and fees to recover cost of service.
- In February 2000, Amendment No. 1 to the Municipal & Industrial Water Supply Agreement between Zone 7 and Dublin San Ramon Services District (DSRSD) was executed, allowing Zone 7 to serve Dougherty Valley under an out-of-service-area agreement with DSRSD. This expanded Zone 7's service area to include Dougherty Valley. The terms of Amendment No. 1 were subsequently incorporated into the Agency's new Municipal & Industrial Water Supply Agreement (A26-73-DUB) with DSRSD, dated June 16, 2026.
- As part of the original agreement with developers, the Agency established a Facility Use Fee to recognize the contributions made by existing ratepayers toward the construction and maintenance of the Agency's water system. The fee was originally established at \$1,850 per basic connection of a 5/8-inch meter (Dwelling Unit Equivalent or "DUE"). Consistent with the methodology in Amendment No. 1, subsequent adjustments are calculated using the original \$1,850 base fee and the applicable Adjustment Index. The most recent adjustment became effective January 1, 2022, establishing the current fee at \$3,940 per equivalent connection.
- Amendment No. 1 provides that the Facility Use Fee is adjusted every five years based on an Adjustment Index, calculated using the change in the Engineering News Record Construction Cost Index (ENRCCI) 20-City Average. For the 2027 adjustment, the December 1997 ENRCCI of 5,858.3 is compared with the October 2026 ENRCCI of 14,470.72, resulting in an Adjustment Index of approximately 2.47. Applying this index to the original \$1,850 base fee results in a Facility Use Fee of \$4,570 per DUE, rounded to the nearest dollar.
- The new Facility Use Fee of \$4,570 will become effective January 1, 2027, and remain in effect through December 31, 2031.

- Although no additional connections are currently anticipated from the Dougherty Valley service area, staff recommend continuing to establish the Facility Use Fee as a matter of standard practice. Approximately 50 connections were made from the Dougherty Valley service area in FY 2024-25, while no connections were made in FY 2025-26.

FUNDING:

N/A

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENT:

Resolution

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Dougherty Valley Use Fee for Calendar Years 2027 – 2031

WHEREAS, the proposed action is in support of Strategic Plan Goal H – Fiscal Responsibility: Operate the Agency in a fiscally responsible manner. In carrying out these fiscal responsibilities, the Agency establishes rates and fees to recover the cost of service; and

WHEREAS, in February 2000, Amendment No. 1 to the Municipal & Industrial Water Supply Agreement between Zone 7 of the Alameda County Flood Control and Water Conservation District ("Zone 7") and Dublin San Ramon Services District ("DSRSD") was executed, allowing Zone 7 to serve Dougherty Valley pursuant to an out-of-service-area agreement with DSRSD and expanding Zone 7's service area to include Dougherty Valley; and

WHEREAS, the terms of Amendment No.1 were subsequently incorporated into the Agency's Municipal & Industrial Water Supply Agreement (A26-73-DUB) with DSRSD dated June 16, 2026; and

WHEREAS, Amendment No. 1 established the Dougherty Valley Facility Use Fee, which DSRSD pays Zone 7 for new connections within the Dougherty Valley Service Area. The fee was established at \$1,850 per new basic connection for a 5/8-inch meter (Dwelling Unit Equivalent or "DUE"), effective January 1, 2002, and provides for adjustments at five-year intervals based on an "Adjustment Index" calculated using the Engineering News Record Construction Cost Index ("ENRCCI"); and

WHEREAS, the Adjustment Index, based on the ENRCCI for December 1997 through October 2026 is 2.47. Applying the Adjustment Index to the original \$1,850 base fee results in a Dougherty Valley Facility Use Fee of \$4,570 per DUE, rounded to the nearest dollar.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District hereby establishes the Dougherty Valley Facility Use Fee at \$4,570 per DUE. For meter types larger than the basic 5/8-inch meter, the Facility Use Fee shall be multiplied by the applicable fee factor identified in Zone 7's Municipal & Industrial Connection Fee Rate Schedule; and

BE IT FURTHER RESOLVED that the Dougherty Valley Facility Use Fee established by this Resolution shall become effective January 1, 2027, and shall remain in effect until such time as the Board of Directors establishes a new fee for the Dougherty Valley Service Area; and

BE IT FURTHER RESOLVED that the General Manager, or designee, is authorized to take such administrative actions as may be necessary or appropriate to implement the Facility Use Fee established by this Resolution.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on October 21, 2026.

By: _____
President, Board of Directors

ORIGINATING SECTION: Flood Protection Engineering
CONTACT: Jeff Tang/Edward Reyes

AGENDA DATE: October 21, 2026

SUBJECT: Authorize Grants of Storm Drain Easements and a Maintenance Use License Agreement to the City of Livermore at Altamont Creek

SUMMARY:

- To support Zone 7's mission to deliver safe, reliable, efficient, and sustainable water and flood protection services, Zone 7 manages its real property and collaborates with other agencies in the Tri-Valley. The proposed action supports Strategic Plan Goal E – Effective Flood Protection, Initiative 13 – Continue to repair and maintain the flood protection facilities, and Goal G – Stakeholder Engagement, Initiative 20 – Pursue opportunities for interagency cooperation.
- Zone 7 operates and maintains Altamont Creek (Line R), a flood protection channel in the City of Livermore (City).
- In November 2024, the City approved the Garaventa Hills residential subdivision (Project), a 44-unit single-family development on approximately 32 acres adjacent to the Altamont Creek. The Project includes new storm drain facilities that discharge into the Altamont Creek. Portions of these storm drain facilities will be constructed within the Altamont Creek on lands owned by Alameda County Flood Control and Water Conservation District (District) and, upon completion, the storm drains will be owned and maintained by the City. Accordingly, the City has requested storm drain easements over the portions of the Altamont Creek property where these facilities will be located.
- Staff reviewed the City's request and determined that the easements and storm drain facilities will not interfere with Zone 7's use of the property for flood protection purposes. On that basis, three easement deeds have been prepared conveying to the City perpetual storm drain easements totaling approximately 2,725 square feet. The Project developer, through the City, will bear all costs associated with the easements, including a \$5,000 administrative fee to Zone 7.
- The Altamont Creek channel property is owned by the District, which is governed by the Alameda County Board of Supervisors (Board of Supervisors) and provides flood control for other areas of the county. The Board of Supervisors, therefore, must also approve the grant of the storm drain easements.

- While the easement deeds provide the City the property rights needed for the new storm drain facilities, a Maintenance Use License Agreement between the City and Zone 7 Water Agency establishes the terms under which the City will operate and maintain these facilities within the Altamont Creek property. Under the Maintenance Use License Agreement, the City will maintain the storm drain facilities at its own expense and be responsible for any damage to Zone 7 facilities resulting from its use.
- Staff recommends that the Board:
 1. Approve the proposed grant of three storm drain easements to the City of Livermore for the new storm drain facilities, contingent upon Board of Supervisors approval; and,
 2. Authorize the General Manager to negotiate and finalize the easement deeds for consideration by the Board of Supervisors of the Alameda County Flood Control and Water Conservation District; and,
 3. Request and recommend that the Board of Supervisors of the Alameda County Flood Control and Water Conservation District approve the easement deeds and authorize the President of the Board of Supervisors to execute them; and,
 4. Authorize the General Manager to negotiate, execute, and amend, as necessary, a Maintenance Use License Agreement with the City of Livermore.

FUNDING:

The City (through the Developer) will pay a \$5,000 administrative fee to Zone 7, which will be deposited into Fund 200 – Flood Protection Operations Fund.

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENTS:

- Resolution
- Vicinity and Location Map of Proposed Easements
- Easement Deed – R/W No. 70228
- Easement Deed – R/W No. 70229
- Easement Deed – R/W No. 70230
- Maintenance Use License Agreement (Draft)

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Authorize Grant of Storm Drain Easements and Maintenance Use License
Agreement to the City of Livermore at Altamont Creek

WHEREAS, to support Zone 7's mission to deliver safe, reliable, efficient, and sustainable water and flood protection services, Zone 7 manages its real property and collaborates with other agencies in the Tri-Valley; and

WHEREAS, this action supports Strategic Plan Goal E – Effective Flood Protection, Initiative 13 – Continue to repair and maintain the flood protection facilities, and Goal G – Stakeholder Engagement, Initiative 20 – Pursue opportunities for interagency cooperation; and

WHEREAS, Zone 7 manages and maintains Altamont Creek (Line R) for flood protection purposes, and the Altamont Creek channel property is owned by the Alameda County Flood Control and Water Conservation District (District); and

WHEREAS, the City of Livermore (City) approved the Garaventa Hills residential subdivision, which includes new storm drain facilities, portions of which will be within the Altamont Creek channel property; and

WHEREAS, upon completion, the City will own and maintain the storm drain facilities and has requested storm drain easements over the portions of the channel property where they will be located; and

WHEREAS, three easement deeds have been prepared conveying storm drain easements to the City of Livermore on the lands described and depicted in Exhibits A-1 and B-1 (R/W No. 70228, Map RF-10173), Exhibits A-2 and B-2 (R/W No. 70229, Map RF-10174), and Exhibits A-3 and B-3 (R/W No. 70230, Map RF-10175); and

WHEREAS, because the District owns the Altamont Creek channel property, said easement deeds require approval and execution by the Board of Supervisors of the Alameda County Flood Control and Water Conservation District; and

WHEREAS, under a Maintenance Use License Agreement between the City and Zone 7, the City will maintain the storm drain facilities within the Altamont Creek channel property at its own expense and be responsible for any damage to Zone 7 facilities resulting from its use.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby approve the proposed grant of said storm drain easements to the City of Livermore for the new storm drain facilities within the Altamont Creek, contingent upon approval by the Board of Supervisors of the Alameda County Flood Control and Water Conservation District; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to negotiate and finalize said easement deeds for consideration by the Board of Supervisors of the Alameda County Flood Control and Water Conservation District; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby request and recommend that the Board of Supervisors of the Alameda County Flood Control and Water Conservation District approve said easement deeds and authorize the President of the Board of Supervisors to execute same; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to negotiate, execute, and amend, as necessary, a Maintenance Use License Agreement with the City of Livermore.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on October 21, 2026.

By: _____
President, Board of Directors



	ZONE 7 WATER AGENCY 100 N. Canyons Parkway Livermore, CA 94551	DRAWN: JT REVIEWED:	ZONE 7 Vicinity and Location Line R, Altamont Creek - Grants of Storm Drain Easements to City of Livermore	Scale: Not to Scale
				Date: 10/02/2026
				FIGURE 1

RECORDING REQUESTED BY AND

WHEN RECORDED RETURN TO:

City Clerk
City of Livermore
1052 South Livermore Avenue
Livermore, CA 94550

ABOVE THIS LINE FOR RECORDER'S USE

MAIL TAX STATEMENTS TO:

The Undersigned grantor(s) declare(s):
CITY TRANSFER TAX \$ 0.00
DOCUMENTARY TRANSFER TAX \$ 0.00
SURVEY MONUMENT FEE \$ 0.00

SAME AS ABOVE

R & T CODE 11922, Government agency acquiring title

Exempt from filing fees per Government Code §§ 27383 and 6103

APN 99B-5302-5 (portion of)
R/W No. 70228
RF-10173

EASEMENT DEED (Storm Drain)

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7, hereinafter designated "GRANTOR", in consideration of value paid, the adequacy and receipt of which are hereby acknowledged, hereby grants to the CITY OF LIVERMORE, hereinafter designated "GRANTEE", its successors and assigns, a perpetual, exclusive Public Storm Drain EASEMENT for the purpose of excavating, installing, inspecting, constructing, reconstructing, repairing, replacing, relocating, renewing, removing, maintaining and operating improvements, including but not limited to storm drain lines, storm drain manholes, storm drain outfalls, and all appurtenances thereto, together with the right of ingress and egress therefore, in, upon, under, over, along, through and across that certain real property ("EASEMENT AREA") in the City of Pleasanton, County of Alameda, State of California, said easement being more particularly described as follows:

A portion of Assessor's Parcel Number: 99B-5302-5 and more particularly described in Exhibit "A-1" and shown on Exhibit "B-1" incorporated by reference hereto.

This EASEMENT is executed and delivered to GRANTEE upon the following terms and

conditions to wit:

1. GRANTEE acknowledges and agrees that the primary purpose of GRANTOR's property is for flood protection and water management and that the operations in furtherance of said purpose must take precedence over any and all other uses of the subject EASEMENT AREA.
 - a. GRANTOR acknowledges and agrees that GRANTEE's above-stated use and purposes of the EASEMENT AREA are consistent and compatible with GRANTOR's primary purpose of GRANTOR's property, as of the time of the execution of this Easement Deed.
 - b. If GRANTEE's above-stated use and purposes of the EASEMENT AREA become inconsistent and/or incompatible with GRANTOR's primary purpose of GRANTOR's property, GRANTOR shall provide 30-days written notice to GRANTEE before:
 - i. revoking any rights granted herein;
 - ii. taking any action that interferes with GRANTEE's use and/or operation of any storm drain lines, storm drain manholes, or storm drain outfalls; and
 - iii. taking any action that causes an interruption in any of GRANTEE's services.
 - c. If GRANTEE's above-stated use and purposes of the EASEMENT AREA become inconsistent and/or incompatible with GRANTOR's primary purpose of GRANTOR's property, the parties shall work cooperatively and in good faith to bring their respective uses back into compatibility to the extent practicable.
2. GRANTEE or their designee, shall have the non-exclusive right of ingress and egress to and from the EASEMENT AREA across the lands of GRANTOR for all purposes useful or convenient in connection with or incidental to the exercise of rights granted herein, at locations which shall not interfere with GRANTOR's reasonable use and enjoyment of its remainder property. Except for emergencies, prior to entering upon GRANTOR's property or engaging in excavating, installing, inspecting, constructing, reconstructing, repairing, replacing, relocating, renewing, removing, maintaining, or operating the improvements, GRANTEE or their designee, shall first obtain the standard form encroachment permit from GRANTOR. GRANTOR shall issue said permit within three (3) working days, if possible, at no cost to GRANTEE.
3. GRANTEE shall only construct improvements with at least a minimum vertical clearance of five (5) feet and a minimum horizontal clearance of five (5) feet from GRANTOR's facilities.

4. GRANTEE agrees that upon the completion of any of work performed by GRANTEE or designee within GRANTOR's property, to restore the surface of the ground to the condition in which it was prior to the commencement of said work or to a condition as agreed upon by GRANTOR and GRANTEE. GRANTEE shall, at GRANTEE's sole cost, promptly repair any damage to GRANTOR's real and personal property, arising out of or in connection with GRANTEE's excavating, installing, inspecting, constructing, reconstructing, repairing, replacing, relocating, renewing, removing, maintaining and operating its improvements. GRANTEE shall maintain the EASEMENT AREA and GRANTEE's improvements in good repair and prevent the EASEMENT AREA and GRANTEE's improvements from causing any nuisance.
5. GRANTOR reserves the right to convey easement rights to others so long as such easement(s) do not conflict or interfere with GRANTEE's easement rights herein conveyed, but prior to making such a conveyance, GRANTOR will provide written notice to GRANTEE.
6. GRANTEE or their designee agrees to indemnify, defend, and hold harmless GRANTOR against all damages, expenses, costs and charges, including attorney's fees, and to save GRANTOR harmless from any and all loss, liability, and claims for damages by third parties (together "Claims") arising from the acts or omissions of GRANTEE, its agents, employees, contractors or subcontractors, arising from or relating to GRANTEE's use of the EASEMENT AREA, including the excavating, installing, inspecting, constructing, reconstructing, repairing, replacing, relocating, renewing, removing, maintaining and operating of storm drain lines, storm drain manholes, and/or storm drain outfalls.
7. Any notice which GRANTOR or GRANTEE is required to provide related to this EASEMENT shall be given in writing and may be personally served, sent by overnight courier delivery, or deposited in the United States Mail as certified mail, postage prepaid, addressed to the other party at the following address:

GRANTOR: Alameda County Flood Control & Water Conservation
District, Zone 7
Attn: General Manager
100 North Canyons Parkway
Livermore, CA 94551

GRANTEE: City of Livermore
Attn: City Manager
1052 South Livermore Avenue
Livermore, CA 94550

This instrument contains the entire agreement between the parties relating to the rights herein granted and the obligations herein assumed. Any oral representations or modifications concerning this instrument shall be of no force and effect except by a subsequent modification in writing, signed by the party to be charged.

The provisions of this EASEMENT DEED shall inure to the benefit of and be binding upon the heirs, successors, assigns, and personal representatives of the respective parties and this EASEMENT shall run with the land.

IN WITNESS WHEREOF, this instrument is duly executed pursuant to Alameda County Flood Control and Water Conservation District Resolution No. _____, adopted _____, 20____, a certified copy of which is attached hereto and made a part hereof.

ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT

By: _____

David Haubert, President

Board of Supervisors

Alameda County Flood Control and Water Conservation District

Dated: _____

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of _____)

On _____, before

me, _____,
 (Deputy Clerk)

Deputy Clerk, personally appeared

_____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Deputy Clerk Signature)

CERTIFICATE OF ACCEPTANCE

This shall certify that the City of Livermore, GRANTEE herein, hereby accepts for public purposes and public use the real property interests described in the foregoing EASEMENT DEED, dated _____, 2026 from Alameda County Flood Control and Water Conservation District, GRANTOR herein. GRANTOR and GRANTEE consent to the recordation of the foregoing EASEMENT DEED.

IN WITNESS WHEREON, I have hereto set my hand this _____ day of _____, 2026.

GRANTEE:

CITY OF LIVERMORE

By: _____
Deborah L. Elam, City Clerk

**EXHIBIT A-1
STORM DRAIN EASEMENT 1
OVER THE LANDS OF A.C.F.C.&W.C.D.
APN 99B-5302-5**

Real property situate in the City of Livermore, County of Alameda, State of California and being a portion of Parcel K as shown on the subdivision map entitled "Tract 6433" filed on February 26, 1997 in Book 230 of Maps, Pages 3 thru 15, Official Records of Alameda and being more particularly described as follows:

Commencing at the southwest corner of said Parcel K; Thence along the south line of Parcel K, South 47° 13' 43" East – 33.629 feet for the **Point of Beginning** hereof; Thence crossing through Parcel K for the following three (5) courses: (1) North 42° 46' 17" East – 7.200 feet, (2) South 47° 13' 43" East – 16.533 feet, (3) North 31° 15' 15" East – 37.128 feet, (4) South 58° 44' 45" East – 10.000 feet, and (5) South 31° 15' 15" East – 46.514 feet to a point on the south line of Parcel K; Thence along said south line of Parcel K, North 47° 13' 43" West – 28.205 feet to the **Point of Beginning**.

Containing 579 square feet of land area, more or less.

See Exhibit B-1 – Plat to Accompany Legal Description which is attached hereto and made a part hereof.

END OF DESCRIPTION

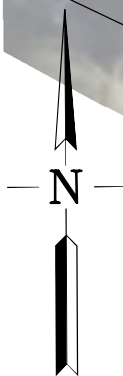
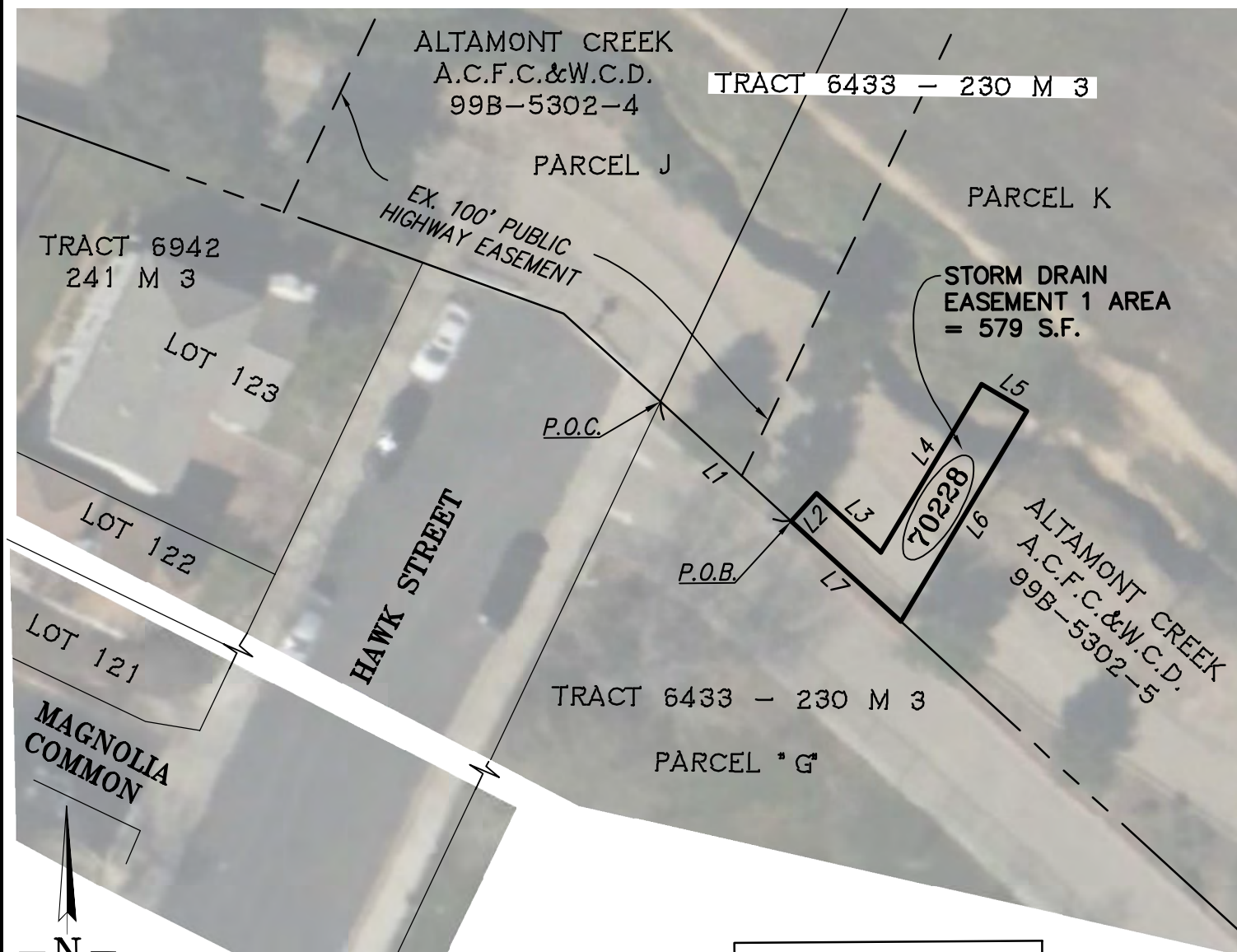
The description and its accompanying plat were prepared under the direction of:



Scott A. Shortlidge

Date

G:\JOB2014\141093\SURVEY\CAD FILES\PLATS\STORM DRAIN ESMNT - 1.DWG 8/19/2026 1:20:16 PM



LEGEND

P.O.B.	POINT OF BEGINNING
P.O.C.	POINT OF COMMENCEMENT
---	EXISTING TRACT BOUNDARY
---	EXISTING PARCEL LINE
---	BOUNDARY OF DESCRIBED AREA
S.F.	SQUARE FEET
(T)	TOTAL

LINE TABLE		
LINE	BEARING	LENGTH
L1	S47°13'43"E	33.629'
L2	N42°46'17"E	7.200'
L3	S47°13'43"E	16.533'
L4	N31°15'15"E	37.128'
L5	S58°44'45"E	10.000'
L6	S31°15'15"W	46.514'
L7	N47°13'43"W	28.205'

EXHIBIT B-1
PLAT TO ACCOMPANY LEGAL DESCRIPTION
FOR
STORM DRAIN EASEMENT
CITY OF LIVERMORE, ALAMEDA COUNTY, CALIFORNIA

RJA
RUGGERI-JENSEN-AZAR
ENGINEERS • PLANNERS • SURVEYORS
4690 CHABOT DRIVE, SUITE 200 PLEASANTON, CA 94588
PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE:
1"=30'

DATE:
06-03-2026

JOB NO.:
141093

SHEET 1 OF 1
MAP RF-10173

RECORDING REQUESTED BY AND

WHEN RECORDED RETURN TO:

City Clerk
City of Livermore
1052 South Livermore Avenue
Livermore, CA 94550

ABOVE THIS LINE FOR RECORDER'S USE

MAIL TAX STATEMENTS TO:

The Undersigned grantor(s) declare(s):
CITY TRANSFER TAX \$ 0.00
DOCUMENTARY TRANSFER TAX \$ 0.00
SURVEY MONUMENT FEE \$ 0.00

SAME AS ABOVE

R & T CODE 11922, Government agency acquiring title

Exempt from filing fees per Government Code §§ 27383 and 6103

APN 99B-5303-2 (portion of)
R/W No. 70229
RF-10174

EASEMENT DEED (Storm Drain)

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7, hereinafter designated "GRANTOR", in consideration of value paid, the adequacy and receipt of which are hereby acknowledged, hereby grants to the CITY OF LIVERMORE, hereinafter designated "GRANTEE", its successors and assigns, a perpetual, exclusive Public Storm Drain EASEMENT for the purpose of excavating, installing, inspecting, constructing, reconstructing, repairing, replacing, relocating, renewing, removing, maintaining and operating improvements, including but not limited to storm drain lines, storm drain manholes, storm drain outfalls, and all appurtenances thereto, together with the right of ingress and egress therefore, in, upon, under, over, along, through and across that certain real property ("EASEMENT AREA") in the City of Pleasanton, County of Alameda, State of California, said easement being more particularly described as follows:

A portion of Assessor's Parcel Number: 99B-5303-2 and more particularly described in Exhibit "A-2" and shown on Exhibit "B-2" incorporated by reference hereto.

This EASEMENT is executed and delivered to GRANTEE upon the following terms and

conditions to wit:

1. GRANTEE acknowledges and agrees that the primary purpose of GRANTOR's property is for flood protection and water management and that the operations in furtherance of said purpose must take precedence over any and all other uses of the subject EASEMENT AREA.
 - a. GRANTOR acknowledges and agrees that GRANTEE's above-stated use and purposes of the EASEMENT AREA are consistent and compatible with GRANTOR's primary purpose of GRANTOR's property, as of the time of the execution of this Easement Deed.
 - b. If GRANTEE's above-stated use and purposes of the EASEMENT AREA become inconsistent and/or incompatible with GRANTOR's primary purpose of GRANTOR's property, GRANTOR shall provide 30-days written notice to GRANTEE before:
 - i. revoking any rights granted herein;
 - ii. taking any action that interferes with GRANTEE's use and/or operation of any storm drain lines, storm drain manholes, or storm drain outfalls; and
 - iii. taking any action that causes an interruption in any of GRANTEE's services.
 - c. If GRANTEE's above-stated use and purposes of the EASEMENT AREA become inconsistent and/or incompatible with GRANTOR's primary purpose of GRANTOR's property, the parties shall work cooperatively and in good faith to bring their respective uses back into compatibility to the extent practicable.
2. GRANTEE or their designee, shall have the non-exclusive right of ingress and egress to and from the EASEMENT AREA across the lands of GRANTOR for all purposes useful or convenient in connection with or incidental to the exercise of rights granted herein, at locations which shall not interfere with GRANTOR's reasonable use and enjoyment of its remainder property. Except for emergencies, prior to entering upon GRANTOR's property or engaging in excavating, installing, inspecting, constructing, reconstructing, repairing, replacing, relocating, renewing, removing, maintaining, or operating the improvements, GRANTEE or their designee, shall first obtain the standard form encroachment permit from GRANTOR. GRANTOR shall issue said permit within three (3) working days, if possible, at no cost to GRANTEE.
3. GRANTEE shall only construct improvements with at least a minimum vertical clearance of five (5) feet and a minimum horizontal clearance of five (5) feet from GRANTOR's facilities.

4. GRANTEE agrees that upon the completion of any of work performed by GRANTEE or designee within GRANTOR's property, to restore the surface of the ground to the condition in which it was prior to the commencement of said work or to a condition as agreed upon by GRANTOR and GRANTEE. GRANTEE shall, at GRANTEE's sole cost, promptly repair any damage to GRANTOR's real and personal property, arising out of or in connection with GRANTEE's excavating, installing, inspecting, constructing, reconstructing, repairing, replacing, relocating, renewing, removing, maintaining and operating its improvements. GRANTEE shall maintain the EASEMENT AREA and GRANTEE's improvements in good repair and prevent the EASEMENT AREA and GRANTEE's improvements from causing any nuisance.
5. GRANTOR reserves the right to convey easement rights to others so long as such easement(s) do not conflict or interfere with GRANTEE's easement rights herein conveyed, but prior to making such a conveyance, GRANTOR will provide written notice to GRANTEE.
6. GRANTEE or their designee agrees to indemnify, defend, and hold harmless GRANTOR against all damages, expenses, costs and charges, including attorney's fees, and to save GRANTOR harmless from any and all loss, liability, and claims for damages by third parties (together "Claims") arising from the acts or omissions of GRANTEE, its agents, employees, contractors or subcontractors, arising from or relating to GRANTEE's use of the EASEMENT AREA, including the excavating, installing, inspecting, constructing, reconstructing, repairing, replacing, relocating, renewing, removing, maintaining and operating of storm drain lines, storm drain manholes, and/or storm drain outfalls.
7. Any notice which GRANTOR or GRANTEE is required to provide related to this EASEMENT shall be given in writing and may be personally served, sent by overnight courier delivery, or deposited in the United States Mail as certified mail, postage prepaid, addressed to the other party at the following address:

GRANTOR: Alameda County Flood Control & Water Conservation
District, Zone 7
Attn: General Manager
100 North Canyons Parkway
Livermore, CA 94551

GRANTEE: City of Livermore
Attn: City Manager
1052 South Livermore Avenue
Livermore, CA 94550

This instrument contains the entire agreement between the parties relating to the rights herein granted and the obligations herein assumed. Any oral representations or modifications concerning this instrument shall be of no force and effect except by a subsequent modification in writing, signed by the party to be charged.

The provisions of this EASEMENT DEED shall inure to the benefit of and be binding upon the heirs, successors, assigns, and personal representatives of the respective parties and this EASEMENT shall run with the land.

IN WITNESS WHEREOF, this instrument is duly executed pursuant to Alameda County Flood Control and Water Conservation District Resolution No. _____, adopted _____, 20____, a certified copy of which is attached hereto and made a part hereof.

ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT

By: _____

David Haubert, President

Board of Supervisors

Alameda County Flood Control and Water Conservation District

Dated: _____

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of _____)

On _____, before

me, _____,
 (Deputy Clerk)

Deputy Clerk, personally appeared

_____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Deputy Clerk Signature)

CERTIFICATE OF ACCEPTANCE

This shall certify that the City of Livermore, GRANTEE herein, hereby accepts for public purposes and public use the real property interests described in the foregoing EASEMENT DEED, dated _____, 2026 from Alameda County Flood Control and Water Conservation District, GRANTOR herein. GRANTOR and GRANTEE consent to the recordation of the foregoing EASEMENT DEED.

IN WITNESS WHEREON, I have hereto set my hand this _____ day of _____, 2026.

GRANTEE:

CITY OF LIVERMORE

By: _____
Deborah L. Elam, City Clerk

**EXHIBIT A-2
STORM DRAIN EASEMENT 2
OVER THE LANDS OF A.C.F.C.&W.C.D.
APN 99B-5303-2**

Real property situate in the City of Livermore, County of Alameda, State of California and being a portion of Parcel L as shown on the subdivision map entitled "Tract 6433" filed on February 26, 1997 in Book 230 of Maps, Pages 3 thru 15, Official Records of Alameda and being more particularly described as follows:

Commencing at the northeast corner of said Parcel L; Thence along the north line of Parcel L, South 82° 17' 41" East – 41.195 feet for the **Point of Beginning** hereof; Thence continuing along said north line, South 82° 17' 41" East – 10.036 feet; Thence crossing through Parcel L for the following three (3) courses: (1) South 12° 34' 37" West – 183.585 feet, (2) North 77° 25' 23" West – 10.000 feet, and (3) North 12° 34' 37" East – 182.732 feet to the **Point of Beginning**.

Containing 1,832 square feet of land area, more or less.

See Exhibit B-2 – Plat to Accompany Legal Description which is attached hereto and made a part hereof.

END OF DESCRIPTION

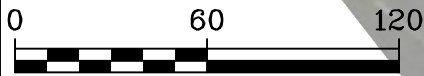
The description and its accompanying plat were prepared under the direction of:



Scott A. Shortlidge

Date

LINE TABLE		
LINE	BEARING	LENGTH
L1	S82°17'41"E	10.036'
L2	S12°34'37"W	183.585'
L3	N77°25'23"W	10.000'
L4	N12°34'37"E	182.732'



1 inch = 60 ft.

LEGEND

P.O.B.	POINT OF BEGINNING
P.O.C.	POINT OF COMMENCEMENT
---	EXISTING TRACT BOUNDARY
---	EXISTING PARCEL LINE
---	BOUNDARY OF DESCRIBED AREA
S.F.	SQUARE FEET
(T)	TOTAL

EXHIBIT B-2
PLAT TO ACCOMPANY LEGAL DESCRIPTION
FOR
STORM DRAIN EASEMENT
CITY OF LIVERMORE, ALAMEDA COUNTY, CALIFORNIA

RJA
RUGGERI-JENSEN-AZAR
 ENGINEERS • PLANNERS • SURVEYORS
 4690 CHABOT DRIVE, SUITE 200 PLEASANTON, CA 94588
 PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE:
1"=30'

DATE:
08-04-2026

JOB NO.:
141093

SHEET 1 OF 1
MAP RF-10174

G:\JOB2014\141093\SURVEY\CAD FILES\PLATS\STORM DRAIN ESMNT - 2.DWG 8/19/2026 1:20:12 PM

RECORDING REQUESTED BY AND

WHEN RECORDED RETURN TO:

City Clerk
City of Livermore
1052 South Livermore Avenue
Livermore, CA 94550

ABOVE THIS LINE FOR RECORDER'S USE

MAIL TAX STATEMENTS TO:

The Undersigned grantor(s) declare(s):
CITY TRANSFER TAX \$ 0.00
DOCUMENTARY TRANSFER TAX \$ 0.00
SURVEY MONUMENT FEE \$ 0.00

SAME AS ABOVE

R & T CODE 11922, Government agency acquiring title

Exempt from filing fees per Government Code §§ 27383 and 6103

APN 99B-5302-4 (portion of)
R/W No. 70230
RF-10175

EASEMENT DEED (Storm Drain)

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7, hereinafter designated "GRANTOR", in consideration of value paid, the adequacy and receipt of which are hereby acknowledged, hereby grants to the CITY OF LIVERMORE, hereinafter designated "GRANTEE", its successors and assigns, a perpetual, exclusive Public Storm Drain EASEMENT for the purpose of excavating, installing, inspecting, constructing, reconstructing, repairing, replacing, relocating, renewing, removing, maintaining and operating improvements, including but not limited to storm drain lines, storm drain manholes, storm drain outfalls, and all appurtenances thereto, together with the right of ingress and egress therefore, in, upon, under, over, along, through and across that certain real property ("EASEMENT AREA") in the City of Pleasanton, County of Alameda, State of California, said easement being more particularly described as follows:

A portion of Assessor's Parcel Number: 99B-5302-4 and more particularly described in Exhibit "A-3" and shown on Exhibit "B-3" incorporated by reference hereto.

This EASEMENT is executed and delivered to GRANTEE upon the following terms and

conditions to wit:

1. GRANTEE acknowledges and agrees that the primary purpose of GRANTOR's property is for flood protection and water management and that the operations in furtherance of said purpose must take precedence over any and all other uses of the subject EASEMENT AREA.
 - a. GRANTOR acknowledges and agrees that GRANTEE's above-stated use and purposes of the EASEMENT AREA are consistent and compatible with GRANTOR's primary purpose of GRANTOR's property, as of the time of the execution of this Easement Deed.
 - b. If GRANTEE's above-stated use and purposes of the EASEMENT AREA become inconsistent and/or incompatible with GRANTOR's primary purpose of GRANTOR's property, GRANTOR shall provide 30-days written notice to GRANTEE before:
 - i. revoking any rights granted herein;
 - ii. taking any action that interferes with GRANTEE's use and/or operation of any storm drain lines, storm drain manholes, or storm drain outfalls; and
 - iii. taking any action that causes an interruption in any of GRANTEE's services.
 - c. If GRANTEE's above-stated use and purposes of the EASEMENT AREA become inconsistent and/or incompatible with GRANTOR's primary purpose of GRANTOR's property, the parties shall work cooperatively and in good faith to bring their respective uses back into compatibility to the extent practicable.
2. GRANTEE or their designee, shall have the non-exclusive right of ingress and egress to and from the EASEMENT AREA across the lands of GRANTOR for all purposes useful or convenient in connection with or incidental to the exercise of rights granted herein, at locations which shall not interfere with GRANTOR's reasonable use and enjoyment of its remainder property. Except for emergencies, prior to entering upon GRANTOR's property or engaging in excavating, installing, inspecting, constructing, reconstructing, repairing, replacing, relocating, renewing, removing, maintaining, or operating the improvements, GRANTEE or their designee, shall first obtain the standard form encroachment permit from GRANTOR. GRANTOR shall issue said permit within three (3) working days, if possible, at no cost to GRANTEE.
3. GRANTEE shall only construct improvements with at least a minimum vertical clearance of five (5) feet and a minimum horizontal clearance of five (5) feet from GRANTOR's facilities.

4. GRANTEE agrees that upon the completion of any of work performed by GRANTEE or designee within GRANTOR's property, to restore the surface of the ground to the condition in which it was prior to the commencement of said work or to a condition as agreed upon by GRANTOR and GRANTEE. GRANTEE shall, at GRANTEE's sole cost, promptly repair any damage to GRANTOR's real and personal property, arising out of or in connection with GRANTEE's excavating, installing, inspecting, constructing, reconstructing, repairing, replacing, relocating, renewing, removing, maintaining and operating its improvements. GRANTEE shall maintain the EASEMENT AREA and GRANTEE's improvements in good repair and prevent the EASEMENT AREA and GRANTEE's improvements from causing any nuisance.
5. GRANTOR reserves the right to convey easement rights to others so long as such easement(s) do not conflict or interfere with GRANTEE's easement rights herein conveyed, but prior to making such a conveyance, GRANTOR will provide written notice to GRANTEE.
6. GRANTEE or their designee agrees to indemnify, defend, and hold harmless GRANTOR against all damages, expenses, costs and charges, including attorney's fees, and to save GRANTOR harmless from any and all loss, liability, and claims for damages by third parties (together "Claims") arising from the acts or omissions of GRANTEE, its agents, employees, contractors or subcontractors, arising from or relating to GRANTEE's use of the EASEMENT AREA, including the excavating, installing, inspecting, constructing, reconstructing, repairing, replacing, relocating, renewing, removing, maintaining and operating of storm drain lines, storm drain manholes, and/or storm drain outfalls.
7. Any notice which GRANTOR or GRANTEE is required to provide related to this EASEMENT shall be given in writing and may be personally served, sent by overnight courier delivery, or deposited in the United States Mail as certified mail, postage prepaid, addressed to the other party at the following address:

GRANTOR: Alameda County Flood Control & Water Conservation
District, Zone 7
Attn: General Manager
100 North Canyons Parkway
Livermore, CA 94551

GRANTEE: City of Livermore
Attn: City Manager
1052 South Livermore Avenue
Livermore, CA 94550

This instrument contains the entire agreement between the parties relating to the rights herein granted and the obligations herein assumed. Any oral representations or modifications concerning this instrument shall be of no force and effect except by a subsequent modification in writing, signed by the party to be charged.

The provisions of this EASEMENT DEED shall inure to the benefit of and be binding upon the heirs, successors, assigns, and personal representatives of the respective parties and this EASEMENT shall run with the land.

IN WITNESS WHEREOF, this instrument is duly executed pursuant to Alameda County Flood Control and Water Conservation District Resolution No. _____, adopted _____, 20____, a certified copy of which is attached hereto and made a part hereof.

ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT

By: _____

David Haubert, President

Board of Supervisors

Alameda County Flood Control and Water Conservation District

Dated: _____

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of _____)

On _____, before

me, _____,
 (Deputy Clerk)

Deputy Clerk, personally appeared

_____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Deputy Clerk Signature)

CERTIFICATE OF ACCEPTANCE

This shall certify that the City of Livermore, GRANTEE herein, hereby accepts for public purposes and public use the real property interests described in the foregoing EASEMENT DEED, dated _____, 2026 from Alameda County Flood Control and Water Conservation District, GRANTOR herein. GRANTOR and GRANTEE consent to the recordation of the foregoing EASEMENT DEED.

IN WITNESS WHEREON, I have hereto set my hand this _____ day of _____, 2026.

GRANTEE:

CITY OF LIVERMORE

By: _____
Deborah L. Elam, City Clerk

**EXHIBIT A-3
STORM DRAIN EASEMENT 3
OVER THE LANDS OF A.C.F.C.&W.C.D.
APN 99B-5302-4**

Real property situate in the City of Livermore, County of Alameda, State of California and being a portion of Parcel J as shown on the subdivision map entitled "Tract 6433" filed on February 26, 1997 in Book 230 of Maps, Pages 3 thru 15, Official Records of Alameda and a portion of Lot J as shown on the subdivision map entitled "Tract 8094" filed on _____, 2026 in Book _____ of Maps, Pages ____ thru _____, Official Records of Alameda being more particularly described as follows:

Commencing at the northwest corner of the above mentioned Lot J, same corner being at the westerly terminus of the course labeled North 60° 15' 44" West – 180.976 feet; Thence along the south line of Lot J, same being the north line of Parcel J – Tract 6433, South 39° 19' 02" East – 25.655 feet for the **Point of Beginning** hereof; Thence continuing along said common line, South 39° 19' 02" East – 10.708 feet; Thence crossing through Parcel J – Tract 6433 for the following three (3) courses: (1) South 29° 44' 16" West – 29.522 feet, (2) North 60° 15' 44" West – 10.000, and (3) North 29° 44' 16" East – 33.350 feet to the **Point of Beginning**.

Containing 314 square feet of land area, more or less.

See Exhibit B-3 – Plat to Accompany Legal Description which is attached hereto and made a part hereof.

END OF DESCRIPTION

The description and its accompanying plat were prepared under the direction of:



Scott A. Shortlidge

Date

G:\JOB2014\141093\SURVEY\CAD FILES\PLATS\STORM DRAIN ESMNT - 3.DWG 8/19/2026 1:20:14 PM

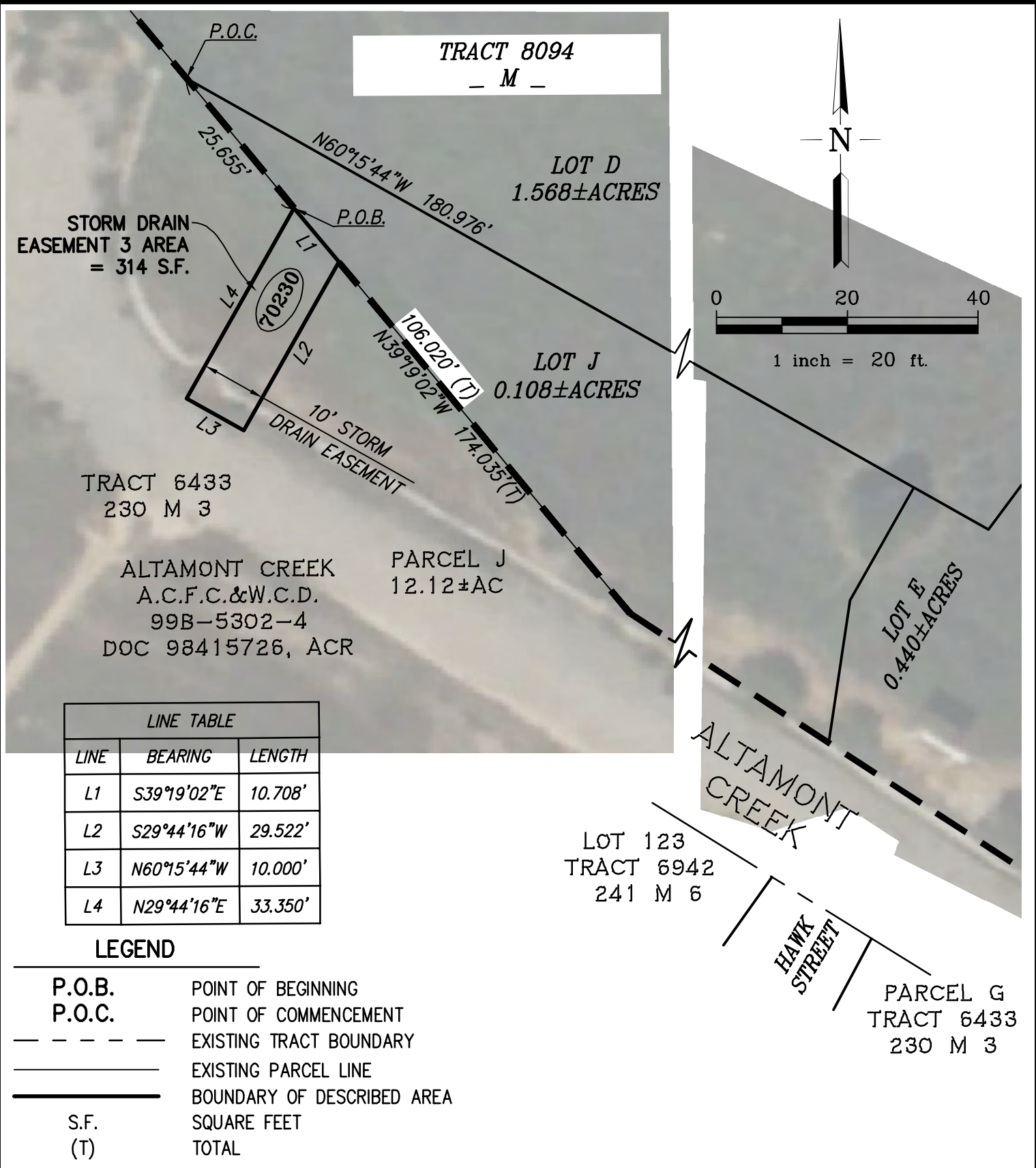


EXHIBIT B-3
PLAT TO ACCOMPANY LEGAL DESCRIPTION
FOR
STORM DRAIN EASEMENT
CITY OF LIVERMORE, ALAMEDA COUNTY, CALIFORNIA

RUGGERI-JENSEN-AZAR
ENGINEERS • PLANNERS • SURVEYORS
4690 CHABOT DRIVE, SUITE 200 PLEASANTON, CA 94588
PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE: 1"=30'	DATE: 02-26-2026	JOB NO.: 141093
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ORIGINATING SECTION: Water Supply Engineering
CONTACT: Sophie Sidhu/Brandon Woods

AGENDA DATE: October 21, 2026

SUBJECT: Authorize Acceptance of Easement Deeds for Livermore Turnout 5 from the City of Livermore

SUMMARY:

- To support Zone 7's mission to deliver safe, reliable, efficient, and sustainable water and flood protection services, Zone 7 manages its real property and collaborates with other agencies in the Tri-Valley. The proposed action supports Strategic Plan Goal B – Reliable Water Supply and Infrastructure and Goal G – Stakeholder Engagement, Initiative 20 – Pursue opportunities for interagency cooperation.
- Zone 7 owns and operates the Cross-Valley Pipeline (CVP), a treated water transmission main that delivers water to retail water agencies in the Tri-Valley. Livermore Turnout 5, which delivers treated water to the City of Livermore (City) from the CVP, is located on a City-owned parcel along Isabel Avenue (State Route 84) near the intersection of Kitty Hawk Road and Branson Way.
- In April 2009, Zone 7 and the City entered into Utility Agreement A09-103-LIV (Utility Agreement) to accommodate the City's Isabel Avenue/I-580 Interchange Project. Under the Utility Agreement, the City agreed to relocate Zone 7's Livermore Turnout 5 facilities at the City's expense and grant new easements for the relocated facilities.
- The City completed the relocation of the turnout facilities in 2012 and Zone 7 has operated the turnout since that time. The City has prepared two easement deeds for Zone 7's acceptance to fulfill the City's obligations and provide Zone 7 permanent rights to access, operate, and maintain Livermore Turnout 5.
- Staff recommends that the Board authorize the General Manager to accept the easement deeds from the City for the Livermore Turnout 5 facilities and execute the Certificates of Acceptance.

