ZONE 7 WATER AGENCY
Delivering Quality, Reliability and Safety

100 North Canyons Parkway
Livermore, CA 94551
(925) 454-5000

NOTICE OF REGULAR MEETING OF BOARD OF DIRECTORS

DATE:	Wednesday, April 15, 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 904-1-7-29, 904-9-5, 904-9-6, 904-9-1-3
    Agency Negotiators: Valerie Pryor/Rebecca Smith
    Under negotiation: Terms

    b. Conference with Legal Counsel – Anticipated Litigation: Significant Exposure to Litigation Pursuant to Government Code § 54956.9(d)(2): (1 potential case)

    c. 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

    d. 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

    e. 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.

    f. Conference with Legal Counsel (Anticipated Litigation) – Initiation of litigation pursuant to § 54956.9(c) (one case)

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. Special Board Meeting Minutes of March 4, 2026
   b. Regular Board Meeting Minutes of March 18, 2026

8. Consent Calendar
   a. Award a Contract for Hydraulic Model Update and Transmission System Plan
   b. Award Contracts for On-Call Structural Engineering Services
   c. Award a Contract for Laboratory Instrument Preventive Maintenance and Repair Services
   d. Approve Blanket Purchase Orders for Maintenance and Water Quality
   e. Personnel Action: Senior Procurement Specialist, Zone 7

   Recommended Action: Adopt Resolutions

9. Adopt the 2026 Asset Management Plan Update and FY 2026-27 Ten-Year Water System Capital Improvement Plan

   Recommended Action: Adopt Resolution

10. Declaration of May as Water Awareness Month

    Recommended Action: Adopt Resolution

11. General Manager's Compensation

    Recommended Action: Adopt Resolution

12. Committees
    a. Legislative Committee Meeting Notes of March 12, 2026

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

14. Items for Future Agenda – Directors

15. Staff Reports
    a. General Manager's Report
    b. March Outreach Activities
    c. Legislative Update
    d. Monthly Water Inventory and Water Budget Update
    e. Livermore Valley Groundwater Basin Sustainable Groundwater Management Annual Report for Water Year 2025 (October 2024 – September 2025)

16. Adjournment

17. Upcoming Board Schedule: (All meeting locations are in the Boardroom at 100 N. Canyons Pkwy., Livermore, unless otherwise noted.)
    a. Administrative Committee Meeting: April 22, 2026, 3:00 p.m.
    b. Water Resources Committee Meeting: April 28, 2026, 3:00 p.m.
    c. Special Board Meeting: May 12, 2026, 6:00 p.m.
    d. Finance Committee Meeting: May 13, 2026, 3:00 p.m.
    e. Legislative Committee Meeting: May 14, 2026, 4:00 p.m.
    f. Regular Board Meeting: May 20, 2026, 7:00 p.m.

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MINUTES OF THE BOARD OF DIRECTORS
ZONE 7

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

SPECIAL MEETING

March 4, 2026

Directors Present: Dawn Benson
Catherine Brown
Sandy Figuers
Dennis Gambs
Laurene Green
Kathy Narum
Sarah Palmer

Staff Present: Valerie Pryor, General Manager
Chris Hentz, Assistant General Manager – Engineering
Osborn Solitei, Treasurer/Assistant General Manager – Finance
Ken Minn, Water Resources Manager
Mona Olmsted, Principal Engineer
Donna Fabian, Executive Assistant/Board Secretary

Item 1 – Call Meeting to Order

The meeting was called to order by President Narum at 6:00 p.m.

Item 2 – Pledge of Allegiance

Director Gambs led the Pledge of Allegiance.

Item 3 – Roll Call of Directors

All Directors were present.

Item 4 – Public Comment

There was no public comment.

Item 5 – Draft Asset Management Plan Update and Draft Fiscal Year 2026/27 Ten-Year Water System Capital Improvement Plan

Valerie Pryor, General Manager, introduced the item and noted that the draft Asset Management Plan (AMP) and Capital Improvement Plan (CIP) represent a significant, Agency-wide effort led by the engineering team with contributions from multiple departments. She emphasized that the CIP maintains a similar overall cost structure and transfer level as the current program and clarified that adoption of the document would not constitute approval of individual projects.

Chris Hentz, Assistant General Manager – Engineering, provided an overview of the AMP and CIP, explaining that the plans focus on Zone 7's treated water system and support the Agency's strategic goals related to water supply reliability and fiscal responsibility. He described the system's extensive infrastructure and the importance of maintaining reliability and redundancy to meet customer demand under varying conditions.

Mona Olmsted, Principal Engineer, presented details of the planning process, key priorities, and funding structure. She explained that the CIP includes approximately 50 projects totaling about $875 million over 10 years and is informed by a risk-based asset management approach. She also highlighted major project categories, recent accomplishments, and funding assumptions, including grants, cost sharing, and debt financing, noting that projected fund balances meet reserve policy requirements. Staff indicated the CIP is fully funded and will be brought back for Board consideration at a future meeting.

Board members asked questions and provided comments on several topics, including the treatment of State Water Project assets, potable reuse studies and future planning efforts, anticipated grant funding for PFAS treatment, debt service assumptions, and membrane replacement strategies. Additional discussion addressed the level of accuracy in cost estimates at various stages of project development, allocation of costs between existing and future customers, and asset management strategies for aging infrastructure such as pipelines. Staff explained that the CIP emphasizes inspection, maintenance, and targeted replacement rather than wholesale replacement of assets, and noted ongoing efforts to refine project scopes and costs.

Further discussion included water demand projections, PFAS management planning, funding flexibility, bond capacity, and the prioritization of projects in response to fluctuating revenues. Board members also inquired about economic factors that could impact project costs and the ability to adjust funding levels during future budget discussions. Staff confirmed that the CIP is a planning document that allows for flexibility and future adjustments as conditions evolve.

The Board expressed support for the comprehensive nature of the plan and commended staff for their work.

Item 6 – Adjournment

President Narum adjourned the meeting at 7:17 p.m.

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MINUTES OF THE BOARD OF DIRECTORS
ZONE 7

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

REGULAR MEETING

March 18, 2026

Directors Present: Dawn Benson
Catherine Brown
Sandy Figuers
Dennis Gambs
Laurene Green
Kathy Narum
Sarah Palmer

Staff Present: Valerie Pryor, General Manager
Chris Hentz, Assistant General Manager – Engineering
Osborn Solitei, Treasurer/Assistant General Manager – Finance
Mariza Sibal, Associate Civil Engineer
Donna Fabian, Executive Assistant/Board Secretary

General Counsel: Matt Weber, Downey Brand

Item 1 – Call Zone 7 Water Agency Meeting to Order

The Zone 7 Water Agency meeting was called to order by President Narum at 7:05 p.m.

Item 2 – Closed Session

The Board entered Closed Session at 5:30 p.m. and adjourned at 6:59 p.m.

Item 3 – Open Session and Report Out of Closed Session

There was nothing to report out of Closed Session.

Item 4 – Pledge of Allegiance

Director Gambs 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 Gambs moved to approve the minutes of the regular Board meeting held on February 18, 2026. The motion was seconded by Director Benson and approved by a voice vote of 7-0.

Item 8 – Consent Calendar

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

Item 9 – Award a Contract for Design-Build Services and Amend Owner's Representative Support Services Contract for the Mocho PFAS Treatment Plant

Mariza Sibal, Associate Civil Engineer, presented the item, providing an overview of the Mocho PFAS Treatment Plant Project, including background, procurement process, project delivery approach, schedule, and recommended actions. She explained that PFAS impacts have taken the Mocho wellfield and Mocho Groundwater Demineralization Plant offline, resulting in a loss of approximately 16 MGD, or 40% of groundwater production capacity, reducing system redundancy and water supply reliability. She noted that the Progressive Design-Build (PDB) delivery method would help expedite project delivery by 6 to 12 months compared to a traditional design-bid-build approach, while allowing for early procurement of long-lead equipment and enhanced collaboration between the designer and contractor.