FUNDING:

There is no funding impact associated with this action.

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENTS:

- Resolution
- Utility Easement Deed
- Access Easement Deed

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Authorize Acceptance of Easement Deeds for
Livermore Turnout 5 from the City of Livermore

WHEREAS, to support Zone 7's mission to deliver safe, reliable, efficient, and sustainable water and flood protection services, Zone 7 manages its real property and collaborates with other agencies in the Tri-Valley; and

WHEREAS, this action supports Strategic Plan Goal B – Reliable Water Supply and Infrastructure and Goal G – Stakeholder Engagement, Initiative 20 – Pursue opportunities for interagency cooperation; and

WHEREAS, Zone 7 owns and operates the Cross-Valley Pipeline and Livermore Turnout 5, through which Zone 7 delivers treated water to the City of Livermore (City); and

WHEREAS, in April 2009, Zone 7 and the City entered into Utility Agreement A09-103-LIV to accommodate the City's Isabel Avenue/I-580 Interchange Project (Project), under which the City agreed to relocate Zone 7's Livermore Turnout 5 facilities and grant replacement easements for the relocated facilities; and

WHEREAS, the City completed the relocation of the Livermore Turnout 5 facilities in 2012 and Zone 7 has operated the turnout since that time; and

WHEREAS, the City has prepared two easement deeds for Zone 7's acceptance: a utility easement on the lands described and depicted in Exhibits A-1 and B-1 (R/W No. 70231, Map RF-10176A); and an access easement on the lands described and depicted in Exhibits A-2 and B-2 (R/W No. 70232, Map RF-10176B).

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to accept said easement deeds from the City of Livermore, to execute the Certificates of Acceptance, and to cause the easement deeds to be recorded at the Office of the Recorder of Alameda County.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on October 21, 2026.

By: _____
President, Board of Directors

RECORDING REQUESTED BY:
City of Livermore

AND WHEN RECORDED MAIL
DOCUMENTS AND TAX
STATEMENTS TO:

Zone 7 Water Agency
100 North Canyons Parkway
Livermore, CA 94551
Attention: Real Property Services

SPACE ABOVE THIS LINE FOR RECORDER'S USE

The undersigned Grantee hereby declares this instrument
to be exempt from Recording Fees (Govt. Code §27383)
and Documentary Transfer Tax (Revenue and Taxation Code
§11922 - Governmental agency acquiring title).

APN: 904-0004-004-01 (portion of)
R/W No. 70231
MAP: RF-10176A
Reference No.: CIP 199238

EASEMENT DEED (UTILITY)

CITY OF LIVERMORE, a municipal corporation, hereinafter designated "Grantor", in consideration of value paid, the adequacy and receipt of which are hereby acknowledged, hereby grants to the ZONE 7 WATER AGENCY aka ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7, a body corporate and politic, hereinafter designated "Grantee", its agents, regulatory agents, and its successors and assigns, a perpetual non-exclusive utility easement and the right of way for construction, operation, maintenance, and related purposes in, over, upon, under, and across all that certain real property in the City of Livermore, County of Alameda, State of California, described in attached Exhibit "A-1" and depicted in Exhibit "B-1," attached hereto and incorporated herein by reference ("Easement Area").

RECITALS

- A. Grantor is the owner, in fee, of that certain parcel of land in the City of Livermore, Alameda County, California, which is more particularly described in recorded document number 2016-015607, official records of County of Alameda.
- B. Grantor has agreed to grant to Grantee, and Grantee desires to accept from Grantor, an easement deed for utility described in attached Exhibit "A-1" and depicted in Exhibit "B-1", subject to the terms and conditions of this Grant, so as to permit the Grantee to construct, operate, and maintain Grantee's water supply facilities and turnout across the Grantor's parcel.

NOW, THEREFORE, in consideration of the above recitals of fact, and the mutual covenants and obligations hereunder, the parties, for themselves and their successors and assigns, hereby agree as follows:

This Easement Deed for utility is executed and delivered to Grantee upon the following terms and conditions, to wit:

- 1. It is understood and agreed by Grantor that the purpose for which Grantee has acquired the Easement Deed is for water supply operations and management activities associated with Grantee's Cross Valley pipeline facilities and turnout within Grantor's parcel.
- 2. Grantor understands and agrees that Grantee has water supply facilities and a turnout, which requires unimpeded access to operate and maintain.
- 3. Grantor reserves the right to convey easement rights in, over, upon and across said Easement Area to others so long as such easement(s) does not conflict or interfere with Grantee's easement rights herein conveyed.
- 4. Grantor and the Grantor's heirs, successors or assigns shall not place or permit to be placed on said Easement Area, or access thereto, any building or structure, including but not limited to houses, garages, outbuildings, swimming pools, tennis courts, retaining walls, decks, and patios nor to allow to be done anything which could prevent vehicles and equipment from operating anywhere within the easement which may interfere with the full enjoyment by Grantee of the rights herein granted. Grantor shall submit all proposed improvements surrounding Grantee's facility in writing for review and consent.
- 5. Notwithstanding anything to the contrary herein, Grantee agrees to indemnify Grantor against all damages, expenses, costs and charges, and to save Grantor harmless from any and all claims for damages by third parties, and all loss and liability caused by the wrongful or negligent act or omission of Grantee, its agents, employees, contractors or subcontractors in connection with Grantee's use of the Easement Area.

6. Grantee further agrees that if future improvements on the parcel described in Exhibit "A-1" of this instrument necessitate the relocation of this utility easement, Grantee shall cooperate with Grantor regarding such relocation, provided that any such relocation shall not be at Grantee's cost or expense and does not unreasonably conflict or interfere with Grantee's access to its facility.

This instrument contains the entire agreement between the parties relating to the rights herein granted and the obligations herein assumed. Any oral representations or modifications concerning this instrument shall be of no force and effect except by a subsequent modification in writing, signed by the party to be charged.

The provisions hereof shall inure to the benefit of and bind the successors and assigns of the respective parties hereto.

Acceptance and recordation of the Utility Easement Deed by Grantee shall signify Grantee's acceptance of the terms and conditions of this Utility Easement Deed.

IN WITNESS WHEREOF, this instrument is duly executed as of the dates set forth below.

GRANTOR:

CITY OF LIVERMORE

Dated: _____

By: _____
Marianna A. Burch , City Manager

Pursuant to Council Resolution No. 2007-238

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of _____)

On _____, before me, _____,
(Name, Title)

personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Notary Signature)

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT, ZONE 7**

CERTIFICATE OF ACCEPTANCE
(Pursuant to Government Code 27281)

This is to certify that the interest in real property conveyed by the Easement Deed for Utility (portion of APN 904-0004-004-01) dated _____, 2026, from CITY OF LIVERMORE, a municipal corporation, to ZONE 7 WATER AGENCY aka ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7 ("Zone 7"), a body corporate and politic, is hereby accepted by order of the Zone 7 Board of Directors pursuant to Resolution No. 26-____ of the Zone 7 Board, adopted on _____, 2026, and the grantee consents to recordation thereof by its General Manager.

Dated: _____

By: _____
Valerie L. Pryor, General Manager

EXHIBIT "A-1"

**LEGAL DESCRIPTION FOR ALAMEDA COUNTY FLOOD CONTROL WATER
CONSERVATION DISTRICT, ZONE 7 WATER AGENCY**

**UTILITY (WATER TURNOUT) EASEMENT FROM
THE CITY OF LIVERMORE, A MUNICIPAL CORPORATION**

Being a portion of the lands described as Parcel No. L-4002X2 in the Grant Deed to the City of Livermore, recorded January 22, 2016, as Document No. 2016015607, Official Records of Alameda County, lying within the City of Livermore, County of Alameda, State of California, more particularly described as follows:

COMMENCING at a point on the easterly right-of-way line of Kitty Hawk Road (62' wide), said point being the southerly terminus of that course described as "(3) North 01°01'11" East, 691.81 feet of said Parcel No. L-4002X2; thence along said easterly right-of-way line, North 01°01'11" East (shown as "North 01°01'32" East" on Parcel Map No. 2988, filed on July 15, 1980 in Book 119 of Parcel Maps, Pages 41-42, records of Alameda County), 497.222 feet; Thence leaving said right-of-way line, North 90°00'00" East, 7.611 feet, to the **POINT OF BEGINNING**; thence along the following six (6) courses and distances: (1) North 00°59'05" East, 54.096 feet, (2) North 90°00'00" East, 14.857 feet, (3) South 00°00'00" East, 17.552 feet, (4) North 90°00'00" East, 11.352 feet, to a point on the westerly line of the Ingress-Egress Easement, Area 2, (5) along the westerly line of said easement South 00°00'00" East, 36.536 feet, (6) leaving said easement line, North 90°00'00" West, 27.138 feet to the **POINT OF BEGINNING**.

Containing: 1,243.47 square feet, more or less.

Bearings and distances used in the above description are based on the California Coordinate System of 1983, Zone 3, Epoch 1991.35. Multiply distance shown by 1.0000869 to obtain ground level distances.

The Description above is depicted on Exhibit "B-1", attached hereto and made a part thereof by this reference. This description is *invalid* without said Plat.

This real property description has been prepared by me, or under my direction, in conformance with the Professional Land Surveyors Act.



Seth H. Irish, PLS 5922



October 12, 2026

Date

BEARINGS AND DISTANCES USED ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM OF 1983, ZONE III, Epoch 1991.35. DISTANCES ARE IN FEET UNLESS OTHERWISE NOTED. MULTIPLY DISTANCES SHOWN BY 1.0000869 TO OBTAIN GROUND DISTANCES.

22' SANITARY & SEWER, DOMESTIC AND IRRIGATION WATER ESMT
3720 O.R. 972

LINDBERGH AVENUE

GRAPHIC SCALE (FEET)



SCALE: 1"=40'

40' NON-EXCLUSIVE
R/W & UTILITY
ESMT.
8719 O.R. 159

STREET DEDICATION
PER PM 2988
BK. 119 PG. 41-42
PARCEL "E"

BRANSON WAY
(FORMERLY KITTY HAWK ROAD)
(62' WIDTH PER TRACT MAP 5325)

STREET DEDICATION
PER PM 2988
BK. 119 PG. 41-42
PARCEL "F"

15' ESMT & R/W
FOR ROADWAY &
UTILITIES ESMT.
9004 O.R. 547

UTILITY EASEMENT

POB

PUE

N01°01'11"E 136.830'

19' PG&E ESMT.
8711 O.R. 277
QUITCLAIMED
PER DOC. NO.
2005299425

LANDS OF CITY OF
LIVERMORE

DOC. 2016-015607
(PARCEL No. L-4002X2)
APN: 904-0004-004-01

ACCESS EASEMENT
(SEE SEPARATE DOCUMENT)

STATE ROUTE 84
ISABEL AVENUE
(58635-1)

CITY R/W
KITTY HAWK RD

LEGEND

- = ACCESS PROHIBITED
- = UTILITY EASEMENT (AREA=±1,243.47 sq.ft.)
- = ACCESS EASEMENT (AREA=±4,118.72 sq.ft.)
- JUA = JOINT USE AGREEMENT
- POB = POINT OF BEGINNING
- POC = POINT OF COMMENCEMENT
- POB = POINT OF BEGINNING
- PUE = PUBLIC UTILITY EASEMENT
- (R) = RADIAL BEARING
- = DIMENSION POINT
- 70231 = ZONE 7 - WATER EASEMENT NUMBER

21' PG&E ESMT.
INST. NO. AP64396
8711 O.R. 293

STATE R/W

39.37'
JUA
PUE

LINE TABLE

LINE	BEARING	LENGTH
L1	N90°00'00"E	7.611'
L2	N00°59'05"E	54.096'
L3	N90°00'00"E	14.857'
L4	S00°00'00"E	17.552'
L5	N90°00'00"E	11.352'
L6	S00°00'00"E	36.536'
L7	N90°00'00"W	27.138'



PLAT TO ACCOMPANY LEGAL DESCRIPTION
CITY OF LIVERMORE CALIFORNIA

EXHIBIT "B-1"

ZONE 7 UTILITY EASEMENT

DRAFTED BY SHI
CHKD. BY SHI
DATE 10/12/2026
SCALE 1"=40'

BY:

JOB NO.

SHEET

1 OF 1

SETH H. IRISH, PLS NO. 5922

RF-10176A



INTERWEST CONSULTING GROUP
9300 W. STOCKTON BLVD., SUITE 105
ELK GROVE, CA 95758
(916) 683-3340

**CLOSURE – WATER TURNOUT EASEMENT – ZONE 7 - CITY
PROPERTY**

North: 2079174.8544' East: 6184029.0086'

Segment #1 : Line

Course: N90° 00' 00"W Length: 27.138'

North: 2079174.8544' East: 6184001.8706'

Segment #2 : Line

Course: N0° 59' 05"E Length: 54.096'

North: 2079228.9424' East: 6184002.8002'

Segment #3 : Line

Course: N90° 00' 00"E Length: 14.857'

North: 2079228.9424' East: 6184017.6572'

Segment #4 : Line

Course: S0° 00' 00"E Length: 17.552'

North: 2079211.3904' East: 6184017.6572'

Segment #5 : Line

Course: N90° 00' 00"E Length: 11.352'

North: 2079211.3904' East: 6184029.0092'

Segment #6 : Line

Course: S0° 00' 00"E Length: 36.536'

North: 2079174.8544' East: 6184029.0092'

Perimeter: 161.531' Area: 1243.47 Sq. Ft.

Error Closure: 0.0006 Course: N88° 49' 33"E

Error North: 0.00001 East: 0.00060

Precision 1: 269218.333

RECORDING REQUESTED BY:
City of Livermore

AND WHEN RECORDED MAIL
DOCUMENTS AND TAX
STATEMENTS TO:

Zone 7 Water Agency
100 North Canyons Parkway
Livermore, CA 94551
Attention: Real Property Services

SPACE ABOVE THIS LINE FOR RECORDER'S USE

The undersigned Grantee hereby declares this instrument
to be exempt from Recording Fees (Govt. Code §27383)
and Documentary Transfer Tax (Revenue and Taxation Code
§11922 - Governmental agency acquiring title).

APN: 904-0004-004-01 (portion of)
R/W No. 70231
MAP: RF-10176A
Reference No.: CIP 199238

EASEMENT DEED (UTILITY)

CITY OF LIVERMORE, a municipal corporation, hereinafter designated "Grantor", in consideration of value paid, the adequacy and receipt of which are hereby acknowledged, hereby grants to the ZONE 7 WATER AGENCY aka ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7, a body corporate and politic, hereinafter designated "Grantee", its agents, regulatory agents, and its successors and assigns, a perpetual non-exclusive utility easement and the right of way for construction, operation, maintenance, and related purposes in, over, upon, under, and across all that certain real property in the City of Livermore, County of Alameda, State of California, described in attached Exhibit "A-1" and depicted in Exhibit "B-1," attached hereto and incorporated herein by reference ("Easement Area").

RECITALS

- A. Grantor is the owner, in fee, of that certain parcel of land in the City of Livermore, Alameda County, California, which is more particularly described in recorded document number 2016-015607, official records of County of Alameda.
- B. Grantor has agreed to grant to Grantee, and Grantee desires to accept from Grantor, an easement deed for utility described in attached Exhibit "A-1" and depicted in Exhibit "B-1", subject to the terms and conditions of this Grant, so as to permit the Grantee to construct, operate, and maintain Grantee's water supply facilities and turnout across the Grantor's parcel.

NOW, THEREFORE, in consideration of the above recitals of fact, and the mutual covenants and obligations hereunder, the parties, for themselves and their successors and assigns, hereby agree as follows:

This Easement Deed for utility is executed and delivered to Grantee upon the following terms and conditions, to wit:

- 1. It is understood and agreed by Grantor that the purpose for which Grantee has acquired the Easement Deed is for water supply operations and management activities associated with Grantee's Cross Valley pipeline facilities and turnout within Grantor's parcel.
- 2. Grantor understands and agrees that Grantee has water supply facilities and a turnout, which requires unimpeded access to operate and maintain.
- 3. Grantor reserves the right to convey easement rights in, over, upon and across said Easement Area to others so long as such easement(s) does not conflict or interfere with Grantee's easement rights herein conveyed.
- 4. Grantor and the Grantor's heirs, successors or assigns shall not place or permit to be placed on said Easement Area, or access thereto, any building or structure, including but not limited to houses, garages, outbuildings, swimming pools, tennis courts, retaining walls, decks, and patios nor to allow to be done anything which could prevent vehicles and equipment from operating anywhere within the easement which may interfere with the full enjoyment by Grantee of the rights herein granted. Grantor shall submit all proposed improvements surrounding Grantee's facility in writing for review and consent.
- 5. Notwithstanding anything to the contrary herein, Grantee agrees to indemnify Grantor against all damages, expenses, costs and charges, and to save Grantor harmless from any and all claims for damages by third parties, and all loss and liability caused by the wrongful or negligent act or omission of Grantee, its agents, employees, contractors or subcontractors in connection with Grantee's use of the Easement Area.

6. Grantee further agrees that if future improvements on the parcel described in Exhibit "A-1" of this instrument necessitate the relocation of this utility easement, Grantee shall cooperate with Grantor regarding such relocation, provided that any such relocation shall not be at Grantee's cost or expense and does not unreasonably conflict or interfere with Grantee's access to its facility.

This instrument contains the entire agreement between the parties relating to the rights herein granted and the obligations herein assumed. Any oral representations or modifications concerning this instrument shall be of no force and effect except by a subsequent modification in writing, signed by the party to be charged.

The provisions hereof shall inure to the benefit of and bind the successors and assigns of the respective parties hereto.

Acceptance and recordation of the Utility Easement Deed by Grantee shall signify Grantee's acceptance of the terms and conditions of this Utility Easement Deed.

IN WITNESS WHEREOF, this instrument is duly executed as of the dates set forth below.

GRANTOR:

CITY OF LIVERMORE

Dated: _____

By: _____
Marianna A. Burch , City Manager

Pursuant to Council Resolution No. 2007-238

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of _____)

On _____, before me, _____,
(Name, Title)

personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Notary Signature)

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT, ZONE 7**

CERTIFICATE OF ACCEPTANCE
(Pursuant to Government Code 27281)

This is to certify that the interest in real property conveyed by the Easement Deed for Utility (portion of APN 904-0004-004-01) dated _____, 2026, from CITY OF LIVERMORE, a municipal corporation, to ZONE 7 WATER AGENCY aka ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7 ("Zone 7"), a body corporate and politic, is hereby accepted by order of the Zone 7 Board of Directors pursuant to Resolution No. 26-____ of the Zone 7 Board, adopted on _____, 2026, and the grantee consents to recordation thereof by its General Manager.

Dated: _____

By: _____
Valerie L. Pryor, General Manager

EXHIBIT "A-2"

**LEGAL DESCRIPTION FOR ALAMEDA COUNTY FLOOD CONTROL WATER
CONSERVATION DISTRICT, ZONE 7 WATER AGENCY**

**ACCESS EASEMENT FROM
THE CITY OF LIVERMORE, A MUNICIPAL CORPORATION**

An easement for ingress, egress, and access purposes and incidents thereto, under, upon, over and across the certain real property described as follows:

Being a portion of the lands described as Parcel No. L-4002X2 in the Grant Deed to the City of Livermore, recorded January 22, 2016 as Document No. 2016-015607, Official Records of Alameda County, lying within the City of Livermore, County of Alameda, State of California, more particularly described as follows:

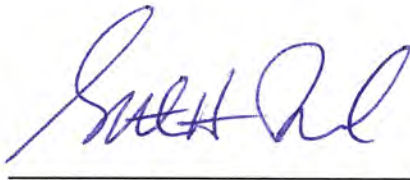
COMMENCING at a point on the easterly right-of-way line of Kitty Hawk Road (62' wide), said point being the southerly terminus of that course described as "(3) North 01°01'11" East, 691.81 feet of said Parcel No. L-4002X2; thence along said easterly right-of-way line, North 01°01'11" East (shown as "North 01°01'32" East" on Parcel Map No. 2988, filed on July 15, 1980 in Book 119 of Parcel Maps, Pages 41-42, records of Alameda County), 436.448 feet to the **TRUE POINT OF BEGINNING**; thence continuing along said easterly right-of-way line, North 01°01'11" East, 14.001 feet; thence leaving said easterly right-of-way line the following nine (9) courses and distances: (1) South 89°30'50" East, 13.231 feet to the beginning of a tangent curve to the left; (2) along the arc of said tangent curve to the left, having a radius of 13.000 feet, through a central angle of 69°21'19", an arc length of 15.736 feet, (3) North 21°07'51" East, 41.346 feet, (4) North 90°00'00" West, 4.790 feet; (5) North 00°00'00" East, 36.536 feet, (6) North 90°00'00" East, 8.497 feet, (7) North 00°00'00" West, 74.721 feet to the beginning of a tangent curve to the left, (8) along the arc of said curve to the left, having a radius of 25.370 feet, through a central angle of 89°19'59", an arc length of 39.556 feet, and (9) North 89°19'59" West, 15.737 feet to a point on said easterly right-of-way line; thence northerly along said easterly right-of-way line North 01°01'11" East, 14.000 feet; thence leaving said easterly right-of-way line the following eleven (11) courses and distances: (1) South 89°19'59" East, 15.651 feet to the beginning of a tangent curve to the right, (2) along the arc of said curve to the right, having a radius of 39.370 feet, through a central angle of 89°19'59", an arc length of 61.384 feet, (3) South 00°00'00" East, 54.714 feet, (4) North 90°00'00" East, 8.670 feet, (5) South 00°00'00" East, 22.941 feet, (6) North 90°00'00" West, 8.670 feet, (7) South 00°00'00" West, 15.991 feet to the beginning of a tangent curve to the right, (8) along the arc of said curve to the right, having a radius of 57.000 feet, through a central angle of 21°07'51", an arc length of 21.022 feet, (9) South 21°07'51" West, 43.607 feet to the beginning of a tangent curve to the right, (10) along the arc of said curve to the right, having a radius of 27.00 feet, through a central angle of 69°21'19", an arc length of 32.683 feet, and (11) North 89°30'50" West, 13.361 feet to the **TRUE POINT OF BEGINNING**.

Containing: 4,118.72 square feet, more or less.

Bearings and distances used in the above description are based on the California Coordinate System of 1983, Zone 3, Epoch 1991.35. Multiply distance shown by 1.0000869 to obtain ground level distances.

The Legal Description of this Easement is depicted on Exhibit "B-2", attached hereto and made a part thereof by this reference. This description is *invalid* without said plat.

This real property description has been prepared by me, or under my direction, in conformance with the Professional Land Surveyors Act.



Seth H. Irish, PLS 5922



October 12, 2026

Date

BEARINGS AND DISTANCES USED ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM OF 1983, ZONE III, Epoch 1991.35. DISTANCES ARE IN FEET UNLESS OTHERWISE NOTED. MULTIPLY DISTANCES SHOWN BY 1.0000869 TO OBTAIN GROUND DISTANCES.

22' SANITARY & SEWER, DOMESTIC AND IRRIGATION WATER ESMT
3720 O.R. 972

LINDBERGH AVENUE

GRAPHIC SCALE (FEET)



40' NON-EXCLUSIVE R/W & UTILITY ESMT.
8719 O.R. 159

SCALE: 1"=40'

STREET DEDICATION
PER PM 2988
BK. 119 PG. 41-42
PARCEL "E"

BRANSON WAY
(FORMERLY KITTY HAWK ROAD)
(62' WIDTH PER TRACT MAP 5325)

STREET DEDICATION
PER PM 2988
BK. 119 PG. 41-42
PARCEL "F"

15' ESMT & R/W
FOR ROADWAY &
UTILITIES ESMT.
9004 O.R. 547

UTILITY EASEMENT
(SEE SEPARATE DOCUMENT)

N01°01'11"E 183.604'

21' PG&E ESMT.
INST. NO. AP64396
8711 O.R. 293

19' PG&E ESMT.
8711 O.R. 277
QUITCLAIMED
PER DOC. NO.
2005299425

LANDS OF CITY OF
LIVERMORE

DOC. 2016-015607
(PARCEL No. L-4002X2)
APN: 904-0004-004-01

LEGEND

- = ACCESS PROHIBITED
- = UTILITY EASEMENT (AREA=±1,243.47 sq.ft)
- = ACCESS EASEMENT (AREA=±4,118.72 sq.ft)
- JUA = JOINT USE AGREEMENT
- POB = POINT OF BEGINNING
- POC = POINT OF COMMENCEMENT
- POB = POINT OF BEGINNING
- PUE = PUBLIC UTILITY EASEMENT
- (R) = RADIAL BEARING
- = DIMENSION POINT

70231 = ZONE 7 - WATER EASEMENT NUMBER

SEE SHEET 2 FOR LINE AND CURVE DATA



INTERWEST CONSULTING GROUP

9300 W. STOCKTON BLVD., SUITE 105

ELK GROVE, CA 95758

(916) 683-3340

STATE ROUTE 84
ISABEL AVENUE
(58635-1)



PLAT TO ACCOMPANY LEGAL DESCRIPTION
CITY OF LIVERMORE CALIFORNIA

EXHIBIT "B-2"

FOR ZONE 7 WATER ACCESS EASEMENT

DRAFTED BY SHI
CHKD. BY SHI
DATE 10/12/2026
SCALE 1"=40'

BY: SETH H. IRISH, PLS. NO. 5922

JOB NO.

SHEET

1 OF 2

RF-10176B

EXHIBIT "B-2"

LINE TABLE		
LINE	BEARING	LENGTH
L1	N01°01'11"E	14.001'
L2	S89°30'50"E	13.231'
L3	N21°07'51"E	41.346'
L4	N90°00'00"W	4.790'
L5	N00°00'00"E	36.536'
L6	N90°00'00"E	8.497'
L7	N89°19'59"W	15.737'
L8	N01°01'11"E	14.000'
L9	S89°19'59"E	15.651'
L10	S00°00'00"E	54.714'
L11	N90°00'00"E	8.670'
L12	S00°00'00"E	22.941'
L13	N90°00'00"W	8.670'
L14	S00°00'00"E	15.991'
L15	S21°07'51"W	43.607'
L16	N89°30'50"W	13.361'

CURVE TABLE			
CURVE	RADIUS	DELTA	LENGTH
C1	13.000'	69°21'19"	15.736'
C2	25.370'	89°19'59"	39.556'
C3	39.370'	89°19'59"	61.384'
C4	57.000'	21°07'51"	21.022'
C5	27.000'	69°21'19"	32.683'

BEARINGS AND DISTANCES USED ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM OF 1983, ZONE III, Epoch 1991.35. DISTANCES ARE IN FEET UNLESS OTHERWISE NOTED. MULTIPLY DISTANCES SHOWN BY 1.0000869 TO OBTAIN GROUND DISTANCES.

PLAT TO ACCOMPANY LEGAL DESCRIPTION			
CITY OF LIVERMORE		CALIFORNIA	
EXHIBIT "B-2"			
FOR ZONE 7 WATER ACCESS EASEMENT			
DRAFTED BY <u>SHI</u>		JOB NO.	SHEET 2 / OF 2
CHKD. BY <u>SHI</u>			
DATE <u>10/12/2026</u>			
SCALE <u>1"=40'</u>			

CLOSURE –INGRESS/EGRESS
EASEMENT – ZONE 7 - CITY PROPERTY

POINT OF COMMENCEMENT:

North: 2078677.7113' East: 6183985.4095'

Segment #1 : Line

Course: N1° 01' 11.45"E Length: 436.448'

North: 2079114.0900' East: 6183993.1777'

POINT OF BEGINNING:

North: 2079114.0900' East: 6183993.1777'

Segment #1 : Line

Course: N1° 01' 11"E Length: 14.001'

North: 2079128.0884' East: 6183993.4269'

Segment #2 : Line

Course: S89° 30' 50"E Length: 13.231'

North: 2079127.9762' East: 6184006.6574'

Segment #3 : Curve

Length: 15.736' Radius: 13.000'

Delta: 69° 21' 19" Tangent: 8.994'

Chord: 14.793' Course: N55° 48' 30.26"E

Course In: N0° 29' 10"E Course Out: S68° 52' 09"E

RP North: 2079140.9758' East: 6184006.7677'

End North: 2079136.2893' East: 6184018.8936'

Segment #4 : Line

Course: N21° 07' 51"E Length: 41.346'

North: 2079174.8552' East: 6184033.7987'

Segment #5 : Line

Course: N90° 00' 00"W Length: 4.790'

North: 2079174.8552' East: 6184029.0087'

Segment #6 : Line

Course: N0° 00' 00"E Length: 36.536'

North: 2079211.3912' East: 6184029.0087'

Segment #7 : Line

Course: N90° 00' 00"E Length: 8.497'

North: 2079211.3912' East: 6184037.5057'

Segment #8 : Line
Course: N0° 00' 00"W Length: 74.721'
North: 2079286.1122' East: 6184037.5057'

Segment #9 : Curve
Length: 39.556' Radius: 25.370'
Delta: 89° 19' 59" Tangent: 25.076'
Chord: 35.669' Course: N44° 39' 59.40"W
Course In: N90° 00' 00"W Course Out: N0° 40' 01"E
RP North: 2079286.1122' East: 6184012.1357'
End North: 2079311.4804' East: 6184012.4311'

Segment #10 : Line
Course: N89° 19' 59"W Length: 15.737'
North: 2079311.6636' East: 6183996.6951'

Segment #11 : Line
Course: N1° 01' 11"E Length: 14.000'
North: 2079325.6614' East: 6183996.9443'

Segment #12 : Line
Course: S89° 19' 59"E Length: 15.651'
North: 2079325.4792' East: 6184012.5943'

Segment #13 : Curve
Length: 61.384' Radius: 39.370'
Delta: 89° 19' 59" Tangent: 38.914'
Chord: 55.353' Course: S44° 39' 59.40"E
Course In: S0° 40' 01"W Course Out: N90° 00' 00"E
RP North: 2079286.1119' East: 6184012.1360'
End North: 2079286.1119' East: 6184051.5060'

Segment #14 : Line
Course: S0° 00' 00"E Length: 54.714'
North: 2079231.3979' East: 6184051.5060'

Segment #15 : Line
Course: N90° 00' 00"E Length: 8.670'
North: 2079231.3979' East: 6184060.1760'

Segment #16 : Line
Course: S0° 00' 00"E Length: 22.941'
North: 2079208.4569' East: 6184060.1760'

Segment #17 : Line
Course: N90° 00' 00"W Length: 8.670'
North: 2079208.4569' East: 6184051.5060'

Segment #18 : Line
Course: S0° 00' 00"E Length: 15.991'
North: 2079192.4659' East: 6184051.5060'

Segment #19 : Curve
Length: 21.022' Radius: 57.000'
Delta: 21° 07' 51" Tangent: 10.632'
Chord: 20.903' Course: S10° 33' 55.48"W
Course In: N90° 00' 00"W Course Out: S68° 52' 09"E
RP North: 2079192.4659' East: 6183994.5060'
End North: 2079171.9175' East: 6184047.6733'

Segment #20 : Line
Course: S21° 07' 51"W Length: 43.607'
North: 2079131.2426' East: 6184031.9530'

Segment #21 : Curve
Length: 32.683' Radius: 27.000'
Delta: 69° 21' 19" Tangent: 18.680'
Chord: 30.724' Course: S55° 48' 30.26"W
Course In: N68° 52' 09"W Course Out: S0° 29' 10"W
RP North: 2079140.9761' East: 6184006.7685'
End North: 2079113.9770' East: 6184006.5395'

Segment #22 : Line
Course: N89° 30' 50"W Length: 13.361'
North: 2079114.0900' East: 6183993.1790'

Perimeter: 576.844' Area: 4118.72 Sq. Ft.
Error Closure: 0.0014 Course: N60° 25' 31.19"E
Error North: 0.00071 East: 0.00125

Precision 1: 412032.143

ORIGINATING SECTION: Administrative Services
CONTACT: Osborn Solitei

AGENDA DATE: October 21, 2026

SUBJECT: Authorize Lodging Reimbursement Above U.S. General Services Administration Per Diem Rates for Certain Official Travel

SUMMARY:

- This action supports the Agency's Strategic Plan Goal H – Fiscal Responsibility, Initiative No. 21 – Continue to effectively manage financial resources, and Goal A – Professional Workforce, Initiative No. 2 – Enhance professional development approach to maintain workforce.
- Zone 7 is governed by its own elected Board of Directors under State law and AB 1125, enacted in 2004, which established the Zone 7 Board of Directors as the sole authority over matters that affect only Zone 7, without further action by the County of Alameda (County).
- On July 1, 2026, the County implemented a new Travel Manual of Accounting Policies and Procedures (MAPP) that authorizes reimbursement of lodging expenses when travel is required in excess of 50 miles and only up to the U.S. General Services Administration (USGSA) per diem lodging rate for the destination of travel, consistent with common public agency practice for controlling travel costs. USGSA rates are published annually by federal fiscal year and vary by location and month.
- Zone 7 Directors and employees regularly attend professional conferences and training relevant to their respective responsibilities. These events are typically held at a single conference hotel or a small group of "host" hotels selected by the event organizer. Conference host hotels commonly offer attendees a special conference or group rate that is lower than the hotel's standard rate, but that discounted rate is often still above the USGSA per diem lodging rate for that location, particularly in major metropolitan or high-demand destinations.
- Under the current revised MAPP, when a conference or host hotel rate exceeds the applicable USGSA rate, Directors and employees must either stay at another hotel that meets the USGSA rate, pay the difference out of pocket, or potentially forgo attendance. Staying at the designated conference or host hotel provides several operational and professional benefits:
 - o Safety and convenience: Conference hotels are typically selected by event organizers based on location, security, and accessibility. Staying at the host hotel

can reduce the need for additional walking, rideshare use, or late-night travel between separate lodging and conference locations.

- o Networking and professional development: Conferences often include receptions, meetings, and informal discussions at the host hotel that provide valuable opportunities for professional networking, information sharing, and relationship building. Staying off-site may limit access to these activities.
 - o Cost and efficiency: The difference between a conference rate and the applicable USGSA lodging rate is often modest relative to the overall cost of attending a conference. Allowing lodging at the designated conference hotel can also reduce additional transportation costs and administrative efforts associated with arranging alternate lodging.
- Zone 7 Board of Directors and employees regularly participate in meetings and activities with the Department of Water Resources (DWR), State Water Contractors, the Association of California Water Agencies (ACWA), and the Delta Conveyance Design and Construction Authority (DCA), including through its membership in DCA. Several of these organizations and related activities are headquartered or conducted in the City of Sacramento and are directly related to the Agency's State Water Project and water supply responsibilities.
- Hotels within walking distance of Sacramento meeting locations frequently exceed the applicable USGSA lodging rate. Staying within walking distance enhances traveler safety and eliminates the need for additional ground transportation. Searching for lower-cost lodging farther away also adds administrative time that can offset any savings from the lower rate.
- Staff recommends that the Board authorize reimbursement of lodging expenses above the applicable USGSA rate under the following circumstances:
 - o Conference and host hotels: Lodging at a designated conference or host hotel when the hotel offers a documented conference or group rate associated with the event, even when that rate exceeds the applicable USGSA lodging rate. This provision would apply retroactively to July 1, 2026, the effective date of the County Travel MAPP.
 - o Sacramento water industry meetings: Hotels located within a one-half mile radius of the event location in Sacramento when attending official non-conference or non-training water industry meetings or activities hosted by DWR, State Water Contractors, DCA, or ACWA. Travelers may be reimbursed for lodging expenses up to 150% of the applicable USGSA lodging rate per night, plus all associated taxes and fees. This provision shall apply retroactively to July 1, 2026, the effective date of the County Travel MAPP.

- All other provisions of the County Travel MAPP would remain unchanged. Lodging that does not meet the above conditions would continue to be capped at the USGSA per diem lodging rate.

FUNDING:

Fiscal impact is expected to be nominal and can be absorbed within the current training and travel budget.

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENT:

Resolution

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Authorize Lodging Reimbursement Above
U.S. General Services Administration Per Diem Rates for Certain Official Travel

WHEREAS, this action supports the Agency's Strategic Plan Goal H – Fiscal Responsibility, Initiative No. 21 – Continue to effectively manage financial resources, and Strategic Plan Goal A – Professional Workforce, Initiative No. 2 – Enhance professional development approach to maintain workforce; and

WHEREAS, Zone 7 is governed by its own elected Board of Directors under State law and AB 1125, enacted in 2004, which established the Zone 7 Board of Directors as the sole authority over matters that affect only Zone 7, without further action by the County of Alameda; and

WHEREAS, effective July 1, 2026, the County of Alameda implemented a new Travel Manual of Accounting Policies and Procedures that generally limits lodging reimbursement for travel requiring an overnight stay more than 50 miles from the traveler's residence or regular place of business to the applicable U.S. General Services Administration (USGSA) per diem rate, and Zone 7 Directors and employees regularly attend conferences, trainings, and water industry meetings where designated conference or host hotel rates may exceed the applicable USGSA rate; and

WHEREAS, allowing reimbursement above the USGSA rate in limited circumstances for designated conference or host hotels and for official water industry activities in Sacramento supports safety, convenience, professional development, and the Agency's participation in activities directly related to its water supply responsibilities;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District hereby authorizes the General Manager or designee to approve reimbursement of lodging expenses above the applicable USGSA per diem lodging rate for lodging at a designated conference or host hotel when the hotel offers a documented conference or group rate associated with the event, even when the rate exceeds the applicable USGSA lodging rate; and

BE IT FURTHER RESOLVED, that the Board of Directors hereby authorizes the General Manager or designee to approve reimbursement of lodging expenses above the applicable USGSA lodging rate for lodging in Sacramento located within a one-half-mile radius of the event location when attending official, non-conference or non-training water industry meetings

or activities hosted by the Department of Water Resources, State Water Contractors, Delta Conveyance Design and Construction Authority, or Association of California Water Agencies. Reimbursement shall be limited to 150 percent of the applicable USGSA lodging rate per night, plus applicable taxes and fees.

BE IT FURTHER RESOLVED, that the lodging reimbursement authorized by this Resolution shall be effective retroactively to July 1, 2026.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on October 21, 2026.

By: _____
President, Board of Directors

ORIGINATING SECTION: Groundwater
CONTACT: Michelle Parent/Colleen Winey

AGENDA DATE: October 21, 2026

SUBJECT: Authorize Renewal of Geographic Information System Software License

SUMMARY:

- This action supports the Zone 7 Water Agency's Mission to deliver safe, reliable, efficient, and sustainable water and flood protection services.
- Zone 7 Water Agency uses Geographic Information System (GIS) software to create, manage, analyze, and map various types of data. The current license will expire on January 2, 2027.
- Since 2017, Zone 7 has contracted with Environmental Systems Research Institute (ESRI), the sole-source designer and supplier of the Agency's existing GIS software (ArcGIS), for its Small Utility Enterprise Agreement (SUEA) package license at a discounted rate.
- The ArcGIS Enterprise package includes a web services server, dedicated infrastructure for organizing and sharing work, access to most of the ArcGIS software products and extensions, and licenses for the desktop software.
- Zone 7 uses ArcGIS applications to track, create, manage, and share data across various Agency operations. The existing Enterprise GIS software system enables Zone 7 to increase productivity by allowing efficient data sharing throughout the Agency.
- Staff seeks to renew the SUEA package license with ESRI for an additional three years at a total cost of \$116,400 (\$38,800 annually).

FUNDING:

Funding for the renewal of the license is budgeted in Fund 100 (Water Enterprise).

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENT:

Resolution

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR

SECONDED BY DIRECTOR

Renewal of GIS Software License

WHEREAS, to support its Mission to deliver safe, reliable, efficient, and sustainable water and flood protection services, Zone 7 Water Agency uses Geographic Information System (GIS) software as an integral part of its field operations, modeling efforts, and outreach, and seeks to renew its license, which expires on January 2, 2027; and

WHEREAS, ArcGIS software, developed and supplied by Environmental Systems Research Institute (ESRI), is integral to many of Zone 7's field operations and modeling efforts; and

WHEREAS, continuing the Agency's existing Enterprise GIS software system enables efficient data sharing throughout the Agency; and

WHEREAS, ESRI's Small Utility Enterprise Agreement package includes the software required for an Enterprise GIS system and is available to qualifying small utility government agencies.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to negotiate and execute the Small Utility Enterprise Agreement with ESRI for a three-year term in a total amount not to exceed \$116,400.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on October 21, 2026.

By: _____
President, Board of Directors

ORIGINATING SECTION: Administrative Services
CONTACT: Osborn Solitei

AGENDA DATE: October 21, 2026

SUBJECT: Adoption of Untreated Water Rates for Calendar Years 2027, 2028, 2029, and 2030

SUMMARY:

- The proposed action is in support of Strategic Plan Goal H – Fiscal Responsibility: Operate the Agency in a fiscally responsible manner and Strategic Initiative No. 21 – continue to effectively manage financial resources. In carrying out these fiscal responsibilities, staff periodically conduct untreated water rate studies to review and develop future untreated water rates.
- The Agency has historically established untreated water rates annually based on the estimated cost of service for the upcoming calendar year. Differences between projected and actual water supply costs have been addressed through reconciliation adjustments, which can contribute to year-to-year rate fluctuations.
- For calendar year 2027, a \$41 per acre-foot (AF) reconciliation charge was previously scheduled to be added to the untreated water rate. However, favorable hydrologic and storage conditions during calendar years 2023, 2024, and 2025 significantly reduced water supply costs. These conditions also allowed water transfer sales in 2024 and 2025, generating additional revenue to the Water Enterprise Operations Fund (Fund 100), a portion of which was allocated to the Untreated Water Program. As a result, the Untreated Water Program's outstanding balance was reduced to \$0 as of December 2025, eliminating the need for the planned reconciliation charge.
- The favorable financial results provide an opportunity to establish a rate stabilization reserve using the projected fiscal year 2026 credit (a portion from water transfer sales) and transition to a multi-year rate structure. In March 2026, the Agency retained Water Resources Economics, LLC to conduct an Untreated Water Rate Study (Rate Study) to evaluate the current rate methodology and alternative approaches for establishing untreated water rates and determine rates for the Untreated Water Program.
- Based on the Rate Study, the multi-year rate structure with a rate stabilization reserve provides the greatest benefit to the Untreated Water Program. This approach provides greater rate predictability for untreated water customers and will improve the financial stability of the program by establishing a reserve to help manage future variations in water supply costs.

- On July 28, 2026, staff met with the Untreated Water Working Group to present the 2025 reconciliation results and the evaluation and recommendation regarding alternative rate setting methodologies. The Working Group was receptive to pursuing a multi-year rate structure and establishing a rate stabilization reserve and supported further development of the proposed methodology.
- At its September 24, 2026, meeting, the Finance Committee reviewed the Rate Study findings, preliminary untreated water rates for calendar year 2027 through calendar year 2030, and the key assumptions and objectives supporting the recommended methodology. Following discussion and consideration of feedback from the Untreated Water Working Group, the Finance Committee recommends the following:

- Set untreated water rates for a four-year period: Establish annual untreated water rates for calendar years 2027 through 2030. The Committee's recommended annual rate adjustments and corresponding untreated water rates are shown in the table below.

Proposed Untreated Water Rates	CY 2027	CY 2028	CY 2029	CY 2030
Annual Rate Adjustment	6%	7%	7%	7%
Untreated Water Rates (\$/AF)	\$271	\$290	\$311	\$333

- Establishment of a Rate Stabilization Reserve: Establish a rate stabilization reserve with the objective of achieving the minimum reserve level by the end of the four-year rate period (FY 2030). Initial funding of the reserve is proposed to consist of unallocated water transfer sales revenue from calendar year 2025 and projected cash flow savings in fiscal year 2026 for an approximate amount of \$124,000. The proposed defined minimum, target, and maximum reserve levels are shown in the table below.

Reserve Levels	Recommended Definition	FY 2027 Proposed Reserve Amount ¹
Minimum	60 days of current year operating costs of the Untreated Water Program	\$214,000
Target	Two-year average of most recent drought deficit (2021-2022)	\$770,000
Maximum	Four-year average of estimated untreated rate revenue (2027-2030)	\$1,458,000

¹ Values are rounded to the nearest thousand.

- One-Year Review: Conduct a review after one year of the four-year rate schedule based on updated actual and projected water supply costs, revenues, reserve balances, and other relevant financial conditions. The results of the review will be presented to the Finance Committee. Any proposed adjustments to the remaining rate schedule will be brought to the Board for consideration.

- The attached 2026 Untreated Water Rate Study Draft Report (Attachment A) documents the analyses, methodology, financial policies, and resulting rates developed through the Rate Study.
- At the October 21, 2026, Board meeting, staff will present the Finance Committee's recommended untreated water rates for calendar years 2027 through 2030 and the key assumptions supporting the recommended rates. Staff will seek formal adoption of the four-year rate schedule; including the one-year review described above.

FUNDING:

N/A

RECOMMENDED ACTION:

Adopt the attached Resolution setting untreated water rates for calendar years 2027-2030 and establishing a rate stabilization reserve for the Untreated Water Program.

ATTACHMENTS:

- Resolution
- Attachment A – Untreated Water Rate Study | Draft Report - October 2026

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Adoption of Untreated Water Rates for Calendar Years 2027, 2028, 2029, and 2030

WHEREAS, the proposed action is in support of Strategic Goal H – Fiscal Responsibility: Operate Zone 7 Water Agency (the “Agency”) in a fiscally responsible manner. In carrying out these fiscal responsibilities, the Agency establishes rates and fees to recover the cost of service; and

WHEREAS, the Agency retained Water Resources Economics, LLC to conduct an Untreated Water Rate Study to evaluate the current rate methodology, assess alternative approaches for establishing untreated water rates, and develop recommended rates for the Untreated Water Program; and

WHEREAS, the Untreated Water Program’s outstanding reconciliation balance as of December 2025 is \$0 due to three consecutive years of favorable hydrologic and storage conditions that significantly reduced water supply costs and enabled water transfer sales in calendar years 2024 and 2025; and

WHEREAS, based on the results of the calendar year 2025 reconciliation and the evaluation of alternative rate-setting methodologies, the multi-year rate structure with a rate stabilization reserve provides the most benefit to the Untreated Water Program by providing greater rate predictability for customers and financial stability for the program; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District hereby adopt the following untreated water rate schedules for calendar years 2027, 2028, 2029, and 2030; and

FIRST, an untreated water service delivery charge, according to the schedule below, shall apply to all metered water delivered to each customer per month:

Calendar Year	2027	2028	2029	2030
Effective Date	01/01/2027	01/01/2028	01/01/2029	01/01/2030
Untreated Water Service Delivery Charge (\$/Acre Foot)	\$271	\$290	\$311	\$333

; and

SECOND, for Temporary Untreated Water Service, an initial service establishment charge of \$125 per turnout for each new direct connection to the Zone 7 system or a system supplying the Zone 7 system; and

A monthly service charge of \$21 per turnout shall apply; and

A delivery charge, according to the schedule below, shall apply to all water delivered monthly based on total meter readings or as otherwise determined by the Agency:

Calendar Year	2027	2028	2029	2030
Effective Date	01/01/2027	01/01/2028	01/01/2029	01/01/2030
Temporary Untreated Water Service Delivery Charge (\$/Acre Foot)	\$1,044	\$1,091	\$1,136	\$1,182

; and

THIRD, for Non-Scheduled Untreated Water Service, a delivery charge, according to the schedule below shall apply per acre-foot for water delivered to each customer per month:

Calendar Year	2027	2028	2029	2030
Effective Date	01/01/2027	01/01/2028	01/01/2029	01/01/2030
Non-Scheduled Untreated Water Service Delivery Charge (\$/Acre Foot)	\$1,044	\$1,091	\$1,136	\$1,182

; and

FOURTH, for State Water Project Article 21 Water, the delivery charge shall be equal to the Department of Water Resources' Monthly Variable Operations, Maintenance, Power and Replacement ("OMP&R") Unit Rate (dollar per acre foot) applicable to Article 21 Water for the month in which the delivery is made and Zone 7 administrative costs; and

BE IT FURTHER RESOLVED that the untreated water rate schedules adopted herein shall become effective January 1, 2027, with each annual rate remaining in effect through December 31 of the applicable calendar year, unless otherwise modified by subsequent action of the Board of Directors; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District hereby establishes a rate stabilization reserve for the Untreated Water Program, with an initial contribution consisting of unallocated calendar year 2025 water transfer sales revenue and projected fiscal year 2026 cash flow savings; and

BE IT FURTHER RESOLVED that the rate stabilization reserve shall have the following defined reserve levels:

Reserve Levels	Definition
Minimum	60 days of current year planned operating costs of the Untreated Water Program
Target	Two-year average of most recent drought deficit (2021-2022)
Maximum	Four-year average of estimated untreated rate revenue

; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District shall review the untreated rate schedule for calendar years 2028, 2029, and 2030, through a public process, with any adjustments to untreated rates adopted by October 2027; and

BE IT FURTHER RESOLVED that the General Manager or designee is authorized to take the necessary administrative and financial actions to implement the approved rates and Rate Stabilization Reserve.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on October 21, 2026.

By: _____
President, Board of Directors

Attachment A

Zone 7 Water Agency

2026 Untreated Water Rate Study
Draft Report – October 2026

Prepared by: Water Resources Economics, LLC



**Water Resources
Economics**

PROMOTING THE VALUE AND PRICE OF
WATER SERVICE



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October 12, 2026

Osborn Solitei
Treasurer / Assistant General Manager
Zone 7 Water Agency
100 North Canyons Parkway
Livermore, CA 94551

Subject: Zone 7 Water Agency Untreated Water Rate Study

Dear Mr. Solitei,

Water Resources Economics, LLC (WRE) is pleased to submit this 2026 Untreated Water Rate Study to the Zone 7 Water Agency (Agency). This report documents the results and recommendations of the Agency's untreated water rate study.

The goals of the study were to develop a new multi-year rate-setting methodology for the Agency's untreated water enterprise, establish a reserve policy to improve financial and rate stability, and develop a four-year schedule of untreated water rates that will sufficiently fund the Agency's untreated water system expenses and be consistent with cost-of-service principles. The proposed four-year rate schedule will be reviewed periodically to evaluate actual financial performance and water supply costs and determine whether adjustments to the adopted rate schedule are warranted.

It has been a pleasure assisting the Agency, and we appreciate the support provided by yourself, Ms. Green, Ms. Foss, and other Agency staff during this study.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy Phan", is positioned above the printed name.

Nancy Phan, Principal Consultant

A handwritten signature in black ink, appearing to read "Grace Hunzicker", is positioned above the printed name.

Grace Hunzicker, Project Analyst

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1. EXECUTIVE SUMMARY

1.1 AGENCY OVERVIEW

Zone 7 Water Agency (Agency) was established in 1957 to provide wholesale treated and untreated water to the Livermore-Amador Valley area. Untreated water is distributed to agricultural businesses for irrigation of approximately 3,500 acres, primarily in the South Livermore Valley vineyards. The Agency has eight “turnout water users” and approximately 87 “remote water users” who receive untreated water deliveries through the turnout users’ respective conveyance facilities. Turnout users are billed for all water delivered through their turnouts and, in turn, invoice their respective remote water users.

The Agency’s water supply sources include but are not limited to imported water from the State Water Project (SWP), local groundwater storage, surface water from Lake Del Valle, and offsite groundwater banking in Kern County.

1.2 RATE STUDY OVERVIEW

The Agency engaged WRE in 2026 to conduct a comprehensive untreated water rate study with the following objectives:

- Evaluate the Agency’s existing annual rate-setting and reconciliation methodology and develop a new multi-year rate-setting methodology that improves rate and revenue stability.
- Establish a reserve policy for the untreated water enterprise to manage differences between projected and actual costs and reduce reliance on future reconciliation adjustments.
- Develop a four-year untreated water rate schedule for Calendar Year (CY) 2027 through CY 2030, subject to periodic review based on actual financial performance and updated water supply cost projections.

1.3 RATE STUDY PROCESS

This study was conducted using industry-standard methodology outlined by the American Water Works Association (AWWA) in its *Manual of Water Supply Practices M1: Principles of Water Rates, Fees and Charges, Eighth Edition* (M1 Manual). The rate study process includes the following steps:

1. **Financial Plan:** Annual expenses and revenues are projected over the evaluation period to assess financial sufficiency and determine the level of rate revenue required.
2. **Financial Policy Development:** Reserve policy alternatives are evaluated to establish appropriate minimum, target, and maximum reserve levels to support financial resiliency and rate stability.
3. **Rate Design:** The Agency’s existing annual rate-setting and reconciliation methodology is evaluated, alternative methodologies are considered, and a new multi-year rate-setting methodology and four-year rate schedule are developed.
4. **Rate Study Documentation:** This report documents the analyses, methodology, financial policies, and resulting rates developed through the study.

1.4 ADDITIONAL INFORMATION AND DISCLAIMERS

This report summarizes the data, analyses, processes, and results of the Agency’s water rate study. Some important information to keep in mind when reading the report includes the following:

- All study projections are based on the best available data as of September 2026.
- All table values are rounded to the nearest digit shown unless stated otherwise. However, all calculations are based on precise values. Attempting to manually recreate the calculations described in this report from the values displayed in tables may therefore produce slightly different results.

1.5 CURRENT RATES

The Agency’s current untreated water rates include an untreated water rate for normal water service and a temporary untreated water rate for customers that require temporary service and are unable to obtain water from other areas in the valley. Both rates are charged based on water consumption in acre-feet (AF).

Table 1-1 shows the current untreated rates as of 1/1/2026.

The total untreated water rate (Line 3) includes a calculated rate (Line 1) and reconciliation charge (Line 2) component. The calculated rate recovers budgeted costs for the upcoming year, while the reconciliation charge represents a true-up of prior actual costs and operates on a two-year lag. This means that the CY 2026 reconciliation charge represents a true-up of CY 2024 actual costs.

Table 1-1: Current Untreated Rates

Line	Current Untreated Rates	As of 1/1/2026
1	Calculated Rate	\$255
2	Reconciliation Charge / (Credit)	\$32
3	Total Untreated Water Rate (\$/ AF)	\$287
4		
5	Temporary Untreated Water Rate (\$/ AF)	\$1,023

1.6 CURRENT METHODOLOGY

The Agency currently establishes untreated water rates on an annual basis based on the estimated cost of water supplies, including State Water Project supplies and other imported and local water sources for the upcoming year. Since actual costs often differ from budgeted costs, historically the Agency has performed an annual reconciliation, or “true-up,” to recover under-collected costs or return over-collected revenues. Due to the Agency’s financial reporting schedule, however, the reconciliation process operates on a two-year lag. Water supply cost financial data are finalized after untreated water rates are adopted each October, meaning that rates for the upcoming calendar year reconcile actual water supply costs incurred two calendar years earlier.

More recently, rather than recovering the full reconciliation amount in a single year, the Agency has spread large reconciliation balances over multiple years to reduce annual rate impacts. As a result, portions of

prior-year supply costs are recovered over an extended period instead of being fully reflected in the next available rate adjustment.

While the current methodology has generally allowed the Agency to recover water supply costs over time, several challenges have emerged:

- **Annual water supply cost fluctuation:** Annual water supply costs are difficult to estimate accurately. This results in recurring reconciliation adjustments, which introduce uncertainty into the rate-setting process.
- **Interfund equity:** When reconciliation balances are spread over multiple years, the treated water enterprise effectively funds the shortfall until those costs are recovered through future untreated water rates.
- **Delayed recovery of actual water supply costs:** The existing two-year lag in the reconciliation process delays cost recovery and when reconciliation balances are subsequently spread over multiple years, the period between when costs are incurred and when they are recovered becomes even longer.
- **Significant rate volatility:** Although spreading reconciliation balances over several years reduces the impact of any single year's true-up, untreated rates may still fluctuate substantially as multiple years of reconciliation adjustments are layered into the rate calculation. At the same time, the Agency has limited flexibility in managing these fluctuations because it does not currently maintain a reserve for untreated water rates.

1.7 RATE METHODOLOGY UPDATE

WRE worked closely with Agency staff to evaluate alternative rate methodologies and identify an approach that addresses the Agency's rate stability, cost recovery, and financial management objectives. Some alternative methodologies evaluated include fixed and variable rate structures, interruptible and non-interruptible rates, and water supply cost surcharges.

Based on the results of this evaluation, Agency staff provided direction to proceed with a multi-year rate-setting methodology supported by a rate stabilization reserve. Under the proposed methodology, rates are established for a four-year period rather than recalculated annually. However, the Agency will review the financial condition of the Untreated Water Program periodically, based on updated actual and projected water supply costs, revenues, reserve balances, and other relevant financial conditions. If actual financial results differ materially from study projections, the Agency may consider adjustments to the remaining rate schedule.

In addition, the existing reconciliation charge is phased out beginning January 1, 2027. Differences between projected and actual costs will instead be managed through the rate stabilization reserve, subject to the annual review process.

The proposed methodology is intended to improve year-to-year rate and revenue stability, better align cost recovery with the period in which costs are incurred, reduce reliance on the treated water enterprise to temporarily fund unrecovered untreated water costs, and use reserve balances and associated interest earnings to mitigate future rate volatility.

Zone 7 Water Agency 2026 Untreated Water Rate Study

Because actual water supply costs may differ materially from projections, the financial condition of the Untreated Water Program will be reviewed periodically and may require adjustment based on updated financial conditions.

1.8 PROPOSED FINANCIAL PLAN

PROPOSED FINANCIAL POLICIES

As part of the new multi-year rate-setting methodology, WRE worked with Agency staff to develop a new untreated water reserve policy. The reserve policy is intended to provide liquidity to absorb differences between projected and actual water supply costs, support the transition away from the annual reconciliation process, and mitigate the need for sudden or significant rate adjustments. The proposed policy establishes minimum, target, and maximum reserve levels as follows:

- **Minimum:** 60 days of annual operating expenses
- **Target:** \$769,909, based on the two-year average of the most recent drought-period deficit from CY 2021 through CY 2022
- **Maximum:** \$1,457,500, based on the four-year average of projected untreated water rate revenues from Fiscal Year (FY) 2027 through FY 2030

Based on projected expenses, the minimum reserve requirement ranges from approximately \$156.7K to \$256.0K over the study period (FY 2026-2030).

PROPOSED FINANCIAL PLAN

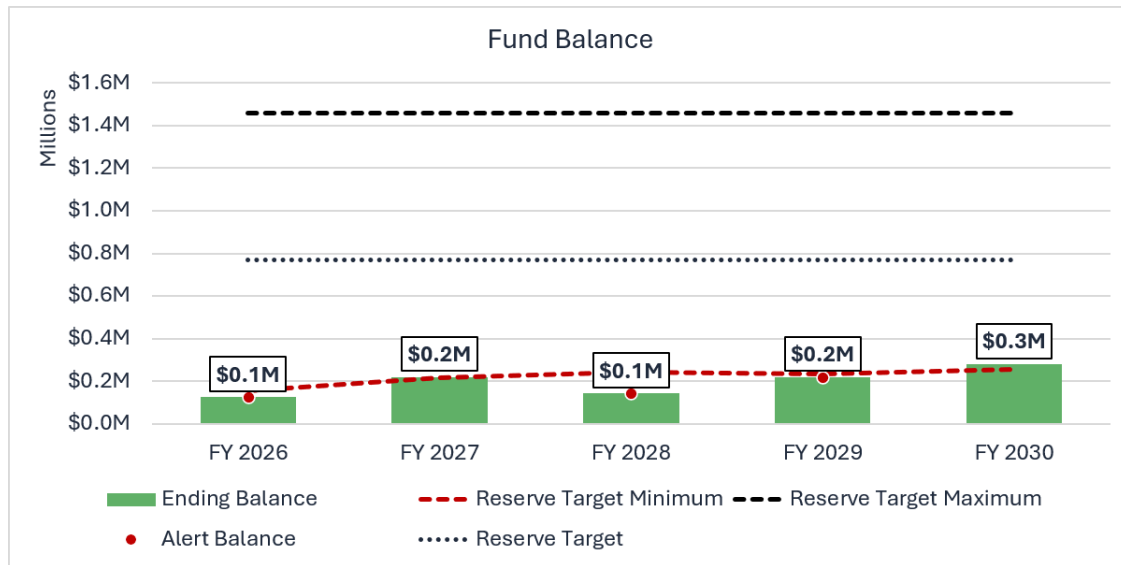
WRE worked with Agency staff to develop the proposed financial plan shown in **Table 1-2**. The proposed plan includes four years of rate adjustments designed to recover projected untreated water expenses while building the newly established rate stabilization reserve toward its minimum policy level by FY 2030. The proposed four-year rate schedule will be reviewed periodically based on updated financial conditions and direction from the Board of Directors.

Table 1-2: Proposed Financial Plan Scenario

Line	Fiscal Year	Effective Date	Rate Adjustment	Proposed Untreated Rate
1	FY 2026	1/1/2026	N/A	\$255
2	FY 2027	1/1/2027	6.0%	\$271
3	FY 2028	1/1/2028	7.0%	\$290
4	FY 2029	1/1/2029	7.0%	\$311
5	FY 2030	1/1/2030	7.0%	\$333

Figure 1-1 shows the projected fund balances under the proposed scenario for the rate setting period. Projected fund balances (green bars) are compared against the proposed reserve target minimum (dashed red line), reserve target (dotted black line), and reserve target maximum (dashed black line). In this scenario, the Agency's fund balances meet the minimum reserve requirement by FY 2030

Figure 1-1: Projected Fund Balances



1.9 PROPOSED RATES

PROPOSED FOUR-YEAR WATER RATE SCHEDULE

The proposed four-year untreated water rate schedule is recommended by the Finance Committee and based on the proposed financial plan and new multi-year rate-setting methodology. The proposed rates phase out the existing reconciliation charge beginning January 1, 2027, with future differences between projected and actual costs managed through the rate stabilization reserve and a periodic review process. Per the Finance Committee's recommendation, the four-year rate schedule will be reviewed next year based on the updated financial conditions of the Untreated Water Program.

The temporary untreated water rate includes the regular untreated water rate plus additional temporary water supply costs. No change to the existing temporary untreated water rate methodology is proposed.

Table 1-3 shows the current and proposed untreated rates effective starting on 1/1/2027 and each January thereafter.

Table 1-3: Proposed Untreated Rates

Line	Proposed Untreated Rates	As of 1/1/2026	Effective 1/1/2027	Effective 1/1/2028	Effective 1/1/2029	Effective 1/1/2030
1	Calculated Rate	\$255	\$271	\$290	\$311	\$333
2	Reconciliation Charge / (Credit)	\$32	\$0	\$0	\$0	\$0
3	Total Untreated Water Rate (\$/ AF)	\$287	\$271	\$290	\$311	\$333
4						
5	Temporary Untreated Water Rate (\$/ AF)	\$1,023	\$1,044	\$1,091	\$1,136	\$1,182

2. FINANCIAL PLAN

2.1 FINANCIAL PLAN METHODOLOGY

The purpose of a financial plan is to project revenues, expenses, cash flows, and reserve balances over a multi-year period to assess financial sufficiency and performance and to determine the amount of required rate revenue. For this study, the rate-setting period is from FY 2027 through FY 2030. The key steps in developing a financial plan for a water enterprise are below:

- **Expense projections:** Annual untreated water expenses are projected over the rate-setting period.
- **Financial policy development:** A new reserve policy is established to provide a framework for evaluating financial performance, managing cost variability, and supporting rate stabilization.
- **Proposed financial plan projections:** Projected expenses, revenues, cash flows, and reserve balances are evaluated over the study period. Proposed rate adjustments are developed to recover projected expenses and build reserves toward the established policy levels.

2.2 EXPENSES

Expenses included in the untreated water rate calculation are projected over the rate-setting period (FY 2027 through FY 2030). Agency-wide expenses are allocated to untreated water service and include direct expenses related to water supply, water service programs, the Sites program, and the Delta Conveyance Project, as well as indirect administrative overhead expenses.

INFLATIONARY ASSUMPTIONS

WRE worked with Agency staff to determine the annual inflationary assumptions to apply to the Agency's direct and indirect operating expenses. Agency staff provided budgeted expenses for FY 2027 and FY 2028; all other years are projected based on the inflationary assumptions shown in **Table 2-1**.

Table 2-1: Expense Inflationary Assumptions

Line	Inflationary Assumptions	FY 2027	FY 2028	FY 2029	FY 2030
1	General	3.0%	3.0%	3.0%	3.0%
3	Water	5.0%	5.0%	5.0%	5.0%

DIRECT EXPENSES

Table 2-2 shows the Agency's direct expenses including water supply costs, water service program costs, Sites program costs, and Delta Conveyance project costs that serve both treated and untreated customers. For water supply costs, staff provided projected values for FY 2026 and budgeted values for FY 2027 and FY 2028. For water service program costs, staff provided projected values for FY 2026 and budgeted values for FY 2027. Values for all future years are projected based on the inflationary assumptions from **Table 2-1**. Staff provided Sites program and Delta Conveyance costs for all years.

Water service program costs are calculated based on projected hours worked by Agency staff and applicable hourly rates. All identified water service programs serve both treated and untreated customers except Untreated Water Administration and the Cost of Service Study Consultant Fee, which are allocated entirely to untreated water service. Programs that do not serve untreated customers such as Groundwater Administration and Local Water Rights are excluded.

Zone 7 Water Agency
2026 Untreated Water Rate Study

Table 2-2: Agency-Wide Direct Expenses

Line	Agency-Wide Expenses	Escalation	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Untreated Water Supply Costs						
2	Total Supply Costs	Water Supply	\$4,592,456	\$4,750,000	\$7,750,000	\$8,137,500	\$8,544,375
3	Subtotal		\$4,592,456	\$4,750,000	\$7,750,000	\$8,137,500	\$8,544,375
4							
5	Untreated Water Service Program Costs						
6	Untreated Water Administration (1002)	General	\$48,343	\$41,927	\$43,185	\$44,480	\$45,815
7	Water Utility Planning Administration (1005)	General	\$855,245	\$643,419	\$662,721	\$682,603	\$703,081
8	State Water Project Administration (2003)	General	\$179,272	\$186,691	\$192,291	\$198,060	\$204,002
9	Water Storage Administration (3001)	General	\$867	\$898	\$925	\$953	\$982
10	Other Water Supplies (2007)	General	\$131,563	\$137,845	\$141,980	\$146,239	\$150,627
11	Supply Source & Conveyance Administration (2001)	General	\$14,556	\$14,839	\$15,284	\$15,743	\$16,215
12	Semitropic (3005)	General	\$12,491	\$12,913	\$13,301	\$13,700	\$14,111
13	Cawelo (3006)	General	\$8,261	\$8,520	\$8,776	\$9,039	\$9,310
14	Cost of Service Study Consultant Fee	Non-Recurring	\$3,078	\$22,578	\$0	\$0	\$0
15	Subtotal		\$1,253,676	\$1,069,630	\$1,078,463	\$1,110,817	\$1,144,142
16							
17	Sites Program Costs	Staff Provided	\$0	\$0	\$0	\$1,070,000	\$1,629,000
18	Delta Conveyance Costs	Staff Provided	\$1,320,000	\$3,300,000	\$1,980,000	\$0	\$0
19							
20	Total		\$7,166,132	\$9,119,630	\$10,808,463	\$10,318,317	\$11,317,517

Zone 7 Water Agency
2026 Untreated Water Rate Study

After projecting agency-wide direct expenses, applicable costs are allocated to untreated water service using the methodologies shown in **Table 2-3**. Most shared expenses are allocated based on the proportion of actual or planned untreated water deliveries relative to total treated and untreated water deliveries.

Table 2-3: Untreated Allocation Methodology

Line	Untreated Allocation Methodology	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Actual Consumption	10.8%	12.5%	12.5%	12.5%	12.5%
2	Planned Consumption	12.9%	12.5%	12.5%	12.5%	12.5%
3	All Untreated	100.0%	100.0%	100.0%	100.0%	100.0%

Table 2-4 shows the untreated direct expense allocation based on the applicable untreated allocation methodologies from **Table 2-3**.

Zone 7 Water Agency
2026 Untreated Water Rate Study

Table 2-4: Untreated Direct Expenses

Line	Untreated Direct Expenses	Untreated Allocation	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Untreated Water Supply Costs						
2	Total Supply Costs	Actual Consumption	\$494,192	\$593,750	\$968,750	\$1,017,188	\$1,068,047
3	Subtotal		\$494,192	\$593,750	\$968,750	\$1,017,188	\$1,068,047
4							
5	Untreated Water Service Program Costs						
6	Untreated Water Administration (1002)	All Untreated	\$48,343	\$41,927	\$43,185	\$44,480	\$45,815
7	Water Utility Planning Administration (1005)	Planned Consumption	\$110,214	\$80,427	\$82,840	\$85,325	\$87,885
8	State Water Project Administration (2003)	Planned Consumption	\$23,102	\$23,336	\$24,036	\$24,758	\$25,500
9	Water Storage Administration (3001)	Planned Consumption	\$112	\$112	\$116	\$119	\$123
10	Other Water Supplies (2007)	Planned Consumption	\$16,954	\$17,231	\$17,748	\$18,280	\$18,828
11	Supply Source & Conveyance Administration (2001)	Planned Consumption	\$1,876	\$1,855	\$1,911	\$1,968	\$2,027
12	Semitropic (3005)	Planned Consumption	\$1,610	\$1,614	\$1,663	\$1,712	\$1,764
13	Cawelo (3006)	Planned Consumption	\$1,065	\$1,065	\$1,097	\$1,130	\$1,164
14	Cost of Service Study Consultant Fee	All Untreated	\$3,078	\$22,578	\$0	\$0	\$0
15	Subtotal		\$206,353	\$190,146	\$172,595	\$177,772	\$183,106
16							
17	Sites Program Costs	Planned Consumption	\$0	\$0	\$0	\$133,750	\$203,625
18	Delta Conveyance Costs	Planned Consumption	\$142,045	\$412,500	\$247,500	\$0	\$0
19							
20	Total		\$842,591	\$1,196,396	\$1,388,845	\$1,328,710	\$1,454,777

OVERHEAD EXPENSES

Table 2-5 shows agency-wide direct labor and central administrative costs that support water operations but are not directly attributable to individual water supply or service activities. These costs include administrative salaries, insurance, utilities, property management, and other general support costs. Actual expenses were provided for FY 2026 and budgeted expenses for FY 2027; subsequent years are projected using a 3.0% annual general inflation assumption.

Table 2-5: Agency Wide Overhead Expenses

Line	Overhead Expenses	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Direct Labor Costs					
2	Water Utility Support Services	\$3,479,888	\$4,873,252	\$5,019,450	\$5,170,033	\$5,325,134
3	Supply Source & Conveyance	\$326,576	\$517,052	\$532,564	\$548,541	\$564,997
4	Water Storage	\$1,857,641	\$1,495,084	\$1,539,936	\$1,586,135	\$1,633,719
5	Water Treatment	\$8,090,930	\$7,882,282	\$8,118,750	\$8,362,313	\$8,613,182
6	Water Transmission	\$1,368,913	\$1,375,915	\$1,417,192	\$1,459,708	\$1,503,499
7	Flood Protection	\$1,895,289	\$2,523,279	\$2,598,978	\$2,676,947	\$2,757,255
8	Total	\$17,019,237	\$18,666,864	\$19,226,870	\$19,803,676	\$20,397,786
9						
10	Central Admin Costs	\$9,113,443	\$10,468,680	\$10,782,741	\$11,106,223	\$11,439,409

Table 2-6 shows the central admin cost allocation to each direct labor cost program based on current direct labor cost allocation by program (**Table 2-5**, Lines 2-8). The total central admin cost allocation (Line 7) is equal to total central admin costs (**Table 2-5**, Line 10).

Table 2-6: Central Admin Cost Allocation

Line	Central Admin Cost Allocation	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Water Utility Support Services	\$1,863,407	\$2,732,999	\$2,814,989	\$2,899,438	\$2,986,422
2	Supply Source & Conveyance	\$174,875	\$289,971	\$298,670	\$307,630	\$316,859
3	Water Storage	\$994,728	\$838,467	\$863,621	\$889,530	\$916,216
4	Water Treatment	\$4,332,523	\$4,420,512	\$4,553,127	\$4,689,721	\$4,830,412
5	Water Transmission	\$733,024	\$771,635	\$794,784	\$818,628	\$843,187
6	Flood Protection	\$1,014,887	\$1,415,096	\$1,457,549	\$1,501,275	\$1,546,314
7	Total	\$9,113,443	\$10,468,680	\$10,782,741	\$11,106,223	\$11,439,409

Table 2-7 shows the untreated overhead cost calculation based on the total direct labor costs and central admin costs related to untreated (including water utility support services, supply source & conveyance, and water storage). Total untreated direct labor costs are from **Table 2-5** (sum of Lines 2-4) and total untreated central admin costs are from **Table 2-6** (sum of Lines 1-3). The overhead percentage (Line 3) represents the ratio of central admin costs (Line 2) to direct labor costs (Line 1). Lastly, the overhead costs (Line 5) are calculated by applying the overhead percentage (Line 3) to the total untreated water service program costs (**Table 2-4**, Line 15).

Table 2-7: Untreated Overhead Calculation

Line	Overhead Calculation	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Total Untreated Direct Labor Costs	\$5,664,105	\$6,885,388	\$7,091,950	\$7,304,708	\$7,523,850
2	Total Untreated Central Admin Costs	\$3,033,009	\$3,861,437	\$3,977,281	\$4,096,599	\$4,219,497
3	Overhead Percentage (%)	53.5%	56.1%	56.1%	56.1%	56.1%
4						
5	Calculated Overhead Costs	\$110,498	\$106,637	\$96,794	\$99,698	\$102,689

EXPENSE SUMMARY

Table 2-8 shows the summary of expenses for the study period from **Table 2-4** (Lines 3, 15, 17-18) and **Table 2-7** (Line 5).

Table 2-8: Expenses Summary

Line	Expenses	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Water Supply Costs	\$494,192	\$593,750	\$968,750	\$1,017,188	\$1,068,047
2	Water Service Program Costs	\$206,353	\$190,146	\$172,595	\$177,772	\$183,106
3	Sites Program Costs	\$0	\$0	\$0	\$133,750	\$203,625
4	Delta Conveyance Costs	\$142,045	\$412,500	\$247,500	\$0	\$0
5	Overhead Costs	\$110,498	\$106,637	\$96,794	\$99,698	\$102,689
6	Total	\$953,089	\$1,303,032	\$1,485,638	\$1,428,408	\$1,557,466

2.3 FINANCIAL POLICIES

RESERVE POLICY

As part of the new multi-year rate-setting methodology, WRE worked with Agency staff to develop a new untreated water reserve policy. The reserve policy was presented to the Finance Committee. After discussion, the Finance Committee did not propose changes to the policy. The reserve policy is intended to provide liquidity to absorb differences between projected and actual water supply costs, support the transition away from the annual reconciliation process, and mitigate the need for sudden or significant rate adjustments. The proposed policy establishes minimum, target, and maximum reserve levels as follows:

- **Minimum:** 60 days of annual operating expenses
- **Target:** \$769,909, based on the two-year average of the most recent drought-period deficit from CY 2021 through CY 2022
- **Maximum:** \$1,457,500, based on the four-year average of projected untreated water rate revenues from FY 2027 through FY 2030

Prior to this study, the untreated water enterprise did not maintain a formal reserve policy specifically designed to support the untreated water rate-setting process. The minimum represents the level of liquidity the Agency should maintain to support ongoing operations. The target provides additional capacity to absorb water supply cost variability based on recent drought-period experience. The maximum establishes an upper bound for accumulated untreated water reserves relative to projected rate revenues.

2.4 PROPOSED FINANCIAL PLAN

PROPOSED FINANCIAL PLAN SCENARIO

The proposed financial plan was devised based on input from Agency staff and direction from the Finance Committee. The proposed financial plan includes four years of revenue adjustments as shown in **Table 2-9** starting on 1/1/2027. These adjustments are necessary to cover expenses and meet the minimum reserve target by FY 2030.

Although the proposed rates are established for a four-year period, the Agency will review the rate schedule periodically based on updated actual and projected expenses, revenues, and reserve balances. The periodic review will allow the Agency to determine whether the remaining adopted rate schedule continues to provide adequate cost recovery and reserve funding or whether adjustments should be considered.

Table 2-9: Proposed Financial Plan Scenario

Line	Fiscal Year	Effective Date	Rate Adjustment	Proposed Untreated Rate
1	FY 2026	1/1/2026	N/A	\$255
2	FY 2027	1/1/2027	6.0%	\$271
3	FY 2028	1/1/2028	7.0%	\$290
4	FY 2029	1/1/2029	7.0%	\$311
5	FY 2030	1/1/2030	7.0%	\$333

CURRENT AND PROPOSED UNTREATED WATER RATES

Table 2-10 shows the current and proposed untreated water rates.

The current untreated water rate (Line 3) consists of a calculated rate (Line 1) and a reconciliation charge (Line 2). The calculated rate recovers projected costs for the upcoming year, while the reconciliation charge represents a true-up of prior actual costs. Under the proposed multi-year rate methodology, the reconciliation charge is phased out beginning January 1, 2027. Differences between projected and actual costs will instead be managed through the rate stabilization reserve and periodic rate review process.

Table 2-10: Current and Proposed Untreated Rates

Line	Current & Proposed Untreated Rates	As of 1/1/2026	Effective 1/1/2027	Effective 1/1/2028	Effective 1/1/2029	Effective 1/1/2030
1	Calculated Rate	\$255	\$271	\$290	\$311	\$333
2	Reconciliation Charge / (Credit)	\$32	\$0	\$0	\$0	\$0
3	Total Untreated Water Rate (\$/ AF)	\$287	\$271	\$290	\$311	\$333

EFFECTIVE UNTREATED WATER RATES

Table 2-11 shows the effective untreated water rates used to project fiscal-year revenues. Because the Agency's fiscal year begins July 1 while untreated water rates become effective January 1, each fiscal year includes six months at the rate effective during the prior calendar year and six months at the newly

Zone 7 Water Agency
2026 Untreated Water Rate Study

effective rate. The effective fiscal-year rates shown below therefore represent the average of the applicable calendar-year rates.

Table 2-11: Effective Untreated Rates

Line	Effective Untreated Rates	FY 2027	FY 2028	FY 2029	FY 2030
1	Calculated Rate	\$263	\$281	\$301	\$322
2	Reconciliation Charge / (Credit)	\$16	\$0	\$0	\$0
3	Total Untreated Water Rate (\$/ AF)	\$279	\$281	\$301	\$322

PROJECTED RATE REVENUES

Table 2-12 shows projected untreated water rate revenues over the rate-setting period assuming annual consumption of 5,000 AF, consistent with Agency staff's FY 2027 budgeted demand. No changes in annual demand are assumed over the rate-setting period based on staff projections. Calculated rate revenues and reconciliation revenues are determined by multiplying the applicable effective fiscal-year rates from **Table 2-11** by projected annual consumption.

Table 2-12: Calculated Rate Revenues

Line	Calculated Rate Revenues	FY 2027	FY 2028	FY 2029	FY 2030
1	Base Rate Revenues	\$1,315,000	\$1,402,500	\$1,502,500	\$1,610,000
2	Reconciliation Charge / (Credit) Revenues	\$80,000	\$0	\$0	\$0
3	Total	\$1,395,000	\$1,402,500	\$1,502,500	\$1,610,000

REVENUE SUMMARY

Table 2-13 summarizes projected untreated water revenues. Rate revenues are from **Table 2-12** (Line 3), except for FY 2026 projected rate revenues, which were provided by Agency staff. One-time water transfer revenue was also provided by staff, and interest income is calculated based on average fund balances and a 2.5% interest rate. Due to uncertainty regarding future water transfer revenue, no additional water transfer revenue is projected over the rate-setting period. If additional water transfer revenue is received, it could provide an additional funding source to the rate stabilization reserve, to help absorb future water supply cost fluctuations.

Table 2-13: Revenue Summary

Line	Revenues	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Rate Revenues (Incl. Reconciliation)	\$1,162,479	\$1,395,000	\$1,402,500	\$1,502,500	\$1,610,000
2	Water Transfers	\$168,865	\$0	\$0	\$0	\$0
3	Interest Income	\$0	\$4,253	\$4,470	\$4,469	\$6,163
4	Total	\$1,331,344	\$1,399,253	\$1,406,970	\$1,506,969	\$1,616,163

PROPOSED CASH FLOW & FUND BALANCE PROJECTIONS

Table 2-14 shows the fund balance and cash flow projections for the proposed financial plan. Revenues (Line 1) are from **Table 2-13** (Line 4) and expenses are from **Table 2-8** (Line 6). The net cash flow (Line 3) is equal to revenues (Line 1) less expenses (Line 2).

Zone 7 Water Agency
2026 Untreated Water Rate Study

Based on projected sources and uses of funds, the untreated water fund balance increases from a deficit of approximately \$254.1K at the beginning of FY 2026 to approximately \$279.0K at the end of FY 2030. Under the proposed financial plan, the Agency is projected to meet the newly established minimum reserve requirement by the end of the rate-setting period in FY 2030.

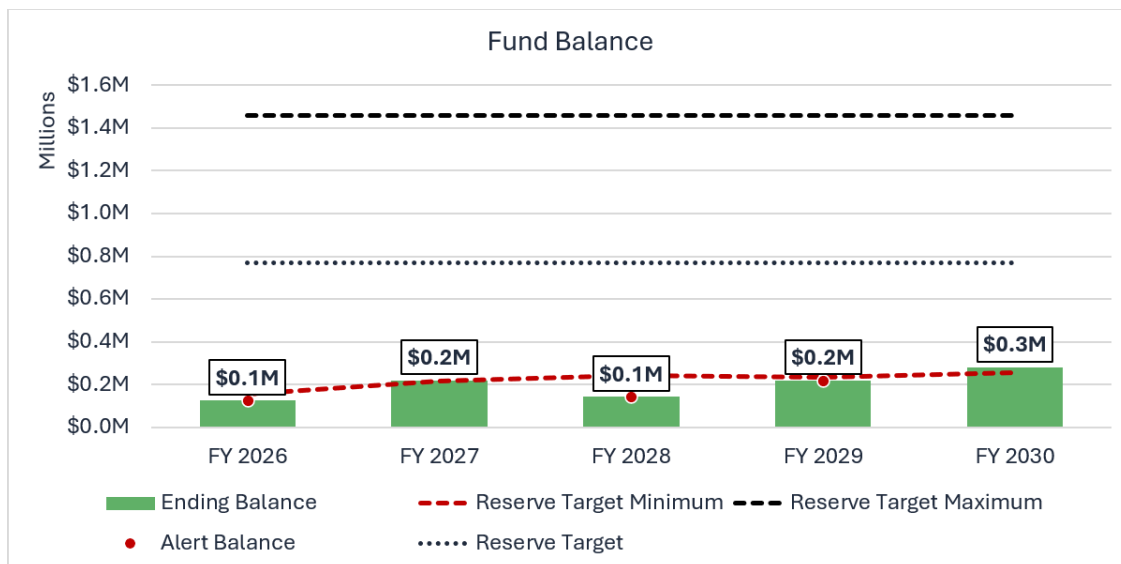
Table 2-14: Projected Cash Flows & Fund Balances

Line	Cash Flow & Fund Balance	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Revenues	\$1,331,344	\$1,399,253	\$1,406,970	\$1,506,969	\$1,616,163
2	Expenses	\$953,089	\$1,303,032	\$1,485,638	\$1,428,408	\$1,557,466
3	Net Cash Flow	\$378,255	\$96,221	(\$78,668)	\$78,561	\$58,697
4						
5	Beginning Fund Balance	(\$254,103)	\$124,152	\$220,373	\$141,705	\$220,266
6	Ending Fund Balance	\$124,152	\$220,373	\$141,705	\$220,266	\$278,963
7						
8	Minimum Reserve	\$156,672	\$214,197	\$244,215	\$234,807	\$256,022
9	Target Reserve	\$769,909	\$769,909	\$769,909	\$769,909	\$769,909
10	Maximum Reserve	\$1,457,500	\$1,457,500	\$1,457,500	\$1,457,500	\$1,457,500
11	Meets Minimum Reserve?	No	Yes	No	No	Yes

Figure 2-1 shows projected fund balances under the proposed financial plan relative to the newly established minimum, target, and maximum reserve levels. Fund balances fluctuate during the rate-setting period as projected water supply costs change and are projected to meet the minimum reserve requirement by FY 2030.

Because projected fund balances fall below the minimum reserve requirement in certain interim years, the periodic review process (with the first review proposed in one year) will provide the Agency with an opportunity to evaluate actual financial performance and determine whether adjustments to the remaining rate schedule are warranted.

Figure 2-1: Projected Fund Balances



3. RATE DEVELOPMENT

3.1 UNTREATED WATER RATE

Table 3-1 shows the current and proposed untreated water rates for the four-year rate-setting period. The proposed rates are based on the multi-year financial plan described in **Section 2** and are designed to recover projected untreated water expenses while building the rate stabilization reserve toward the newly established minimum reserve requirement. Beginning January 1, 2027, the existing reconciliation charge is phased out and differences between projected and actual costs will instead be managed through the rate stabilization reserve and periodic review process.

The proposed four-year rate schedule will be reviewed periodically based on updated actual and projected financial conditions. As a result of this review, adjustments to the remaining rate schedule may be considered if actual costs, demands, revenues, or reserve balances differ materially from study projections.

Table 3-1: Current and Proposed Untreated Water Rates

Line	Current & Proposed Untreated Rates	As of 1/1/2026	Effective 1/1/2027	Effective 1/1/2028	Effective 1/1/2029	Effective 1/1/2030
1	Calculated Rate	\$255	\$271	\$290	\$311	\$333
2	Reconciliation Charge / (Credit)	\$32	\$0	\$0	\$0	\$0
3	Total Untreated Water Rate (\$/ AF)	\$287	\$271	\$290	\$311	\$333

3.2 TEMPORARY UNTREATED WATER RATE

The temporary untreated water rate consists of the regular untreated water rate plus additional temporary water supply costs. No change to the existing methodology for calculating the temporary untreated water rate is proposed as part of this study.

TEMPORARY WATER SUPPLY COST

Table 3-2 shows the calculation of the temporary water supply cost rate per AF. Agency staff provided budgeted agency-wide temporary water supply costs for FY 2027 and FY 2028; subsequent years are projected using a 3.0% annual general inflation assumption (Line 1). Agency-wide costs are allocated to untreated water service based on the projected untreated allocation of 12.5% (Line 2). Because temporary untreated water rates become effective each January, calendar-year costs (Line 3) are calculated as the average of the applicable fiscal-year costs. The temporary supply cost rate per AF (Line 5) is then calculated by dividing calendar-year untreated costs (Line 3) by projected annual usage (Line 4).

Table 3-2: Temporary Water Supply Cost Calculation

Line	Temporary Water Supply Costs	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	Agency Wide Costs	\$30,273,000	\$31,533,000	\$32,478,990	\$33,453,360	\$34,456,960
2	Untreated Allocation (12.5%)	\$3,784,125	\$3,941,625	\$4,059,874	\$4,181,670	\$4,307,120
3	Average CY Untreated Costs	\$3,862,875	\$4,000,749	\$4,120,772	\$4,244,395	N/A
4	Projected Usage (AF)	5,000	5,000	5,000	5,000	
5	Temporary Supply Cost Rate (\$/ AF)	\$773	\$801	\$825	\$849	

TEMPORARY UNTREATED WATER RATE

Table 3-3 shows the current and proposed temporary untreated water rates for the four-year rate-setting period. The regular untreated water rate (Line 1) from **Table 3-1** is added to the temporary supply cost rate (Line 2) from **Table 3-2** to calculate the total temporary untreated water rate per AF (Line 3).

Table 3-3: Current and Proposed Temporary Untreated Water Rate

Line	Current and Proposed Temporary Untreated Water Rate	As of 1/1/2026	Effective 1/1/2027	Effective 1/1/2028	Effective 1/1/2029	Effective 1/1/2030
1	Untreated Water Rate (\$/ AF)		\$271	\$290	\$311	\$333
2	Temporary Supply Cost Rate (\$/ AF)		\$773	\$801	\$825	\$849
3	Total Temporary Untreated Water Rate (\$/ AF)	\$1,023	\$1,044	\$1,091	\$1,136	\$1,182

Consistent with the proposed multi-year rate methodology, the Agency will review the untreated water rate schedule periodically based on updated financial conditions. The review will consider actual and projected water supply costs, water demands, revenues, and reserve balances to determine whether the remaining rate schedule continues to provide adequate cost recovery and reserve funding.