Ms. Sibal reviewed the competitive procurement process, noting that six proposals were received and evaluated based on qualifications and technical criteria. Garney Pacific, in partnership with Hazen and Sawyer, was identified as the highest-ranked firm. She also described the continued need for Owner's Representative support services from Carollo Engineers during the pre-construction phase. The total project budget was identified as $54.4 million, with the current request limited to preconstruction services and contract amendments.

Director Palmer inquired about the timing of grant funding related to electrical components and whether the project schedule would allow the Agency to utilize available funding before its expiration. Ms. Sibal confirmed that early procurement packages, including switchgear, are intended to meet grant deadlines.

Director Green requested clarification on the roles of Garney Pacific and Hazen and Sawyer, and confirmed that the project involves potential replacement of well pumps and related equipment rather than drilling new wells. Ms. Sibal explained that Garney Pacific would serve

as the design-builder, with Hazen and Sawyer as the design subconsultant, and that condition assessments would determine final scope elements.

Director Gambs asked about the legal authority for using the PDB delivery method and requested a comparison to traditional project delivery. Valerie Pryor, General Manager, confirmed that state law authorizes the use of progressive design-build for water projects and that Zone 7 updated its purchasing policy accordingly. Chris Hentz, Assistant General Manager – Engineering, added that the PDB approach allows for collaboration, cost optimization, and early equipment procurement, resulting in schedule efficiencies.

President Narum asked about the status of right-of-way acquisition with the City of Pleasanton, the off-ramp provision in the contract, and project funding. Ms. Pryor reported that an appraisal had been submitted to Pleasanton and is under review. Ms. Sibal explained that the off-ramp provision allows the Agency to discontinue the PDB approach if a guaranteed maximum price cannot be negotiated. Osborn Solitei, Treasurer/Assistant General Manager – Finance, confirmed that funding strategies include pursuing grant funding and, if necessary, issuing bonds, with early procurement costs partially reimbursable.

Director Gambs moved to approve both resolutions. The motion was seconded by Director Green and approved by a roll-call vote of 7-0.

Item 10 – Committees

There were no Board comments on the Finance Committee meeting notes.

Item 11 – Reports – Directors

President Narum reported that she presented the Livermore Science Odyssey Award for Best Middle School Project, which focused on evaluating the costs of desalination. She noted that the student's work was impressive and thoughtfully developed, and expressed optimism about the future of science based on the quality of the projects presented.

Director Palmer reported on her participation in ACWA Water Policy Committee meetings, including discussions with the Water Quality and Agriculture Committees. She highlighted federal policy issues and noted differing perspectives within the agricultural community regarding the Delta Conveyance Project (DCP), particularly concerns about protecting water rights. She also reported on ongoing Delta Conveyance Authority (DCA) permitting hearings and upcoming geotechnical work, noting that legal challenges remain pending. Director Palmer further discussed recent water quality regulatory developments, including the impacts of the Supreme Court's Sackett decision, which narrows the definition of Waters of the United States. She explained that the decision shifts greater regulatory responsibility to the State and may impact water quality protections, requiring additional staffing and regulatory efforts in California.

Director Green reported that she attended the ACWA Water Quality Committee meeting, where PFAS continues to be a primary topic of discussion. She noted that a PFAS working group is conducting a survey to better understand the true costs associated with PFAS

treatment. Director Green emphasized that, from her perspective and that of her constituents, the information should be used to support funding solutions rather than to shift regulatory requirements.

Item 12 – Items for Future Agenda – Directors

There were no requests for items for a future Agenda.

Item 13 – Staff Reports

Valerie Pryor provided highlights from the staff reports. She reported that the State Water Project allocation remains at 30% and noted that, despite earlier snowpack, recent heat conditions may limit any increase in allocation. She emphasized that Zone 7 began the year with full storage, which remains full, and indicated that the Agency is in a strong position for the year. Ms. Pryor also highlighted a recently released Department of Water Resources fact sheet titled The State Water Project – Beyond the Tap, which outlines the system's importance to California, including water supply, flood protection, environmental benefits, and support of the State's economy.

President Narum requested an update on second-quarter financial results. Osborn Solitei reported that the second-quarter financial report was presented to the Finance Committee in February and that the Agency's financial position remains strong. He noted that beginning fund balances are consistent with projections, investments are performing well, and the Agency continues to maintain AAA credit ratings. He also referenced approximately $13 million in water supply reliability funding in Fund 100, which will be incorporated into upcoming rate discussions.

Item 14 – Adjournment

President Narum adjourned the meeting at 7:52 p.m.

WATER AGENCY
Delivering Quality, Reliability and Safety

100 North Canyons Parkway
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ORIGINATING SECTION: Water Supply Engineering
CONTACT: Edward Yeh/Mona Olmsted

AGENDA DATE: April 15, 2026

SUBJECT: Award a Contract for Hydraulic Model and Transmission System Plan Update

SUMMARY:

- The proposed action supports Strategic Plan Goal B – Reliable Water Supply and Infrastructure, Initiative 6 – Continue to effectively implement infrastructure projects in the Water System Capital Improvement Plan (CIP).

- Zone 7 owns and operates over 40 miles of transmission pipelines, two surface water treatment plants, 4 pump stations, 5 treated water reservoirs, 9 groundwater production wells, and other critical treatment and transmission system infrastructure. Zone 7 periodically prepares an update to its Transmission System Plan to assess system performance, identify deficiencies, and prioritize capital improvements based on current and projected water demands and water supply reliability goals. The last update was completed in 2016.

- The Hydraulic Model will be updated to reflect current water demands, revised growth projections, and infrastructure improvements completed since the last update. The model will be used to assess capital projects that may be needed to improve system performance and reliability and to meet future system needs, including future development. Key considerations will include system storage capacity, levels of service at customer turnouts, pressure zone configurations, and system performance under various operational scenarios. The assessment will inform a Transmission System Plan update, anticipated by June 2027, that will summarize a prioritized set of recommended improvements for consideration in future Capital Improvement Plan updates.

- In accordance with Zone 7's Purchasing Policy, a Request for Proposals was solicited for the Transmission System Plan and Hydraulic Model Update. On March 4, 2026, five proposals were received. Staff evaluated the proposals based upon established criteria including project understanding, project approach and scope of work, firm and personnel qualifications, project schedule, and level of effort. Based on this evaluation and subsequent interviews, West Yost & Associates was identified as the highest-ranked firm to provide the services requested.

- Staff recommends that the Board authorize the General Manager to negotiate, execute, and amend, as needed, a professional services agreement with West Yost & Associates for engineering and hydraulic modeling services for this project, in an amount not-to-exceed $630,000, which includes a 10% contingency.

FUNDING:

Funding is included in the Adopted Two-Year Budget for FY 2024-26 for Fund 120 – Water Enterprise Renewal/Replacement & System-Wide Improvements, and Fund 130 – Water System Expansion. Funding for FY 2027-28 is included in the Proposed Two-Year Budget for FY 2026-27 and FY 2027-28.

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

Award a Contract for Hydraulic Model and Transmission System Plan Update

WHEREAS, this action supports Strategic Plan Initiative 6 – Continue to effectively implement infrastructure projects in the Water System Capital Improvement Plan; and

WHEREAS, Zone 7 requires engineering and hydraulic modeling services for the Hydraulic Model and Transmission System Plan Update; and

WHEREAS, in accordance with Zone 7's Purchasing Policy, a competitive procurement process was completed to select a firm to provide these services; and

WHEREAS, a Request for Proposals was issued on January 30, 2026, and five proposals were received on March 4, 2026; and

WHEREAS, the selection committee reviewed the proposals and conducted interviews, evaluated the proposers based upon the capabilities requested and criteria outlined in the Request for Proposals, and determined that West Yost & Associates was the best qualified firm to provide the requested services.

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, execute, and amend as needed, a professional services agreement with West Yost & Associates for engineering and hydraulic modeling services for the Hydraulic Model and Transmission System Plan Update, in an amount not-to-exceed $630,000, which includes a 10% contingency.