ORIGINATING SECTION: Administrative Services
CONTACT: Osborn Solitei

AGENDA DATE: October 21, 2026

SUBJECT: Adoption of Treated Water Rates for Calendar Years 2027, 2028, 2029, and 2030

SUMMARY:

- The proposed action is aligned with Strategic Plan Goal H - Fiscal Responsibility: Operate the Agency in a fiscally responsible manner and Strategic Plan Initiative No. 21: Continue to effectively manage financial resources for the Agency. In carrying out these fiscal responsibilities, Staff conducts a wholesale treated water rate study that involves analyzing various financial plan scenarios to develop wholesale treated water rates.
- In March 2026, the Agency and its rate consultant, Water Resources Economics, LLC, began the 2026 Wholesale Treated Water Rate Study (Rate Study) to establish rates for calendar years (CYs) 2027, 2028, 2029, and 2030.
- Staff presented the Rate Study findings to the Board at its August 12, 2026, Special Meeting and subsequently recommended annual rate adjustments of 4.5 percent at the September 16, 2026, Regular Meeting. The Board concurred with staff's recommendation and directed staff to return in October 2026 for consideration and adoption of the proposed annual rate adjustments.
- The recommended fixed charges and volume-based rates are presented in the following table.

Proposed Wholesale Treated Water Rates for Calendar Years 2027-2030				
	CY 2027	CY 2028	CY 2029	CY 2030
Total Fixed Charges	\$34,784,754	\$36,350,068	\$37,985,821	\$39,695,183
Volume-based Rate per CCF (100 cubic feet) ²	\$2.59	\$2.70	\$2.82	\$2.95

¹The Agency will reallocate the CYs 2028-2030 Fixed Charges by Retailers and Direct Customers based on the two-year rolling average of actual usage.

²Volume-based rates are rounded to the nearest cent.

- Staff have prepared the attached resolution incorporating annual rate adjustments of 4.5 percent for each of the next four years. The resolution also provides for a public review of the CY 2029 and CY 2030 rates, with any resulting changes to be considered for adoption no later than November 2028. The attached Draft 2026 Wholesale Treated Water Rate Study (Attachment A) documents the analyses, methodology, financial policies, and resulting rates developed through the Study.

- Other Treated Water Rates

As part of the rate setting process, the Board also adopts the Recharge Fee, In-Lieu Water Rate, and Temporary Treated Rate.

- **Recharge Fee:**
The annual rate schedule includes a Recharge Fee for Retailer pumping in excess of its respective independent/groundwater pumping quota (GPQ), including any applicable carryover. The Recharge Fee applies only when a Retailer exceeds its GPQ and, in doing so, accesses Zone 7's water supply.

The Recharge Fee is based on the full cost of Zone 7's water system, as reflected in the treated water rate, less the costs of maintenance, chemicals, and power that are not incurred by Zone 7 when recharging the groundwater basin.

Historically, the Recharge Fee has been used infrequently and only for relatively small quantities, as Retailers generally do not exceed their independent pumping quotas. The current Recharge Fee for CY 2026 is \$1,714 per acre-foot (AF); however, the fee has not been applied during the past ten years. The proposed Recharge Fees for CYs 2027 through 2030 are shown in the following table.

Calendar Year	2027 Proposed	2028 Proposed	2029 Proposed	2030 Proposed
Recharge Fee per AF	\$1,838	\$1,894	\$1,968	\$2,066

Temporary Treated:

The need for temporary water service stems from the inability of customers in outlying areas of the Valley to obtain a permanent water supply. Use of temporary water service is limited. The proposed Temporary Treated Water rate is calculated as the treated water volume-based rate plus the weighted fixed charge.

The current Temporary Treated Water rate for CY 2026 is \$1,956 per AF. This service is currently active, and all applicable rates are being applied. The proposed Temporary Treated Water rates for CYs 2027 through 2030 are shown in the table below.

Calendar Year	2027 Proposed	2028 Proposed	2029 Proposed	2030 Proposed
Temporary Treated Water Rate per AF	\$2,122	\$2,215	\$2,314	\$2,419

- **In-Lieu Water Rate:**
The need for In-Lieu Water stems from the Agency's ability to make surplus surface water available to Retailers at a reduced rate to support groundwater management objectives. In-Lieu Water is treated water that Retailers may purchase from Zone 7 in lieu of pumping their respective GPQ. The In-Lieu Water rate was established in 1993 to encourage artificial recharge when surplus surface water is available.

The current rate for CY 2026 is \$120 per AF. The rate is based on the projected power and chemical costs at the Del Valle and Patterson Pass Water Treatment Plants. Historically, this rate has been used infrequently, and the fee has not been applied within the past ten years. The proposed In-Lieu Water rates for CYs 2027 through 2030 are presented in the table below.

Calendar Year	2027 Proposed	2028 Proposed	2029 Proposed	2030 Proposed
In-Lieu Water Rate per AF	\$175.00	\$182.00	\$190.00	\$198.00

FUNDING:

N/A

RECOMMENDED ACTION:

Adopt the attached Resolution Adopting Treated Water Rates for Calendar Years 2027, 2028, 2029, and 2030.

ATTACHMENTS:

- Resolution
- Attachment A – Draft 2026 Treated Water Rate Study

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Adoption of Treated Water Rates for
Calendar Years 2027, 2028, 2029, and 2030

WHEREAS, this action is aligned with Strategic Plan Goal H - Fiscal Responsibility: Operate the Agency in a fiscally responsible manner and Strategic Plan Initiative No. 21: Continue to effectively manage financial resources for the Agency; and

WHEREAS the Agency engaged a water rate consultant, Water Resources Economics, LLC to prepare a Wholesale Treated Water Rates Study to establish wholesale treated water rates for Calendar Year (CY) 2027, CY 2028, CY 2029, and CY 2030; and

WHEREAS, the Agency's treated water rate structure recovers 45 percent of revenue through fixed charges and 55 percent from volume-based rates; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District that the following treated water rate schedules for CY 2027, CY 2028, CY 2029, and CY 2030 are hereby adopted; and

FIRST, a volume-based water delivery charge, for all metered water delivered to each customer per month, per 100 cubic feet (CCF), for CY 2027, CY 2028, CY 2029 and CY 2030, as set forth in the table below:

Calendar Year	2027	2028	2029	2030
Volume-based Rate per CCF	\$2.59	\$2.70	\$2.82	\$2.95

; and

SECOND, fixed charges totaling \$34,525,740 for Retailers and \$259,014 for Direct Customers for CY 2027, as set forth in the tables below. Actual monthly fixed-charge billing shall be one-twelfth (1/12) of the applicable annual amount.

Fixed Charge per Retailer	CY 2027
City of Pleasanton	\$13,126,809
Dublin San Ramon Services District	\$9,890,039
California Water Service Company	\$5,615,800
City of Livermore	\$5,893,092
Total Retailer Fixed Charges	\$34,525,740

Fixed Charge per Direct Customer	CY 2027
Lawrence Livermore Laboratory	\$174,559
Livermore Area Recreation and Park District	\$1,078
Veterans Hospital	\$50,597
Wente Brothers	\$17,166
State of California Department of Water Resources	\$32
East Bay Regional Park District	\$15,582
Total Direct Customer Fixed Charges	\$259,014
Total Calendar Year 2027 Fixed Charges	\$34,784,754

; and

THIRD, fixed charges for CYs 2028, 2029, and 2030 shall be as set forth in the table below. The total fixed charges for each year shall not be changed without Board approval; however, the allocation of those charges among Retailers and Direct Customers may be adjusted based on the updated two-year rolling average of proportional use. Actual monthly fixed-charge billing shall be one-twelfth (1/12) of the applicable annual amount.

Calendar Year	2028	2029	2030
Total Fixed Charges	\$36,350,068	\$37,985,821	\$39,695,183

; and

FOURTH, the General Manager or designee is hereby authorized to reallocate the CY 2028, CY 2029, and CY 2030 fixed charges among Retailers and Direct Customers based on the updated two-year rolling average of proportional use, to be determined at the end of FY 2026-27 for the CY 2028 charges, FY 2027-28 for the CY 2029 charges, and FY 2028-29 for the CY 2030 charges; and

BE IT FURTHER RESOLVED that the Board shall revisit the rate schedule for Calendar Years 2029 and 2030, through a public process, with any revised rates to be adopted no later than November 2028; and

BE IT FURTHER RESOLVED by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District that the following rate schedules for Recharge, Temporary Treated Water and In-Lieu services be adopted:

FIRST, the Recharge Fees for CYs 2027, 2028, 2029, and 2030, shall be as set forth in the table below:

Calendar Year	2027	2028	2029	2030
Recharge Fee per Acre-Foot (AF)	\$1,838	\$1,894	\$1,968	\$2,066

; and

SECOND, the Temporary Treated Water rates for CYs 2027, 2028, 2029, and 2030, shall be as set forth in the table below:

Calendar Year	2027	2028	2029	2030
Temporary Treated Water Rate per AF	\$2,122	\$2,215	\$2,314	\$2,419

; and

THIRD, that for Temporary Treated Water service, an initial service establishment charge per turnout for each new direct connection to the Zone 7 system, as set forth in the table below:

Calendar Year	2027	2028	2029	2030
Initial Service Establishment Charge per Turnout	\$206.00	\$213.00	\$221.00	\$228.00

; and

FOURTH, for Temporary Treated Water service, a monthly meter service charge of \$21.00 per month per turnout (direct connection) and \$21.00 per month per water hauler for CYs 2027, 2028, 2029, and 2030; and

FIFTH, the In-Lieu Water rates for CYs 2027, 2028, 2029, and 2030 shall be as set forth in the table below:

Calendar Year	2027 Proposed	2028 Proposed	2029 Proposed	2030 Proposed
In-Lieu Water Rate per AF	\$175.00	\$182.00	\$190.00	\$198.00

; and

BE IT FURTHER RESOLVED that the General Manager or designee shall be authorized to offer In-Lieu Water to eligible treated water contractors in lieu of groundwater pumping when sufficient surface water is available and doing so is financially and operationally prudent. In-Lieu Water quantities shall be limited to each contractor's Groundwater Pumping Quota plus any accumulated carryover; and

BE IT FURTHER RESOLVED that the General Manager or designee of Zone 7 of the Alameda County Flood Control and Water Conservation District is hereby authorized to continue to enter into, renew, modify, and otherwise administer all Temporary Treated Water service agreements in accordance with the rate schedules adopted herein, as may be modified from time to time; and

BE IT FURTHER RESOLVED that the water rate schedules for all treated water services adopted herein shall be effective January 1, 2027, and shall remain in effect until the next effective date for such water rates adopted by the Board.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on October 21, 2026.

By: _____
President, Board of Directors

Attachment A

Zone 7 Water Agency

2026 Treated Wholesale Water Rate Study
Draft Report – October 2026

Prepared by: Water Resources Economics, LLC



**Water Resources
Economics**

PROMOTING THE VALUE AND PRICE OF
WATER SERVICE



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October 12, 2026

Osborn Solitei
Treasurer / Assistant General Manager
Zone 7 Water Agency
100 North Canyons Parkway
Livermore, CA 94551

Subject: Zone 7 Water Agency Treated Wholesale Water Rate Study

Dear Mr. Solitei,

Water Resources Economics, LLC (WRE) is pleased to submit this 2026 Treated Wholesale Water Rate Study to the Zone 7 Water Agency (Agency). This report documents the results and recommendations of the Agency's treated water rate study.

The goal of the study was to develop a four-year schedule of treated wholesale water rates that will sufficiently fund the Agency's water system expenses, allow the Agency to meet its financial goals, and be consistent with cost-of-service principles.

It has been a pleasure assisting the Agency, and we appreciate the support provided by yourself, Ms. Green, Ms. Foss, and other Agency staff during this study.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy Phan".

Nancy Phan, Principal Consultant

A handwritten signature in black ink, appearing to read "Grace Hunzicker".

Grace Hunzicker, Project Analyst

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1. EXECUTIVE SUMMARY

1.1 AGENCY OVERVIEW

Zone 7 Water Agency (Agency) was established in 1957 to provide wholesale treated and untreated water to the Livermore-Amador Valley area. The Agency provides wholesale treated water to 267,000 people in the Tri-Valley area, including the cities of Pleasanton, Livermore, and Dublin, as well as the Dougherty Valley area through a special agreement with Dublin San Ramon Services District (DSRSD). The Agency also provides wholesale treated water to several direct customers including Lawrence Livermore Laboratory, Livermore Area Parks and Recreation District, Veterans Hospital, Wente Brothers, State of California Department of Water Resources, and East Bay Regional Park District. Additionally, untreated water is distributed to agricultural businesses for irrigation of 3,500 acres primarily in the South Livermore Valley vineyards.

The Agency's water supply sources include but are not limited to imported water from the State Water Project (SWP), local groundwater storage, surface water from Lake Del Valle, and offsite groundwater banking in Kern County.

1.2 RATE STUDY OVERVIEW

The Agency began this rate-setting process by engaging WRE in 2026 to conduct a comprehensive wholesale treated water rate study, with the following objectives:

- Evaluate a ten-year financial plan from Fiscal Year (FY) 2027¹ to FY 2036 to assess the Agency's ability to meet its financial targets and fund substantial future expenses. Although rates are developed for the four-year rate-setting period, financial performance is evaluated over the full ten-year period.
- Develop a four-year wholesale treated water rate schedule from CY 2027 through CY 2030.

1.3 RATE-SETTING METHODOLOGY

This study was conducted using industry-standard methodology outlined by the American Water Works Association (AWWA) in its *Manual of Water Supply Practices M1: Principles of Water Rates, Fees and Charges, Eighth Edition* (M1 Manual). The rate study process includes the following steps:

1. **Financial Plan:** Annual revenues and expenses are projected over the evaluation period to determine the magnitude of rate increases needed to maintain financial sufficiency. Financial policies, such as reserve targets, are also evaluated and updated if necessary.
2. **Rate Design:** The Agency's existing treated wholesale rate structure and allocation methodology are evaluated. The annual rate revenue requirement determined through the financial plan is allocated between fixed and variable rate revenue based on the Agency's existing revenue recovery structure, and a multi-year proposed rate schedule is developed.
3. **Rate Study Documentation:** This report documents the analyses, methodology, financial policies, and resulting rates developed through the study.

¹ FY 2027 is the year starting July 1, 2026 and ending June 30, 2027.

1.4 ADDITIONAL INFORMATION AND DISCLAIMERS

This report summarizes the data, analyses, processes, and results of the Agency’s water rate study. Some important information to keep in mind when reading the report includes the following:

- All study projections are based on the best available data as of September 2026.
- All table values are rounded to the nearest digit shown unless stated otherwise. However, all calculations are based on precise values. Attempting to manually recreate the calculations described in this report from the values displayed in tables may therefore produce slightly different results.
- All current and proposed rates and charges in this report are shown on an annual basis.

1.5 CURRENT TREATED WHOLESALE WATER RATES

The Agency’s current treated wholesale water rates include annual fixed charges for each retailer and direct customer, and a volume-based charge based on consumption in hundred cubic feet (ccf). Annual fixed charges are allocated among customers annually based on a two-year rolling average of historical water consumption.

Table 1-1 shows the current treated wholesale rates as of 1/1/2026.

Table 1-1: Current Treated Wholesale Rates

Line	Current Treated Wholesale Rates	As of 1/1/2026
1	Annual Fixed Charge per Retailer	
2	City of Pleasanton	\$12,610,959
3	Dublin San Ramon Services District	\$9,297,347
4	California Water Service Company	\$5,588,808
5	City of Livermore	\$5,537,321
6		
7	Annual Fixed Charge per Direct Customer	
8	Lawrence Livermore Laboratory	\$170,601
9	Livermore Area Parks and Recreation District	\$770
10	Veterans Hospital	\$49,045
11	Wente Brothers	\$17,913
12	State of California Department of Water Resources	\$10
13	East Bay Regional Park District	\$14,072
14	Total	\$33,286,846
15		
16	Volume-Based Charge (\$/ccf)	\$2.47

1.6 FINANCIAL PLAN

WRE worked closely with Agency staff to determine the financial plan scenario that meets the Agency's needs. The results and recommendations of the water rate study are driven by the Agency's financial performance and input from Agency staff.

FACTORS AFFECTING FINANCIAL PERFORMANCE

To maintain financial sufficiency, treated wholesale water rates must fully fund operations and maintenance (O&M) costs and capital improvement plan (CIP) funding, while allowing the Agency to meet relevant financial policies, which for this study include target fund balances and debt coverage.

The key factors affecting financial performance include:

- **Substantial long-term costs outside of the rate-setting period:** In addition to general operating costs, the Agency expects several major costs over the following 10-year period (FY 2027 through FY 2036), as shown in
- **Table 1-2.** Approximately 82% of these major costs are expected to occur outside of the four-year rate-setting period (FY 2027 through FY 2030). Therefore, a strategic approach is used to ensure that the Agency maintains adequate reserves to fund these future costs and maintain service reliability without sudden or excessive rate increases.

Table 1-2: Major Expenses

Line	Major Expense	Starting Year	10-Year Cost	Costs Outside of Rate-Setting Period
1	Delta Conveyance Project	FY 2027	\$5,280,000	\$0
2	PFAS Resin Replacement	FY 2028	\$10,806,863	\$8,916,863
3	Future Sites Payments ²	FY 2029	\$24,677,000	\$21,978,000
4	Future COL Debt	FY 2034	\$15,443,679	\$15,443,679
5	Total		\$56,207,542	\$46,338,542

- **Substantial capital investment needs:** Planned capital funding to the Water Enterprise Capital Renewal/Replacement and System-Wide Improvements Fund (Fund 120), which funds the Agency's CIP, total approximately \$69.7 million (M) over the next four years and average approximately \$17.4M annually. Without additional rate adjustments, the Agency's revenues are not projected to fully fund planned capital funding beginning in FY 2028.
- **Fund balance ability to meet reserve policy targets:** The Agency's Water Enterprise Operations Fund (Fund 100) has several reserve policy targets used to evaluate the financial performance of the enterprise fund, including:
 - o **Operating reserve:** 90 days of operating expenses (excluding capital funding and vehicle replacement reserve)
 - o **Reserve for economic uncertainties:** 15% of volume-based treated water sales revenue

² Note that Future Sites payment values assume 50% of the subscribed storage allocation (30K Acre-Feet (AF)) and 34% to be funded by Fund 100 in line with adopted budget assumptions.

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- o **Emergency:** 2.5% of water system capital assets
- o **Section 115 Trust:** \$2.398M in FY 2027 with additional \$125 thousand (K) annual adjustments
- o **Water reliability reserve:** No minimum, target or maximum (holds the balance of reserves after all other reserves are funded at target)

Table 1-3 compares projected fund balances under the status quo and proposed financial plans to the reserve policy target under the proposed financial plan. Without additional rate revenue adjustments, projected fund balances fall below the reserve target by FY 2030. Under the proposed financial plan, reserves are accumulated through FY 2030 and subsequently drawn down to fund major expenses occurring outside of the four-year rate-setting period.

Table 1-3: Reserve Policy Targets vs Projected Fund Balances

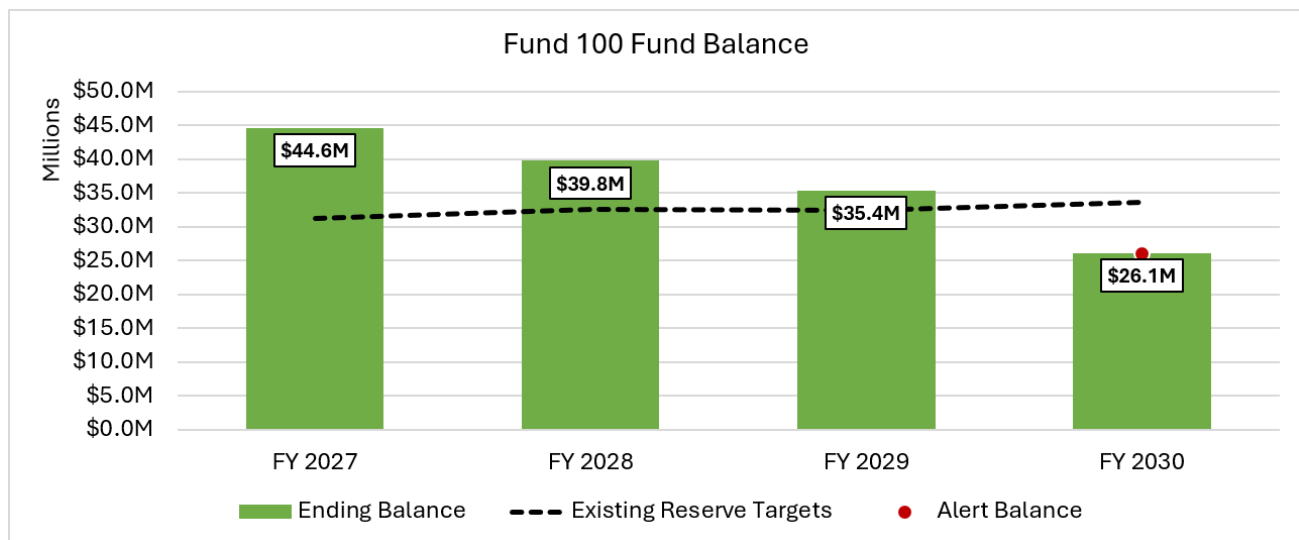
Line	Projected Reserves	FY 2030	FY 2036
1	Total Reserve Policy Target	\$34,535,193	\$44,660,517
2	Projected Reserves w/o Rate Adj.	\$26,146,571	(\$145,440,541)
3	Projected Reserves w/ 4.5% Annual Rate Adj.	\$53,626,615	\$45,051,702

STATUS QUO FINANCIAL PLAN

The first step in evaluating the Agency’s financial performance is to develop a “status quo financial plan,” which is the scenario in which the Agency does not increase its water rate revenues. This scenario is used to determine whether the Agency’s current treated wholesale water rates are sufficient to meet key fund balance targets.

Figure 1-1 shows the fund balance projections in the status quo financial plan. In this scenario, the Agency’s ending balance (green bars) will not meet its current reserve targets (dashed line), indicated by the alert balance (red circle).

Figure 1-1: Projected Fund Balances (Status Quo Financial Plan)



PROPOSED REVENUE ADJUSTMENTS

Overall annual increases in water rate revenues resulting from rate increases are referred to as “revenue adjustments.” These adjustments, shown in **Table 1-4**, are needed to maintain the Agency’s financial sufficiency and were developed based on input from Agency staff and direction from the Board.

Table 1-4: Proposed Financial Plan Scenario

Line	Fiscal Year	Effective Date	Revenue Adjustment
1	FY 2027	1/1/2027	4.5%
2	FY 2028	1/1/2028	4.5%
3	FY 2029	1/1/2029	4.5%
4	FY 2030	1/1/2030	4.5%

PROPOSED FINANCIAL PLAN

The proposed financial plan applies the revenue adjustments shown in **Table 1-4** and reevaluates the Agency’s financial performance, including projected fund balances and reserve targets.

Figure 1-2 shows the projected fund balances under the proposed scenario for the rate setting period. In this scenario, the Agency’s ending balance (green bars) will meet its reserve targets (dashed line) in all years. Reserves are built up in FY 2030 to sustainably fund substantial future costs outside of the rate setting period and minimize the need for future sudden and excessive rate adjustments.

Figure 1-2: Projected Fund Balances (Proposed Financial Plan – Rate Setting Period)

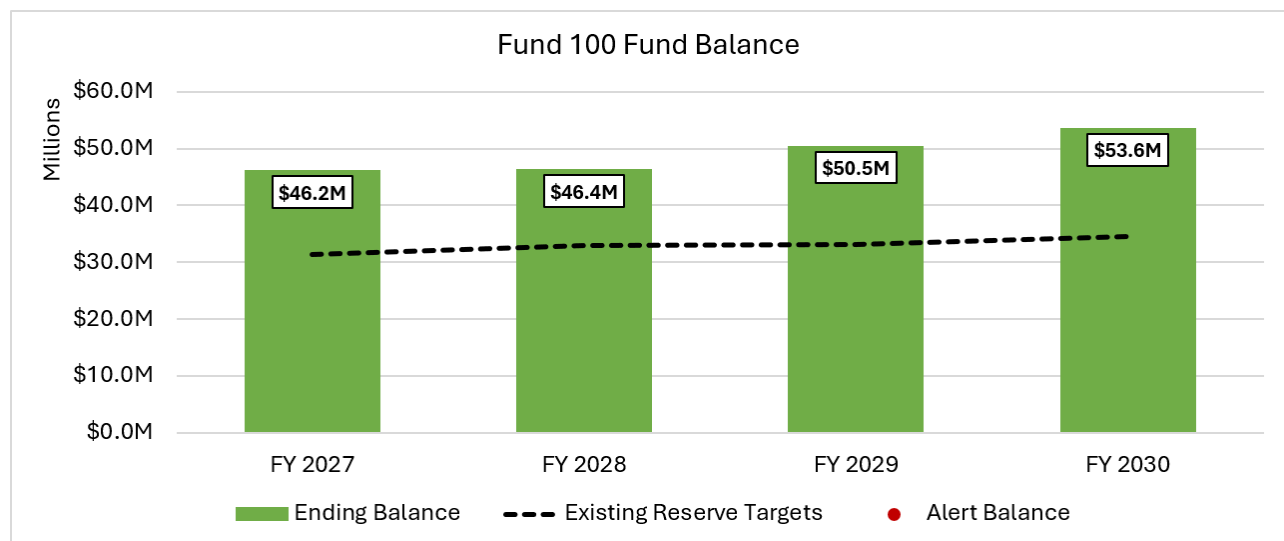
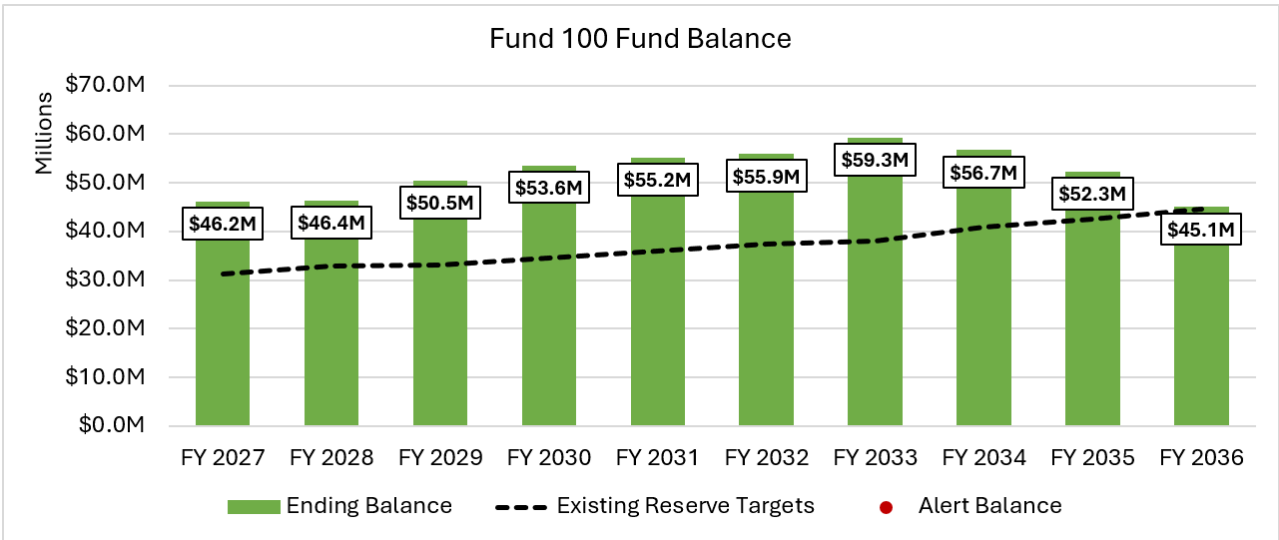


Figure 1-3 shows the projected fund balances under the proposed scenario for the ten-year period assuming 4.5% annual rate adjustments and the same revenue and expense assumptions. In this scenario, the Agency’s ending balance (green bars) will meet its reserve targets (dashed line) in all years. Reserves are drawn down by FY 2036 to fund major costs expected outside of the rate setting period, including the Sites Reservoir Project.

Figure 1-3: Projected Fund Balances (Proposed Financial Plan – 10-Year Period)



1.7 PROPOSED TREATED WHOLESale WATER RATES

PROPOSED FOUR-YEAR WATER RATE SCHEDULE

The proposed four-year water rate schedule is based on the proposed financial plan and maintains the Agency’s existing treated wholesale rate structure, including the existing proportion of rate revenue recovered through fixed and volume-based charges.

Table 1-5 shows the current and proposed treated wholesale rates effective starting on 1/1/2027 and each January thereafter. The annual fixed charge is allocated based on a rolling two-year average of historical water consumption by each customer. The annual fixed charges effective 1/1/2027 are based on the average of FY 2025 and FY 2026 customer consumption, and charges for future years will be calculated annually based on the updated rolling two-year average of water consumption.

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Table 1-5: Proposed Treated Wholesale Rates³

Line	Proposed Treated Wholesale Rates	As of 1/1/2026	Effective 1/1/2027	Effective 1/1/2028	Effective 1/1/2029	Effective 1/1/2030
1	Annual Fixed Charge per Retailer					
2	City of Pleasanton	\$12,610,959	\$13,126,809	TBD	TBD	TBD
3	Dublin San Ramon Services District	\$9,297,347	\$9,890,039	TBD	TBD	TBD
4	California Water Service Company	\$5,588,808	\$5,615,800	TBD	TBD	TBD
5	City of Livermore	\$5,537,321	\$5,893,092	TBD	TBD	TBD
6						
7	Annual Fixed Charge per Direct Customer					
8	Lawrence Livermore Laboratory	\$170,601	\$174,559	TBD	TBD	TBD
9	Livermore Area Parks and Recreation District	\$770	\$1,078	TBD	TBD	TBD
10	Veterans Hospital	\$49,045	\$50,597	TBD	TBD	TBD
11	Wente Brothers	\$17,913	\$17,166	TBD	TBD	TBD
12	State of California Department of Water Resources	\$10	\$32	TBD	TBD	TBD
13	East Bay Regional Park District	\$14,072	\$15,582	TBD	TBD	TBD
14						
15	Total Annual Fixed Charge	\$33,286,846	\$34,784,754	\$36,350,068	\$37,985,821	\$39,695,183
16						
17	Volume-Based Charge (\$/ccf)	\$2.47	\$2.59	\$2.70	\$2.82	\$2.95

ANNUAL CUSTOMER IMPACTS

Table 1-6 shows the average proposed monthly bill impacts assuming 15 ccf monthly usage and 15,246,000 ccf annual consumption. Individual customer impacts may differ from the overall proposed rate revenue adjustment because annual fixed charges are reallocated based on each customer's rolling two-year average historical consumption.

Table 1-6: Proposed Multi-Year Customer Impacts

Line	Multi-Year Customer Impacts	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
1	Monthly Water Use (ccf)	15	15	15	15	15
2	Fixed Charge ⁴	\$32.75	\$34.22	\$35.76	\$37.37	\$39.05
3	Volume-Based Charge (\$/ ccf)	\$37.05	\$38.85	\$40.50	\$42.30	\$44.25
4	Total Monthly Charge	\$69.80	\$73.07	\$76.26	\$79.67	\$83.30
5	Difference (\$)		\$3.27	\$3.19	\$3.41	\$3.63

³ Individual customer fixed charges for 2028 through 2030 will be calculated annually based on each customer's updated two-year rolling average historical consumption. Total annual fixed charges shown for each year represent the adopted fixed rate revenue requirement.

⁴ Average fixed charge per ccf is calculated by dividing the total annual fixed charge (Table 1-5, Line 15) by 15,246,000 ccf annual consumption.

2. FINANCIAL PLAN

2.1 FINANCIAL PLAN METHODOLOGY

The purpose of a financial plan is to project revenues, expenses, cash flows, reserve balances, and debt coverage over a multi-year period to assess financial sufficiency and determine the required level of rate revenue. For this study, the rate-setting period is FY 2027 through FY 2030; however, financial projections are evaluated through FY 2036 to account for substantial future costs. The key steps in developing a financial plan for a water enterprise are below:

- **Revenue projections:** Annual revenues from rates and other miscellaneous sources are projected over the planning period. Rate revenues are projected based on current rates to establish baseline revenues from which the need for additional rate increases can be evaluated.
- **Expense projections:** Annual expenses are projected over the study period, including O&M expenses, debt service, and capital funding.
- **Financial policy evaluation:** Key financial policies include minimum debt coverage requirements and reserve targets. Debt coverage requirements are generally established through agreements associated with outstanding debt issuances, while reserve targets are established by the Agency and may be periodically evaluated and updated.
- **Status quo financial plan projections:** Cash flow, reserve balances, and debt coverage are projected over the study period in the absence of additional rate increases (this scenario is called the “status quo”). Projected reserve balances and debt coverage are then compared to the agency’s financial policy requirements and targets. The status quo financial plan provides a baseline to evaluate the need for rate increases.
- **Proposed financial plan projections:** The magnitude and timing of annual proposed revenue increases over the study period are evaluated and determined based on the agency’s financial policies, financial performance, and policy objectives. Proposed rate increases (referred to as “revenue adjustments”) should generate sufficient revenue to recover the agency’s expenses, maintain adequate reserves, and meet required debt coverage and reserve targets. The proposed financial plan determines the total annual rate revenue requirement over the study period.

2.2 REVENUES

CURRENT TREATED WHOLESALE WATER RATES

The Agency’s current treated wholesale water rates include annual fixed charges for each retailer and direct customer, and a volume-based charge based on consumption in ccf. Annual fixed charges are allocated among customers annually based on a two-year rolling average of historical water consumption.

Table 2-1 shows the current treated wholesale rates as of 1/1/2026.

Table 2-1: Current Treated Wholesale Rates

Line	Current Treated Wholesale Rates	As of 1/1/2026
1	Annual Fixed Charge per Retailer	
2	City of Pleasanton	\$12,610,959
3	Dublin San Ramon Services District	\$9,297,347
4	California Water Service Company	\$5,588,808
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6		
7	Annual Fixed Charge per Direct Customer	
8	Lawrence Livermore Laboratory	\$170,601
9	Livermore Area Parks and Recreation District	\$770
10	Veterans Hospital	\$49,045
11	Wente Brothers	\$17,913
12	State of California Department of Water Resources	\$10
13	East Bay Regional Park District	\$14,072
14		
15	Volume-Based Charge (\$/ccf)	\$2.47

REVENUES FROM CURRENT RATES

Table 2-2 shows the calculated water rate revenues for the study period based on current rates (**Table 2-1**), assuming total annual consumption of 15,246,000 ccf based on staff budgeted demand for FY 2027. No changes to demand are expected over the rate setting period based on staff projections. The annual fixed charge per retailer revenue (Line 1) represents the sum of current retailer rates (**Table 2-1**, Lines 2-5). Similarly, the annual fixed charge per direct customer revenue (Line 2) represents the sum of current direct customer rates (**Table 2-1**, Lines 8-13). The volume-based charge revenue (Line 3) is calculated by multiplying the current volume-based charge (**Table 2-1**, Line 15) by annual projected consumption of 15,246,000 ccf. Total rate revenues (Line 4) represent the sum of annual fixed charge and volume-based charge revenue (Lines 1-3).

Table 2-2: Calculated Rate Revenues at Current Rates

Line	Calculated Rate Revenues	FY 2027	FY 2028	FY 2029	FY 2030
1	Annual Fixed Charge per Retailer	\$33,034,435	\$33,034,435	\$33,034,435	\$33,034,435
2	Annual Fixed Charge per Direct Customer	\$252,411	\$252,411	\$252,411	\$252,411
3	Volume-Based Charge (\$/ccf)	\$37,657,620	\$37,657,620	\$37,657,620	\$37,657,620
4	Total	\$70,944,466	\$70,944,466	\$70,944,466	\$70,944,466

REVENUE SUMMARY

Table 2-3 shows the summary of projected revenues for the rate setting period. Treated water sales & service revenues (Line 1) are from **Table 2-2** (Line 4). Other Revenues (Line 2) include untreated water revenue, Department of Water Resources refunds and other miscellaneous revenue. Investment earnings (Line 3) are calculated based on ending fund balances and a 2.5% interest rate.

Table 2-3: Revenue Summary

Line	Revenues	FY 2027	FY 2028	FY 2029	FY 2030
1	Treated Water Sales & Service	\$70,944,466	\$70,944,466	\$70,944,466	\$70,944,466
2	Other Revenue	\$1,878,000	\$1,878,000	\$1,878,000	\$1,878,000
3	Investment Earnings	\$1,113,028	\$1,142,732	\$1,196,165	\$1,285,852
4	Total	\$73,935,494	\$73,965,198	\$74,018,631	\$74,108,318

2.3 OPERATING EXPENSES

INFLATIONARY ASSUMPTIONS

WRE worked with Agency staff to determine the annual inflationary assumptions to apply to the Agency's O&M expense budget. Agency staff provided budgeted expenses for FY 2027 and FY 2028; all other years are projected based on the inflationary assumptions shown in **Table 2-4**.

Table 2-4: Expense Inflationary Assumptions

Line	Inflationary Assumptions	FY 2029	FY 2030
1	General	3.0%	3.0%
2	Personnel	4.0%	4.0%
3	Water	5.0%	5.0%
4	Utilities	5.0%	5.0%
5	Chemicals	4.0%	4.0%
6	Insurance	5.0%	5.0%
7	PFAS – Cumulative Factor	105.0%	110.3%
8	General – Cumulative Factor	103.0%	106.1%

OPERATING EXPENSE SUMMARY

Table 2-5 shows the summary of O&M expenses for the study period. Agency staff provided budgeted expenses for FY 2027 and FY 2028; expenses for other years are projections. Note that staff provided projected costs for non-recurring costs such as county election costs (Line 5) and PFAS resin replacement costs (Lines 19-20) in FY 2028 dollars. These costs are adjusted using the applicable inflation assumptions to estimate their equivalent value in each fiscal year in which they occur. Additionally, projected Delta Conveyance project and Future Sites payments (Lines 21-22) were provided by staff. Future Sites payments assume 50% of the subscribed project storage allocation (30K), with 34% of project costs funded by Fund 100, consistent with current adopted budget assumptions.

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Table 2-5: Expenses Summary

Line	Expenses	Inflationary Assumption	FY 2027	FY 2028	FY 2029	FY 2030
1	Source		Budget	Budget	Projected	Projected
2	Personnel	Personnel	\$23,485,000	\$24,542,000	\$25,523,680	\$26,544,627
3	Professional Services	General	\$4,055,000	\$3,148,000	\$3,242,440	\$3,339,713
4	County Services	General	\$1,471,000	\$1,534,000	\$1,580,020	\$1,627,421
5	County Election Costs	Cumulative General	\$0	\$850,000	\$0	\$901,765
6	Insurance Services	Insurance	\$950,000	\$1,000,000	\$1,050,000	\$1,102,500
7	Legal Services	General	\$405,000	\$405,000	\$417,150	\$429,665
8	Water	Water	\$4,976,000	\$7,951,000	\$8,348,550	\$8,765,978
9	Chemicals	Chemicals	\$4,939,000	\$4,695,000	\$4,882,800	\$5,078,112
10	Utilities	Utilities	\$2,806,000	\$3,510,000	\$3,685,500	\$3,869,775
11	Telecommunications	General	\$169,000	\$166,000	\$170,980	\$176,109
12	Maintenance Services	General	\$2,752,000	\$2,735,000	\$2,817,050	\$2,901,562
13	Rental Services	General	\$119,000	\$119,000	\$122,570	\$126,247
14	Office Supplies and Other Services	General	\$1,636,000	\$1,407,000	\$1,449,210	\$1,492,686
15	Organizational Memberships and Support	General	\$421,000	\$437,000	\$450,110	\$463,613
16	Training and Travel	General	\$187,000	\$187,000	\$192,610	\$198,388
17	Water Conservation Program	General	\$160,000	\$160,000	\$164,800	\$169,744
18	Vehicle Replacement Reserve	General	\$202,000	\$202,000	\$208,060	\$214,302
19	PFAS Resin Replacement (Stoneridge)	Cumulative PFAS	\$0	\$630,000	\$0	\$0
20	PFAS Resin Replacement (COL)	Cumulative PFAS	\$0	\$1,260,000	\$0	\$0
21	Delta Conveyance Project	Staff Provided	\$3,300,000	\$1,980,000	\$0	\$0
22	Future Sites Payments (34% Fund 100)	Staff Provided	\$0	\$0	\$1,070,000	\$1,629,000
23	Total		\$52,033,000	\$56,918,000	\$55,375,530	\$59,031,207

2.4 FINANCIAL POLICIES

RESERVE POLICY

The Agency's current reserve policy maintains cash on hand to meet short-term cash imbalances, minimize rate impacts to customers during periods of rate instability, respond to emergencies efficiently, and fund future employee pension obligations. The Agency's aggregate reserve policy targets during the rate-setting period range from approximately \$31.3M to \$34.5M. The reserve policy targets are shown below:

- **Operating reserve:** 90 days of operating expenses (excluding capital funding and vehicle replacement reserve)
- **Reserve for economic uncertainties:** 15% of volume-based treated water sales revenue
- **Emergency:** 2.5% of water system capital assets
- **Section 115 Trust:** \$2.398M in FY 2027 with additional \$125K annual adjustments
- **Water reliability reserve:** No minimum, target or maximum (holds the balance of reserves after all other reserves are funded at target)

DEBT COVERAGE REQUIREMENT

The Agency is required to meet a minimum annual debt coverage requirement of 125%. This means that the Agency's net operating revenues (excluding capital funding) must equal at least 125% of annual debt service on existing debt.

2.5 STATUS QUO FINANCIAL PLAN

STATUS QUO FINANCIAL PLAN SCENARIO

Table 2-6 shows the status quo financial plan scenario, which assumes no revenue adjustments. This scenario is used to evaluate the ability of the current treated wholesale water rates to meet the Agency's financial targets and to determine the need for revenue adjustments.

Table 2-6: Status Quo Financial Plan Scenario

Line	Fiscal Year	Effective Date	Revenue Adjustment
1	FY 2027	1/1/2027	0.0%
2	FY 2028	1/1/2028	0.0%
3	FY 2029	1/1/2029	0.0%
4	FY 2030	1/1/2030	0.0%

STATUS QUO CASH FLOW & FUND BALANCE PROJECTIONS

Table 2-7 shows projected cash flows and fund balances under the status quo financial plan. Rate revenues and other revenues (Lines 4 and 6-7) are based on the revenue assumptions described above. No additional revenue from proposed rate adjustments is included (Line 5). Operating expenses (Line 11) are from **Table 2-5**, while existing debt service and capital funding to Fund 120 (Lines 12-13) were provided by Agency staff. Net revenue before capital funding (Line 16) equals total revenues less operating expenses and debt service. Net cash flow (Line 17) equals total revenues less total expenses.

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Investment earnings (Line 7) differ from **Table 2-3** because investment earnings are calculated based on projected fund balances. Lower fund balances under the status quo scenario result in lower investment earnings.

Net revenue less debt is positive each year of the rate setting period, meaning the Agency's current revenues are sufficient to fund its operating expenses and debt service. However, net cash flow is negative starting in FY 2028, meaning that the Agency's current revenues are not sufficient to fund its annual capital funding.

Based on projected sources and uses of funds, the Agency's fund balance decreases from approximately \$44.0M at the beginning of FY 2027 to approximately \$26.1M at the end of FY 2030, a decline of approximately \$17.8M over the four-year period.

Table 2-7: Projected Cash Flows & Fund Balances (Status Quo Financial Plan)

Line	Cash Flows & Fund Balance	FY 2027	FY 2028	FY 2029	FY 2030
1	Beginning Fund Balance	\$43,956,000	\$44,583,079	\$39,784,026	\$35,409,819
2					
3	Revenues				
4	Rate Revenues at Existing Rates	\$70,944,466	\$70,944,466	\$70,944,466	\$70,944,466
5	Revenue Adjustments	\$0	\$0	\$0	\$0
6	Other Revenue	\$1,878,000	\$1,878,000	\$1,878,000	\$1,878,000
7	Investment Earnings	\$1,093,075	\$1,041,569	\$928,319	\$759,955
8	Total	\$73,915,541	\$73,864,035	\$73,750,785	\$73,582,421
9					
10	Expenses				
11	Operating Expenses	\$52,033,000	\$56,918,000	\$55,375,530	\$59,031,207
12	Existing Debt	\$4,977,463	\$4,980,088	\$4,978,463	\$4,977,463
13	Capital Funding	\$16,278,000	\$16,765,000	\$17,771,000	\$18,837,000
14	Total	\$73,288,463	\$78,663,088	\$78,124,993	\$82,845,669
15					
16	Net Revenue Before Capital Funding	\$16,905,079	\$11,965,948	\$13,396,793	\$9,573,752
17	Net Cash Flow	\$627,079	(\$4,799,052)	(\$4,374,207)	(\$9,263,248)
18					
19	Ending Fund Balance	\$44,583,079	\$39,784,026	\$35,409,819	\$26,146,571

STATUS QUO FINANCIAL PERFORMANCE

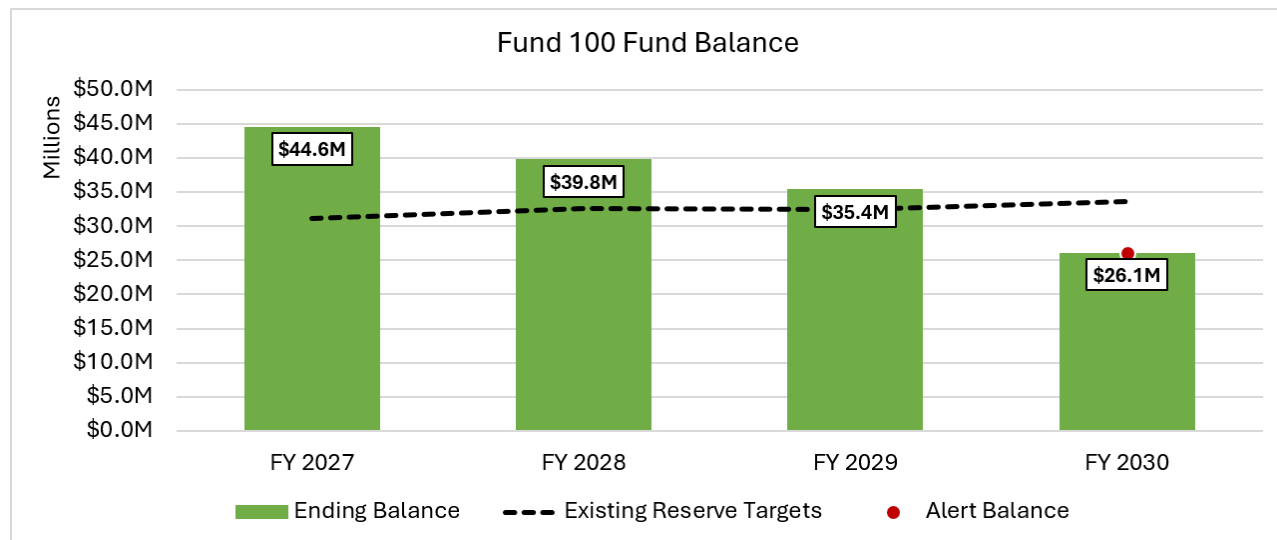
The Agency's financial performance is evaluated based on the reserve targets and debt coverage requirements as shown in **Table 2-8**. Under the status quo financial plan, the Agency will not meet its current reserve targets starting in FY 2030. The Agency will meet its debt coverage requirements in all years.

Table 2-8: Projected Financial Performance (Status Quo Financial Plan)

Line	Financial Performance	FY 2027	FY 2028	FY 2029	FY 2030
1	Current Reserve Targets				
2	Operating	\$14,007,566	\$15,212,734	\$14,830,504	\$15,730,118
3	Reserve for Economic Uncertainties	\$5,852,918	\$5,852,918	\$5,852,918	\$5,852,918
4	Water Reliability Reserve	\$0	\$0	\$0	\$0
5	Emergency	\$8,931,993	\$9,021,313	\$9,111,526	\$9,202,642
6	Section 115 Trust	\$2,398,000	\$2,523,000	\$2,648,000	\$2,773,000
7	Total	\$31,190,478	\$32,609,966	\$32,442,949	\$33,558,678
8					
9	Reserve Balances	\$44,583,079	\$39,784,026	\$35,409,819	\$26,146,571
10	Meets Reserve Targets?	Yes	Yes	Yes	No
11					
12	Debt Service Coverage⁵				
13	Required Debt Coverage	125%	125%	125%	125%
14	Calculated Debt Coverage	440%	340%	369%	292%
15	Meets Required Coverage?	Yes	Yes	Yes	Yes

Figure 2-1 shows the fund balance projections in the status quo financial plan. In this scenario, the Agency's ending balance (green bars) will not meet its current reserve targets (dashed line) by FY 2030, indicated by the alert balance (red circle).

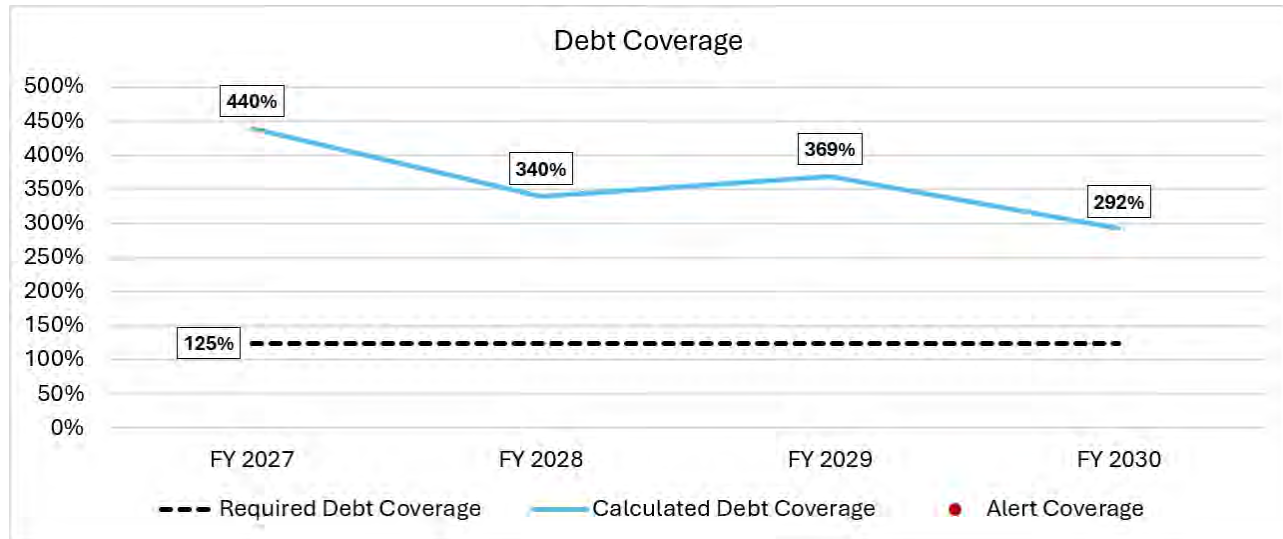
Figure 2-1: Projected Fund Balances (Status Quo Financial Plan)



⁵ The estimated Debt Service Coverage shown represents debt paid by water rates, and excludes debt paid by Water Connection Fees (Fund 130). Actual debt coverage, as required by the Agency's bond covenants, is published annually in the Agency's Continuing Disclosure Report.

Figure 2-2 shows the debt coverage projections in the status quo financial plan. The required debt coverage (dashed line) is equal to 125%. In this scenario, the Agency's calculated debt coverage (blue line) is expected to exceed its required debt coverage for all years.

Figure 2-2: Projected Debt Coverage (Status Quo Financial Plan)



2.6 PROPOSED FINANCIAL PLAN – RATE SETTING PERIOD

PROPOSED FINANCIAL PLAN SCENARIO

The proposed financial plan includes four years of revenue adjustments as shown in **Table 2-9**. These adjustments are needed to maintain the Agency's financial sufficiency and were developed based on input from Agency staff and direction from the Board. Because each proposed rate adjustment becomes effective January 1, the financial plan reflects approximately six months of incremental revenue from each new adjustment during the fiscal year in which it becomes effective.

Table 2-9: Proposed Financial Plan Scenario

Line	Fiscal Year	Effective Date	Revenue Adjustment
1	FY 2027	1/1/2027	4.5%
2	FY 2028	1/1/2028	4.5%
3	FY 2029	1/1/2029	4.5%
4	FY 2030	1/1/2030	4.5%

PROPOSED CASH FLOW & FUND BALANCE PROJECTIONS

Table 2-10 shows projected cash flows and fund balances under the proposed financial plan. Rate revenues and other revenues (Lines 4 and 6-7) are based on the revenue assumptions described above. Additional revenue generated by the proposed rate adjustments is shown in Line 5. Operating expenses (Line 11) are from **Table 2-5**, while existing debt service and capital funding to Fund 120 (Lines 12-13) were provided by Agency staff. Net revenue before capital funding (Line 16) equals total revenues less operating expenses and debt service. Net cash flow (Line 17) equals total revenues less total expenses.

Zone 7 Water Agency
2026 Treated Wholesale Water Rate Study

Net cash flow is positive in all years, indicating that projected revenues are sufficient to fund operating expenses, debt service, and planned capital funding.

Based on projected sources and uses of funds, the Agency's fund balance increases from approximately \$44.0M at the beginning of FY 2027 to approximately \$53.6M at the end of FY 2030, an increase of approximately \$9.7M over the four-year period.

Table 2-10: Projected Cash Flows & Fund Balances (Proposed Financial Plan)

Line	Cash Flows & Fund Balance	FY 2027	FY 2028	FY 2029	FY 2030
1	Beginning Fund Balance	\$43,956,000	\$46,199,282	\$46,361,975	\$50,527,424
2					
3	Revenues				
4	Rate Revenues at Existing Rates	\$70,944,466	\$70,944,466	\$70,944,466	\$70,944,466
5	Revenue Adjustments	\$1,596,250	\$4,860,583	\$8,271,810	\$11,836,542
6	Other Revenue	\$1,878,000	\$1,878,000	\$1,878,000	\$1,878,000
7	Investment Earnings	\$1,113,028	\$1,142,732	\$1,196,165	\$1,285,852
8	Total	\$75,531,745	\$78,825,780	\$82,290,441	\$85,944,861
9					
10	Expenses				
11	Operating Expenses	\$52,033,000	\$56,918,000	\$55,375,530	\$59,031,207
12	Existing Debt	\$4,977,463	\$4,980,088	\$4,978,463	\$4,977,463
13	Capital Funding	\$16,278,000	\$16,765,000	\$17,771,000	\$18,837,000
14	Total	\$73,288,463	\$78,663,088	\$78,124,993	\$82,845,669
15					
16	Net Revenue Before Capital Funding	\$18,521,282	\$16,927,693	\$21,936,449	\$21,936,191
17	Net Cash Flow	\$2,243,282	\$162,693	\$4,165,449	\$3,099,191
18					
19	Ending Fund Balance	\$46,199,282	\$46,361,975	\$50,527,424	\$53,626,615

PROPOSED FINANCIAL PERFORMANCE

The Agency's financial performance is evaluated based on the reserve targets and debt coverage requirements as shown in **Table 2-11**. Under the proposed financial plan, the Agency will meet its current reserve targets and debt coverage requirements in all years.

Table 2-11: Projected Financial Performance (Proposed Financial Plan)

Line	Financial Performance	FY 2027	FY 2028	FY 2029	FY 2030
1	Current Reserve Targets				
2	Operating	\$14,007,566	\$15,212,734	\$14,830,504	\$15,730,118
3	Reserve for Economic Uncertainties	\$5,984,609	\$6,253,917	\$6,535,343	\$6,829,433
4	Water Reliability Reserve	\$0	\$0	\$0	\$0
5	Emergency	\$8,931,993	\$9,021,313	\$9,111,526	\$9,202,642
6	Section 115 Trust	\$2,398,000	\$2,523,000	\$2,648,000	\$2,773,000
7	Total	\$31,322,169	\$33,010,964	\$33,125,373	\$34,535,193
8					
9	Reserve Balances	\$46,199,282	\$46,361,975	\$50,527,424	\$53,626,615
10	Meets Reserve Targets?	Yes	Yes	Yes	Yes
11					
12	Debt Service Coverage⁶				
13	Required Debt Coverage	125%	125%	125%	125%
14	Calculated Debt Coverage	472%	440%	541%	541%
15	Meets Required Coverage?	Yes	Yes	Yes	Yes

Figure 2-3 shows the fund balance projections in the proposed financial plan. In this scenario, the Agency's ending balance (green bars) will meet its current reserve targets (dashed line) in all years.

Figure 2-3: Projected Fund Balances (Proposed Financial Plan)

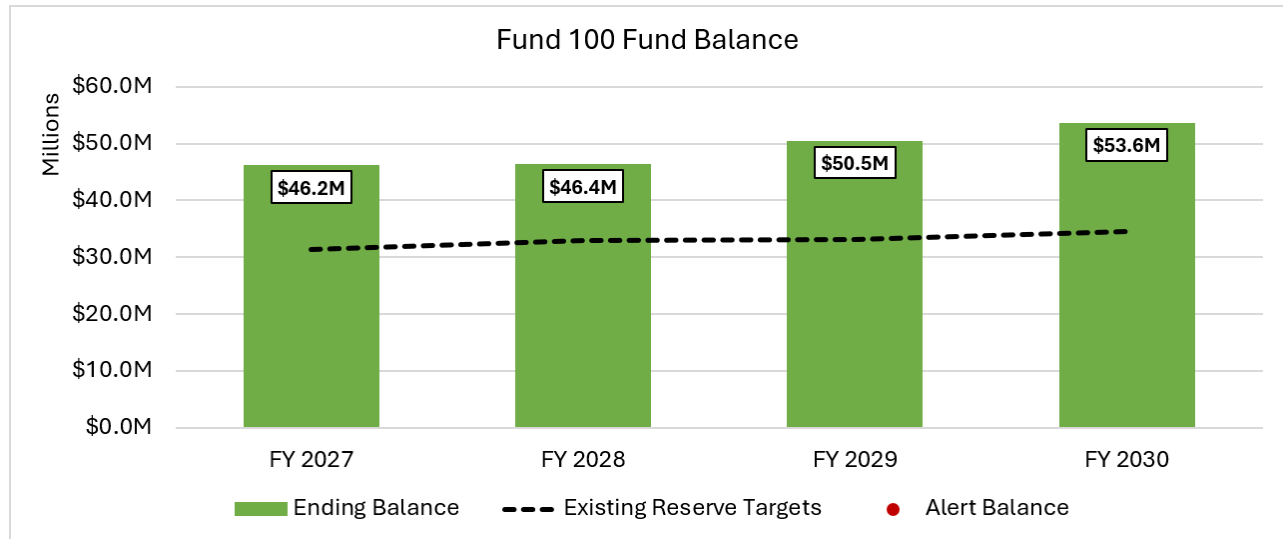
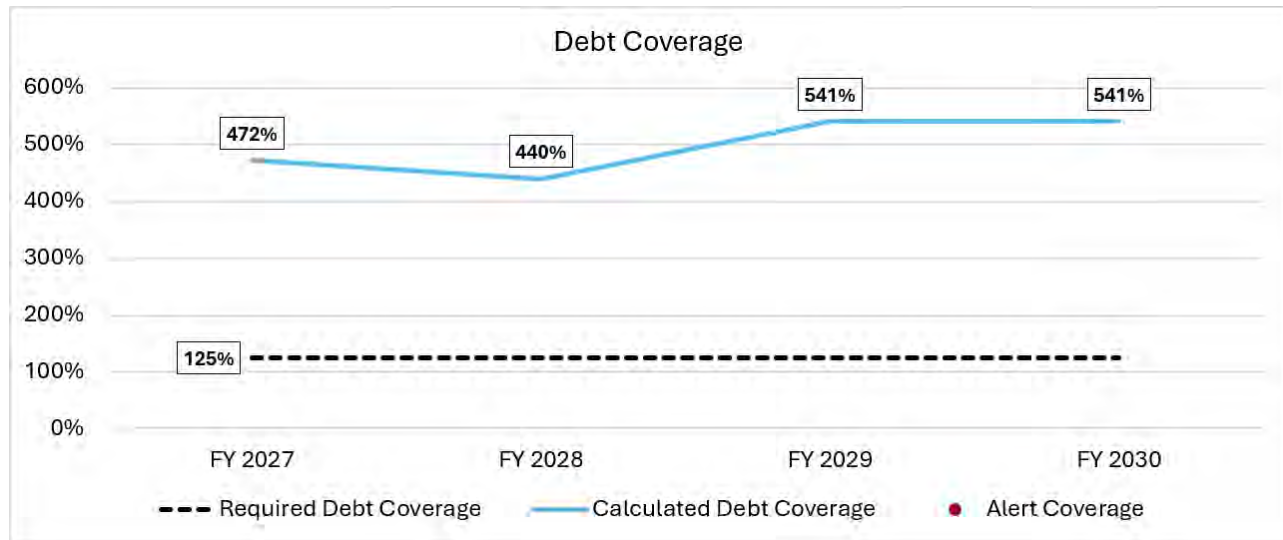


Figure 2-4 shows the debt coverage projections in the proposed financial plan. The required debt coverage (dashed line) is equal to 125%. In this scenario, the Agency's calculated debt coverage (blue line) is expected to exceed its required debt coverage for all years.

⁶ The estimated Debt Service Coverage shown represents debt paid by water rates, and excludes debt paid by Water Connection Fees (Fund 130). Actual debt coverage, as required by the Agency's bond covenants, is published annually in the Agency's Continuing Disclosure Report.

Figure 2-4: Projected Debt Coverage (Proposed Financial Plan)



2.7 PROPOSED FINANCIAL PLAN – 10-YEAR PERIOD

MAJOR EXPENSES

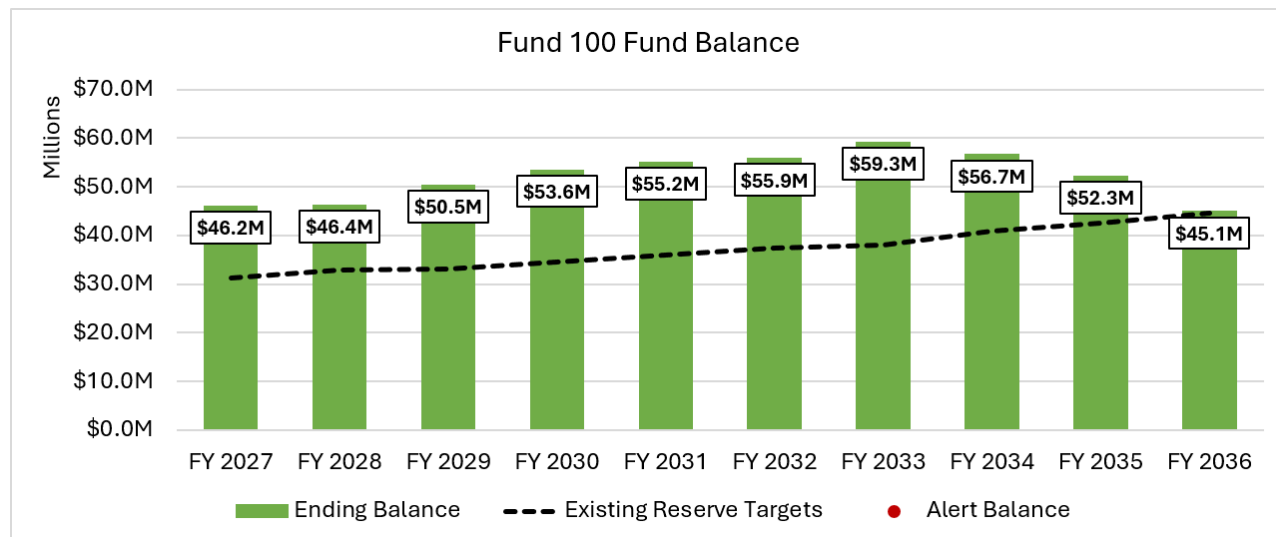
Although treated wholesale water rates are developed for the four-year rate-setting period, financial performance is evaluated over a ten-year period because approximately \$46.3M of identified major costs are expected to occur after FY 2030. This longer-term evaluation helps ensure that the Agency maintains adequate reserves to fund these future costs while avoiding sudden or excessive future rate increases. The major costs include:

- **PFAS resin replacement costs:** \$10.8M total over the 10-year period with approximately 83% of costs expected outside of the rate-setting period.
- **Future Sites payments:** \$24.7M over the 10-year period, beginning in FY 2029. Annual payments are projected to increase from approximately \$1.1M in FY 2029 to \$4.5M in FY 2036. Projections assume 50% of the subscribed storage allocation (30K AF), with 34% of project costs funded by Fund 100.
- **Future Chain of Lakes (COL) debt:** \$15.4M over the 10-year period starting in FY 2034. Annual payments are expected to increase over time, starting at \$1.4M in FY 2034 and ending at \$9.1M in FY 2036.

PROPOSED FUND BALANCE PROJECTIONS

Assuming additional 4.5% annual rate revenue adjustments and the same revenue and expense assumptions for the following six years, the Agency will be able to reliably fund the above costs while maintaining stable rate increases. **Figure 2-5** shows the projected fund balances over the 10-year period. Under the proposed scenario, reserve targets are met in all years and reserves are drawn down by the end of the period in FY 2036 to sustainably fund the major costs above.

Figure 2-5: Projected Fund Balances (Proposed Financial Plan – 10-Year Period)



3. TREATED WHOLESALE WATER RATES

3.1 RATE DEVELOPMENT

The proposed four-year water rate schedule is based on the proposed financial plan and maintains the Agency's current treated wholesale rate structure. Specifically, the proposed rates maintain the existing proportion of rate revenue recovered through fixed and volume-based charges and the existing methodology for allocating fixed charges among customers.

RATE REVENUE REQUIREMENT

Table 3-1 shows the annual rate revenue requirement based on the proposed financial plan (**Table 2-9**). Rate revenues at existing rates (Line 1) are from **Table 2-10** (Line 4). Annualized revenue adjustments (Line 2) reflect the additional annual rate revenue generated by applying the proposed 4.5% revenue adjustments each year. Because proposed rates become effective January 1 of each year, the financial plan reflects approximately six months of incremental revenue from each new adjustment during the fiscal year in which it becomes effective, while the rate revenue requirement shown below reflects the fully annualized revenue generated by the proposed rates.

The total rate revenue requirement (Line 3) is allocated between annual fixed charges (fixed portion) and volume-based charges (variable portion) based on the existing proportion of rate revenue recovered through each component.

Table 3-1: Rate Revenue Requirement

Line	Rate Revenue Requirement	FY 2027	FY 2028	FY 2029	FY 2030
1	Rate Revenues at Existing Rates	\$70,944,466	\$70,944,466	\$70,944,466	\$70,944,466
2	Annualized Revenue Adjustments	\$3,192,501	\$6,528,664	\$10,014,955	\$13,658,129
3	Total Rate Revenue Requirement	\$74,136,967	\$77,473,130	\$80,959,421	\$84,602,595
4					
5	Fixed Portion	\$34,784,754	\$36,350,068	\$37,985,821	\$39,695,183
6	Variable Portion	\$39,352,213	\$41,123,062	\$42,973,600	\$44,907,412
7	Total Rate Revenue Requirement	\$74,136,967	\$77,473,130	\$80,959,421	\$84,602,595

FIXED RATE REVENUE ALLOCATION

Table 3-2 shows the allocation of the fixed rate revenue requirement among individual customers based on the Agency's existing two-year rolling average methodology. The 2027 allocation is based on each customer's average historical consumption for FY 2025 and FY 2026 relative to the total two-year average consumption for all customers.

Table 3-2: Fixed Rate Revenue Allocation

Line	Fixed Rate Revenue Allocation	Two-Year Average Consumption (ccf)	Allocation (%)
1	Retailer		
2	City of Pleasanton	5,852,691	37.7372%
3	Dublin San Ramon Services District	4,409,552	28.4321%
4	California Water Service Company	2,503,849	16.1444%
5	City of Livermore	2,627,482	16.9416%
6	Subtotal	15,393,574	99.2554%
7			
8	Direct Customer		
9	Lawrence Livermore Laboratory	77,828	0.5018%
10	Livermore Area Parks and Recreation District	481	0.0031%
11	Veterans Hospital	22,559	0.1455%
12	Wente Brothers	7,654	0.0493%
13	State of California Department of Water Resources	14	0.0001%
14	East Bay Regional Park District	6,947	0.0448%
15	Subtotal	115,483	0.7446%
16			
17	Total	15,509,057	100.0000%

3.2 PROPOSED RATE SCHEDULE

FOUR-YEAR PROPOSED RATES

Table 3-3 shows the current and proposed treated wholesale rates effective January 1, 2027, and each January thereafter. The total annual fixed charge (Line 15) is equal to the fixed portion of the rate revenue requirement shown in **Table 3-1** (Line 5). The total fixed charge is allocated among customers based on the Agency's two-year rolling average of historical water consumption. Fixed charges effective January 1, 2027, are based on the allocation shown in **Table 3-2**; individual customer fixed charges for subsequent years will be calculated annually using updated two-year rolling average consumption. The volume-based charge per ccf (Line 17) is calculated by dividing the variable portion of the rate revenue requirement (**Table 3-1**, Line 6) by projected annual consumption of 15,246,000 ccf.

Table 3-3: Proposed Treated Wholesale Rates⁷

Line	Proposed Treated Wholesale Rates	As of 1/1/2026	Effective 1/1/2027	Effective 1/1/2028	Effective 1/1/2029	Effective 1/1/2030
1	Annual Fixed Charge per Retailer					
2	City of Pleasanton	\$12,610,959	\$13,126,809	TBD	TBD	TBD
3	Dublin San Ramon Services District	\$9,297,347	\$9,890,039	TBD	TBD	TBD
4	California Water Service Company	\$5,588,808	\$5,615,800	TBD	TBD	TBD
5	City of Livermore	\$5,537,321	\$5,893,092	TBD	TBD	TBD
6						
7	Annual Fixed Charge per Direct Customer					
8	Lawrence Livermore Laboratory	\$170,601	\$174,559	TBD	TBD	TBD
9	Livermore Area Parks and Recreation District	\$770	\$1,078	TBD	TBD	TBD
10	Veterans Hospital	\$49,045	\$50,597	TBD	TBD	TBD
11	Wente Brothers	\$17,913	\$17,166	TBD	TBD	TBD
12	State of California Department of Water Resources	\$10	\$32	TBD	TBD	TBD
13	East Bay Regional Park District	\$14,072	\$15,582	TBD	TBD	TBD
14						
15	Total Annual Fixed Charge	\$33,286,846	\$34,784,754	\$36,350,068	\$37,985,821	\$39,695,183
16						
17	Volume-Based Charge (\$/ccf)	\$2.47	\$2.59	\$2.70	\$2.82	\$2.95

3.3 CUSTOMER IMPACTS

ANNUAL CUSTOMER IMPACTS

Table 3-4 shows the average proposed monthly bill impacts assuming 15 ccf monthly usage and 15,246,000 ccf annual consumption. Individual customer impacts may differ from the overall 4.5% rate revenue adjustment because fixed charges are reallocated based on each customer's updated two-year rolling average historical consumption, while the volume-based charge applies uniformly to actual consumption.

⁷ Individual customer fixed charges for 2028 through 2030 will be calculated annually based on each customer's updated two-year rolling average historical consumption. Total annual fixed charges shown for each year represent the adopted fixed rate revenue requirement.

Zone 7 Water Agency
2026 Treated Wholesale Water Rate Study

Table 3-4: Proposed Multi-Year Customer Impacts

Line	Multi-Year Customer Impacts	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
1	Monthly Water Use (ccf)	15	15	15	15	15
2	Fixed Charge ⁸	\$32.75	\$34.22	\$35.76	\$37.37	\$39.05
3	Volume-Based Charge (\$/ ccf)	\$37.05	\$38.85	\$40.50	\$42.30	\$44.25
4	Total Monthly Charge	\$69.80	\$73.07	\$76.26	\$79.67	\$83.30
5	Difference (\$)		\$3.27	\$3.19	\$3.41	\$3.63

⁸ Average fixed charge per ccf calculated by dividing the total annual fixed charge (**Table 3-3, Line 15**) by 15,246,000 ccf annual consumption.

ZONE 7 BOARD OF DIRECTORS
SUMMARY NOTES OF THE FINANCE COMMITTEE

September 1, 2026
3:00 p.m.

Directors Present: Alan Burnham
Kathy Narum

Directors Absent: Sean Roberts

Staff Present: Valerie Pryor, General Manager
Osborn Solitei, Treasurer/Assistant General Manager – Finance
Lizzie Foss, Financial Analyst
Donna Fabian, Executive Assistant/Board Secretary

1. Call Meeting to Order

Director Narum called the Finance Committee meeting to order at 3:00 p.m. Directors Narum and Burnham were present. Director Roberts was absent.

2. Public Comment on Items Not on the Agenda

There were no comments from the public.

3. Calendar Year 2025 Untreated Water Rate Reconciliation

Lizzie Foss, Financial Analyst, presented the Calendar Year 2025 Untreated Water Rate Reconciliation. She explained that the annual reconciliation process compares actual Untreated Water Program costs and revenues with the projections used to establish rates and ensures the Agency neither over- nor under-collects from untreated water customers. The reconciliation balance increased significantly during the 2021 and 2022 drought years due to higher water costs, reaching approximately negative \$1.4 million in 2022. The Board subsequently established a five-year schedule to recover the outstanding balance by the end of 2028. The December 2024 reconciliation balance was negative \$728,063.

Ms. Foss reported that the CY 2025 untreated water rate was \$239 per acre-foot, with a \$24 per acre-foot reconciliation charge, for an adopted rate of \$263 per acre-foot. CY 2025 revenues totaled approximately \$1.239 million, while actual Untreated Water Program costs were approximately \$511,000. Favorable water supply conditions, including a 50 percent State Water Project allocation, no water transfer purchases, no storage or recovery from Kern County water banks, and no Delta Conveyance Project costs, resulted in a \$728,063 credit.

The credit eliminated the outstanding reconciliation balance, bringing it to \$0 as of December 2025.

Director Narum asked whether establishing a reserve for the Untreated Water Program had been considered. Ms. Foss stated that a reserve is being evaluated as part of the untreated water rate study scheduled for presentation at the September 24 Finance Committee meeting. Valerie Pryor, General Manager, added that the issue is also being discussed with the untreated water users working group. Director Narum supported continuing the discussion and suggested considering whether additional collections could be deferred while allowing favorable future conditions to help establish a reserve.

Diana Roberts of the Tri-Valley Conservancy and Ken Wong of the Livermore Valley Winegrowers Association provided public comment.

4. Investment Report as of June 30, 2026

Monique Spyke, Managing Director at PFM Asset Management, presented the quarterly investment report for the period ending June 30, 2026. Ms. Spyke provided an overview of economic and market conditions and reported that rising interest rates during the quarter created opportunities to purchase securities at attractive yields. She reviewed the Agency's portfolio allocation and noted that investments remained diversified among U.S. Treasuries, corporate notes, asset-backed securities, agency mortgage-backed securities, and other permitted investments. The portfolio remained in compliance with the Agency's Investment Policy and California Government Code.

Ms. Spyke reported that PFM managed approximately \$186.5 million for the Agency, with an effective duration of approximately 2.5 years and a yield at cost of approximately 4.22 percent. The portfolio earned approximately \$1.7 million in interest during the quarter. Although rising interest rates resulted in a decline in the market value of existing securities, investment income more than offset the decline, resulting in a total dollar return of approximately \$727,000 for the quarter.

Director Burnham asked for clarification regarding the term "securities," and Ms. Spyke explained that the Agency's portfolio consists of fixed-income securities, including U.S. Treasury and corporate bonds and notes, rather than stocks. Director Narum asked about the reported decrease in market value, and Ms. Spyke explained that it reflected the market value of the securities as of June 30 and would generally not represent a realized loss if the securities were held to maturity. Director Narum also asked about investment management fees. Ms. Spyke stated that fee information was not included in the report and agreed to include it in future reports.

The Committee agreed to forward the report to the full Board.

5. Annual Pension Trust Fund Report

Ryan Nicasio, Senior Vice President at PARS, presented the Annual Pension Trust Fund Report. Mr. Nicasio reviewed the Agency's Section 115 Pension Stabilization Trust, established in February 2021 to prefund pension liabilities. The Trust uses a Moderately Conservative Strategic Blend investment strategy consisting of approximately 30 percent equities and 70 percent fixed income. As of June 30, 2026, contributions totaled approximately \$2.3 million, net investment earnings totaled approximately \$383,000, and the account balance was approximately \$2.7 million. No disbursements have been made from the Trust.

Mr. Nicasio reported that the Agency's net pension liability was approximately \$13.6 million and the actuarially determined contribution was approximately \$3.8 million. He noted that investment performance has improved following earlier market losses, with an inception-to-date annualized return of approximately 3.67 percent.

Director Burnham asked about the Trust's investment strategy and the balance between investment return and risk. Mr. Nicasio explained that the investment allocation is based on the Agency's goals, investment horizon, and risk tolerance. Ms. Pryor clarified that the Pension Trust differs from the Agency's regular investment portfolio because it has a much longer investment horizon and is managed externally, while the Agency's regular portfolio is subject to stricter statutory investment and liquidity requirements.

In response to Director Burnham's question regarding the absence of disbursements, Osborn Solitei, Treasurer/Assistant General Manager – Finance, explained that the Trust serves as a long-term funding mechanism for the Agency's pension obligations rather than as the primary source for current retiree payments. Director Narum requested that future presentations include historical information showing the Agency's unfunded pension liability over several years. Ms. Pryor noted that the Agency participates in the ACERA pension fund and its allocated liability fluctuates with overall pension fund performance and market conditions.

Director Burnham suggested that future presentations include additional overview information to assist the new Directors. In response to Director Narum's question regarding the Agency's contribution policy, Mr. Solitei explained that when reserves are at target and the Agency has positive net income, a minimum of one percent of the budget is contributed to the Trust, with the Board authorized to approve contributions up to \$500,000. He noted that the Finance Committee has, at times, recommended contributions above the minimum when additional funds were available.

The Committee agreed to forward the report to the full Board.

6. Endowment Trust Fund Annual Report

Osborn Solitei presented the Endowment Trust Fund Annual Report as of June 30, 2026. Mr. Solitei reviewed the Agency's two endowment funds associated with the Camp Parks/Dublin development and the Scarlett Drive Mitigation Area. He explained that the endowments were established to provide funding for the Agency's future maintenance responsibilities after the respective mitigation periods and required conditions for transfer have been satisfied. The Camp Parks endowment was initially funded with approximately \$1.03 million, while the Scarlett Drive endowment was funded with approximately \$380,000.

Mr. Solitei explained that the endowment funds are invested as part of the Agency's overall investment portfolio and are separately tracked by fund. The funds were earning approximately 4.22 percent as of June 30, 2026.

The Committee agreed to forward the report to the full Board.

7. Adjournment

Director Narum adjourned the meeting at 3:57 p.m.

ZONE 7 BOARD OF DIRECTORS
SUMMARY NOTES OF THE FINANCE COMMITTEE

September 24, 2026
3:00 p.m.

Directors Present: Alan Burnham
Kathy Narum
Sean Roberts

Staff Present: Valerie Pryor, General Manager
Osborn Solitei, Treasurer/Assistant General Manager – Finance
Lizzie Foss, Financial Analyst
JaVia Green, Financial Analyst
Donna Fabian, Executive Assistant/Board Secretary

1. Call Meeting to Order

Director Narum called the meeting to order at 3:00 p.m.

2. Public Comment on Items Not on the Agenda

There was no public comment.

At Director Narum's request, Item 4 was heard before Item 3.

4. Untreated Water Rate Study and Preliminary Untreated Water Rates for
Calendar Years 2027-2030

Lizzie Foss, Financial Analyst, presented the Untreated Water Rate Study and Preliminary Untreated Water Rates for Calendar Years 2027 through 2030. She reviewed the current methodology, under which rates are established annually based on projected costs and deliveries and differences between projected and actual costs are addressed through an annual reconciliation. She explained that the methodology can result in volatile rates and a timing mismatch because water supply costs comprise approximately 80 percent of the untreated water rate and the reconciliation process results in an approximately two-year lag. The reconciliation balance reached zero as of calendar year 2025, three years earlier than planned, due to favorable hydrology and storage conditions and additional water sales revenue.

Ms. Foss stated that staff evaluated several alternative rate-setting methodologies and recommended transitioning to multi-year rates supported by a rate stabilization reserve. The proposed approach was intended to provide greater rate predictability and financial stability while reducing the effects of year-to-year fluctuations in water supply costs. Ms. Foss reviewed the financial plan and key assumptions which included projected water deliveries, operating expenses, and the rate stabilization reserve targets. The assumed annual deliveries of 5,000 acre-feet of untreated water and 35,000 acre-feet of treated water. The untreated water rate has three components: Water supply costs which represent approximately 80 percent of the

untreated rate, water service costs representing approximately 12 percent, and Agency overhead which represents approximately 8 percent.

Ms. Foss explained that staff proposed establishing minimum, target, and maximum reserve levels. The minimum reserve would equal 60 days of current-year operating costs; the target equal to the two-year average program deficit of the most recent drought; and the maximum equal to the four-year average of estimated untreated water rate revenue. Staff initially recommended a 7 percent annual rate adjustment for four years, which would establish a CY 2027 rate of \$273 per acre-foot and build the reserve to at least the minimum level by FY 2029-30.

The Committee discussed the assumptions underlying the proposed rates, including the predictability of future water supply costs, the effect of wet and dry years, projected untreated water deliveries, reserve levels, investment earnings, and future Delta Conveyance Project and Sites Reservoir costs. Osborn Solitei, Treasurer/Assistant General Manager – Finance, explained that staff previously used historical averages encompassing both wet and dry years to help stabilize cost projections and that establishing a minimum reserve would reduce the likelihood of significant rate increases following a high-cost year.

Director Narum asked about the effect of declining vineyard acreage and the possibility that untreated water deliveries could fall below the assumed 5,000 acre-feet annually. Ms. Foss explained that reduced deliveries would affect cost allocations and would be incorporated into future reviews using actual costs and water sales. Director Narum also questioned the difference between the proposed 7 percent untreated water rate increases and the 4.5 percent increases adopted for treated water. Ms. Foss explained that the treated water program entered its rate cycle with fully funded reserves, whereas the untreated water program is establishing a reserve for the first time.

Public comment was received from Mark Triska, Ken Wong, and Diana Roberts regarding the proposed rates, reserve levels, and projected water supply costs. Staff explained that current water supply projections reflect favorable storage conditions, while future years incorporate the possibility of higher water acquisition costs. Ms. Pryor clarified that Delta Conveyance Project payments are contractual and that projected Sites Reservoir costs were included beginning in FY 2028-29 to avoid a significant rate adjustment if the Board elects to continue participation.

Following discussion, Director Narum suggested reducing the first-year increase from 7 percent to 6 percent, retaining the proposed 7 percent increases for the remaining three years, and conducting a review after the first year rather than waiting two years. The Committee discussed the potential benefit to untreated water customers as well as the risk that an unfavorable water year could require a larger future adjustment. The Committee agreed that any available additional revenue would be directed to the rate stabilization reserve rather than treated as a reconciliation credit and that the proposed reserve targets would remain unchanged.

Director Burnham moved to recommend a four-year rate cycle with a 6 percent increase for the first year, 7 percent increases for the following three years, and a review after the first year. Director Roberts seconded the motion. The motion was approved unanimously.

3. FY 2025-26 Unaudited Fourth Quarter Revenue & Expenditure Report

JaVia Green, Financial Analyst, presented the FY 2025-26 unaudited fourth quarter revenue and expenditure report and noted that audited results will be presented to the Finance Committee and Board in December. She highlighted the execution of 30-year water supply contracts with all four retailers, adoption of the FY 2026-28 Two-Year Operating and Capital Budget, continued work on the 2023 storm damage repair projects, and stated that unaudited reserve balances are in compliance with the Agency's reserve policy.

Ms. Green reviewed the financial results for the Agency's six budgeted funds. Fund 100, Water Enterprise Operations, ended the fiscal year with an unaudited fund balance of approximately \$47.2 million. Expenses were approximately \$6.7 million below budget, primarily due to lower water supply costs resulting from favorable State Water Project allocations and storage conditions. Revenue exceeded budget due in part to approximately \$1.5 million from a water transfer to Westside Water Districts and higher-than-anticipated investment earnings. Fund 120, Water Renewal/Replacement and System-Wide Improvements, ended the year with a fund balance of approximately \$104 million, reflecting lower capital expenditures as several projects remain in the planning and design phases and higher-than-budgeted revenue from settlements and grant funding.

Ms. Green also reviewed Funds 110, 130, 200, and 210. Fund 110, State Water Facilities, ended the year with a fund balance of approximately \$61 million; Fund 130, Water Enterprise Capital Expansion, with approximately \$88 million; and Fund 200, Flood Protection Operations, with approximately \$36 million. Fund 200 expenditures were below budget primarily because permitting delays shifted portions of the 2023 storm repair work into subsequent fiscal years. Fund 210, Flood Protection Development Impact Fee with approximately \$90 million, continues to reflect planning expenditures associated with the Flood Management Plan and higher-than-budgeted revenue from development activity and investment earnings.

Director Burnham asked about the investment earnings assumptions and the fiscal-year naming convention. Ms. Green clarified that the FY 2025-26 budget assumed a 1.5 percent investment return and that the current FY 2026-27 budget assumes 2.5 percent. She also clarified that fiscal years are identified by the year in which they end.

Director Burnham asked whether the current Fund 210 development impact fee of approximately \$1 per square foot of impervious surface remains adequate. Ms. Pryor stated that the fee was established nearly ten years ago and should be reevaluated. She explained that, following completion of the Flood Management Plan and adoption of a capital improvement program, the Agency intends to conduct a new fee study.

Director Narum asked about the increase in the Water Reliability Reserve and whether the planned ten-year drawdown to fund Sites Reservoir payments should be revisited. Mr. Solitei noted that the results remain unaudited and that additional expenses, including election costs, have not yet been paid. He stated that staff continues to believe the ten-year drawdown remains appropriate at this time.

Director Roberts moved to forward the FY 2025-26 Unaudited Fourth Quarter Revenue and Expenditure Report to the Board. Director Burnham seconded the motion. The motion was approved unanimously.

5. Adjournment - Director Narum adjourned the meeting at 4:45 p.m.

ORIGINATING SECTION: Office of the General Manager
CONTACT: Valerie Pryor

AGENDA DATE: October 21, 2026

SUBJECT: General Manager's Report

SUMMARY:

The following highlights a few of the key activities which occurred last month. There were no General Manager contracts in September.

Finance:

On September 16, 2026, Fitch Ratings maintained the Agency's 'AAA' water revenue bond and issuer default ratings, the highest rating available from Fitch. The report reaffirmed the Agency's strong credit position. The 'AAA' rating supports access to a broader investor base and favorable borrowing rates, which can reduce long-term interest costs for ratepayers.

Integrated Water Resources:

Delta Conveyance Project (DCP): On July 24, DWR submitted its Final DCP Revised Certification of Consistency on Remanded Items to the Delta Stewardship Council. This revised certification responds to the two remanded items, siting conflicts with Sacramento Area Sewer District's Harvest Water Project and concerns around improving habitat conditions for the Golden Mussel. Three appeals were submitted, which were heard by the Delta Stewardship Council on October 15. On September 3, DWR completed their Surrebuttal in the SWRCB's Change in Point of Diversion hearings. No additional days of hearing are currently on calendar, but multiple protestants have requested an opportunity for their own Surrebuttal. If approved, additional hearing days will be calendared. If the requests are denied, the hearing will proceed into the briefing stage.

Sites Reservoir: On March 20, the State Water Resources Control Board (SWRCB) released a draft water right decision and permit for the Sites Reservoir Project for public review, with public comments accepted through May 22, 2026. A revised draft permit was issued on September 3 and is expected to be adopted by the SWRCB on November 4. At the September 18 Sites JPA Board meeting, the Sites JPA approved a resolution to offer Capacity Interests to existing participants. The Board signaled that it is aiming for approvals by the end of December.

Groundwater Sustainability Plan 5-Year Update: On September 16, 2014, the California legislature enacted the Sustainable Groundwater Management Act (SGMA) to establish a framework to protect groundwater resources within the state's high- and medium- priority groundwater basins. SGMA legislation also designated Zone 7 as the Groundwater Sustainability Agency (GSA) for the medium priority Livermore Valley Groundwater Basin (Basin). As a GSA, Zone 7 has approved an Alternative Groundwater Sustainability Plan (GSP) demonstrating that it has been managing the Basin within its Sustainable Yield for over 10 years. The next update to the GSP is due to DWR by December 21, 2026. The 5-year update will be considered by the Board at the November Board meeting.

Engineering and Water Quality:

Mocho PFAS Treatment Plant: The Mocho PFAS Treatment Plant will restore Mocho wellfield production by removing PFAS to meet drinking water standards. The project reached its 30 percent design milestone at the end of September, and the Progressive Design-Build (PDB) team is now advancing toward the 60 percent design. Upon completion of the 60 percent design, the PDB team will develop a proposed Guaranteed Maximum Price for construction, which staff anticipates bringing to the Board for consideration in March 2027. Procurement of long-lead electrical equipment is underway through the Board-approved early works package, and Zone 7 continues to work with the City of Pleasanton to secure the remaining land rights for the project site.

2023 Storm Damage Repairs: Construction continues to progress across the three active projects in Zone 7's program to repair flood protection infrastructure damaged during the 2023 storms. To date, the Phase 1 Storm Repair Project has completed repairs at 19 sites in Dublin, with the remaining sites on schedule to meet the October 15 in-channel completion deadline to bring the construction season's anticipated total to 27 of 50 sites. The High-Priority Storm Damage Repair Project continues bank stabilization work at Arroyo de la Laguna in Pleasanton and the site near the Dublin San Ramon Services District facility; all three sites remain on schedule for the October 15 deadline. The U.S. Army Corps of Engineers continues bank repairs along Arroyo del Valle, Arroyo de la Laguna, and Arroyo Mocho in Pleasanton. USACE anticipates completing a total of 10 sites this construction season.