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 April 15, 2026.

By: _____
President, Board of Directors

ZONE 7 WATER AGENCY
Delivering Quality, Reliability and Safety

100 North Canyons Parkway
Livermore, CA 94551
(925) 454-5000

ITEM NO. 8b

ORIGINATING SECTION: Water Supply Engineering
CONTACT: Edward Yeh/Mona Olmsted

AGENDA DATE: April 15, 2026

SUBJECT: Award Contracts for On-Call Structural Engineering Services

SUMMARY:

- The proposed actions support Strategic Plan Goal B – Reliable Water Supply and Infrastructure, Initiative 6 – Continue to effectively implement infrastructure projects in the Water System Capital Improvement Plan, and Strategic Plan Goal E – Effective Flood Protection, Initiative 13 – Continue to repair and maintain the flood protection facilities.

- Zone 7 has an ongoing need for timely, specialized structural engineering services to ensure the reliable operation and maintenance of its water and flood protection infrastructure. Zone 7's current contracts with Bluestone Engineering, Inc., and Wood Rodgers, Inc., for these services expire on June 30, 2026.

- In accordance with Zone 7's Purchasing Policy, a Request for Qualifications was solicited for on-call structural engineering services. On March 11, 2026, two statements of qualifications were received. Staff evaluated the statements of qualifications based on the capabilities requested and criteria outlined in the Request for Qualifications, and determined that Carollo Engineers, Inc., and Wood Rodgers, Inc., are qualified to provide the requested services.

- Over the past five years, on-call structural engineering expenditures have totaled approximately $120,000. The proposed contract amounts are higher than previously expended amounts due to inflation and higher workload associated with upcoming planned projects. Retaining two qualified firms is consistent with current practices and provides flexibility to meet project scheduling demands.

- Staff recommends that the Board authorize the General Manager to negotiate, execute, and amend, as needed, contracts with:

    1. Carollo Engineers, Inc., for a not-to-exceed amount of $65,000 for the three-year period of Fiscal Years (FYs) 2026-27 to 2028-29, with the option of amending the contract based on satisfactory performance for up to two additional one-year terms (FYs 2029-30 to 2030-31) for a total five-year not-to-exceed contract amount of $115,000; and

2. Wood Rodgers, Inc., for a not-to-exceed amount of $65,000 for the three-year period of FYs 2026-27 to 2028-29, with the option of amending the contract based on satisfactory performance for up to two additional one-year terms (FYs 2029-30 to 2030-31) for a total five-year not-to-exceed contract amount of $115,000.

FUNDING:

Funding is included in the Proposed Two-Year Budget for FYs 2026-27 and 2027-28 for Fund 100 – Water Enterprise, Fund 120 – Renewal & Replacement/System-Wide Improvements, Fund 130 – Water System Expansion, and Fund 200 – Flood Protection Operations. Funding for future fiscal years will be requested in subsequent budget requests.

RECOMMENDED ACTION:

Adopt the attached Resolutions.

ATTACHMENTS:

Resolutions

ZONE 7

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Award a Contract to Carollo Engineers, Inc., for On-Call Structural Engineering Services

WHEREAS, this action supports Strategic Plan Initiative 6 - Continue to effectively implement infrastructure projects in the Water System Capital Improvement Plan, and Strategic Plan Initiative 13 – Continue to repair and maintain the flood protection facilities; and

WHEREAS, Zone 7 has an ongoing need for timely, specialized structural engineering services to ensure the reliable operation and maintenance of its water and flood protection infrastructure; and

WHEREAS, in accordance with Zone 7's Purchasing Policy, a competitive procurement process was completed to select firms to provide these services; and

WHEREAS, a Request for Qualifications was issued on February 17, 2026, and two statements of qualifications were received on March 11, 2026; and

WHEREAS, the selection committee evaluated the statements of qualifications based upon the capabilities requested and criteria outlined in the Request for Qualifications, and determined that Carollo Engineers, Inc., was qualified to provide this service.

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, execute, and amend as needed a contract with Carollo Engineers, Inc., for on-call structural engineering services for a total not-to-exceed amount of $65,000 for a three-year period (FYs 2026-27 to 2028-29); 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 extend the contract for on-call structural engineering services, based on satisfactory performance, for up to two additional one-year terms (FYs 2029-30 to 2030-31) for a total five-year not-to-exceed contract amount of $115,000.

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 April 15, 2026.

By: _____
President, Board of Directors

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Award a Contract to Wood Rodgers, Inc., for On-Call Structural Engineering Services

WHEREAS, this action supports Strategic Plan Initiative 6 - Continue to effectively implement infrastructure projects in the Water System Capital Improvement Plan, and Strategic Plan Initiative 13 – Continue to repair and maintain the flood protection facilities; and

WHEREAS, Zone 7 has an ongoing need for timely, specialized structural engineering services to ensure the reliable operation and maintenance of its water and flood protection infrastructure; and

WHEREAS, in accordance with Zone 7's Purchasing Policy, a competitive procurement process was completed to select firms to provide these services; and

WHEREAS, a Request for Qualifications was issued on February 17, 2026, and two statements of qualifications were received on March 11, 2026; and

WHEREAS, the selection committee evaluated the statements of qualifications based upon the capabilities requested and criteria outlined in the Request for Qualifications, and determined that Wood Rodgers, Inc., was qualified to provide this service.

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, execute, and amend as needed a contract with Wood Rodgers, Inc., for on-call structural engineering services for a total not-to-exceed amount of $65,000 for a three-year period (FYs 2026-27 to 2028-29); 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 extend the contract for on-call structural engineering services, based on satisfactory performance, for up to two additional one-year terms (FYs 2029-30 to 2030-31) for a total five-year not-to-exceed contract amount of $115,000.

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 April 15, 2026.

By: _____
President, Board of Directors

ZONE 7 WATER AGENCY
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(925) 454-5000

ORIGINATING SECTION: Water Quality
CONTACT: Pony Yim/Angela O'Brien

AGENDA DATE: April 15, 2026

SUBJECT: Award a Contract for Laboratory Instrument Preventive Maintenance and Repair Services

SUMMARY:

- The proposed action supports Strategic Plan Goal C – Safe Water, Initiative 7 – Meet or surpass all drinking water health and safety requirements.

- The Water Quality laboratory uses specialized laboratory instruments, including chromatography and spectrometry systems, to detect levels of various water quality constituents. These instruments require annual preventive maintenance and as-needed repair services to ensure their accuracy, reliability, and continued operation.

- Thermo Electron North America LLC is the manufacturer and sole authorized service provider of these laboratory instruments and possesses the technical expertise, proprietary knowledge, and access to original equipment parts required to maintain instrument performance in accordance with the manufacturer's specifications. The existing preventive maintenance and repair services contract with Thermo Electron North America LLC expires on June 30, 2026.

- Zone 7's Purchasing Policy allows for sole source procurement when only one known source is capable of providing the required services.

- The previous contract for these services in Fiscal Year 2025-2026 (FY25-26) totaled $78,000. The new contract amounts reflect increases associated with inflation and anticipated maintenance and repairs.

- Staff recommends that the Board authorize the General Manager to negotiate, execute, and amend, as needed, a contract with Thermo Electron North America LLC for laboratory instrument preventive maintenance and repair services for a not-to-exceed amount of $310,000 for the three-year period covering FY26-27 through FY28-29.

FUNDING:

Funding is included in the Proposed Two-Year Budget for FY26-27 and FY27-28 for Fund 100 – Water Enterprise Operations. Funding for future fiscal years will be requested in subsequent budget requests.