Completed timber-log crib wall at Arroyo del Valle in Pleasanton



Restored segment of the Iron Horse trail along South San Ramon Creek in Dublin, now open to the public

ORIGINATING SECTION: Office of the General Manager

CONTACT: Alexandra Bradley

AGENDA DATE: October 21, 2026

SUBJECT: September Outreach Activities

SUMMARY:

In alignment with the Agency's 2025–2029 Strategic Plan Goal G – Stakeholder Engagement, Zone 7 is dedicated to fostering understanding of community needs, the Agency, and its functions. Initiative #19 emphasizes transparency and effective communication as essential for building trust and upholding our commitment to customer service and integrity. The Agency provides proactive updates, promotes key initiatives, and engages stakeholders through public education campaigns, outreach programs, and digital tools. This report highlights progress and key activities that strengthen community relationships and advance these goals.

Communications Updates:

Flood Preparedness Open House: Staff continued campaign development following the selection of the Gear up for "Godzilla" El Niño theme. Ongoing promotion of the open house on social media, Eventbrite, the homesite, and Mailchimp continues with targeted outreach, and the event will be highlighted on the local KKIQ radio station the week leading up to the event, including a live appearance and promotion on the day of the event. El Niño explanation messaging is also scheduled into the content calendar to increase understanding of "Godzilla" El Niño's potential effects on the region and encourage RSVPs to the open house.

California Flood Preparedness Week: Final preparations for Flood Preparedness Week are ongoing. Activities include refining event logistics for the Open House, updating stream and storm alert trackers, and scheduling proactive flood safety educational content across social media channels.

State Water Project Video: Zone 7 collaborated with the California Department of Water Resources on a new video for its State Water Project series, highlighting how imported water has helped shape the Tri-Valley and continues to support reliable drinking water supplies, local agriculture, and land conservation. Staff helped develop the story, coordinate and conduct interviews, and select locations, visuals, and historical materials. The Tri-Valley Conservancy contributed its perspective on how reliable water supplies support viable agriculture and land conservation, helping illustrate the connection between water infrastructure and the

landscapes that define the region. The video helps residents better understand the State Water Project's importance and Zone 7's role in delivering water to the community.

- [View on LinkedIn](#)
- [View on YouTube](#)

Water Academy:

Association of California Water Agencies (ACWA) Water Professionals Appreciation Week: Staff developed content aligned with the ACWA toolkit to celebrate California Water Professionals Week, October 3-11, 2026. Outreach materials for the week highlight local agency impacts and feature special recognition of Zone 7's Rising Star Award recipient on social media and in the upcoming newsletter.

Outreach Program Updates:

Schools' Program

The Water Academy Schools' Program is off to a busy start for the new school year, with teachers continuing to sign up their classes for presentations throughout the year. During September, staff taught 63 classroom lessons, with an additional 49 lessons scheduled for October.

Staff is now focused on increasing enrollment through expanded outreach tactics. Strategic planning kicked off for new engagement initiatives, including new "tag a teacher" social media posts and early preparation for the 2027 Tri-Valley Water Awareness Art Contest. A teacher survey is in development to better gauge the success of the program and understand the needs of local educators.

In-Person Events

Livermore Farmers' Market

Thursday, September 10, 2026 | 4:00pm-8:00pm | Carnegie Town Square, Livermore

Zone 7 hosted a booth at the Livermore Farmers' Market, engaging with approximately 63 community members. Staff encouraged conversations about ways to save water both inside and outside the home, promoted the upcoming Flood Safety Open House, and shared information about available rebates and water conservation programs. Giveaways included plate scrapers and our new buckets, and a children's activity provided an additional way to engage families in conversations about water.

Splatter

Saturday, September 12, 2026 | 12:00pm-9:00pm | Emerald Glen Park, 4120 Central Parkway, Dublin

Zone 7 Water Agency once again participated in the City of Dublin's popular Splatter festival. The event was very busy, with staff engaging with at least 563 community members. Visitors stopped by to pick up educational materials and Zone 7 giveaways, talk with staff about local water resources and conservation, and participate in the Plinko game. The activity was especially popular with families and provided a fun way to engage visitors with water facts and water-saving practices.

Rancho Las Positas Elementary School Family Science Night

Thursday, September 17, 2026 | 5:30pm-7:30pm | Rancho Las Positas Elementary School, Livermore

Zone 7 participated in the Family Science Night at Rancho Las Positas Elementary School, engaging with approximately 158 students and their family members. Students and their families learned about the local watershed through hands-on interaction with Zone 7's floodplain model. The event also provided an opportunity to share information about the Water Academy Schools' Program, Flood Safety Open House, available rebates, and other Zone 7 resources. Staff made valuable connections with teachers, school administrators, and a local school board member.

Sunset Family Science Night

Thursday, September 24, 2026 | 5:00pm - 7:00pm | Sunset Elementary School, Livermore

Zone 7 joined Sunset Elementary School for its Family Science Night, connecting with more than 225 students and family members throughout the evening. The floodplain model drew families in for hands-on exploration and conversations about watersheds, flooding, and Zone 7's role in the community. Staff also shared information about the Water Academy Schools' Program, the upcoming Flood Safety Open House, rebates, and other available resources.

Science at Stockmen's Park

Saturday, October 3, 2026 | 10:00am-1:00pm | Quest Plaza at Stockmen's Park, 29 S. Livermore Ave.

Zone 7 will join other local organizations for a hands-on science event focused on engineering. Families will use the engineering design process to create their own water filters and interact with Zone 7's new anthracite filtration model. These activities will help facilitate conversations about the water treatment process and how Zone 7 cleans and prepares water for drinking.

Las Positas College Earth Science Week

Wednesday, October 14, 2026 | 10:00am-4:00pm | Las Positas College

Zone 7 Water Agency has been invited to return to Las Positas College for Earth Science Week. Staff will host an outreach booth in the campus quad, introducing students to Zone 7's role in the community while highlighting the wide variety of career paths available in the water industry. The event will provide an opportunity to discuss the education, skills, and professional opportunities that can lead to careers in water.

Community Resource Fair at Dublin Library

Tuesday, October 20, 2026 | 4:00pm-6:00pm | Dublin Library

Zone 7 Water Agency will participate in the Community Resource Fair at the Dublin Library. The event will provide an opportunity to connect with local families and community members and share information about Zone 7's role in the community and the upcoming Flood Safety Open House. Staff will be available to answer questions and provide information about water conservation, available rebates and programs, and other Zone 7 resources. Educational materials and giveaways will also be available for attendees.

Digital Overview

Website Overview

- Users: 5,808 (+1.9%) | Page Views: 12,661 (+1.9%) | Sessions: 7,700 (+4.4%)
- Top Pages: Homepage (2,127), Page not found (895), Careers (540)
- Traffic Sources: Direct (4,284), Google (2,040), Bing (402)
- Highlights: Site traffic shows slight month-over-month growth across total users (+1.9%), page views (+1.9%), and sessions (+4.4%). Direct traffic remains the primary acquisition source, reflecting consistent brand awareness.
- NOTE: The team is still actively auditing broken internal links or misdirected external URLs, and the site host Digital Deployment is aware and troubleshooting.

Social Media Snapshot

- Facebook: 1,357 followers | 17 posts | 21,974 impressions
- LinkedIn: 1,040 followers (+18 followers in the last 30 days) | 169 Page Views | 2,731 impressions (+122.4 %)
- YouTube: 418 views, top video "Wondrous World of Water - Ion Exchange PFAS Treatment"
- Highlight: Facebook impressions increased, while LinkedIn reach grew dramatically (+122.4% impressions) along with steady follower growth. YouTube engagement nearly doubled compared to last month, with "Wondrous World of Water" leading in views, showing continued interest in water treatment processes.

Email Outreach (Mailchimp)

- Eblasts: Sent: 3 | Deliveries: 2,511 | Avg. Open Rate: 24.7% | Clicks: 161
- Highlight: Average open rates rebounded significantly to 24.7% (up from 12.1% in August), demonstrating strong recipient interest in recent updates despite the problems with Mailchimp's delivery system following Apple's recent bot filter update, which heavily filters users' incoming emails.
- NOTE: Mailchimp delivery and metrics reporting continue to present systemic issues due to bot filtering, an ongoing problem widely reported across industry users. The team is continuing to evaluate alternative email delivery platforms and SMS integration options to ensure reliable delivery and tracking.

Key Takeaways

- Digital audience engagement expanded across all primary channels, led by major gains in social media impressions and higher email open rates.
- Major public awareness campaigns—including California Flood Preparedness Week, Water Professionals Appreciation Week, and the Flood Open House promotions—are on track for deployment in October.
- Despite eBlast delivery issues, the steady month-over-month increase in sign-ups for eNews subscriptions proves that public interest in water awareness, reliability, and quality remains strong.

ATTACHMENT:

- September Dashboard

Highlights:

Total users
5,833
↑ 2.3%

Views
12,703
↑ 2.2%

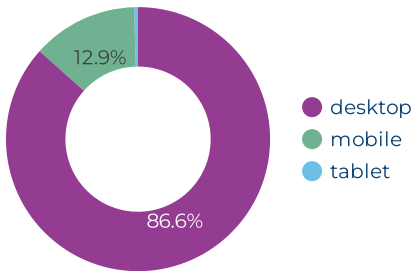
New users
5,391
↑ 1.0%

Engagement rate
41.84%
↓ -26.4%

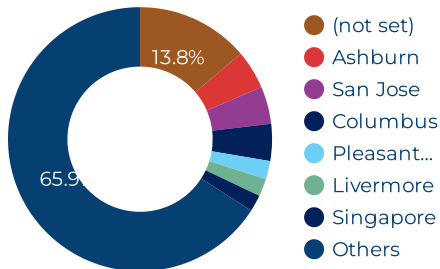
Sessions
7.7K
↑ 3.5%

User engagement
65:28:25
↓ -11.4%

Device Type:



Users by City



Most visited pages on the website - users and pageviews

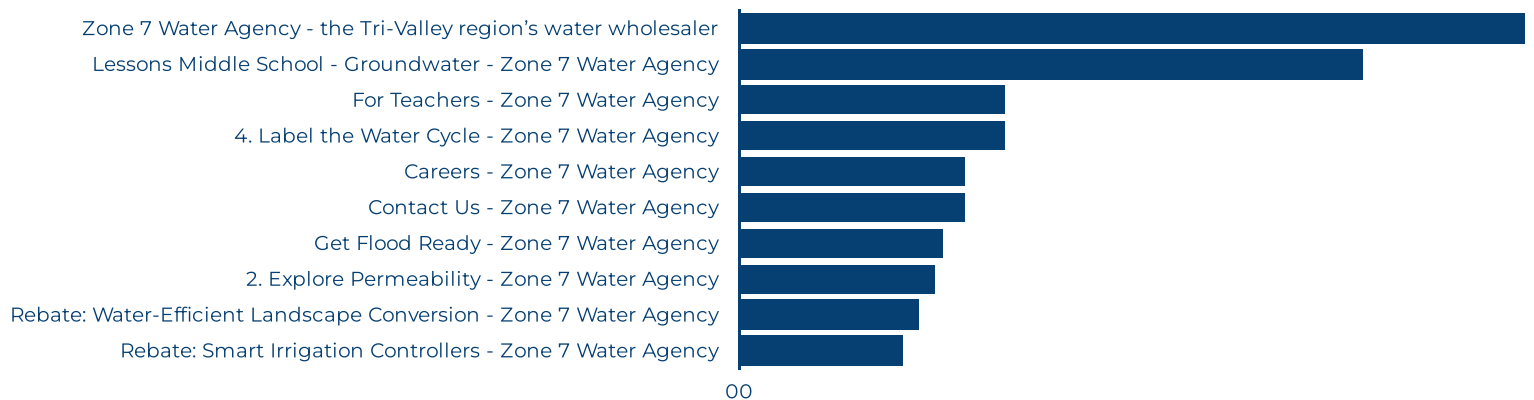
	Page title	Views ▾	Total users
1.	Zone 7 Water Agency - the Tri-Valley region's water wholesaler	2,133	1,557
2.	Page not found - Zone 7 Water Agency	898	364
3.	Careers - Zone 7 Water Agency	540	331
4.	Login required - Zone 7 Water Agency	529	523
5.	Lessons Middle School - Groundwater - Zone 7 Water Agency	386	133
6.	Board Meetings - Zone 7 Water Agency	351	211
7.	Contact Us - Zone 7 Water Agency	305	194
8.	Construction & Business Opportunities - Zone 7 Water Agency	271	141
9.	2. Explore Permeability - Zone 7 Water Agency	267	218
10.	For Teachers - Zone 7 Water Agency	252	115
11.	Get Flood Ready - Zone 7 Water Agency	221	60

Acquisition source/medium - where traffic sessions come from

	Session source	Session medium	Sessions ▾
1.	(direct)	(none)	4,242
2.	google	organic	2,084
3.	bing	organic	411
4.	chatgpt.com	ai-assistant	153
5.	dsrsd.com	referral	95
6.	cityofpleasantonca.gov	referral	72
7.	livelesson.class.com	referral	47
8.	duckduckgo	organic	43
9.	an	paid	41
10.	linkedin.com	referral	40

1 - 90 / 90 < >

Pages with the most time spent by users



Facebook Analytics

Total Posts

17
↑ 30.8%

Engagement

72.81
↑ 45.1%

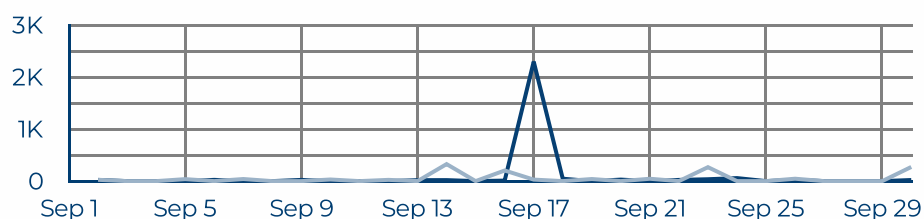
Page Followers

1,355
↓ -0.1%

Impressions

22,176
↑ 523.1%

Facebook Daily Average Reach per Post



Paid Reach

0
N/A

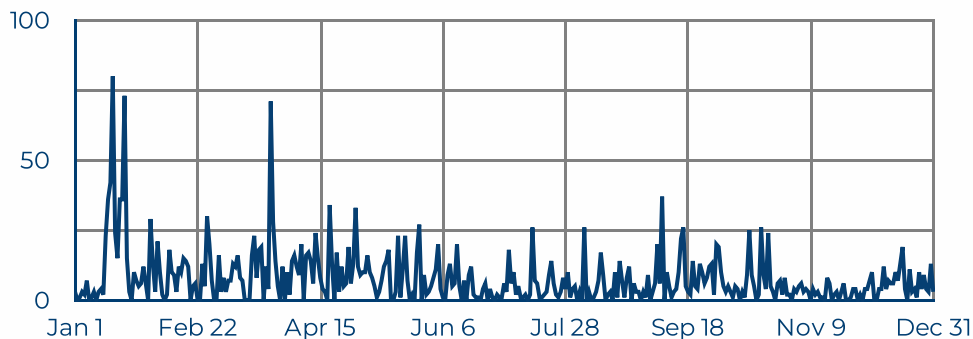
Organic Reach

0
↓ -100.0%

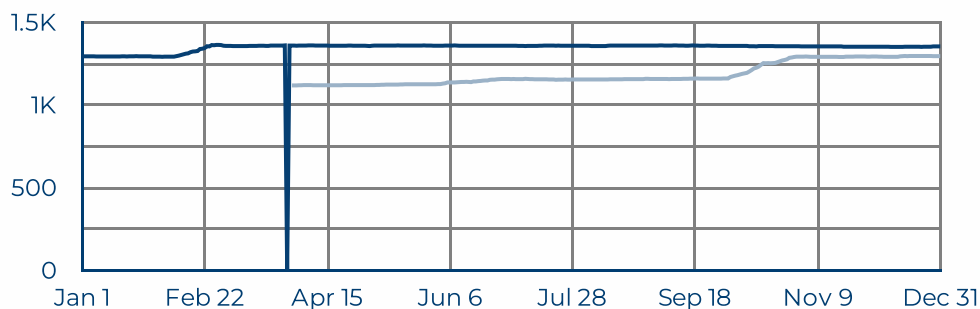
Total Reach

4,998
↑ 259.8%

Facebook Page Visits



Facebook Page Followers - Year-to-Date Growth



Mailchimp Delivery Analytics

Total Eblasts Sent

3

Total Deliveries

2,511

Avg. Open Rate %

24.7%

Total Clicks

161

New Signups

5

Monthly YouTube Performance

Total Views

433

Watch Time (Minutes)

351.66

Average View Duration

00:00:39

Top Five Videos of Month

Video Title	Views
Wondrous World of Water – Ion Exchange PFAS Treatment	141
Groundwater Recharge - Wondrous World of Water	63
Place sandbags correctly - Flood Ready Freddy #7	21
Wondrous World of Water - Ozone Treatment	19
Zone 7 StreamTracker Tour	16

Insights & Opportunities

Website Summary

September website traffic remained strong, with 12,661 views, 7.7K sessions, 5,359 new users, and 5,808 total users. Traffic increased from August, while the site continued to attract users through both direct visits and organic search.

- **Website Traffic Remains Steady:** Direct traffic continued to be the largest source with 4,284 sessions, followed by Google Organic with 2,040 sessions and Bing Organic with 402. September also saw 153 sessions from ChatGPT/AI Assistant referrals, indicating an emerging source of website traffic that is worth monitoring as AI-generated search and referrals continue to grow.
- **Educational and Flood-Related Content Gained Attention:** The homepage remained the most visited page with 2,127 views, followed by Careers, Login Required, Board Meetings, and several educational resources. The Lessons Middle School – Groundwater page generated 386 views, while Get Flood Ready received 221 views. The appearance of flood preparedness and groundwater education among the most visited content suggests continued interest in practical and educational resources, which coincides with the ongoing promotion for the upcoming flood safety open house.
- **Page Not Found Remains a Website Concern:** Continued review of broken links, outdated URLs, redirects, or external sources sending users to unavailable pages is ongoing after the domain switch in 2025. Active broken links are being swapped as they are found.

Social Media Summary

September showed a significant improvement in Facebook visibility and engagement. Zone 7 published 17 posts, an increase of 30.8% from August. Engagement increased to 74.85, while impressions reached 21,974 and total reach increased to 4,978. The substantial growth in impressions and reach indicates that September content was distributed to a much larger audience gearing up for the upcoming flood safety open house and flood preparedness month.

- **Strong Increase in Social Visibility:** Facebook impressions increased more than fivefold compared to August, while total reach also increased significantly. This provides a larger audience for Zone 7's educational, flood preparedness, water resource, and community-focused messaging.
- **Engagement Increased Alongside Reach:** September saw both higher visibility and higher engagement. This suggests that the increase in posting activity and September content themes helped generate more interaction with the audience. New social media posting tactics such as targeted posts to schools, "tag a teacher" posts, and boosted material, prove to be effective methods of engaging the audience better.

Mailchimp Summary

September included 3 e-blasts, generating 2,511 deliveries, a 24.7% average open rate, 161 total clicks, and 5 new signups. The results represent stronger email engagement than August figures, with both the open rate and click activity demonstrating continued audience interest in Zone 7 content. Despite delivery issues, signups remain steady, showing interest in water education.

YouTube Summary

September showed a notable increase in YouTube activity, with 418 views and 344.58 minutes of watch time. Views doubled compared with August, while total watch time increased by approximately 16%. Educational Content Continued to lead, Wondrous World of Water – Ion Exchange PFAS Treatment was the top video with 142 views, followed by Groundwater Recharge – Wondrous World of Water with 62 views. These results reinforce continued audience interest in educational content explaining Zone 7's water resources and treatment processes. Flood Preparedness Content Entered the Top Five, Place sandbags correctly – Flood Ready Freddy #7, generated 21 views and was among the five most-viewed videos of the month. With flood preparedness becoming seasonally relevant, this provides an opportunity to continue promoting practical preparedness content across social media, email, and the website.

Opportunities for October 2026

1. **Monitor AI-driven website referrals**, including the 153 sessions from ChatGPT/AI Assistant, to understand whether this emerging traffic source continues to contribute meaningful visits to Zone 7's website.
3. **Cross-promote top YouTube content** through Facebook, Mailchimp, and relevant website pages, particularly PFAS treatment, groundwater, and flood preparedness videos.
4. **Optimize Mailchimp performance by testing subject lines**, timing, segmentation, and content placement to improve the open rate while maintaining the increase in clicks.



Overall Performance:

The Water Academy maintained strong engagement throughout the full academic year, with notable growth in local participation and sustained interest in curriculum resources.

Top Performing Content:

- 1. Middle School – Groundwater Lesson:** With over 3,500 views, this resource attracted both local and national attention, confirming its continued relevance and appeal.
- 2. For Teachers Page:** With 1,300 views, this entry point for educator resources and signup support reflects effective outreach to educators.
- 3. Fifth Grade Lesson:** With over 638 views, this lesson retained solid engagement, serving as a reliable curriculum tool.

Behavioral Insights:

High Local Engagement: Dublin, Livermore, and Pleasanton remain top traffic sources, reflecting regional outreach success.

Time on Page: Users spent significant time on lesson content, indicating strong interest and depth of interaction.

Referral Effectiveness: Direct outreach (email, Mailchimp newsletters, Facebook posts) continued to be effective in driving relevant, engaged traffic to educational content.

Program Participation:

A total of 486 classes were taught during the 2024–2025 school year, just above the previous two school year’s totals of 473 and 448.

Opportunities:

Interactive Resources Work: Pages offering interactive experiences or incentives, such as WA Rewards, saw increased return visits.

Growth Opportunity: Sustaining paid campaigns to reach additional teachers and parents will help ensure continued engagement.

Top Landing Pages based on Page views

	Page title	Views	Total users
1.	Lessons Middle School - Groundwater - Zone 7 Water Agency	3,356	1,393
2.	For Teachers - Zone 7 Water Agency	1,365	1,224
3.	Lessons Fifth Grade - Zone 7 Water Agency	638	404
4.	Water Academy - Zone 7 Water Agency	318	229
5.	Lessons Middle School - Water Treatment - Zone 7 Water Agency	294	229
6.	Lessons First Grade - Zone 7 Water Agency	214	177
7.	Lessons Fourth Grade - Zone 7 Water Agency	75	68
8.	Lessons Second Grade - Zone 7 Water Agency	56	50
9.	Water Academy Rewards - Zone 7 Water Agency	56	49

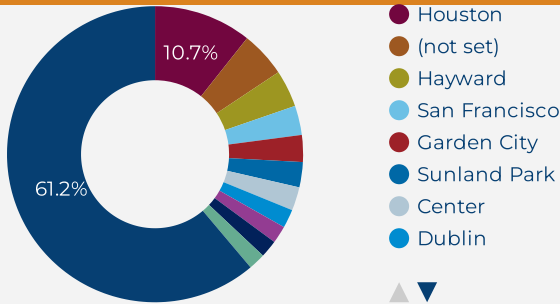
Referrals to landing pages

	Session source	Session medium	Sessions
1.	ig	paid	757
2.	fb	paid	181
3.	(direct)	(none)	157
4.	google	organic	89
5.	Mailchimp	eNewsletter	38
6.	m.facebook.com	referral	24
7.	dsrsd.com	referral	21
8.	zone7water.com	referral	21
9.	facebook.com	referral	14
10.	bing	organic	10

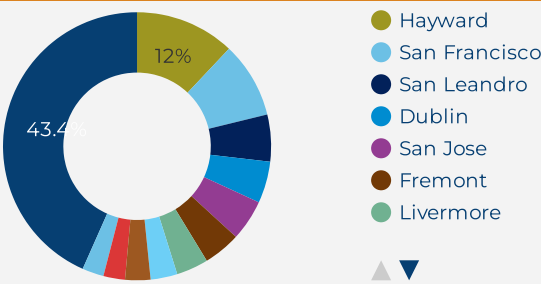
Average Time Spent on Individual Pages

Lessons Middle School - Groundwater - Zone 7 Water Agency	
Lessons Fifth Grade - Zone 7 Water Agency	
For Teachers - Zone 7 Water Agency	
Lessons First Grade - Zone 7 Water Agency	
Lessons Middle School - Water Treatment - Zone 7 Water Agency	
Water Academy - Zone 7 Water Agency	
Lessons Fourth Grade - Zone 7 Water Agency	
Water Academy Rewards - Zone 7 Water Agency	
Lessons Third Grade - Zone 7 Water Agency	
Lessons Second Grade - Zone 7 Water Agency	

Locations of Users of Water Academy (All)



Locations of Users of Water Academy/Teachers



ORIGINATING SECTION: Office of the General Manager
CONTACT: Carol Mahoney/Valerie Pryor

AGENDA DATE: October 21, 2026

SUBJECT: Legislative Update

SUMMARY:

- Zone 7 staff, with the support of Agency consultants, monitors legislation that is being considered in Sacramento, as well as other political activities of interest. This item supports Strategic Plan, Goal G – Stakeholder Engagement, engage our stakeholders to foster understanding of their needs, the Agency, and its function. California’s Assembly, Senate, and Committees began the second year of their two-year legislative cycle on January 5 and ended the legislative hearings on August 31, 2026. The Governor had until September 30 to sign or veto legislation.
- Zone 7, along with organizations such as the Association of California Water Agencies (ACWA), California Municipal Utilities Association (CMUA), California Special Districts Association (CSDA) and State Water Contractors (SWC), regularly tracks and provides education on issues that have a nexus to Zone 7 interests. A total of 1,846 bills (1,263 Assembly bills and 583 Senate bills) were introduced during the 2026 California legislative session. In addition to floor hearings, the bills were reviewed and analyzed by 57 combined standing committees (32 in the Assembly and 25 in the Senate).
- Throughout the legislative session, Zone 7 staff and our legislative advocate, Mark Smith, regularly review bills of interest, track legislative actions, and report to the Legislative Committee on an extended list of bills that may have a more tenuous connection to Zone 7 interests. From that list, bills for which Zone 7 has taken a position or ones of specific interest are reported to the full Board. The attached list of bills includes the broader record of legislation provided to the Legislative Committee that were either signed or vetoed by the Governor. Bills that died during the legislative session have been excluded for brevity.
- Of note, SB 872 (McNerney), which would have created a more permanent “Delta Levees and Canal Subsidence Fund” and which passed the legislature unanimously, was vetoed by the Governor on September 27. His veto letter is attached.

FUNDING: N/A

RECOMMENDED ACTION: Information Only

ATTACHMENTS:

- Zone 7 Water Agency Board Report
- SB 872 Veto Letter

AB 35

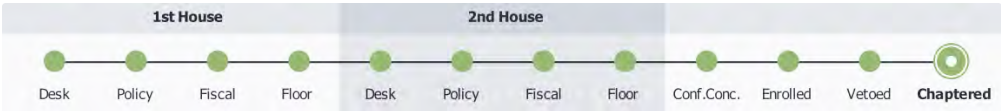
(Alvarez, D)

Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024: Administrative Procedure Act: exemption: program guidelines and selection criteria.

Current Text: 07/16/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 06/11/2026

Status: 07/16/2026 - Approved by the Governor. Chaptered by Secretary of State - Chapter 89, Statutes of 2026.



Location: 07/16/2026 - Assembly CHAPTERED

Summary: The bill would exempt regulations needed to implement Proposition 4 bond programs from the Administrative Procedure Act and create a faster process for adopting related grant guidelines.

It would require funded state entities to prepare draft solicitation and evaluation guidelines, share them with legislative committees, hold a noticed public meeting, and submit them to the Secretary of the Natural Resources Agency, who would post them online; it would also allow use of certain existing guidelines and make the bill effective immediately as an urgency statute.

Position: Support

AB 1603

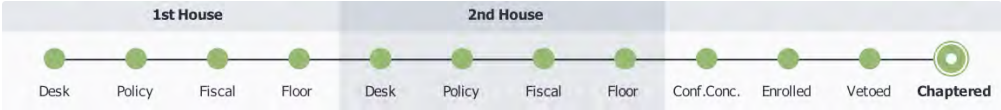
(Schultz, D)

Perfluoroalkyl and polyfluoroalkyl substances (PFAS): Department of Pesticide Regulation.

Current Text: 09/27/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 08/19/2026

Status: 09/27/2026 - Approved by the Governor. Chaptered by Secretary of State - Chapter 531, Statutes of 2026.



Location: 09/27/2026 - Assembly CHAPTERED

Summary: The bill would require California’s Department of Pesticide Regulation to identify pesticides containing PFAS on its website and in its reporting materials, and to publish and regularly update a statewide list of such registered pesticides.

It would also require PFAS to be treated as a category of interest in the pesticide use reporting database, include PFAS use trends in annual reports and related documents, and provide the PFAS pesticide list to each county agricultural commissioner, with updates due within 60 days of any new registration.

Position: Monitor

AB 1838

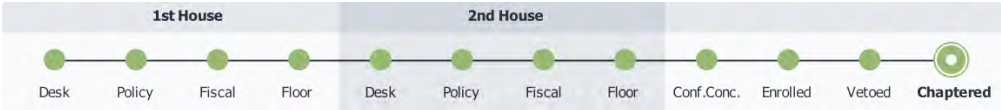
(Berman, D)

Public contracts: local agencies: responsive bidders.

Current Text: 09/27/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 06/11/2026

Status: 09/27/2026 - Approved by the Governor. Chaptered by Secretary of State - Chapter 551, Statutes of 2026.



Location: 09/27/2026 - Assembly CHAPTERED

Summary: The bill would require contractors bidding on local public works contracts to disclose any prior wage and hour violations with supporting documentation, and it would allow disqualification for failure to comply.

It would also require local agencies to create an appeals process for bid disqualifications, while exempting project labor agreement contracts and prequalified projects. The measure would create a state-mandated local program but would state that no reimbursement is required.

Position: Monitor

AB 1881

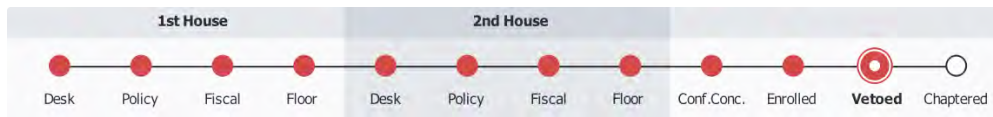
(Ramos, D)

California Indian Freedom Act of 2026.

Current Text: 09/30/2026 - Vetoes [HTML](#) [PDF](#)

Last Amended: 08/27/2026

Status: 09/30/2026 - Vetoes by Governor.



Location: 09/30/2026 - Assembly VETOED

Summary: The bill would create the California Indian Freedom Act of 2026, protecting tribal religious exercise on state lands, requiring access to sacred sites and tribal consent for certain land changes, and making related sacred-site information confidential.

It would let California Native American tribes challenge violations in court or administrative proceedings, require state agencies to accommodate tribal practices at the Capitol and other state lands, exempt the law from certain water authority powers, and amend public records law to keep sensitive tribal information from disclosure.

Position: Monitor

Notes:

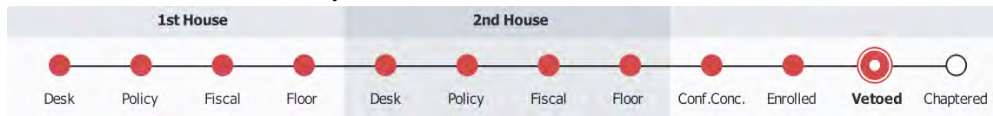
Tribal consultations and decision making, religious resources issues
CMUA Oppose

AB 1894 (Rubio, Blanca, D) Fish and wildlife: invasive mussels: imported water.

Current Text: 09/18/2026 - Vetoes [HTML](#) [PDF](#)

Last Amended: 05/28/2026

Status: 09/18/2026 - Vetoes by Governor.



Location: 09/18/2026 - Assembly VETOED

Summary: The bill would bar public agencies from blocking imported water deliveries for groundwater replenishment because of invasive mussels if a required control plan is followed, unless substantial documented evidence shows a proven health or safety risk.

It also states that these rules address a matter of statewide concern, so they would apply to all cities and counties, including charter cities and charter counties, while leaving existing invasive mussel prevention and reporting laws in place.

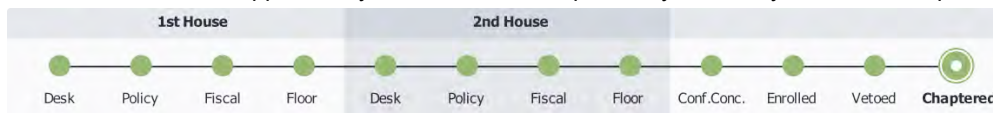
Position: Monitor

AB 1961 (Ahrens, D) Civil actions: protective orders: workplace violence.

Current Text: 09/30/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 08/21/2026

Status: 09/30/2026 - Approved by the Governor. Chaptered by Secretary of State - Chapter 910, Statutes of 2026.



Location: 09/30/2026 - Assembly CHAPTERED

Summary: This bill would allow an employer to seek a workplace violence restraining order on behalf of all employees at a workplace or primary work location when harassment, unlawful violence, or a credible threat of violence is directed there.

It would remove the need to name individual employees as protected parties in that situation, require the Judicial Council to update forms by January 1, 2028, and include conditional amendments tied to related bills AB 2179 and AB 1753 if those measures are also enacted.

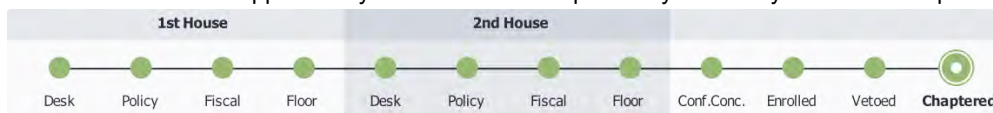
Position: Monitor

AB 2032 (Ransom, D) Fish and wildlife: invasive mussels: golden mussels.

Current Text: 09/29/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 08/13/2026

Status: 09/29/2026 - Approved by the Governor. Chaptered by Secretary of State - Chapter 817, Statutes of 2026.



Location: 09/29/2026 - Assembly CHAPTERED

Summary: The bill would ease limited handling of invasive mussels for water supply agencies with approved control plans, require state agencies to create guidance and update infestation maps, and direct water quality regulators to coordinate faster responses to invasive species threats.

It would exempt qualifying public and private water supply agencies from certain restricted species permit requirements for invasive mussels and dead mussels for specified operational and research purposes, while also requiring the Department of Fish and Wildlife to publish guidance by April 1, 2027. In addition, it would call on the Department of Fish and Wildlife, the State Water Resources Control

Board, and regional boards to identify tools and streamline procedures for rapid responses to threats such as golden mussels, and it would take effect immediately as an urgency statute.

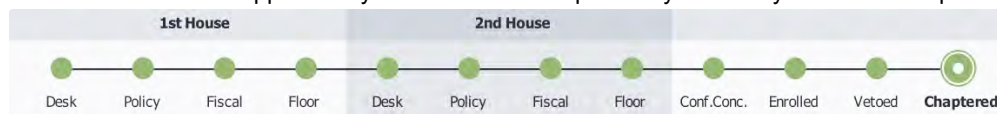
Position: Monitor

AB 2180 **(Ward, D) Local government: Proposition 218 Omnibus Implementation Act: proportional cost of service.**

Current Text: 09/27/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 05/22/2026

Status: 09/27/2026 - Approved by the Governor. Chaptered by Secretary of State - Chapter 587, Statutes of 2026.



Location: 09/27/2026 - Assembly CHAPTERED

Summary: The bill would expand how local governments may show that property-related fees and charges are proportional to the cost of service, while preserving the rule that fees may not exceed the service cost attributable to a parcel.

It would allow proportional cost to be demonstrated by any reasonable method that allocates ascertainable service costs, and for water or sewer charges it would permit uniform or tiered rates based on parcel or customer classes and reasonable cost allocation within each tier. It would not require exact parcel-by-parcel cost measurements, but it would exclude water and sewer connection fees and capacity charges.

Position: Monitor

Notes:

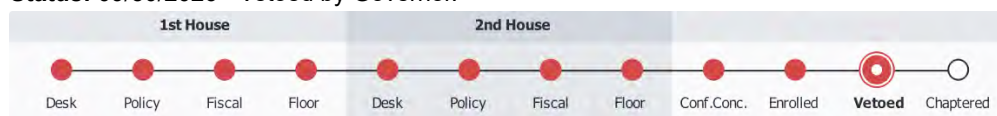
CMUA / ACWA sponsored - Prop 218 proportionality cleanup for retailers

AB 2218 **(Kalra, D) Water policy: California Native American tribes.**

Current Text: 09/30/2026 - Vetoes [HTML](#) [PDF](#)

Last Amended: 07/02/2026

Status: 09/30/2026 - Vetoes by Governor.



Location: 09/30/2026 - Assembly VETOED

Summary: The bill would direct state agencies to support California Native American tribes by recognizing tribal inequities, consulting on affected policies, and incorporating tribal knowledge, especially in water-related decisions.

It would require agencies such as the State Water Resources Control Board and the Natural Resources Agency to include these priorities when making rules, permits, or grants, to identify financial assistance for tribes when allowed by law, and to use mediation through the Governor's Office of Tribal Affairs before certain disputes go to court. It would also require the State Water Resources Control Board to consult with tribes during water-rights investigations involving waters in their ancestral territories.

Position: Monitor

Notes:

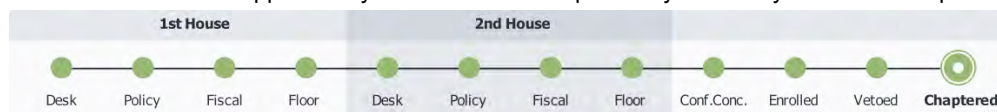
CMUA opposed

AB 2469 **(Papan, D) Data centers: water use disclosures.**

Current Text: 09/21/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 08/27/2026

Status: 09/21/2026 - Approved by the Governor. Chaptered by Secretary of State - Chapter 436, Statutes of 2026.



Location: 09/21/2026 - Assembly CHAPTERED

Summary: This bill would restrict cities and counties from approving permits for new or expanded data centers that would increase maximum peak water use unless specified conditions are met, including submission of required water-related information and agreement to pay for necessary water infrastructure costs.

It would add a water scarcity plan and water supply assessment to the required materials, declare the measure severable, and state that it applies to all cities as a matter of statewide concern. The bill would also create a state-mandated local program while specifying that no reimbursement is required for local agencies or school districts.

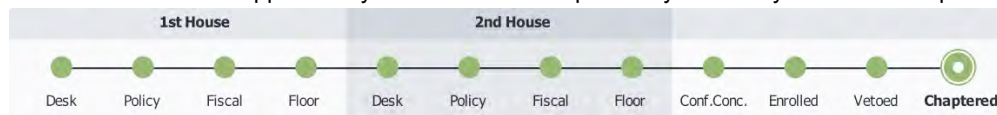
Position: Monitor

AB 2568 **(Johnson, R) Water district directors: compensation.**

Current Text: 09/27/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 04/27/2026

Status: 09/27/2026 - Approved by the Governor. Chaptered by Secretary of State - Chapter 621, Statutes of 2026.



Location: 09/27/2026 - Assembly CHAPTERED

Summary: This bill would temporarily allow certain large water districts to compensate governing board members for up to 15 days per month instead of 10, if the district has at least 90,000 residents.

The bill applies until January 1, 2032, and requires any district paying for more than 10 days in a month to adopt an annual written policy supported by substantial evidence explaining why the higher level of compensation is necessary for effective district operations.

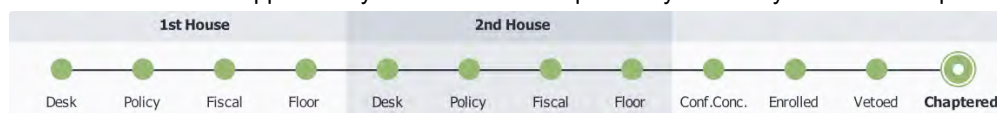
Position: Monitor

AB 2619 (Papan, D) **Water resources: data centers.**

Current Text: 09/21/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 08/21/2026

Status: 09/21/2026 - Approved by the Governor. Chaptered by Secretary of State - Chapter 437, Statutes of 2026.



Location: 09/21/2026 - Assembly CHAPTERED

Summary: The bill would require data centers to disclose and estimate water use when applying for or renewing local business licenses and would clarify that data center demand must be included in urban water supply planning.

It would require owners or operators of data centers to report projected and past water use under penalty of perjury, define related terms, and make the provisions apply statewide, including to charter cities. It would also state that no state reimbursement is required for the local costs created by the act.

Position: Monitor

AB 2728 (Soria, D) **Groundwater: de minimis extractors: fees: exemption.**

Current Text: 09/30/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 06/11/2026

Status: 09/30/2026 - Approved by the Governor. Chaptered by Secretary of State - Chapter 963, Statutes of 2026.



Location: 09/30/2026 - Assembly CHAPTERED

Summary: The bill would allow a local government, including a groundwater sustainability agency, to exempt de minimis groundwater extractors from certain groundwater monitoring or management fees, levies, charges, or exactions if it makes specified findings.

This would expand existing authority by permitting exemptions for de minimis extractors, including certain regulated users, from payments used to fund groundwater monitoring or management, while current law mainly addresses fees for groundwater sustainability programs and related enforcement activities.

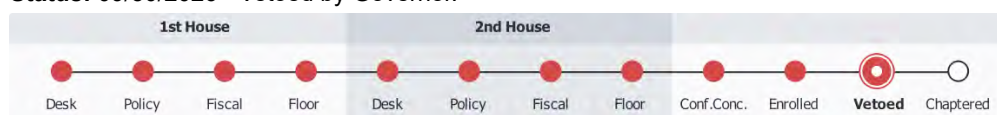
Position: Monitor

AB 2739 (Soria, D) **Water: affordability and system stabilization.**

Current Text: 09/30/2026 - Vetoes [HTML](#) [PDF](#)

Last Amended: 08/21/2026

Status: 09/30/2026 - Vetoes by Governor.



Location: 09/30/2026 - Assembly VETOED

Summary: The bill would create a Water Affordability and System Stabilization Trust and related state funds to provide long-term financing for water rate assistance and community water affordability programs.

It would place the trust in the State Treasury under the Treasurer, direct its income to the Water Rate Assistance Fund and a new Community Water Affordability Assistance Fund, and allow limited use for administration and investment. It would also require the

Department of Water Resources to create and run a grant program for community water system infrastructure projects, with applicants generally required to provide at least 25 percent of project funding unless hardship justifies a reduction or waiver.

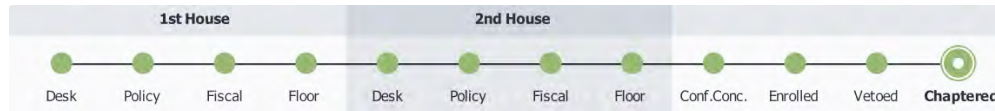
Position: Monitor

AB 2777 **(Committee on Environmental Safety and Toxic Materials)** State Water Pollution Control Revolving Fund program: loans: outdoor eating areas: water reuse.

Current Text: 09/27/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 08/17/2026

Status: 09/27/2026 - Approved by the Governor. Chaptered by Secretary of State - Chapter 639, Statutes of 2026.



Location: 09/27/2026 - Assembly CHAPTERED

Summary: This bill would change rules for the State Water Pollution Control Revolving Fund by allowing fees instead of annual charges, removing several limits on how those charges are set, and requiring loans to be made at below-market interest rates.

It would also revise recycled water rules by allowing incidental runoff into outdoor eating areas of parks and open spaces when disinfected tertiary treated recycled water is used, and by defining incidental runoff as unintended minimal overspray or similar small amounts outside the intended area.

Position: Monitor

Notes:

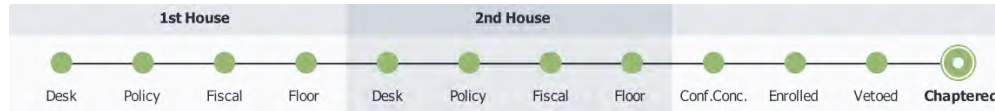
CASA and others bill on SRF

AB 2787 **(Committee on Water, Parks, and Wildlife)** Water, parks, and wildlife: omnibus bill.

Current Text: 09/15/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 08/18/2026

Status: 09/15/2026 - Approved by the Governor. Chaptered by Secretary of State - Chapter 222, Statutes of 2026.



Location: 09/14/2026 - Assembly CHAPTERED

Summary: The bill would exempt certain Nevada-registered vessels with a current Nevada aquatic invasive species decal from California citation requirements on Lake Tahoe and Topaz Lake, and would change how the Department of Water Resources reassesses groundwater basin priorities when basin boundaries are updated.

It would also require a statewide review of groundwater basin prioritization by January 1, 2035, and at least every 10 years after that to determine whether reprioritization is needed, while making technical changes and legislative findings supporting a special statute for Lake Tahoe and Topaz Lake.

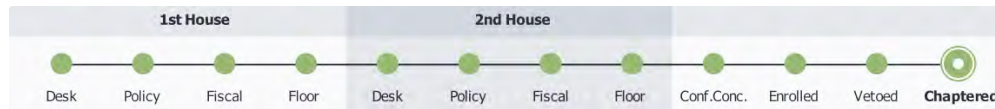
Position: Monitor

SB 239 **(Arreguín, D)** Crimes: criminal threats.

Current Text: 09/20/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 07/02/2026

Status: 09/20/2026 - Approved by the Governor. Chaptered by Secretary of State. Chapter 412, Statutes of 2026.



Location: 09/20/2026 - Senate CHAPTERED

Summary: The bill would expand sentencing aggravation factors for felony criminal threats to include threats against elections officials and elected local agency officials.

Under existing law, courts may consider as aggravating the fact that a defendant threatened a state constitutional officer, legislator, judge, or court commissioner. This bill would add city, county, city and county, public district, and local elected elections officials to that list when the threat would result in death or great bodily injury.