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

Award a Contract for
Laboratory Instrument Preventive Maintenance and Repair Services

WHEREAS, this action supports Strategic Plan Goal C – Safe Water, Initiative 7 – Meet or surpass all drinking water health and safety requirements; and

WHEREAS, the Water Quality Laboratory utilizes specialized laboratory instruments that require annual preventive maintenance and as-needed repair services to ensure their accuracy, reliability, and continued operation; and

WHEREAS, Thermo Electron North America LLC is the manufacturer and sole authorized service provider for these laboratory instruments, and possesses the unique technical expertise, proprietary knowledge, and access to original equipment parts required to maintain instrument performance in accordance with the manufacturer's specifications; and

WHEREAS, the existing preventive maintenance and repair services contract with Thermo Electron North America LLC expires on June 30, 2026; and

WHEREAS, the Zone 7 Purchasing Policy allows sole source procurement when only one service provider exists or is capable of fulfilling the Agency's requirements due to the technological, specialized, proprietary, or unique nature of the equipment, or when a single provider is required for maintenance and repair.

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, execute and amend as needed a contract with Thermo Electron North America LLC for laboratory instrument preventive maintenance and repair services for a not-to-exceed amount of $310,000, for the three-year period covering Fiscal Years 2026-27 through 2028-29.

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 April 15, 2026.

By: _____
President, Board of Directors

ZONE 7 WATER AGENCY
Delivering Quality, Reliability and Safety

100 North Canyons Parkway
Livermore, CA 94551
(925) 454-5000

ITEM NO. 8d

ORIGINATING SECTION: Maintenance
CONTACT: Jon Nicolaus

AGENDA DATE: April 15, 2026

SUBJECT: Approve Blanket Purchase Orders for Maintenance and Water Quality

SUMMARY:

- The proposed action supports Strategic Plan Goal B – Reliable Water Supply and Infrastructure.

- Zone 7 relies on a wide range of specialized materials and supplies to support the operation and maintenance of its water treatment facilities, pump stations, wellfields, and distribution infrastructure. Timely access to these materials is critical to maintaining system reliability, meeting regulatory requirements, and ensuring staff safety.

- Blanket Purchase Orders (BPOs) provide an efficient procurement mechanism for frequently used goods, allowing staff to obtain necessary supplies quickly while maintaining compliance with Zone 7's Purchasing Policy. These BPOs support ongoing maintenance activities, emergency response efforts, and regulatory compliance obligations across multiple departments, including Maintenance, Operations, and Water Quality. The following additional authorizations are requested to extend these services beyond FY 2025-26:

    - **Mallory Safety & Supply** – Safety supplies: Increase the BPO by $50,000 for FY 2026-27 for a new total not to exceed $150,000.

    - **McCall Anderson** – Instrumentation and electrical supplies: Increase the BPO by $160,000 for a two-year term of FY 2026-27 and FY 2027-28 for a new total not to exceed $220,000.

    - **Grainger** – Industrial and maintenance supplies: Increase the BPO by $85,000 for FY 2026-27 for a new total not to exceed $185,000.

    - **Hach** – Analyzer and instrumentation supplies supporting Water Quality and Maintenance: Increase the BPO by $50,000 for FY 2026-27 for a new total not to exceed $555,000.

- These increased BPO amounts account for inflationary adjustments to materials and supply costs and are generally consistent with past annual expenditures. The increase to the McCall Anderson BPO reflects an increase in proactive meter maintenance activities.

- Continued use of these vendors ensures compatibility with existing equipment, maintains standardization across facilities, and supports operational efficiency by reducing lead times for critical components.

- Staff recommends that the Board authorize the General Manager to execute and amend, as needed, BPOs with the above-listed vendors in the revised not-to-exceed amounts to ensure uninterrupted procurement of essential supplies supporting Zone 7's operations and infrastructure reliability.

FUNDING:

Funding is included in the Proposed Two-Year Budget for FY 2026-27 and FY 2027-28 for Fund 100 – Water Enterprise Operations. Funding for future fiscal years will be requested in subsequent budget requests.

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

Approve Blanket Purchase Orders for Maintenance and Water Quality

WHEREAS, Zone 7 of the Alameda County Flood Control and Water Conservation District is committed to delivering safe, reliable, efficient, and sustainable water and flood protection services; and

WHEREAS, Zone 7 utilizes Blanket Purchase Orders (BPOs) as an efficient procurement method to obtain essential safety, industrial, and instrumentation supplies necessary to support ongoing maintenance, operations, and regulatory compliance; and

WHEREAS, Zone 7 has established BPOs with qualified vendors including Mallory Safety & Supply, McCall Anderson, Grainger, and Hach to provide critical supplies that support Maintenance, Operations, and Water Quality functions; and

WHEREAS, historical expenditures with these vendors have met or exceeded previously authorized amounts due to ongoing operational needs, inflationary increases in material costs, and the need to maintain adequate inventory levels to support both planned and emergency work; and

WHEREAS, additional funding is required to continue procurement of these essential supplies without disruption to Zone 7 operations; and

WHEREAS, staff recommends increasing the authorized BPO amounts and terms as follows:

- Mallory Safety & Supply – additional $50,000 for a one-year term, increasing the total not-to-exceed amount to $150,000 through Fiscal Year 2026–2027;
- McCall Anderson – additional $160,000 for a two-year term, increasing the total not-to-exceed amount to $220,000 through Fiscal Year 2027–2028;
- Grainger – additional $85,000 for a one-year term, increasing the total not-to-exceed amount to $185,000 through Fiscal Year 2026–2027;
- Hach – additional $50,000, increasing the total not-to-exceed amount to $555,000 through Fiscal Year 2026–2027.

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 execute and amend Blanket Purchase Orders with Mallory Safety & Supply, McCall Anderson, Grainger, and Hach in the revised not-to-exceed amounts and terms described above, to ensure continued procurement of essential supplies supporting Zone 7 operations and infrastructure reliability.

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 April 15, 2026.

By: _____
President, Board of Directors

ZONE 7 WATER AGENCY
Delivering Quality, Reliability and Safety

100 North Canyons Parkway
Livermore, CA 94551
(925) 454-5000

ITEM NO. 8e

ORIGINATING SECTION: Administrative Services
CONTACT: Shelisa Jackson/Osborn Solitei

AGENDA DATE: April 15, 2026

SUBJECT: Personnel Action: Senior Procurement Specialist, Zone 7

SUMMARY:

- The Agency continues to assess staffing needs, as we maintain a lean, cost-effective organizational model aligned with our goals. This proposed action is in support of Strategic Plan Goal A, Initiative No. 1 – Maintain a high-quality workforce to meet current and future needs and challenges.

- Based on operational need, the Senior Procurement Specialist, Zone 7 will lead, train, and coordinate work associated with the purchase of equipment, service, materials, and supplies, exercising considerable discretion and independent judgment within established laws, policies, and procedures.

- The Senior Procurement Specialist, Zone 7 will work collaboratively with internal and external stakeholders in all phases of the procurement process including developing procurement strategies, specifications, and scopes of work for purchasing goods, services, and capital projects.

- This role will also provide guidance to sections on procurement best practices and contract compliance; assist in resolving procurement issues and contractual disputes; assess risk and ensure vendors maintain required insurance coverage in support of contractual obligations; and maintain accurate records to support audit readiness and transparency in all purchasing activities.

- The Procurement Specialist, Zone 7 classification was approved by the Alameda County Civil Service Commission at the April 1, 2026, meeting.

- Funding for this position will be transferred from the vacant Technology Project Coordinator, Zone 7.

- The proposed salary structure will be a deep class, based on the external market survey, as follows:

Senior Procurement Specialist, Zone 7					
Effective: April 26, 2026	**STEP 1**	**STEP 2**	**STEP 3**	**STEP 4**	**STEP 5**
Bi-Weekly	**$5,265.60**				**$6,400.80**
Hourly	**$65.82**				**$80.01**

FUNDING:

The cost for the Senior Procurement Specialist, Zone 7 position is approximately $250,000 per year, including benefits. Funding for this position is available in Fund 100 – Water Enterprise Operations.

RECOMMENDED ACTION:

The General Manager recommends that the Board adopt the attached Resolution to (1) approve the addition of one position at the proposed salary schedule; and (2) authorize the General Manager to approve and sign the salary schedule for this position.