Position: Monitor

SB 599 **(Caballero, D)** Atmospheric rivers: research: forecasting methods: experimental tools.

Current Text: 09/27/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 04/24/2025

Status: 09/27/2026 - Approved by the Governor. Chaptered by Secretary of State. Chapter 650, Statutes of 2026.



Location: 09/27/2026 - Senate **CHAPTERED**

Summary: The bill would require the Department of Water Resources to include experimental tools that produce seasonal and subseasonal atmospheric river forecasts in its work under the Atmospheric Rivers Research and Forecast Improvement Program.

It would amend the department's research and forecasting efforts so that, in addition to improving predictions of atmospheric rivers and their effects on water supply, flooding, debris flows, and environmental conditions, the program specifically uses these experimental forecasting tools.

Position: Watch

Notes:

SWC = watch

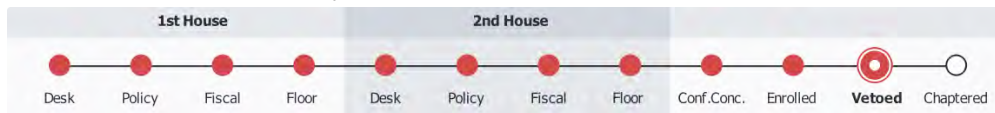
SB 872

(McNerney, D) Delta Levees and Canal Subsidence Fund.

Current Text: 09/27/2026 - Vetoes [HTML](#) [PDF](#)

Last Amended: 08/13/2026

Status: 09/27/2026 - Vetoes by the Governor. In Senate. Consideration of Governor's veto pending.



Location: 09/27/2026 - Senate **VETOED**

Summary: The bill would expand state funding and planning for Delta levees, canal subsidence repairs, and water conveyance improvements by creating a new fund, changing reimbursement rules, and requiring reports to the Legislature.

It would let the Department of Water Resources reimburse up to 100% of certain excess levee costs in cases of economic hardship and would create the Delta Levees and Canal Subsidence Fund to support levee projects and capital improvements affected by land subsidence. The bill also requires a public project list developed by a conservancy working group, limits spending on additional Delta conveyance facilities, and adds regular reporting and a five-year spending plan.

Position: Support

Notes:

Subsidence/conveyance funding

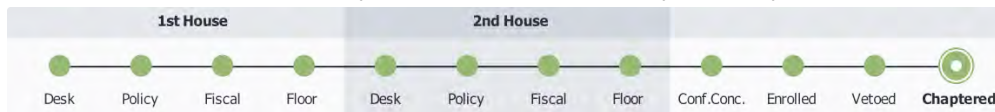
Delta levee repairs

SB 935

(Choi, R) Local agency design-build projects: authorization.

Current Text: 07/16/2026 - Chaptered [HTML](#) [PDF](#)

Status: 07/16/2026 - Approved by the Governor. Chaptered by Secretary of State. Chapter 102, Statutes of 2026.



Location: 07/16/2026 - Senate **CHAPTERED**

Summary: The bill would remove the January 1, 2031 repeal date for local agencies' authority to use design-build contracts for certain public works projects, making that authority permanent.

It would also keep in place the requirement that some procurement information be certified under penalty of perjury, and it states that no state reimbursement is required for the resulting local costs.

Position: Monitor

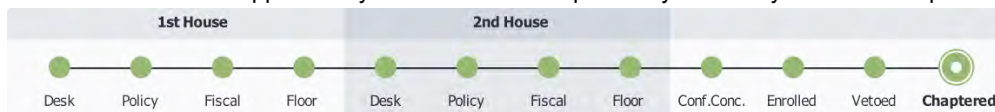
SB 952

(Laird, D) State Water Project: renewable energy resources and zero-carbon resources.

Current Text: 08/31/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 08/06/2026

Status: 08/31/2026 - Approved by the Governor. Chaptered by Secretary of State. Chapter 175, Statutes of 2026.



Location: 08/31/2026 - Senate **CHAPTERED**

Summary: The bill would revise Department of Water Resources electricity procurement rules by adding new planning factors, broadening the contract-deferral authority, and allowing excess clean-energy procurement to count toward later obligations.

Specifically, the department would have to consider portfolio diversity, resource type, location, and typical peak operating hours when

procuring resources. It would also be allowed to defer certain zero-carbon procurement tied to fossil-generation contracts entered into before January 1, 2011, instead of January 1, 2010, and, starting January 1, 2036, surplus eligible renewable and zero-carbon electricity could be carried forward to meet future-year targets.

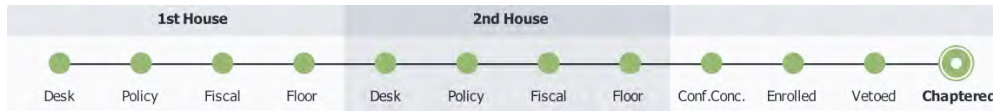
Position: Support

SB 994 **(Cabaldon, D)** Local agencies: nondisclosure agreements.

Current Text: 09/27/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 08/13/2026

Status: 09/27/2026 - Approved by the Governor. Chaptered by Secretary of State. Chapter 669, Statutes of 2026.



Location: 09/27/2026 - Senate CHAPTERED

Summary: The bill would restrict local agency officials and employees from using nondisclosure agreements that prevent sharing information about public business with fellow officials or the governing body, and it would void such agreements entered into after January 1, 2027.

It would also require officials who violate these rules to disclose the existence of the agreement, apply these duties to certain preexisting agreements, exempt specified situations, and provide for state reimbursement if mandated local costs are found.

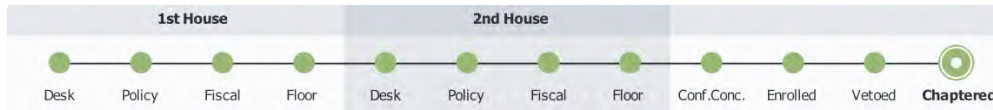
Position: Monitor

SB 1005 **(Caballero, D)** Local agency: payment: rounding amount.

Current Text: 09/18/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 07/02/2026

Status: 09/18/2026 - Approved by the Governor. Chaptered by Secretary of State. Chapter 321, Statutes of 2026.



Location: 09/18/2026 - Senate CHAPTERED

Summary: The bill would allow a local agency, if approved by majority vote of its governing body, to round cash payments, refunds, and other cash amounts to the nearest five cents.

It would apply only to local agencies that adopt a resolution making the bill effective for them, and it would define relevant terms for this purpose. The bill would also take effect immediately as an urgency statute.

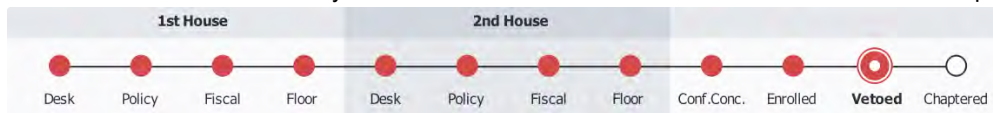
Position: Monitor

SB 1064 **(Dahle, R)** Heavy-Duty Vehicle Inspection and Maintenance Program: testing.

Current Text: 09/20/2026 - Vetoes [HTML](#) [PDF](#)

Last Amended: 08/13/2026

Status: 09/20/2026 - Vetoes by the Governor. In Senate. Consideration of Governor's veto pending.



Location: 09/20/2026 - Senate VETOED

Summary: The bill would limit emissions testing for certain low-use nongasoline heavy-duty on-road vehicles with a gross vehicle weight rating above 14,000 pounds and 2012 model year or older engines to no more than once a year.

It would require the State Air Resources Board to adopt rules and regulations to carry out this change. The existing Heavy-Duty Vehicle Inspection and Maintenance Program and compliance certificate system would continue to apply, but with this reduced testing frequency for the specified vehicles.

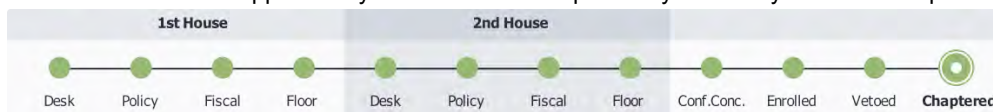
Position: Monitor

SB 1085 **(Durazo, D)** Water supply planning: housing developments.

Current Text: 09/30/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 08/19/2026

Status: 09/30/2026 - Approved by the Governor. Chaptered by Secretary of State. Chapter 1004, Statutes of 2026.



Location: 09/30/2026 - Senate CHAPTERED

Summary: The bill would change California water-supply review procedures for certain housing and development projects by requiring earlier identification of public water systems and faster submission of water supply assessments.

It would require cities and counties to notify the relevant water systems within 15 days of receiving qualifying applications, require those systems to respond within 45 days for certain housing projects, remove the public-meeting approval requirement for those assessments, and allow a city or county to seek a court order if a system does not comply; the bill would also state that no state reimbursement is required.

Position: Monitor

Notes:

EBMUD sponsor

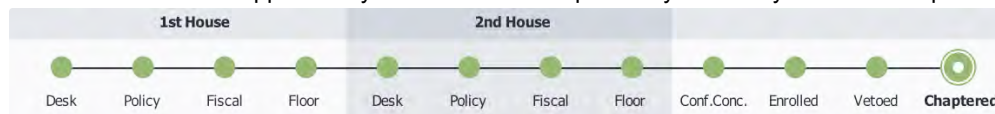
ACWA recommends Favor

SB 1153 (Caballero, D) Disaster preparedness: urban retail water suppliers and public water systems: wildfire.

Current Text: 09/29/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 08/17/2026

Status: 09/29/2026 - Approved by the Governor. Chaptered by Secretary of State. Chapter 776, Statutes of 2026.



Location: 09/29/2026 - Senate CHAPTERED

Summary: This bill would require certain urban retail water suppliers in high or very high fire hazard zones to add wildfire-specific response procedures to their disaster preparedness plans starting January 1, 2028, and would make failure to comply a misdemeanor.

It would also bar any law from requiring public water systems to design, build, or maintain systems for wildfire defense or suppression, prevent noncompliance or loss of water pressure from being treated as a substantial cause of wildfire damages, and state that no reimbursement is required for the mandate.

Position: Monitor

Notes:

Potential impacts to retailers

ACWA Sponsored bill - provide clarity in statute to water agency responsibilities to wildfire

SB 1187 (Durazo, D) Open meetings.

Current Text: 09/18/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 07/06/2026

Status: 09/18/2026 - Approved by the Governor. Chaptered by Secretary of State. Chapter 324, Statutes of 2026.



Location: 09/18/2026 - Senate CHAPTERED

Summary: This bill would remove several upcoming requirements for eligible local legislative bodies under the Ralph M. Brown Act, including electronic requests for agendas and documents and certain translation and interpretation duties, while declaring the measure an urgency statute.

It also makes legislative findings required to support limits on public access and to show that the bill furthers California constitutional requirements for open meetings and public records.

Position: Monitor

SB 1205 (Valladares, R) Public contracts: retention: architecture or engineering services.

Current Text: 09/20/2026 - Chaptered [HTML](#) [PDF](#)

Last Amended: 08/21/2026

Status: 09/20/2026 - Approved by the Governor. Chaptered by Secretary of State. Chapter 424, Statutes of 2026.



Location: 09/20/2026 - Senate CHAPTERED

Summary: The bill would cap retention payments at 5% for certain design-bid-build contracts entered into on or after January 1, 2027, between a public entity and an architect or engineer, unless a specified exception applies.

It would also require any retained amount to be released within 60 days after completion of the contracted services. The bill defines key

terms for these provisions, including “public entity,” and allows a higher retention only for certain substantially complex projects with a required finding.

Position: Monitor

Total Measures: 28

Total Tracking Forms: 28



OFFICE OF THE GOVERNOR

SEP 27 2026

To the Members of the California State Senate:

I am returning Senate Bill 872 without my signature.

This bill establishes the Delta Levees and Canal Subsidence Fund (Fund) to support multi-benefit levee projects and capital improvements to water conveyance systems impacted by subsidence in the Sacramento-San Joaquin Delta, and requires the Sacramento-San Joaquin Delta Conservancy (Conservancy) to establish an advisory committee to make recommendations for projects to be supported by the Fund.

In this year's budget, in partnership with the Legislature, we allocated \$68 million to mitigate subsidence on the state's aqueducts and canals, \$75 million for projects that repair levees and improve flood protection and climate resiliency in the Delta, \$20.2 million to the Sacramento-San Joaquin Delta Conservancy to reduce the risks of climate change impacts on communities, fish and wildlife, and natural resources, and \$7.9 million to pay for mitigation costs associated with the Delta levee projects.

This bill would establish parameters for spending revenue from a Fund that did not receive resources in this year's budget. While well-intentioned, this bill is unnecessary.

For these reasons, I cannot sign this bill.

Sincerely,

Gavin Newsom

ORIGINATING SECTION: Integrated Planning
CONTACT: Sal Segura/Neeta Bijoor

AGENDA DATE: October 21, 2026

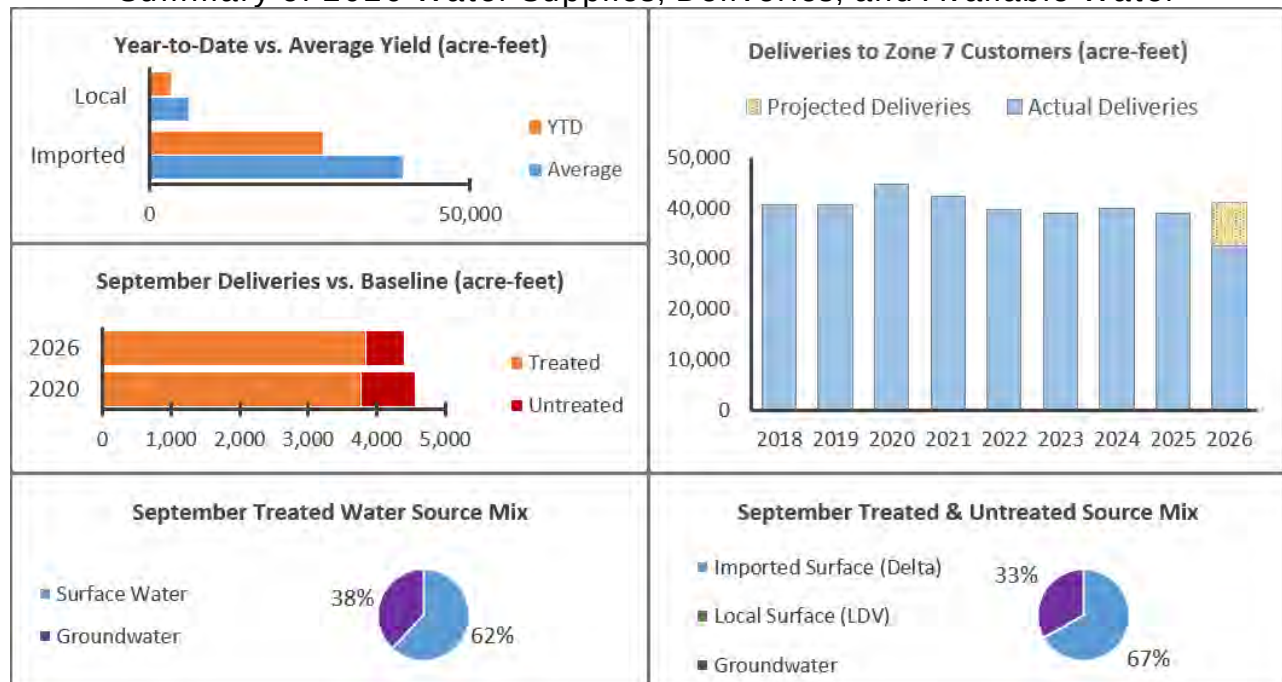
SUBJECT: Monthly Water Inventory and Water Budget Update

SUMMARY:

Zone 7 Water Agency manages its water supply portfolio to deliver safe, reliable, efficient, and sustainable water. This report summarizes current water supply, usage, and storage conditions to support Strategic Plan Goal B – Reliable Water Supply and Infrastructure and advance Strategic Plan Initiative #5 – Develop a diversified water supply plan and implement supported projects and programs.

The 2026 Annual Review of the Sustainable Water Supply Report, which provides an overall analysis of the annual water supply, was provided to the Board in May. A summary of long-term water supply planning is also included in the Urban Water Management Plan (UWMP), which was updated this year, and is updated every five years to assess water supply reliability on a 20-year planning horizon. The Board adopted the 2025 UWMP in June of 2026, and the next update is due on July 1, 2031. These plans and evaluations account for the various sources of supply and storage available to Zone 7 locally, in State Water Project (SWP) facilities, and Kern County storage and recovery programs.

Summary of 2026 Water Supplies, Deliveries, and Available Water



ZONE 7 WATER INVENTORY AND WATER BUDGET (September 2026)

Supply and Demand

(See Table 3, Figure 1, Figure 2, Figure 3, and Figure 4)

- Monthly totals: 4,400 acre-feet (AF) delivered to customers (3,850 AF treated production and 550 AF estimated untreated deliveries).
- Total treated water production decreased by 10% compared to last month.
- Treated water sources were 62% surface water and 38% groundwater this month.
 - o Treatment plant production was 25.9 million gallons per day (MGD).
 - o Wellfield production was 15.8 MGD.

Comparison of Demands: 2026 vs 2020 baseline

(See Table 1)

- In September 2026, Zone 7's overall water demand was 4% lower than in September 2020: treated water production was 2% higher, while estimated untreated deliveries were 30% lower.

Table 1: September 2026 comparison – Treated and Untreated Demands

	Treated Production	Untreated Delivery	Total
September 2026 (AF)	3,850	550	4,400
September 2020 (AF)	3,770	790	4,560
September 2026 vs September 2020	2% higher	30% lower	4% lower

Imported Water

(See Table 2 and Table 3)

- The State Water Project allocation remains at 45%. This amounts to 36,279 AF to Zone 7. This is anticipated to be the final allocation for 2026. Zone 7 used 3,440 AF of its Table A allocation in September and has approximately 26,940 AF remaining.
- Zone 7 has no remaining SWP carryover (Art. 56) water.

Table 2: Available Water Supplies (as of October 1, 2026)

Sources of Water Supplies	Acre-Feet (AF)
Table A	26,940
Water Transfers/ Exchanges ¹	0
SWP Carryover Water	0
Lake Del Valle (Carryover + New Yield)	3,900
Livermore Valley Groundwater Basin (AF above Minimum Thresholds)	122,400
Kern Storage and Recovery Programs	106,400
Total	259,640

¹Includes any approved SWP purchases/exchanges, Yuba Accord Water, and Sutter Extension Water District supplies if exercised (Zone 7 entered into a 5-year option agreement to purchase up to 3,000 AF/year).

Groundwater

(See Table 3 and Figure 5)

- The Livermore Valley Groundwater Basin comprises four subbasins. The Basin's estimated maximum storage capacity is 254,000 AF, including the storage capacity below the Minimum Thresholds established in the Alternative Groundwater Sustainability Plan. The estimated storage capacity above the historic lows (defined as the operational storage) is 126,000 AF.
- Basin storage is approximately 97% of operational storage capacity.
- It is important to note that not all the operational storage is accessible with Zone 7's existing wells, as 80% of Zone 7's groundwater facilities are in the Amador West subbasin. Furthermore, the presence of per- and polyfluoroalkyl substances (PFAS) compounds in the groundwater basin has limited the use of some wells.
- In September, the total pumping from Zone 7's wellfields was approximately 1,460 AF, making up 38% of the treated water supply.
- Estimated groundwater basin outflow on the west side of the Basin was 0 AF in September. This groundwater spills into Arroyo De La Laguna when groundwater elevation becomes higher near the Arroyo. The cessation of groundwater outflow is due to declining water levels.
- In September, Zone 7 released 500 AF to Arroyo Valle to cover its share of the live stream requirement.

Stream Outflow

(See Table 3)

- Surface runoff did not exceed the 10 cubic feet per second (CFS) baseflow at Arroyo De La Laguna at the Verona stream gauge during the month of September, resulting in no outflow above the baseline.
- Note: Some surface outflow from the Livermore-Amador Valley is mandated for other downstream purposes.

Local Precipitation

(See Figure 7)

- 0.02 inches of precipitation were recorded at Livermore Airport in September.
- As of September 30, Livermore has received 12.23 inches of rain for the water year starting October 1, 2025, and is 85% of average for Water Year 2026.

Sierra Precipitation

(See Figure 8)

- 0.7 inches of precipitation was recorded in the Northern Sierras in September. Historical average precipitation in September is 0.5 inches.
- Cumulative precipitation in the Northern Sierras for Water Year 2026 through September 30 is 51.6 inches, or 97% of average.

Sierra Snowpack

(See Figure 9)

- DWR has stopped reporting snowpack for the season. It is anticipated that reporting will resume in December.

Lake Oroville

(See Figure 10)

- As of September 30, 2026, Lake Oroville storage is at 48% of total capacity, representing 85% of average storage conditions for this date of the year.
 - o Storage: 1,628,223 AF
 - o Storage as a percentage of total capacity decreased by 12% during the month of September.

San Luis Reservoir

(See Figure 11)

- San Luis Reservoir is a joint-use facility between the State Water Project and the Central Valley Project. Its total storage capacity is 2,041,000 AF, and the SWP's share of the total capacity is 1,062,180 AF. As of September 30, 2026, the total reservoir storage is 1,468,506 AF, of which approximately 981,290 AF belongs to SWP. The SWP's share of the reservoir capacity is 92% full.

Lake Del Valle

(See Table 3 and Figure 6)

- Lake Del Valle holds 30,746 AF as of September 30.
- Zone 7's estimated water storage in Lake Del Valle at the end of September is approximately 3,900 AF.

NOTE: Numbers presented are estimated and subject to refinement over the course of the year.

Table 3: Water Inventory

	2025 <i>Jan-Dec</i>	2026 <i>Sep</i>	2026 - YTD <i>Jan-Dec</i>
Source			
Incoming Supplies			
State Water Project (SWP) - Table A	26,320	3,440	9,340
State Water Project - Article 21	0	0	0
Lake Del Valle Local Water, (Includes Evap Loss)	8,000	0	4,400
Water Transfers/Exchanges ¹	0	0	0
Subtotal	34,320	3,440	13,740
From Storage			
State Water Project - Carryover	9,160	0	14,020
Livermore Valley Groundwater Basin	7,520	1,460	7,170
Kern Storage and Recovery Programs	0	0	0
Subtotal	16,680	1,460	21,190
Total Supply	51,000	4,900	34,930
Water Use			
Customer Deliveries			
Treated Water Demand ²	34,520	3,850	28,510
Untreated Water Demand	4,360	550	3,950
Subtotal	38,880	4,400	32,460
To Storage			
Livermore Valley Groundwater Basin Recharge	3,120	500	2,470
Kern Storage and Recovery Programs	5,000	0	0
Subtotal	8,120	500	2,470
SWP Transfer			
Water Transfers/Exchanges ³	4,000		0
Total Water Use	51,000	4,900	34,930
Available Water Supplies			
Incoming Supplies	End-of-2025		
SWP - Table A (%)	50%	45%	45%
SWP - Table A Remaining	14,020	26,940	26,940
Water Transfers/Exchanges	0	0	0
Subtotal	14,020	26,940	26,940
Storage Balance	End-of-2025		
SWP Carryover	0	0	0
Lake Del Valle Local Water	4,950	3,900	3,900
Livermore Valley Groundwater Basin ⁴	123,100	122,400	122,400
Kern Storage and Recovery Programs	106,400	106,400	106,400
Subtotal	234,450	232,700	232,700
Total Available Water	248,470	259,640	259,640
Watershed Conditions	End-of-2025		
Precipitation at Livermore Station (in) ⁵	11.7	0.02	6.57
Lake Del Valle Local Water Net Yield	4,950	0	3,350
Measured Change in Groundwater Basin Storage	-900	-1,000	-700
Surface Water Outflow ⁶	17,990	0	13,400

¹ Includes any approved SWP purchases/exchanges and Sutter Extension Water District supplies if exercised.

² Includes a small amount of unaccounted-for water.

³ In 2025, Zone 7 transferred water to the Westside Districts.

⁴ Storage volume is based on most recent groundwater level data; amount shown excludes 328,000 AF of storage below the minimum thresholds.

⁵ Local precipitation reported in Table 3 for 2026YTD is reported on a calendar year basis.

⁶ Surface Water Outflow is estimated based on flow at USGS gage Arroyo De La Laguna at Verona.

Figure 1: Monthly Treated Water Production in Acre-Feet (AF)

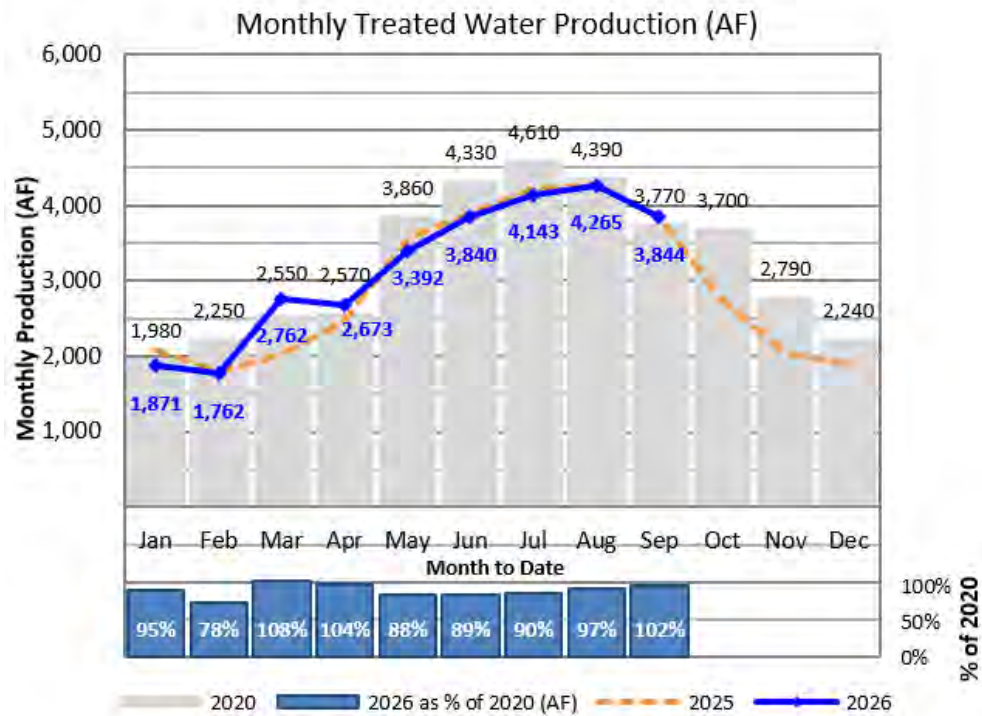


Figure 2: Monthly Treated Water Production in Average Million Gallons Per Day (MGD)

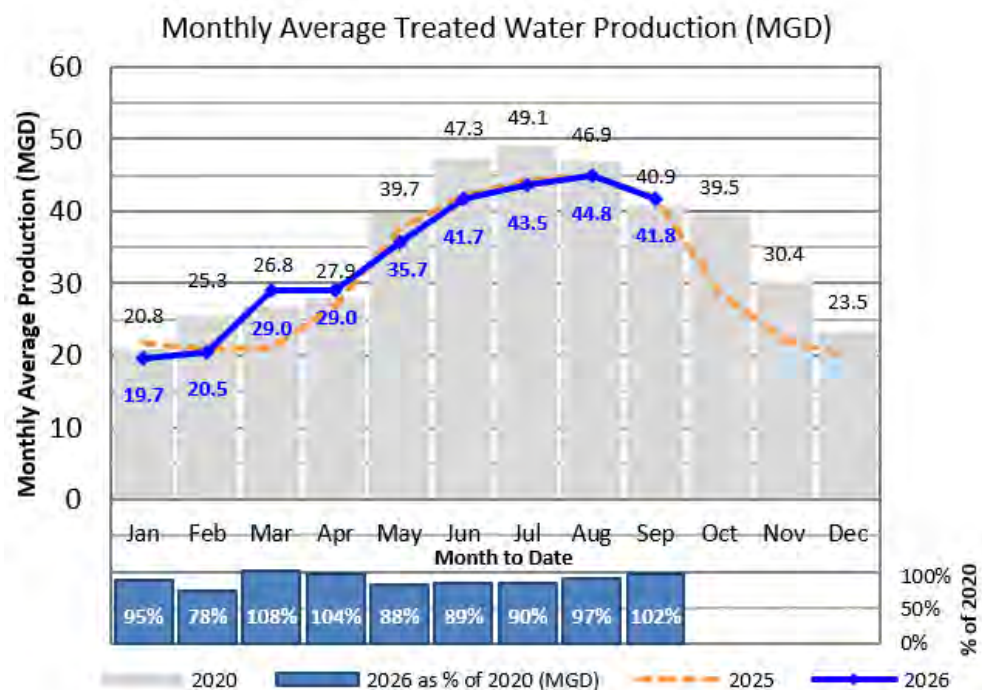
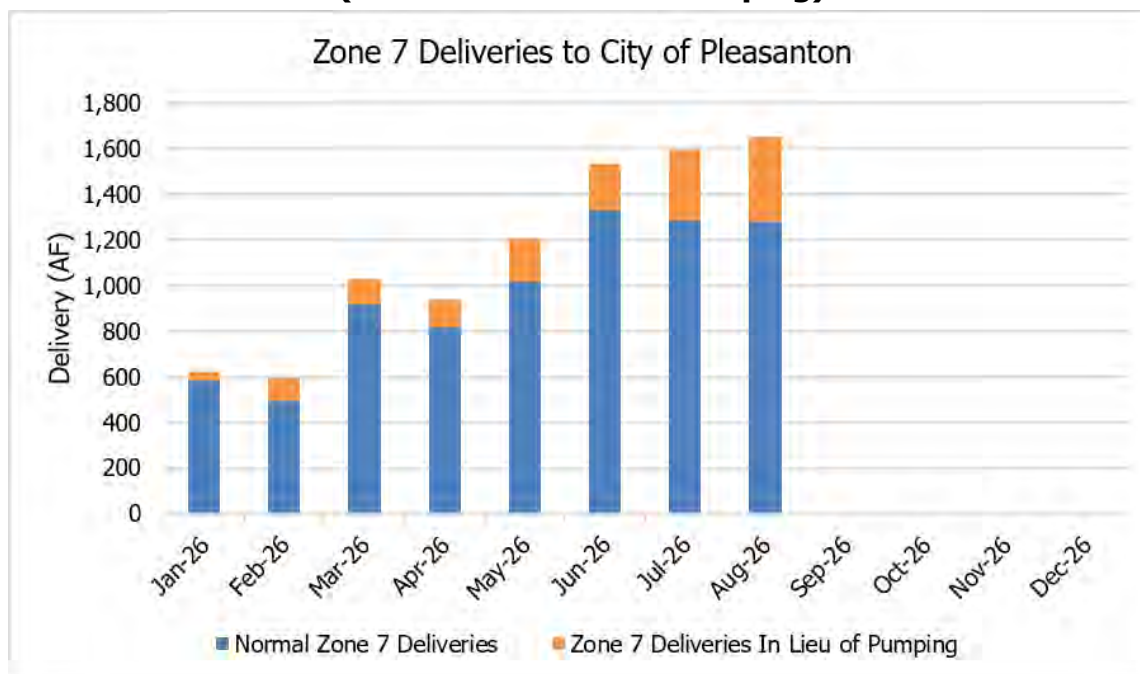
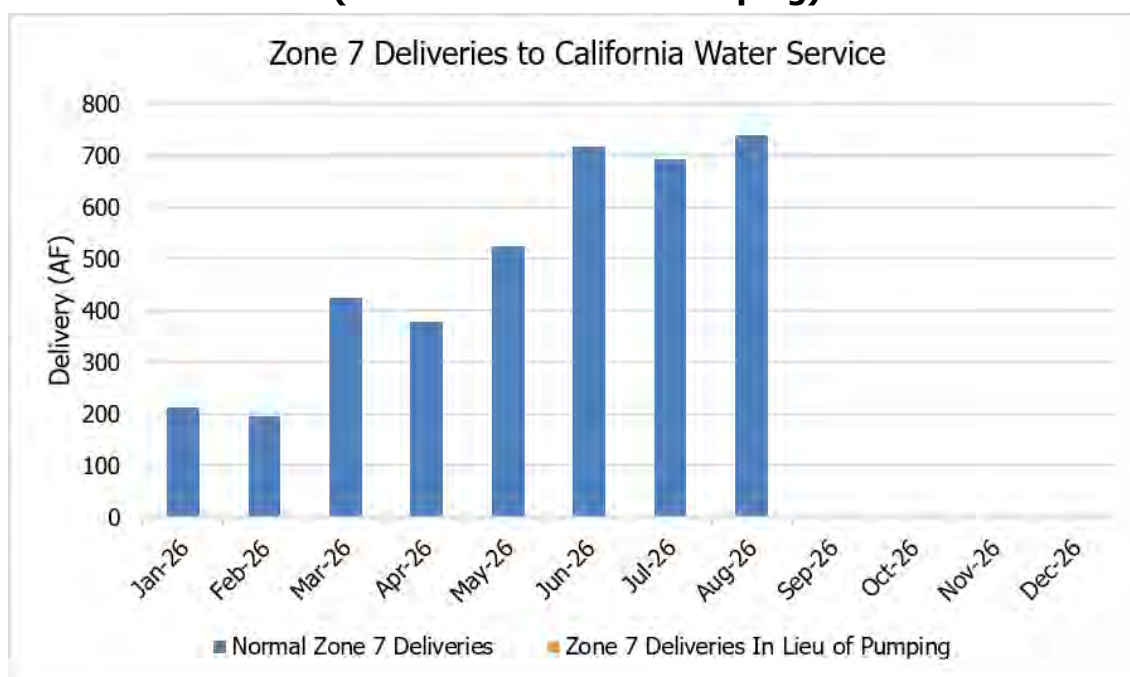


**Figure 3: Pleasanton Estimated In-Lieu Demand
(Based on Historical Pumping)**



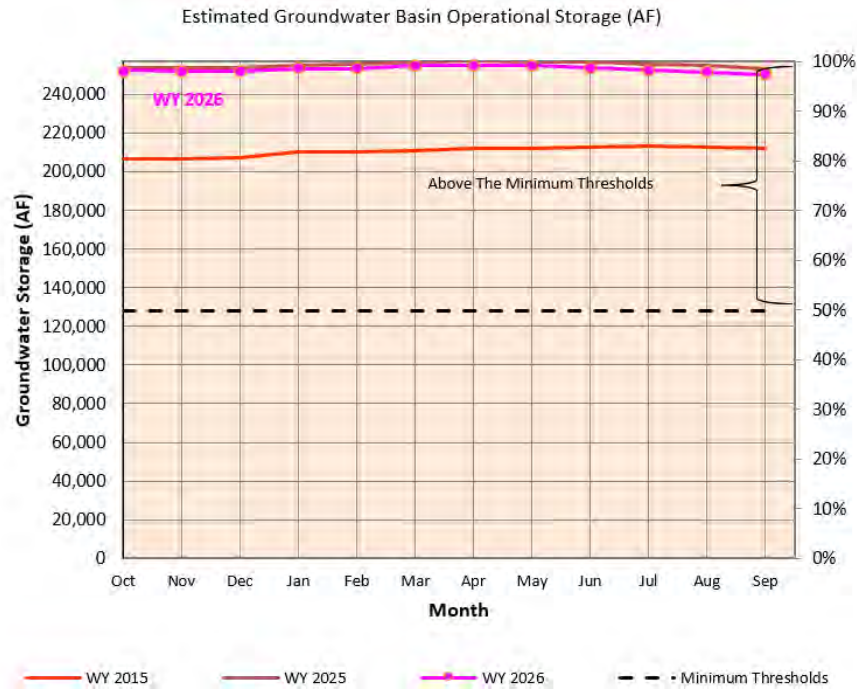
**Pleasanton's pumping data for September is not yet available and will be reflected in future inventories.*

**Figure 4: California Water Service Estimated In-Lieu Demand
(Based on Historical Pumping)**



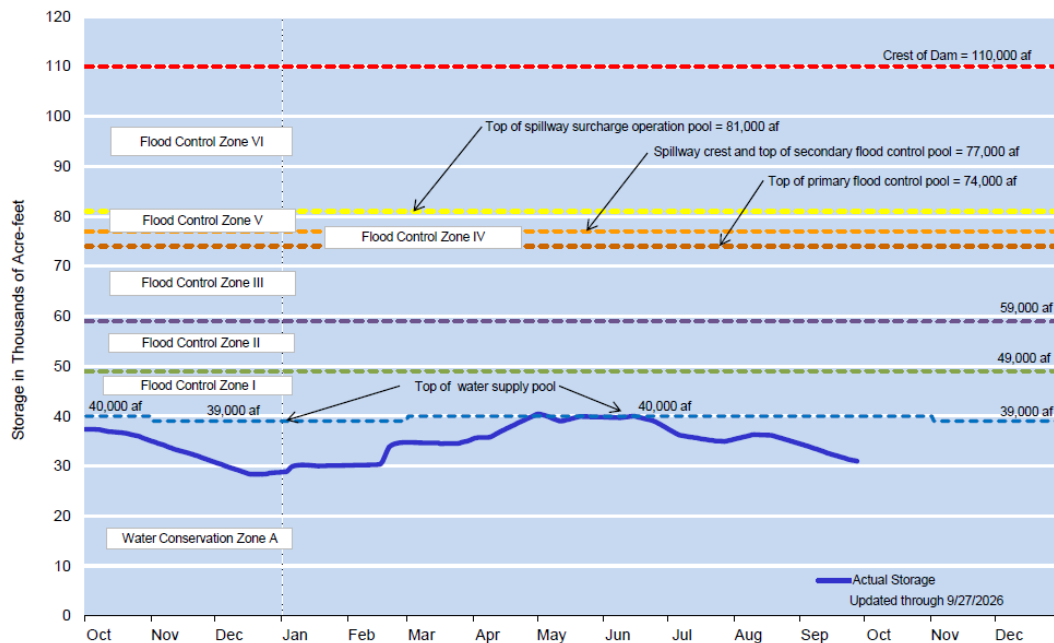
**Cal Water's pumping data for September is not yet available and will be reflected in future inventories.*

Figure 5: Livermore Valley Groundwater Basin Storage*



*The estimated groundwater basin storage represents the combined total storage from all four subbasins.

Figure 6: Lake Del Valle Storage



Source: <https://water.ca.gov/-/media/DWR-Website/Web-Pages/Programs/State-Water-Project/Operations-And-Maintenance/Files/Operations-Control-Office/Project-Wide-Operations/Del-Valle-Weekly-Reservoir-Storage-Chart.pdf>

Figure 7: Local Precipitation

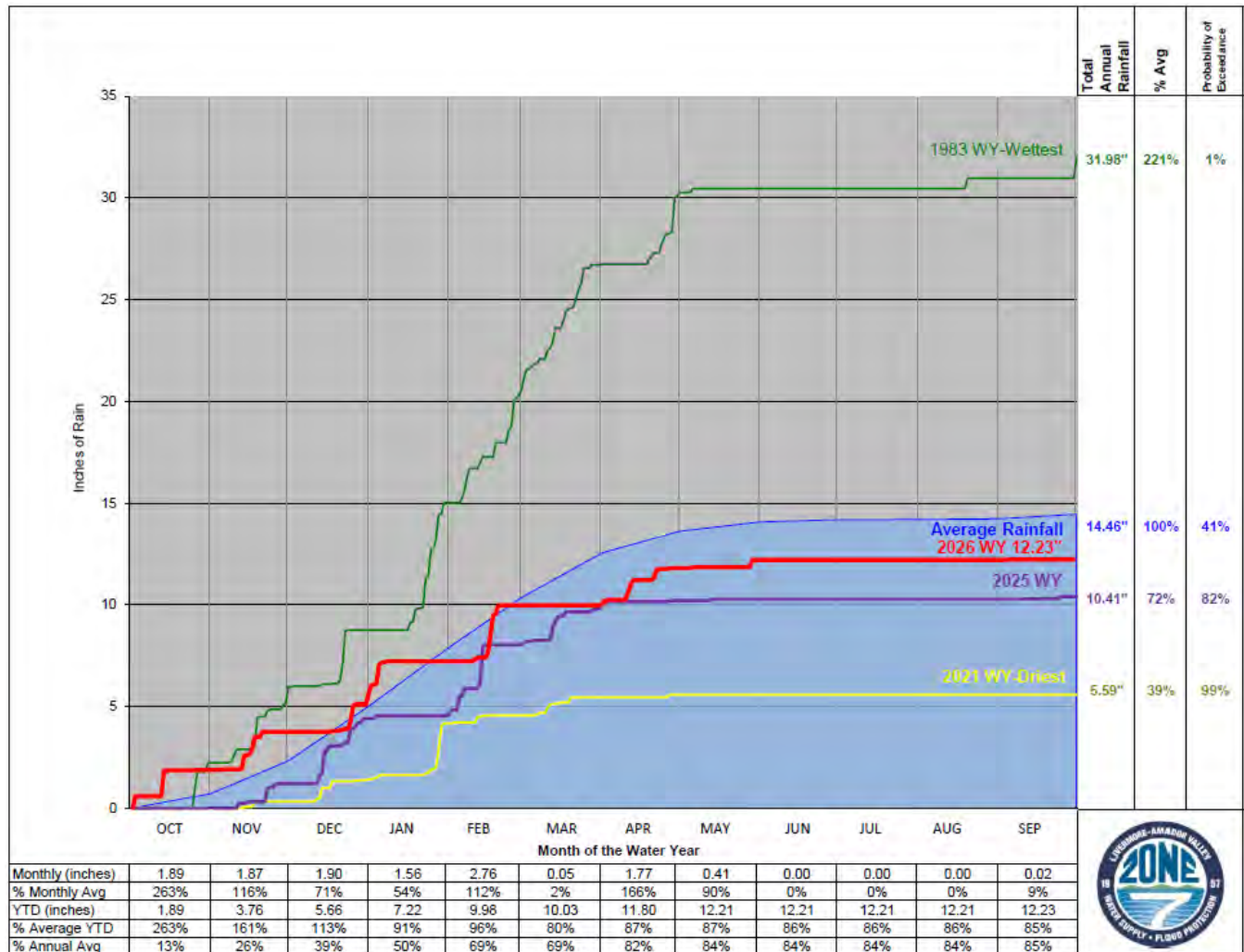
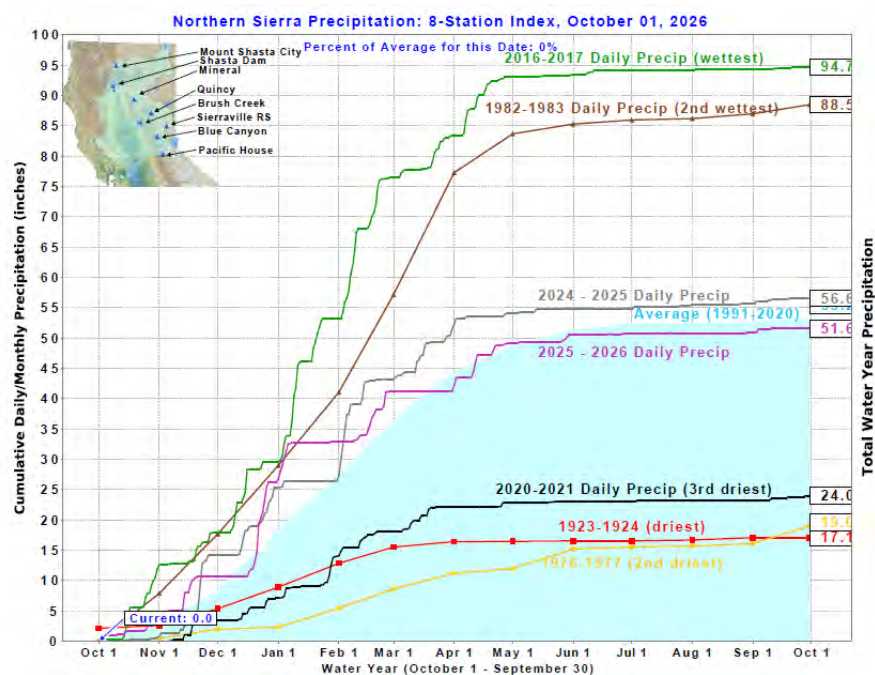


Figure 8: Cumulative Precipitation in the Northern Sierra



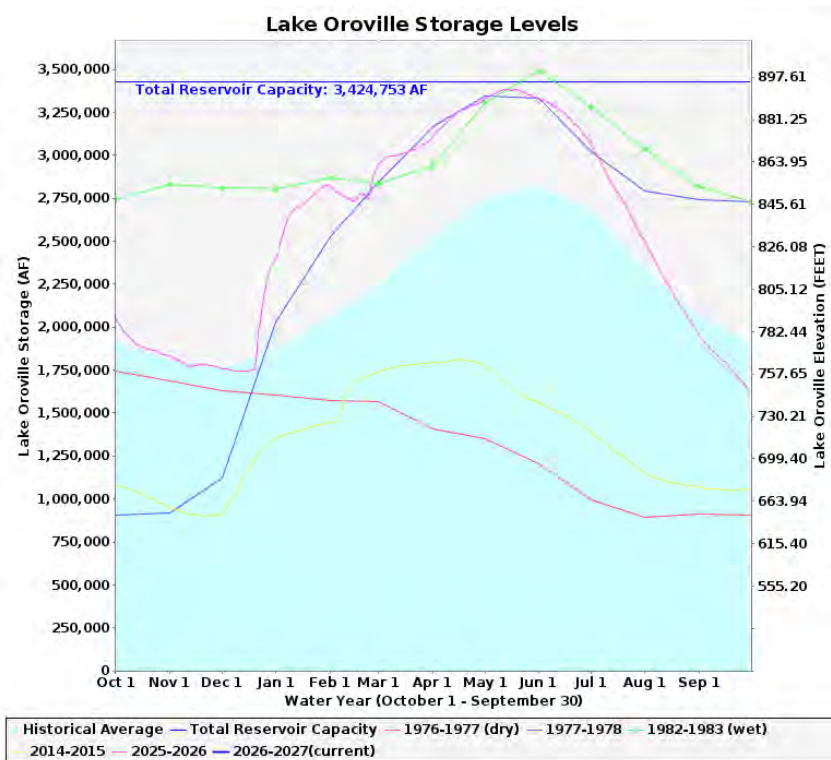
Source: http://cdec.water.ca.gov/cgi-progs/products/PLOT_ESI.pdf

Figure 9: Sierra Snowpack

DWR stopped reporting Sierra Snowpack in June. It is anticipated that DWR will resume reporting in December.

Source: <https://cdec.water.ca.gov/reportapp/javareports?name=swccond.pdf>

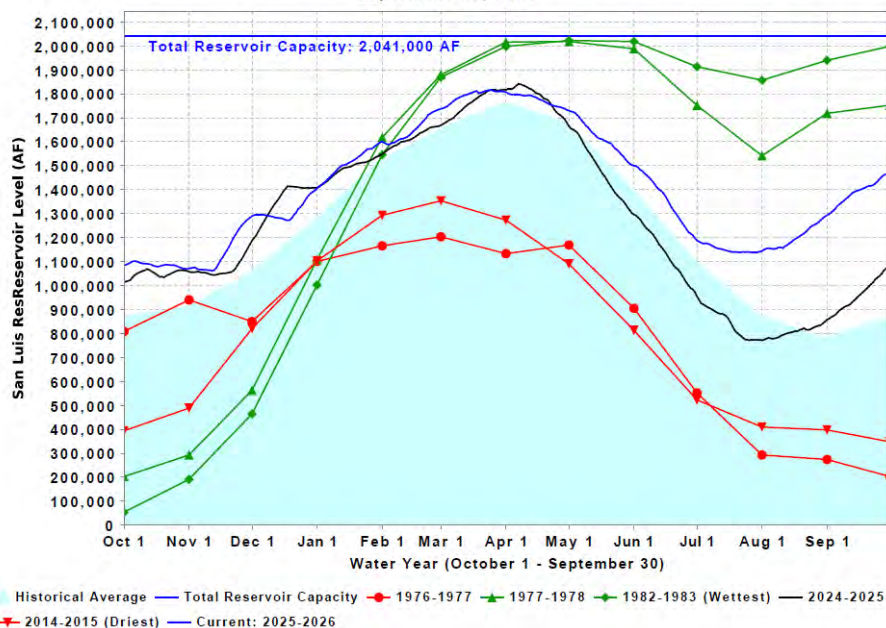
Figure 10: Lake Oroville Storage



Source: <https://cdec.water.ca.gov/resapp/ResDetail?resid=ORO>

Figure 11: San Luis Reservoir Storage

San Luis Res Levels: Various Past Water Years and Current Water Year, Ending At Midnight September 29, 2026



Source: <https://cdec.water.ca.gov/resapp/ResDetail?resid=SNL>

ORIGINATING SECTION: Administrative Services
CONTACT: Osborn Solitei

AGENDA DATE: October 21, 2026

SUBJECT: FY 2025-26 Unaudited Fourth Quarter Revenue and Expenditure Report

SUMMARY:

The proposed action is in support of Strategic Plan Goal H – Fiscal Responsibility: Operate the Agency in a fiscally responsible manner, and Strategic Plan Initiative No. 21 – Continue to effectively manage financial resources for the Agency. In carrying out these fiscal responsibilities, staff provides quarterly financial reports to the Finance Committee and the Board. This quarterly report provides a summary of unaudited revenues and expenditures, fiscal year-end projections, and explanations of significant variances for fiscal year (FY) 2025-26 (July 1, 2025 – June 30, 2026) across the following funds:

- › Fund 100 – Water Enterprise Operations
- › Fund 110 – State Water Facilities
- › Fund 120 – Water Enterprise Renewal/Replacement and System-Wide Improvements
- › Fund 130 – Water Enterprise Capital Expansion
- › Fund 200 – Flood Protection Operations
- › Fund 210 – Flood Protection Development Impact Fee Fund

This report was presented to the Finance Committee on September 24, 2026. The Committee recommended that the report be presented to the Board at its next Regular meeting.

Highlights of this report include:

- › Renewal of 30-year Retailer Contracts - During the fourth quarter of FY 2025-26 and the first quarter of FY 2026-27, the Agency executed new 30-year treated water supply contracts with all four retailers. These new contracts extend Zone 7's role as the exclusive water supply provider for the City of Livermore, Cal Water, Dublin-San Ramon Services District, and the City of Pleasanton through 2055.
- › FY 2026-28 Two-Year Operating and Capital Budget - On June 17, 2026, the Board adopted the Two-Year Operating and Capital Budget for FYs 2026-27 and 2027-28.

- › State Water Project Allocation - In May 2026, the Department of Water Resources announced an increase to the calendar year 2026 State Water Project allocation from 30% to 45% due to consistent rainstorms in April.
- › Storm Damage Repair Projects - Delays in environmental permitting for the high-priority storm damage sites, the Alamo Creek Project, and Phase 1 Group A Storm Repairs pushed repair work to the summers of 2026 and 2027. The U.S. Army Corps of Engineers (USACE) successfully completed Phase 1 repairs on four high-priority bank stabilization sites along Arroyo Mocho in November 2025. USACE awarded the construction contract for Phases 2 and 3 and issued the notice to proceed. Construction at the City of Pleasanton sites has begun.

FUNDING:

N/A

RECOMMENDED ACTION:

Information only.

ATTACHMENT:

- FY 2025-26 Unaudited Quarterly Revenue and Expenditure Report, Fourth Quarter



Zone 7 Water Agency
Unaudited Quarterly Revenue and
Expenditure Report
FY 2025-26 | Fourth Quarter





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Report Overview

The following financial report is produced on a quarterly basis and provides a summary of unaudited revenue and expenditures, fiscal year-end projections, and explanations of any major variances through the fourth quarter of fiscal year (FY) 2025-26 (July 1, 2025 – June 30, 2026) for the following funds:

- Fund 100 – Water Enterprise Operations
- Fund 110 – State Water Facilities
- Fund 120 – Water Enterprise Renewal/Replacement & System-Wide Improvements
- Fund 130 – Water Enterprise Capital Expansion
- Fund 200 – Flood Protection Operations
- Fund 210 – Flood Protection Development Impact Fee Fund

Fund 100 - Water Enterprise Operations

Primary Funding Source: Water Rates

The purpose of the Water Enterprise Operations Fund is to ensure the delivery of high-quality drinking and irrigation water to the Livermore-Amador Valley. This operations and maintenance fund includes water treatment and distribution of potable water, distribution of untreated/agricultural water, and groundwater management. Activities include water treatment, water quality analysis, water resource management, groundwater recharge and protection, maintenance, and water supply engineering.

Comprehensive Fund Summary

Details of Revenue and Expenses for Fund 100

Category	FY 2026 Amended	FY 2026 YTD Actuals	Year-End Over/ (Under) Budget
Beginning Fund Balance	\$38,704,352	\$38,704,352	-
Revenues			
Water Sales & Service	\$71,268,000	\$72,156,285	\$888,285
Other Revenue	\$313,000	\$644,406	\$331,406
Grants	\$130,000	\$14,335	-\$115,665
Investment Earnings	\$454,000	\$1,196,719	\$742,719
Total Revenues	\$72,165,000	\$74,011,745	\$1,846,745
Expenditures			
Personnel	\$21,851,000	\$22,271,641	\$420,641
Professional Services	\$4,265,656	\$2,979,015	-\$1,286,641
County Services	\$1,936,000	\$1,360,099	-\$575,901
Insurance Services	\$900,000	\$894,344	-\$5,656
Legal Services	\$455,000	\$365,705	-\$89,295
Water	\$6,374,148	\$2,969,982	-\$3,404,166
Delta Conveyance Project	\$1,650,000	\$1,320,000	-\$330,000
Chemicals	\$4,350,000	\$3,678,125	-\$671,875
Utilities	\$3,220,000	\$4,108,624	\$888,624
Telecommunications	\$157,000	\$187,263	\$30,263
Maintenance Services	\$2,412,000	\$2,421,133	\$9,133
Rental Services	\$116,650	\$132,203	\$15,553
Office Supplies and Other Services	\$1,056,774	\$720,732	-\$336,042
Organizational Memberships and Support	\$437,752	\$402,302	-\$35,450
Training and Travel	\$199,350	\$82,287	-\$117,063
Water Conservation Program	\$158,000	\$32,208	-\$125,792
Equipment	\$31,000	\$43,001	\$12,001
Debt Service	\$4,976,000	\$4,975,713	-\$287
Capital Funding	\$17,618,000	\$16,546,552	-\$1,071,448
Total Expenditures	\$72,164,330	\$65,490,926	-\$6,673,404
Total Revenues Less Expenditures	\$670	\$8,520,819	\$8,520,149
Ending Fund Balance	\$38,705,022	\$47,225,171	\$8,520,149

*Beginning fund balance reflects audited actual.



Explanation of Major Variances

Revenue

1. **Water Sales and Service:** FY 2025-26 unaudited water sales revenue reflects treated water sales of approximately 35,029 acre-feet through June 30, 2026, which is in line with the budgeted 35,000 acre-feet of sales. FY 2025-26 unaudited water sales and service revenue also includes unplanned revenue of \$1.5M for the sale of 4,000 acre-feet of water to Westside Water Districts.
2. **Other Revenue:** FY 2025-26 unaudited revenue is primarily made up of Department of Water Resources refunds.
3. **Grants:** The FY 2025-26 Budget includes planned receipt of Prop 1 Integrated Regional Water Management Program Round 2 grant proceeds for the water supply risk model enhancements and optimization project. The year-end projection is less than the budget due to the long reimbursement process. Approximately \$50,000 was received in FY 2024-25 and the majority of the remaining reimbursement is expected in fiscal year 2026-27.
4. **Investment Earnings:** The FY 2025-26 unaudited investment revenue exceeds budget due to the Agency's rate of return exceeding 1.5% as planned in the budget.

Expenses

1. **Personnel:** FY 2025-26 unaudited personnel costs include salaries and benefits through June 30, 2026. The unaudited actual is over budget due to newly approved longevity pay for employees reaching five and 10-year milestones with the Agency, a higher than planned cost of living adjustment (6% vs. planned 4%), and differences between the projected and actual allocation of staff time between the operating and capital funds.
2. **Professional Services:** Includes professional services related to water enterprise operations. The year-end projection is less than the budget primarily due to unused contingencies (\$250K), a variety of as-needed services (~\$400K), and ongoing efforts that will continue into fiscal year 2026-27 (~\$400K).
3. **County Services:** FY 2025-26 unaudited actuals are under budget because Zone 7 has not received the charges for the 2026 Board election. Per the County, approximately \$900K will be invoiced in September 2026.
4. **Water production costs:** Includes Water, Chemicals, and Utilities. FY 2025-26 unaudited water production costs are under budget. The primary drivers of the under-budget outcome are described below.
 - a. **Water:** The Agency receives approximately 90% of its annual water supply on average from imported State Water Project water. The past three years of State Water Project allocations have been favorable — 100% in 2023, 40% in 2024, and 50% in 2025. Calendar year 2026 followed this trend, with a final State Water Project allocation of 45%. These favorable hydrologic and storage conditions have significantly reduced water costs, causing the FY 2025-26 unaudited actuals to be under budget. The following table summarizes the major variances for year-end unaudited water costs.

	FY 2025-26 Amended Budget	FY 2025-26 Unaudited Actual	Difference	Reason for Variance
State Water Project Conveyance	\$3,000,000	\$2,192,000	(\$808,000)	Surface water supply was lower than usual due to increased groundwater production in fall 2025 and early 2026. Reasons for increased groundwater production include: - Reducing groundwater levels to create room for the upcoming wet season - Del Valle Water Treatment Plant offline due to routine plant shutdown and extended for progress on capital projects at the plant
Water Purchase / Transfers	\$1,000,000	\$44,000	(\$956,000)	Unaudited actual cost reflects Zone 7's option payment to reserve the right to purchase water from Sutter Extension Water District in 2026 (\$39K) and the purchase of 41 acre feet of water under the Lower Yuba River Accord Water Purchase Agreement (~\$5K).
Water Banking Program (Cawelo & Semitropic)	\$2,178,000	\$576,000	(\$1,602,000)	Unaudited actuals reflect an annual fixed charge to Semitropic. No water was recovered or banked during the fiscal year.
Other Water Costs	\$196,000	\$158,000	(\$38,000)	Charges for programs such as mussel inspection at Lake Del Valle and Municipal Water Quality Investigations (MWQI)
Total	\$6,374,000	\$2,970,000	(\$3,404,000)	

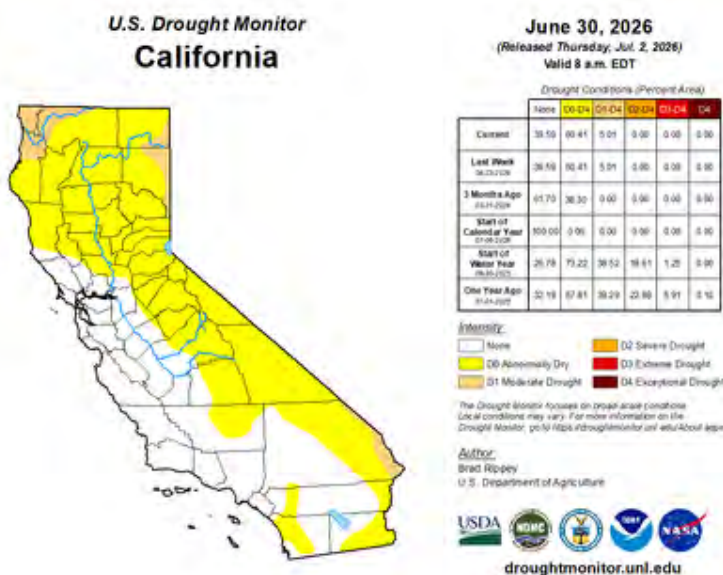
Note: Values are rounded to the nearest thousand.

- b. **Chemicals and Utilities:** FY 2025-26 unaudited chemical expenditures are under budget while unaudited utility costs are over budget. This outcome is in line with the FY 2025-26 water operations plan that put a larger emphasis on groundwater production which reduced chemical treatment needed for surface water and increased utility costs from more frequent pumping at the wells. As stated in the water cost table above, the Agency realized an operational shift from surface water to groundwater production in Summer 2025 to create capacity in the groundwater basin in preparation for the upcoming wet season. Additionally, Del Valle Water Treatment Plan was offline in January and February 2026, for annual routine

maintenance and was extended to allow progress on the Underdrain Pump Station Upgrade Project as well as the Booster Pump Station Variable Frequency Drive Replacement Project.

5. **Delta Conveyance Project:** The Agency approved funding for pre-construction for calendar years 2026 and 2027 via Resolution No. 24-28, dated October 16, 2024. No expenses were incurred in calendar year 2025. The FY 2025-26 unaudited actual reflects six months of Delta Conveyance Payments as stated in the 2026 Statement of Charges.
6. **Water Conservation Program:** The Agency's water conservation program provides rebates for approved water efficiency projects. The FY 2025-26 unaudited conservation program costs are under budget and reflect a slow-down in rebates as interest in this program typically peaks during droughts.
7. **Capital Funding:** The FY 2025-26 unaudited capital funding is less than the budget as the budget assumed a 3% annual adjustment, and the actual Engineering News Record Construction Cost Index (ENRCCI) adjustment from June 2024 to June 2025 was -0.555%.

Water Supply Conditions



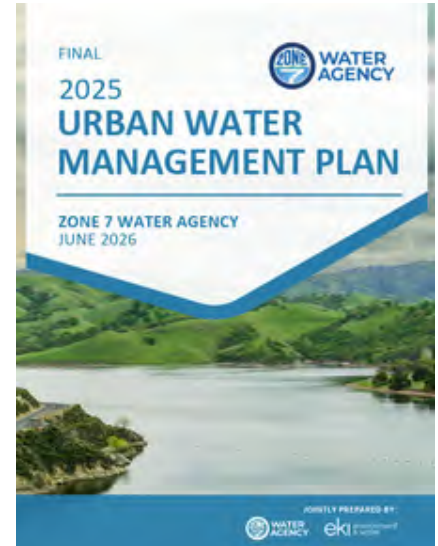
The State Water Project's final allocation for calendar year 2025 is 50% and 45% for calendar year 2026. As of June 30, 2026, the United States Drought Monitor indicates the northern and eastern regions of California are experiencing abnormally dry conditions while the coast and southern California are experiencing no drought. For more information, please see the Monthly Water Inventory and Water Budget Update in the monthly Board packets.

Source: U.S. Drought Monitor

Water Enterprise Highlights

Water Transfer Sale with Westside Water Districts — The Agency, through a water transfer agreement, sold 4,000 acre feet of water to Westside Water District. This sale generated \$1.5M in revenue for the Water Enterprise Operations Fund.

2025 Urban Water Management Plan — Staff completed and submitted the 2025 Urban Water Management Plan in June 2026, meeting the California Department of Water Resources's deadline of July 1, 2026. The Urban Water Management Act requires urban water suppliers to prepare an Urban Water Management Plan every five years and to submit this plan to the Department of Water Resources, the California State Library, and any city or county within which the supplier provides water supplies. The Urban Water Management Plan serves as a planning, water management, and communication tool that assesses the condition and management of water supply and demands for a planning horizon of at least 20 years.



Fund 100 Reserves Breakdown

Per Initiative No. 21 of the Agency's Strategic Plan, the Agency shall maintain target levels of reserves, where applicable. Unaudited Fund 100 reserves are fully funded at the target level as of June 30, 2026. The table below compares minimum, target, and maximum reserves to the projected year-end reserves.

Fund 100 Reserves	Minimum	Target	Maximum	FY 2025-26 Unaudited Actual
Operating Reserves¹	\$9,390,000	\$14,086,000	\$18,781,000	\$14,086,000
Emergency Reserves²	7,146,000	8,932,000	10,718,000	8,932,000
Reserve for Economic Uncertainties³	3,850,000	5,774,000	7,699,000	5,774,000
Water Reliability Fund⁴	-	-	-	16,034,000
Subtotal	\$20,386,000	\$28,792,000	\$37,198,000	\$44,826,000
Pension Trust Fund⁵				2,399,000
Ending Fund Balance				\$47,225,000

Note: Values rounded to the thousands.

¹The FY 2025-26 unaudited actual Operating Reserve is funded at the target level of 90 days of FY 2026-27 budgeted operating expenses.

²The FY 2025-26 unaudited actual Emergency Reserve is funded at the target level of 2.5% of FY 2026-27 budgeted Water Enterprise assets.

³The FY 2025-26 unaudited actual Reserve for Economic Uncertainties is funded at 15% of FY 2026-27 budgeted volume-based water sales revenue.

⁴The Board established the Water Reliability Reserve via Resolution No. 25-47, dated June 18, 2025. The Water Reliability Reserve provides flexibility and agility to address water supply challenges and opportunities. The reserve has no assigned minimum, target, or maximum amount. This reserve holds the balance of funds once target levels are achieved.

⁵The FY 2026-27 Budget plans for an annual contribution of \$125K into the Pension Trust.

Fund 120 - Water Renewal/Replacement and System-wide Improvements

Primary Funding Source: Water Rates via capital funding from Fund 100

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

Comprehensive Fund Summary

Details of Revenue and Expenses for Fund 120

Category	FY 2026 Amended	FY 2026 YTD Actuals	Year-End Over/(Under) Budget
Beginning Fund Balance	\$89,592,777	\$89,592,777	-
Revenues			
Other Revenue	\$2,000	\$4,153,691	\$4,151,691
Grants	-	\$1,599,999	\$1,599,999
Investment Earnings	\$812,000	\$2,833,102	\$2,021,102
Capital Funding	\$17,398,000	\$16,353,442	-\$1,044,558
Total Revenues	\$18,212,000	\$24,940,234	\$6,728,234
Expenditures			
Personnel	\$2,819,013	\$2,139,833	-\$679,180
Professional Services	\$29,000	\$28,786	-\$214
Capital Projects	\$25,454,746	\$8,528,799	-\$16,925,947
Total Expenditures	\$28,302,759	\$10,697,418	-\$17,605,341
Total Revenues Less Expenditures	-\$10,090,759	\$14,242,816	\$24,333,575
Ending Fund Balance	\$79,502,018	\$103,835,593	\$24,333,575

*Beginning fund balance reflects audited actual.



Explanation of Variances

Revenue

1. **Other Revenue:** The FY 2025-26 unaudited actual is made up of a \$250K cash settlement and a \$500K land credit from the City of Pleasanton as well as \$1.3M DuPont, \$1.4M Tyco, and \$583K BASF class action settlement payments for per- and polyfluoroalkyl substances (PFAS) contamination.
2. **Grants:** The FY 2025-26 unaudited actual reflects the last invoice (retention) received for the Stoneridge Well PFAS Treatment Plant from the Sustainable Groundwater Management Grant Program.
3. **Investment Earnings:** The FY 2025-26 unaudited investment revenue exceeds budget due to the Agency's rate of return exceeding 1.5% as planned in the budget.
4. **Capital Funding:** The FY 2025-26 unaudited capital funding is less than the budget as the budget assumed a 3% annual adjustment, and the actual Engineering News Record Construction Cost Index (ENRCCI) adjustment from June 2024 to June 2025 was -0.555%.

Expenses

1. **Personnel:** The FY 2025-26 unaudited actual labor includes salaries and benefits for the water system capital project through June 30, 2026. The unaudited actual is under budget due to differences between the projected and actual allocation of staff time between the operating and capital funds.
2. **Capital Projects:** The budget includes approved capital projects for FY 2025-26 and ongoing capital projects for the water system. The FY 2025-26 unaudited actual is less than the budget due to the multi-year nature of capital projects. Approximately \$13M will be carried forward and spent in FY 2026-27. The following major capital projects are in process and will continue into next fiscal year:
 - a. Del Valle Water Treatment Plant and Patterson Pass Water Treatment Plant HVAC and Improvements Project
 - b. Mocho Wells PFAS Treatment Facility
 - c. North Canyons EV Chargers
 - d. Silver Oaks Pump Station Replacement
 - e. Stoneridge PFAS Treatment Facility Power and Resource Pooling Authority (PWRPA) Improvements
 - f. Wells & Mocho Groundwater Demineralization Plant Electrical Replacement/Upgrades

Capital Project Highlights



Mocho PFAS Treatment Plant
Conceptual Rendering



Stoneridge Well Emergency Repair
Motor Alignment

The Agency has a variety of water system capital improvement projects in process. A few of these projects are highlighted below:

Chain of Lakes Chromium-6 Removal Study — The purpose of this study is to evaluate strategies to optimize removal of both PFAS and hexavalent chromium (Cr6) in a cost-effective manner. The Board awarded the contract at the June Board meeting, and the contract has been executed. The consultant is preparing a Cr6 Operations Plan for submittal to the State Water Resources Control Board. Pilot-scale testing is scheduled to begin in late 2026 to evaluate treatment media performance and alternative treatment approaches.

Mocho PFAS Treatment Plant — The purpose of this project is to remove PFAS from the Mocho well field to meet drinking water standards, restore production capacity and water supply reliability, restore salt removal at the Mocho Groundwater Demineralization Plant, and replace aging electrical switchgear. The project has continued to make significant progress, including the award of the progressive design-build contract to Garney Pacific and adoption of the CEQA Initial Study Mitigated Negative Declaration. The Basis of Design Report has been completed, establishing the technical foundation for the project's continued development. The Early Works Package to procure long-lead electrical equipment was approved, helping to mitigate potential schedule impacts. In parallel, design submittals continue to advance as the project moves forward toward the next phases of implementation.

Stoneridge Well Emergency Repair — The purpose of this project is to return the Stoneridge Well to reliable service following motor failure. The recent outage resulted from a motor rotor failure, which the on-call consultant traced to a compromised component in the electrical switchgear. To restore service, a replacement motor and associated electrical improvements were installed in late-August.

The permanent electrical upgrades are planned for this winter. The improvements are expected to improve water production reliability and increase operational flexibility.

Fund 120 Capital Projects in Process

The table below summarizes the major water renewal/replacement and system-wide improvement projects in process. For more information on capital projects, please see the Capital Projects Status Report in the August 19, 2026, Board meeting agenda packet.

Project	Total Estimated Cost	Fund 120 Share	Status	Estimated In-Service Date
Chain of Lakes Chromium-6 Removal Study	\$350,000	\$350,000	In-process	Summer 2027
Del Valle and Patterson Pass Water Treatment Plant HVAC and Improvements	\$12,060,000	\$12,060,000	Preliminary Design	Summer 2028
Del Valle Water Treatment Plant Master Plan	\$690,000	\$690,000	In-process	Summer 2027
North Canyons Electric Vehicle Chargers	\$850,000	\$850,000	Pre-construction	Fall 2026
North Canyons Interior Repair and Update	\$905,000	\$905,000	Planning/Design	Spring 2027
Mocho PFAS Treatment Plant*	\$55,000,000	\$55,000,000	Basis of Design Report — Completed	Summer 2028
Silver Oaks Pump Station	\$20,500,000	\$16,400,000	Planning	Fall 2031
Stoneridge PFAS Treatment Plant	\$16,300,000	\$16,300,000	Functional Completion	PWRPA Power Switchover Winter 2027
Stoneridge Well Emergency Repair	\$560,000	\$560,000	In-process	Summer 2026
Transmission System Plan and Hydraulic Model Update	\$875,000	\$656,250	In-process	Summer 2027
Wells and Mocho Groundwater Demineralization Plant Electrical Upgrades/Replacements	\$7,340,000	\$7,340,000	In-process	Spring 2027
Total	\$115,430,000	\$111,111,250		

*The Mocho PFAS Treatment Plant project is anticipated to be partially funded by external funding sources.

Fund 120 Reserves Breakdown

The table below compares the FY 2025-26 Amended Budget ending reserve balances to the unaudited actual ending reserve balances.

Fund 120 Reserves	FY 25-26 Amended Budget	FY 25-26 Unaudited Actual
Debt Service Rate Stabilization Reserve	\$6,300,000	\$6,300,000
Pension Trust	64,000	57,000
Designated for Capital Projects Reserve¹	62,560,000	97,479,000
Total	\$68,924,000	\$103,836,000

Note: Values are rounded to the thousands.

¹Capital Projects Reserve is designated for capital projects to fund water system renewal/replacement and system-wide improvement projects. The reserve's minimum level is equal to 100% of the estimated pay-go capital budget for the fiscal year immediately succeeding the then-current budgeted fiscal year. There is no target or maximum level for this reserve.



Fund 110 - State Water Facilities

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

The Agency's cost of importing water from the Department of Water Resources is funded through the State Water Facilities Fund. This includes repayment of voter-approved, State-incurred, long-term debt.

Comprehensive Fund Summary

Details of Revenues and Expenses for Fund 110

Category	FY 2026 Amended	FY 2026 YTD Actuals	Year-End Over/(Under) Budget
Beginning Fund Balance	\$57,911,111	\$57,911,111	-
Revenues			
Water Sales & Service	\$2,995,000	\$2,695,751	-\$299,249
Property Taxes	\$22,201,000	\$23,835,522	\$1,634,522
Other Revenue	\$3,675,000	\$4,369,241	\$694,241
Investment Earnings	\$784,000	\$1,490,053	\$706,053
Total Revenues	\$29,655,000	\$32,390,566	\$2,735,566
Expenditures			
Professional Services	\$16,000	\$28,849	\$12,849
Water	\$31,236,000	\$29,577,829	-\$1,658,171
Total Expenditures	\$31,252,000	\$29,606,678	-\$1,645,322
Total Revenues Less Expenditures	-\$1,597,000	\$2,783,888	\$4,380,888
Ending Fund Balance	\$56,314,111	\$60,694,999	\$4,380,888

*Beginning fund balance reflects audited actual.

Explanation of Major Variances

Revenue

- Water Sales & Service:** FY 2025-26 unaudited actuals reflect the receipt of the Dougherty Valley surcharge, which is collected separately from the property tax override as the Dougherty Valley is in Contra Costa County.
- Property Taxes:** FY 2025-26 unaudited actual is made up of planned property tax collections from the property tax override as well as other miscellaneous property tax collections such as unsecured and supplemental.
- Other Revenue:** FY 2025-26 unaudited actual other revenue includes refunds from the Department of Water Resources.



4. **Investment Earnings:** The FY 2025-26 unaudited investment revenue exceeds budget due to the Agency's rate of return exceeding 1.5% as planned in the budget.

Expenses

1. **Water:** The FY 2025-26 unaudited actual water costs include the Department of Water Resources fixed charges. Transportation capital charges and the improvement portion of the South Bay Aqueduct Improvement and Enlargement Project debt service payments are paid in January / July and March / September, respectively.

State Water Project Highlights

State Water Project Allocation – In May 2026, the Department of Water Resources announced an increase to the calendar year 2026 State Water Project allocation from 30% to 45%. As stated on the California Department of Water Resources website, the increase in allocation stems from "consistent rainstorms in April providing critical runoff through the system allowing the Department of Water Resources to capture more water and meet environmental regulations without using stored water".



Bethany Reservoir, Alameda County - March 2026

Source: California Department of Water Resources

Fund 110 Reserves Breakdown

The following table compares the FY 2025-26 Amended Budget ending reserve balance to the FY 2025-26 unaudited actual ending reserve balance at June 30, 2026.

Fund 110 Reserves	FY 25-26 Amended Budget	FY 25-26 Projected Actual
State Water Facilities Operating Reserve¹	\$56,314,000	\$60,695,000
Total Reserve	\$56,314,000	\$60,695,000

Note: Values rounded to the nearest thousand.

¹ The State Water Facilities Reserve is designated by the Board to maintain a reserve for fixed costs related to the State Water Project that are not tied to development. State Water Project costs are highly volatile and can be challenging to predict. The reserve's minimum level is equal to 50% of the following year's projected annual operating expenses. There is no target or maximum reserve level.

Fund 130 - Water Enterprise Capital Expansion

Primary Funding Source: Water Connection Fees

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

Comprehensive Fund Summary

Details of Revenue and Expenses for Fund 130

Category	FY 2026 Amended	FY 2026 YTD Actuals	Year-End Over/(Under) Budget
Beginning Fund Balance	\$78,681,415	\$78,681,415	-
Revenues			
Connection/Development Fees	\$10,000,000	\$22,219,786	\$12,219,786
Other Revenue	\$3,000,000	\$3,404,677	\$404,677
Investment Earnings	\$835,000	\$2,113,665	\$1,278,665
Total Revenues	\$13,835,000	\$27,738,127	\$13,903,127
Expenditures			
Personnel	\$255,166	\$334,748	\$79,582
Professional Services	\$50,000	\$25,500	-\$24,500
Legal Services	\$92,000	\$18,393	-\$73,607
Water	\$17,400,000	\$16,424,874	-\$975,126
Capital Projects	\$2,787,502	\$371,675	-\$2,415,827
Debt Service	\$1,100,000	\$1,098,450	-\$1,550
Total Expenditures	\$21,684,668	\$18,273,640	-\$3,411,028
Total Revenues Less Expenditures	-\$7,849,668	\$9,464,487	\$17,314,155
Ending Fund Balance	\$70,831,747	\$88,145,902	\$17,314,155

*Beginning fund balance reflects audited actual.



Explanation of Major Variances

Revenue

1. **Connection/Development Fees:** FY 2025-26 unaudited actual revenue is made up of water connection fees from approximately 604 new connections from July 1, 2025, through June 30, 2026. The connection fee revenue received to-date is primarily from the Dublin San Ramon Services District service area. The revenue exceeded budget as development occurred faster than anticipated.
2. **Other Revenue:** FY 2025-26 unaudited actual revenue consists of refunds from the Department of Water Resources.
3. **Investment Earnings:** The FY 2025-26 unaudited investment revenue exceeds budget due to the Agency's rate of return exceeding 1.5% as planned in the budget.

Expenses

1. **Personnel:** FY 2025-26 unaudited personnel costs include salaries and benefits through June 30, 2026, for water system capital expansion projects. Personnel costs exceed budget due to ongoing staff time on the Sites Reservoir project, Chain of Lakes Conveyance System project, and the Groundwater Regional Well project.
2. **Water:** FY 2025-26 unaudited actual expenses are made up of the first and second installments of the South Bay Aqueduct Enlargement debt service payments (paid in September and March) as stated in the 2026 Statement of Charges.
3. **Capital Projects:** Includes approved capital expansion projects for FY 2025-26. The unaudited actual expenses are less than budget as the majority of costs incurred in the early stages of the capital projects are reflected in the personnel costs. The projects are multi-year in nature and will continue into next year.
4. **Debt Service:** Reflects the Fund 130 portion of the Water Revenue Bonds, 2018 Series A debt service. The bonds refunded the Agency's obligations in connection with the Cawelo Water District Certificates of Participation, Series 2006.

Ongoing Development Highlights

The primary revenue source for Fund 130 is water connection fees from new development within the service area. While the connection fee revenue received in FY 2025-26 predominately came from new connections in the Dublin San Ramon Services District, the City of Livermore is currently underway with numerous developments around the Agency's headquarters. The images below show the ongoing development within the City of Livermore, specifically development as part of the Isabel Neighborhood Plan. The City of Livermore is also developing at Arroyo Crossing on Las Positas Road.



Triad Place, City of Livermore
April 2026



Serenity, City of Livermore
April 2026



Triad Place, City of Livermore
August 2026



Serenity, City of Livermore
August 2026

Historical Water Connection Fee Collections

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26 Unaudited Actual
Connection Fee Revenue	\$22,461,926	\$13,609,527	\$19,669,510	\$17,023,624	\$11,860,411	\$22,940,368	\$22,219,786
Number of New Connections	796	470	643	535	340	672	604

Expansion Capital Project Highlights

South Bay Aqueduct — The largest expense in Fund 130 is the Agency's annual debt obligations for the South Bay Aqueduct improvements and enlargement project by the California Department of Water Resources. The project involved expansion of the South Bay Aqueduct to convey 130 cubic feet per second of water through Reach 1 and 80 cubic feet per second through Reaches 2 through 4. The project also included the construction of the Dyer Reservoir, a 425-acre-foot raw water reservoir located near Dyer Road.

Sites Reservoir Project — Sites Reservoir is a proposed 1.5 million acre foot off stream reservoir designed to adapt to changing climate conditions, providing a more flexible water supply for California. As a rain-fed storage solution, Sites Reservoir will be able to capture water from extreme storm events, which can be used by communities, farms, and the environment when water is more scarce. The Agency has been participating in the planning phase of the project since 2017. The FY 2025-26 budget reflects Agency staff time for planning efforts during Phase 2.



Dyer Reservoir

Source: Department of Water Resources



Sites Reservoir Project Map

Fund 130 Reserves Breakdown

The table below compares the FY 2025-26 Amended Budget ending reserve balances to the unaudited actual ending reserve balances.

Fund 130 Reserves	FY 25-26 Amended Budget	FY 25-26 Unaudited Actual
Sinking Funds¹	\$31,540,000	\$31,540,000
Debt Service Rate Stabilization Reserve	2,300,000	2,300,000
Designated for Capital Projects Reserve²	25,756,000	54,289,000
Pension Trust Fund	17,000	17,000
Total Reserves	\$59,613,000	\$88,146,000

Note: Values are rounded to the nearest thousand.

¹Reserve established by the Board to fund South Bay Aqueduct debt service payments that continue after the Agency's service area is built-out.

²Reserve designated for capital projects to fund expansion capital improvement projects over the next ten years. The reserve's minimum level is equal to 60% of the current annual budgeted non-discretionary amount. There is no target or maximum level for this reserve.

Fund 200 - Flood Protection Operations

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

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

Comprehensive Fund Summary

Details of Revenues and Expenses for Fund 200

Category	FY 2026 Amended	FY 2026 YTD Actuals	Year-End Over/(Under) Budget
Beginning Fund Balance	\$33,637,946	\$33,637,946	-
Revenues			
Property Taxes	\$13,077,000	\$12,937,793	-\$139,207
Other Revenue	\$236,000	\$213,001	-\$22,999
Grants	-	\$1,816,234	\$1,816,234
Investment Earnings	\$180,000	\$1,070,483	\$890,483
Total Revenues	\$13,493,000	\$16,037,511	\$2,544,511
Expenditures			
Personnel	\$3,208,000	\$3,565,041	\$357,041
Professional Services	\$4,140,162	\$2,331,734	-\$1,808,428
County Services	\$110,500	\$176,463	\$65,963
Legal Services	-	\$10,985	\$10,985
Telecommunications	\$6,000	\$4,627	-\$1,373
Maintenance Services	\$20,812,141	\$6,774,331	-\$14,037,810
Rental Services	-	\$13,764	\$13,764
Office Supplies and Other Services	\$840,322	\$783,642	-\$56,680
Organizational Memberships and Support	\$91,300	\$63,425	-\$27,875
Training and Travel	\$27,000	\$2,340	-\$24,660
Equipment	\$35,000	-	-\$35,000
Capital Funding	\$16,000	\$11,890	-\$4,110
Total Expenditures	\$29,286,425	\$13,738,243	-\$15,548,182
Total Revenues Less Expenditures	-\$15,793,425	\$2,299,268	\$18,092,693
Ending Fund Balance	\$17,844,521	\$35,937,214	\$18,092,693

*Beginning fund balance reflects audited actual.



Explanation of Major Variances

Revenue

1. **Property Tax:** FY 2025-26 unaudited actual revenue reflects the Agency's collection of ad valorem property taxes received from the County.
2. **Grants:** FY 2025-26 unaudited actual grant revenue comprises reimbursement from FEMA and Cal OES for completed 2023 emergency storm repair projects.
3. **Investment Earnings:** The FY 2025-26 unaudited investment revenue exceeds budget due to the Agency's rate of return exceeding 1.5% as planned in the budget.

Expenses

1. **Personnel:** FY 2025-26 unaudited personnel costs include this fund's share of salaries and benefits through June 30, 2026. The unaudited actuals are over budget primarily due to newly approved longevity pay for employees reaching five and 10-year milestones with the Agency and a higher than planned cost of living adjustment (6% vs. planned 4%).
2. **Professional Services:** The FY 2025-26 Budget includes ongoing project costs for the Flood Management Plan Phase 2A as well as a variety of on-call and as-needed services for flood-related engineering, permitting, and planning services. The year-end projection is less than the budget primarily due to the multi-year nature of the Flood Management Plan (\$610K), unspent as-needed services (\$300K), as well as unspent contingency (\$500K).
3. **Maintenance Services:** The FY 2025-26 Budget includes routine flood engineering repair services (~\$3M) and approximately \$17M for planned flood emergency projects. The year-end projection is less than budget due to delayed storm repair projects from environmental permitting delays. Storm repairs planned for summer 2025 were shifted to summer of 2026. Construction on several sites began in June 2026 and will continue through summer 2027.

The following table lists major projects that are in-process.

Project	Total Cost	Fund 200 Share	Status	In-service
Alamo Creek Bank Stabilization Pilot Project ¹	\$6.1M	\$6.1M	2 of 3 permits received	Winter 2027
2022-23 Storm Damage High Priority Repairs	\$2.4M	\$2.4M	Permits received	Fall 2026
2023 Storm Damage Repairs – Phase 1A/1B	\$25.0M	\$25.0M	Permits received	Fall 2026/Fall 2027
Arroyo Mocho Medeiros Reach Bank Stabilization	\$2.2M	\$2.2M	Permits pending	Fall 2027
El Charro Weir Repair	\$3.84M	\$3.84M	Design Complete	Fall 2028
US Army Corps of Engineers (USACE) Rehabilitation	\$6.15M	\$6.15M	Construction	Fall 2027

¹DWR has awarded approximately \$3.9M in grants through the Floodplain Management, Protection, and Risk Awareness (FMPRA) Grant program.

Flood Operations and Maintenance Highlights

Flood Maintenance — Each summer the Agency uses goat grazing services at its flood protection facilities for vegetation maintenance to abate fire fuels and maintain channel capacity. This summer, 176 acres of flood control facilities were grazed by goats.

Rehabilitation Project — In November 2025, the U.S. Army Corps of Engineers (USACE) completed Phase 1 of the Rehabilitation Project, successfully repairing four high-priority bank stabilization sites along Arroyo Mocho near West Las Positas Boulevard in Pleasanton. Phases 2 and 3 will address a total of 41 additional bank repair sites, with 21 sites in Pleasanton planned for construction during summer 2026, followed by 20 sites in Dublin scheduled for summer 2027. USACE has awarded the Phase 2 and 3 construction contract and issued the notice to proceed.

2023 Storm Damage Repairs — Phase 1 — The purpose of the Phase 1 repairs is to restore channel embankments damaged during the December 2022-January 2023 storm event. The repairs will include stabilization of channel banks utilizing rock rip rap, bio-engineered building units, and eco-friendly crib walls. Erosion control fabric will also be placed on top of all new repairs and hydroseeded. As of August 2026, all environmental permits were secured. Since June 2026, the contractor has completed 17 of approximately 50 total sites, with work continuing along Line J (South San Ramon Creek) and Line F (Alamo Creek) in Dublin.



**Flood Maintenance Goat Grazing -
Summer 2025**



**US Army Corps of Engineers
Rehabilitation Project**
Line G – Arroyo Mocho in Pleasanton



Line J – South San Ramon Creek

Fund 200 Reserves Breakdown

The table below compares the FY 2025-26 Amended Budget ending reserve balance to the projected ending reserve balance.

Fund 200 Reserves	Minimum	Target	Maximum	FY 25-26 Unaudited Actual
Operating Reserves¹	\$7,287,000	-	\$18,219,000	\$7,287,000
Designated for Capital Projects Reserve²	-	-	-	\$28,388,000
Section 115 Pension Trust	-	-	-	262,000
Total Reserves	\$7,287,000	-	\$18,219,000	\$35,937,000

Note: Values are rounded to the nearest thousand.

¹ This fund may be routinely utilized to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses and/or shifts in the allocation of property taxes to Zone 7. The minimum reserve level is equal to 20% of the Agency's current annual budgeted flood protection operating expenses, excluding capital. The maximum reserve level is equal to 50% if the current annual budgeted flood protection operating expenses, excluding capital. There is no target level for this reserve.

² Per the Agency's Reserve Policy, there is no minimum or maximum level required for the Flood capital projects reserve.

Fund 210 - Flood Protection Development Impact Fee

Primary Funding Source: Development Impact Fees.

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

Comprehensive Fund Summary

Details of Revenues and Expenses for Fund 210

Category	FY 2026 Amended	FY 2026 YTD Actuals	Year-End Over/(Under) Budget
Beginning Fund Balance	\$85,092,017	\$85,092,017	-
Revenues			
Connection/Development Fees	\$1,500,000	\$2,966,176	\$1,466,176
Other Revenue	\$25,000	-	-\$25,000
Investment Earnings	\$1,187,000	\$2,486,647	\$1,299,647
Total Revenues	\$2,712,000	\$5,452,823	\$2,740,823
Expenditures			
Personnel	\$160,641	\$77,622	-\$83,019
Professional Services	\$1,636,304	\$724,532	-\$911,772
Capital Projects	\$500,000	-	-\$500,000
Total Expenditures	\$2,296,945	\$802,154	-\$1,494,791
Total Revenues Less Expenditures	\$415,055	\$4,650,669	\$4,235,614
Ending Fund Balance	\$85,507,072	\$89,742,686	\$4,235,614

*Beginning fund balance reflects audited actual.

Explanation of Major Variances

Revenue

1. **Connection/Development Fees:** Development impact fees are collected from a development project within Zone 7's service area equal to the number of square feet of impervious surface created, meaning, any surface or parcel that reduces the rate of natural infiltration of storm water into the soil. The fee is \$1.00 per square foot. The FY 2025-26 unaudited actual reflects revenue primarily received from the Dublin-San Ramon Services District and the City of Livermore.
2. **Investment Earnings:** The FY 2025-26 unaudited investment revenue exceeds budget due to the Agency's rate of return exceeding 1.5% as planned in the budget.

Expenses

1. **Personnel:** The FY 2025-26 unaudited actual reflects salaries and benefits for flood expansion projects through June 30, 2026.
2. **Professional Services:** The budget primarily includes professional service funding for a portion of as-needed programmatic permitting and environmental compliance, and funding for the Flood Management Plan Phase 2A. The FY 2025-26 unaudited actual is less than the budget as the Flood Management Plan will continue into next fiscal year and no flood expansion related permitting funds were spent in FY 2025-26.
3. **Capital Projects:** The budget consists of contingency funds for unforeseen projects or emergencies. No contingency funds were spent in FY 2025-26.

The Agency is in the process of developing and implementing a Flood Management Plan to direct the Agency's future flood maintenance activities and flood capital projects.

Fund 210 Reserves Breakdown

The following table and chart compare the FY 2025-26 Amended Budget ending reserve balance to the projected ending reserve balance.

Fund 210 Reserves	FY 25-26 Amended Budget	FY 25-26 Projected Actual
Capital Projects Reserve	\$83,715,000	\$89,743,000
Total Reserves	\$83,715,000	\$89,743,000

Note: Values are rounded to the thousand.