ATTACHMENT:

Resolution

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

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Personnel Action: Senior Procurement Specialist, Zone 7

WHEREAS, Zone 7 of the Alameda County Flood Control and Water Conservation District is committed to delivering safe, reliable, efficient, and sustainable water and flood protection services; and

WHEREAS, Zone 7 continues to assess the staffing needs of the Agency as we maintain a lean, cost-effective organizational model aligned with our goals and Strategic Plan Goal A, Initiative No. 1 – Maintain a high-quality workforce to meet current and future needs and challenges.

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 following personnel action:

New classification and salary schedule for Senior Procurement Specialist, Zone 7, effective April 26, 2026:

Senior Procurement Specialist, Zone 7					
Effective: April 26, 2026	**STEP 1**	**STEP 2**	**STEP 3**	**STEP 4**	**STEP 5**
Bi-Weekly	**$5,265.60**				**$6,400.80**
Hourly	**$65.82**				**$80.01**

; and

BE IT FURTHER RESOLVED that the General Manager of Zone 7 is hereby authorized and directed to approve and sign the salary schedule for this position; and

BE IT FURTHER RESOLVED that the Auditor Controller of Alameda County is authorized and directed to draw the necessary payroll warrants from Zone 7 funds in accordance with the adopted schedule.

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 April 15, 2026.

By: _____
President, Board of Directors

ITEM NO. 9

ZONE 7 WATER AGENCY
Delivering Quality, Reliability and Safety

100 North Canyons Parkway
Livermore, CA 94551
(925) 454-5000

ORIGINATING SECTION: Water Supply Engineering
CONTACT: Mona Olmsted

AGENDA DATE: April 15, 2026

SUBJECT: Adopt the 2026 Asset Management Plan Update and FY 2026-27 Ten-Year Water System Capital Improvement Plan

SUMMARY:

- Zone 7 prepared the 2026 Asset Management Plan Update (AMP Update) and Fiscal Year 2026-27 Ten-Year Water System Capital Improvement Plan (CIP) to support Zone 7's mission to deliver safe, reliable, efficient, and sustainable water. The proposed action supports Strategic Plan Goal B – Reliable Water Supply and Infrastructure, Initiative 6 – Continue to effectively implement infrastructure projects in the Water System Capital Improvement Plan, and Strategic Plan Goal H – Fiscal Responsibility, Initiative 21 – Continue to effectively manage financial resources.

- The CIP is a strategic planning document that identifies the prioritized investment plan for Fiscal Year (FY) 2026-27 through FY 2035-36, with a total estimated cost of approximately $875 million (future dollars) consisting of 50 projects and programs. It outlines recommended system improvements and facility expansions to meet existing and projected future water demands, and the water system facility renewal and replacement recommendations included in the AMP Update (described below). The AMP Update report is included as an appendix to the CIP.

- The CIP is used to inform the budget planning process. Adoption of the CIP does not represent project approval; budgets and individual projects will be presented to the Board for consideration and approval.

- The AMP Update represents the Agency's approach to prioritizing and funding the renewal, replacement and improvement of its water system assets over a 40-year planning horizon. To ensure long-term funding stability, the AMP Update recommends an annual AMP funding amount of $16,277,000 million from the Water Enterprise Operations Fund (Fund 100) to the Water Enterprise Renewal/Replacement and System-Wide Improvements Fund (Fund 120) beginning in FY 2026-27, with future annual adjustments for inflation.

- The Draft CIP was presented at the Special Board Meeting on March 4, 2026. The Board did not recommend substantive changes and directed staff to return with the proposed CIP for approval. The final CIP incorporates minor revisions in response to Board input, including updates to the facilities map legend (Figure 2), along with other minor editorial updates. Also, in response to the Board's request for information on the Agency's bonding capacity, the Legal Debt Margin Information table from the Agency's FY 2024-25 Annual Comprehensive Financial Report is included as an attachment.

Staff recommends the Board adopt the attached Resolution to approve the following:

1. The 2026 Asset Management Plan Update
2. The recommended annual AMP funding from the Water Enterprise Operations Fund (Fund 100) to the Water Enterprise Renewal/Replacement and System-Wide Improvements Fund (Fund 120)
3. The Fiscal Year 2026-27 Ten-Year Water System Capital Improvement Plan.

FUNDING:

Funding for planned FY 2026-27 and FY 2027-28 water system capital projects identified in the CIP is included in the Proposed FY 2026-28 Two-Year Budget. Funding for future fiscal years will be requested in subsequent budget requests.

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENTS:

- Resolution
- Fiscal Year 2026-27 Ten-Year Water System Capital Improvement Plan
- FY 2024-25 Annual Comprehensive Financial Report – Legal Debt Margin Information

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

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Adopt the 2026 Asset Management Plan Update and FY 2026-27 Ten-Year Water System Capital Improvement Plan

WHEREAS, Zone 7 prepared the 2026 Asset Management Plan Update (AMP Update) and Fiscal Year (FY) 2026-27 Ten-Year Water System Capital Improvement Plan (CIP) to support Zone 7's mission to deliver safe, reliable, efficient, and sustainable water; and

WHEREAS, the AMP Update and CIP are in support of Strategic Plan Goal B – Reliable Water Supply and Infrastructure, Initiative 6 – Continue to effectively implement infrastructure projects in the Water System Capital Improvement Plan, and Strategic Plan Goal H – Fiscal Responsibility, Initiative 21 – Continue to effectively manage financial resources; and

WHEREAS, the CIP identifies the water system capital projects and programs needed to carry out the goals and policy objectives of the Agency from FY 2026-27 through FY 2035-36 and incorporates the recommendations from the AMP Update.

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 accept the AMP Update with the revised annual AMP funding recommendations incorporated; 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 approve the annual AMP funding from the Water Enterprise Operations Fund (Fund 100) to the Water Enterprise Renewal/Replacement and System-Wide Improvements Fund (Fund 120) as follows: $16,277,000 in 2026 dollars beginning in FY 2026-27 with annual inflationary adjustments based on the Engineering News Record Construction Cost Index (City Cost Index - San Francisco); 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 adopt the FY 2026-27 Ten-Year Water System Capital Improvement Plan.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

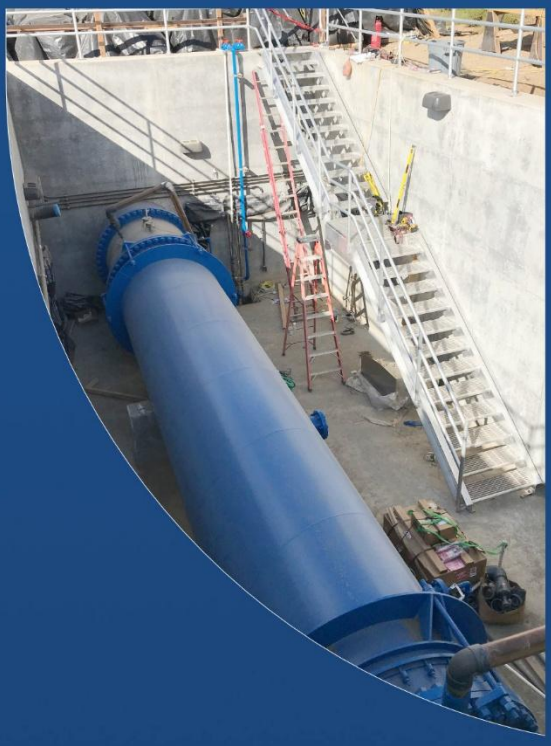
NOES:

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 April 15, 2026.

By: _____
President, Board of Directors



Fiscal Year 2026-27 Ten-Year Water System Capital Improvement Plan

April 2026

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RESO PLACEHOLDER

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Fiscal Year 2026-27

Ten-Year Water System

Capital Improvement Plan

Adopted by the Zone 7 Board of Directors
on Month DD, YYYY

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Acronyms and Abbreviations

ACF	Advanced Clean Fleets regulation
af or AF	acre-feet
afa or AFA	acre-feet annually or acre-feet per year
Agency	Zone 7 Water Agency
AGSP	Alternative Groundwater Sustainability Plan
AMP	Asset Management Plan
Board	Zone 7 Board of Directors
CARB	California Air Resources Board
CCI	Construction Cost Index
cfs	cubic feet per second
CIP	Capital Improvement Plan
CMMS	Computerized Maintenance Management System
COL	Chain of Lakes
COPS	Certificates of Participation
CWS	California Water Service
DCP	Delta Conveyance Project
Delta	Sacramento-San Joaquin Delta
DSRSD	Dublin San Ramon Services District
DUE or DUEs	Dwelling Unit Equivalent
DVWTP	Del Valle Water Treatment Plant
DWR	California Department of Water Resources
ENR	Engineering News Record
EPA	U.S. Environmental Protection Agency
FY	Fiscal Year (July 1-June 30)
GC/ECD	gas chromatography/electron capture detector
GC/MS	gas chromatography/mass spectrometry
GSA	Groundwater Sustainability Agency
GW	Groundwater
HVAC	Heating, ventilation, and air conditioning
IC	ion chromatography
ICP/MS	inductively coupled plasma/mass spectrometry
ICP-OES	inductively coupled plasma optical emission spectroscopy
IP	Integrated Planning
M&I	Municipal & Industrial
MCL	Maximum Contaminant Level
MCLGs	Maximum Contaminant Level Goals
MGD or mgd	Million Gallons per Day
MGDP	Mocho Groundwater Demineralization Plant
NMP	Nutrient Management Plan
OMR&R	operation, maintenance, renewal, and replacement
PFAS	Per- and polyfluoroalkyl substances
PFOA	Perfluorooctanoic acid
PFOS	perfluorooctane sulfonate
PG&E	Pacific Gas and Electric
PHG or PHGs	Public Health Goals
PL	pipeline
PPA	Power Purchase Agreement
PPWTP	Patterson Pass Water Treatment Plant
RO	Reverse Osmosis
SBA	South Bay Aqueduct
SCADA	Supervisory Control and Data Acquisition
SGMA	Sustainable Groundwater Management Act
SMP	Salt Management Plan
SWI	System-Wide Improvements
SWP	State Water Project
TOC	total organic carbon
UWMP	Urban Water Management Plan
Valley	Livermore-Amador Valley
WQ	Water Quality
WSE	Water Supply Evaluation or Water Supply Engineering
Zone 7	Zone 7 Water Agency

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EXECUTIVE SUMMARY

Introduction

Zone 7 Water Agency (Zone 7 or Agency) prepares a Water System Capital Improvement Plan (CIP) that outlines the plans for capital projects and programs needed to carry out the goals and policy objectives of the Agency. The CIP is based on a number of planning documents such as the Urban Water Management Plan, Water Supply Evaluation, and Asset Management Plan (AMP), incorporating the projects, costs, schedules, and priorities from those documents into the CIP. The most recent comprehensive ten-year update, the Fiscal Year 2018-19 Ten-Year Water System Capital Improvement Plan (FY 2018-19 Ten-Year CIP), was completed in October 2017. Significant changes that had impacted Zone 7 since the last comprehensive CIP update included the need to address per- and polyfluoroalkyl substances (PFAS) regulations through the construction of PFAS treatment facilities not anticipated in the previous CIP, heavy reliance on groundwater during the severe dry years of 2020 through 2022, and projected decline in delivery capability of the State Water Project. These changing circumstances emphasize the need for local water supply reliability and investments in supplemental water supply projects. Based on these significant changes, Zone 7 prepared a Fiscal Year 2024-25 Interim Five-Year Water System Capital Improvement Plan (FY 2024-25 Interim Five-Year CIP), adopted in June 2023, that protects and maintains existing Zone 7 infrastructure and enhances local water supply reliability during dry years. The Fiscal Year 2026-27 Ten-Year Water System Capital Improvement Plan (FY 2026-27 Ten-Year CIP) presents the ten-year plan for the Water System for Fiscal Years 2026-27 through 2035-36.

This Executive Summary provides an overview of the Water System capital improvement plan, key projects, and the financial condition of the Water System capital funds.

CIP Structure

Zone 7's Water System CIP projects are funded from the following three sources (Funding Strategies) depending on the project's beneficiaries (existing versus new customers):

- **Renewal/Replacement** focuses on existing facilities reaching the end of their useful service life. These projects rehabilitate or replace assets to maintain the established level of service to existing Zone 7 customers. The Water System projects are funded by water rates (Fund 120).
- **System-Wide Improvements** addresses new regulatory requirements and enhancements to existing facilities that will improve their operation and maintenance, safety, flexibility, and cost-effectiveness as necessary for existing Zone 7 customers. The Water System projects are also funded by water rates (Fund 120).

- **Expansion** identifies the capital projects needed to meet the needs of future customers within Zone 7's service area. The Water System expansion projects are funded by water connection fees (Fund 130), which are collected from developers.

Funding for multi-benefit projects may be split between existing and new customers. Under each Funding Strategy, projects are grouped into programs (e.g., Transmission and Distribution, Water Supply and Conveyance, etc.), representing the major components of the Water System.

Asset Management Plan Update

Zone 7's Asset Management Plan (AMP) documents how Zone 7 will fund and implement Renewal/Replacement and System-Wide Improvement projects for existing assets. As part of the CIP update process, Zone 7 engaged HDR, Inc., for assistance in preparing the 2026 AMP Update. The 2026 AMP Update incorporates assets that have been renewed since the last AMP update in 2017, new projects, and the long-term renewal of assets. Findings from the 2026 AMP Update have been incorporated into the CIP.

CIP Preparation and Adoption

The FY 2026-27 Ten-Year CIP was prepared starting at the project level. Existing ongoing and planned projects were reviewed, projects that have been completed or are no longer needed were eliminated, and necessary new projects were identified. For each project, the scope of work, cost, and schedule were reviewed in detail and modified based on new or updated information related to regulations, facility conditions, industry costs, water supply conditions, demand projections, lessons learned from the drought, external developments (e.g., timing of mining activities), new water supply opportunities, and other factors. The 2026 AMP Update, prepared in parallel with the CIP development process, also generated a list of projects to be added to the CIP based on identified renewals and replacements and improvements to existing infrastructure.

An overview of the Draft 2026 AMP Update and the Draft FY 2026-27 Ten-Year CIP was presented to the Retailers on January 20, 2026.

Overview of the Water System CIP

Several key studies and planning documents have been completed since the adoption of the FY 2018-19 Ten-Year CIP in October 2017. These include:

- 2018 Joint Tri-Valley Potable Reuse Technical Feasibility Study
- 2020 Urban Water Management Plan
- 2020 Tri-Valley Municipal and Industrial Water Demand Study
- 2021 Update to the Alternative Groundwater Sustainability Plan for the Livermore Valley Groundwater Basin
- 2022 Water Supply Evaluation Update

- 2024 Mocho Groundwater Demineralization Plant (MGDP) and Mocho Wellfield PFAS Compliance Conceptual Design
- 2025 Supervisory Control and Data Acquisition (SCADA) Master Plan
- 2025 Regional Groundwater Wells Development Feasibility Study
- Draft 2025 Water Demand Assessment

The findings from these studies and planning documents have been incorporated in the CIP where applicable. As indicated in these planning studies, investments in water supply reliability projects, PFAS treatment, and renewal/replacement and improvements to existing infrastructure continue to be main factors for Zone 7 in the development of the FY 2026-27 Ten-Year CIP.

For the FY 2026-27 Ten-Year CIP, 50 projects and programs have been identified totaling $874.7 million over ten years ($150 million or 17 percent in Renewal/Replacement, $258 million or 30 percent in System-Wide Improvements, and $466 million or 53 percent in Expansion). These costs are presented in future dollars. Funding for some projects is split between the two water capital funds (Fund 120 and Fund 130) to reflect benefits to both existing and future customers. Figure ES-1 and Table ES-1 present the CIP by Funding Strategy and Fiscal Year.

Figure ES-1. FY 2026-27 Ten-Year CIP (FY 2026-27 – FY 2035-36) Breakdown by Funding Strategy and Fiscal Year ($ millions, future dollars)

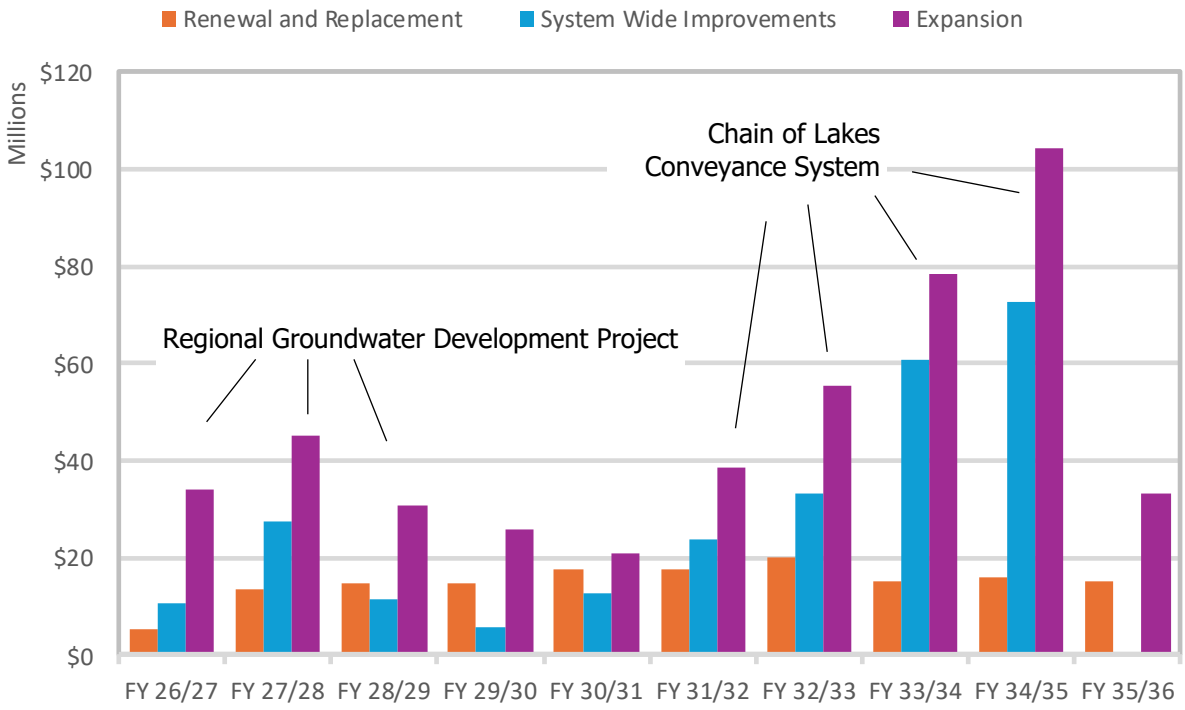


Table ES-1. FY 2026-27 Ten-Year CIP (FY 2026-27 – FY 2035-36) Breakdown by Funding Strategy and Fiscal Year ($ millions, future dollars)

Fiscal Year	Renewal and Replacement	System-Wide Improvements	Expansion	Total
FY 26-27	5.5	10.5	33.9	**49.9**
FY 27-28	13.4	27.7	45.0	**86.1**
FY 28-29	14.7	11.3	30.7	**56.6**
FY 29-30	14.6	5.7	25.7	**45.9**
FY 30-31	17.6	12.8	20.9	**51.3**
FY 31-32	17.5	23.6	38.8	**80.0**
FY 32-33	20.3	33.2	55.3	**108.8**
FY 33-34	15.3	60.8	78.4	**154.4**
FY 34-35	16.0	72.6	104.4	**193.0**
FY 35-36	15.3	0.2	33.2	**48.7**
Total	**150.1**	**258.3**	**466.3**	**874.7**

Comparison to Previous CIPs

The FY 2026-27 Ten-Year CIP expenditures total $874.7 million, which is approximately $34 million or approximately 4 percent less than the FY 2018-19 Ten-Year CIP total of $909 million. Figure ES-2 presents a comparison of this CIP with the FY 2018-19 Ten-Year CIP; as shown, there is a $209 million increase in Fund 120 while Fund 130 decreased by $244 million. The increase in Fund 120 is due to the deferral of projects from previous years into this CIP period, addition of new projects, and updated scope and cost estimates. While there is a decrease in Fund 130, some of the projects planned in the FY 2018-19 Ten-Year CIP were deferred within the next 20 years, with some of those projects included in the FY 2026-27 Ten-Year CIP. Figure ES-3 compares the percentage of total costs in Fund 120 and Fund 130 for the FY 2018-19 Ten-Year CIP, FY 2024-25 Interim Five-Year CIP, and FY 2026-27 Ten-Year CIP. As shown, the amounts in Fund 120 and Fund 130 are similar in the FY 2024-25 Interim Five-Year CIP and FY 2026-27 Ten-Year CIP.

Figure ES-2. Ten-Year Cost Comparison of the FY 2018-19 Ten-Year CIP and the FY 2026-27 Ten-Year CIP for the Water System ($ millions, future dollars)

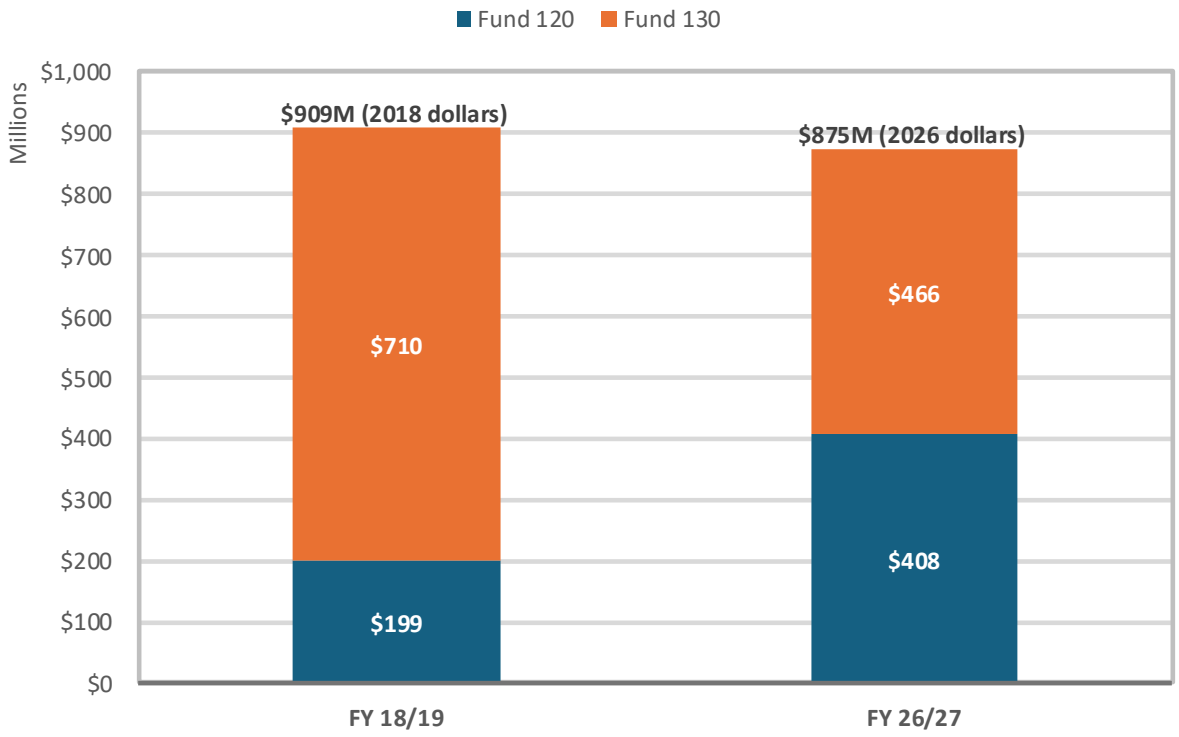
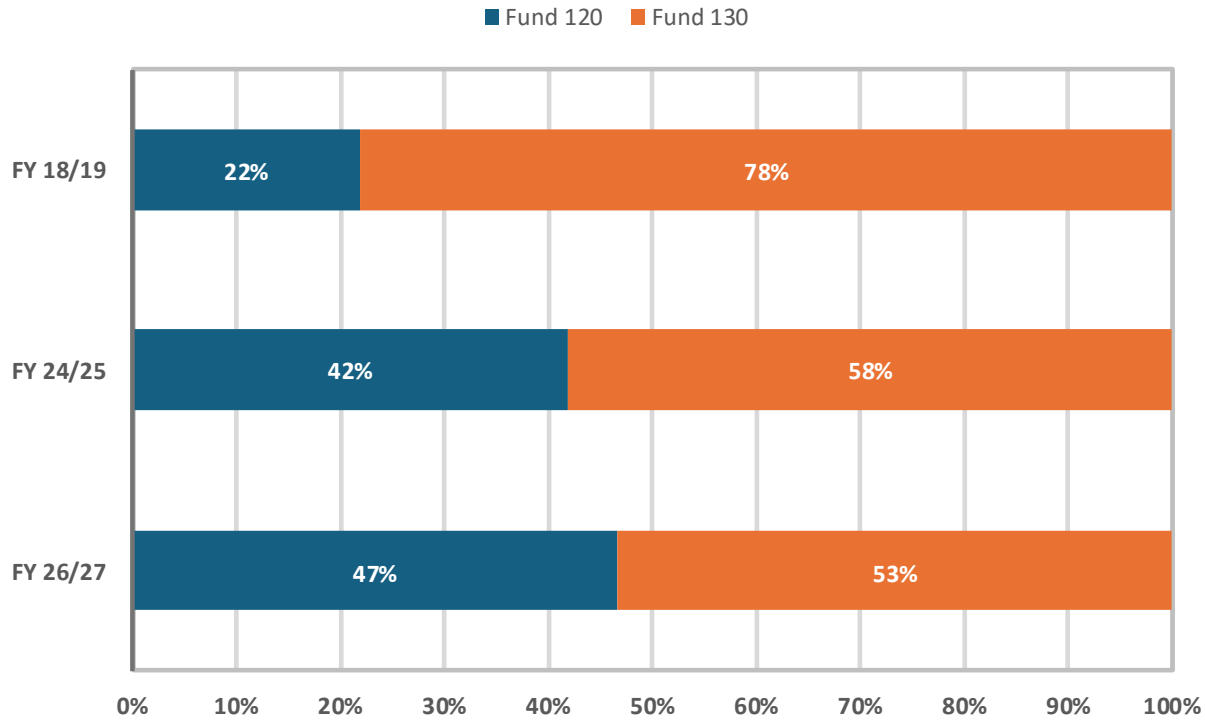


Figure ES-3. Comparison of the Fund Split for the FY 2018-19 Ten-Year CIP, FY 2024-25 Interim Five-Year CIP, and FY 2026-27 Ten-Year CIP



Main Developments Driving the Water System CIP

- **Investing in Long-Term Reliability** - Zone 7 continues to implement a multi-pronged approach to achieve the goals of the water supply reliability policy for current and future customers. This approach includes implementing the water conservation program; sustainably managing local groundwater resources; advancing the Chain of Lakes Conveyance System Project; diversifying the Agency's local groundwater supply portfolio by developing the Regional Groundwater Facilities Project; continuing to evaluate potable reuse; and participating in statewide water supply reliability efforts such as Sites Reservoir and the Delta Conveyance Project.
- **PFAS Treatment** - Zone 7 has taken proactive steps to plan, design, and construct new treatment facilities for PFAS in preparation for compliance with the new federal standards and is committed to meeting those standards now. The Agency utilizes specialized ion exchange resins to remove PFAS from two of our groundwater treatment facilities, with a third facility underway. Treated water produced by the two facilities currently in operation shows no detectable levels of PFAS.
- **2026 AMP Update** - The 2026 AMP Update was prepared in conjunction with this FY 2026-27 Ten-Year CIP and identified short and long-term renewal and replacement and improvement project needs over the next forty years and the associated annual funding level necessary to implement these projects.
- **New Projects** - This CIP includes several newly proposed projects to address required renewals and replacements as recommended in the 2026 AMP Update, production capacity restoration, and other system-wide improvements. The CIP also includes previously planned projects that are now in the current CIP period [Fiscal Year (FY) 2026-27 through 2035-36] based on the original schedule or projects that have been deferred or accelerated.

Water System CIP by Funding Strategy

Funding allocations reflect the proportional benefits to existing and new customers. The specific projects within each Funding Strategy and their annual expenditures are presented in Tables ES-2, ES-3, and ES-4. While some projects exclusively benefit existing customers (Fund 120) or exclusively new customers (Fund 130), some projects benefit both, in which case their costs are split between Fund 120 and Fund 130, with splits reflecting proportional benefits.

Table ES-2. Renewal/Replacement (Fund 120) Funding Strategy Breakdown by Project ($, future dollars)

Program	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	FY 31-32	FY 32-33	FY 33-34	FY 34-35	FY 35-36	Total
Buildings and Grounds											
Emergency Generator Replacement			600,000		500,000						**1,100,000**
Subtotal			**600,000**		**500,000**						**1,100,000**
Groundwater Basin Management											
Monitoring Well Replacements and Abandonments	350,000						496,500				**846,500**
Subtotal	**350,000**						**496,500**				**846,500**
Program Management											
Asset Management Program	12,500	12,900	13,300	13,700	450,200	14,500	14,900	15,400	15,800	521,900	**1,085,000**
Capital Improvement Program Management	7,900	8,100	8,400	8,600	248,200	9,100	9,400	9,700	10,000	287,700	**607,000**
Subtotal	**20,400**	**21,000**	**21,600**	**22,300**	**698,400**	**23,600**	**24,300**	**25,100**	**25,800**	**809,600**	**1,692,000**
Regulatory Compliance Monitoring											
Laboratory Equipment Replacement	180,000	226,600	159,100	109,300	180,100	92,700	191,000	61,500	126,700	326,200	**1,653,200**
Subtotal	**180,000**	**226,600**	**159,100**	**109,300**	**180,100**	**92,700**	**191,000**	**61,500**	**126,700**	**326,200**	**1,653,200**
Transmission and Distribution											
Patterson Pass Pipeline Expansion						160,600	425,600	1,001,400	2,582,000	1,915,900	**6,085,500**
Pipeline Condition Assessments									157,200	333,300	**490,500**
Silver Oaks Pump Station	1,936,000	737,800	3,442,700	3,649,300	3,868,200	1,370,300					**15,004,300**
Transmission System Corrosion Protection								201,500	384,100	993,400	**1,579,000**
Transmission System Plan and Hydraulic Model Update	420,000	185,400									**605,400**
Turnout Replacements					353,500	2,542,600	2,482,400	421,000	3,028,300	2,956,600	**11,784,400**
Vasco Pipeline Expansion								139,800	374,600	801,700	**1,316,000**
Subtotal	**2,356,000**	**923,200**	**3,442,700**	**3,649,300**	**4,221,700**	**4,073,600**	**2,908,000**	**1,763,800**	**6,526,200**	**7,000,900**	**36,865,200**
Water Treatment Facilities											
DVWTP and PPWTP HVAC and Improvements	440,000	5,300,000	5,056,200	714,600							**11,510,800**
DVWTP Chemical Systems Replacement				238,200	963,300	3,211,700	2,723,600				**7,136,800**
DVWTP Reliability Assessment				327,800							**327,800**
DVWTP Reliability Improvements					378,700	1,204,400	2,978,900	2,556,200			**7,118,200**
DVWTP Washwater Recovery Ponds Replacement						776,200	2,383,100	6,164,900	5,211,900		**14,536,100**
DVWTP Wastewater System		95,400	539,300	929,000							**1,563,700**
Instrumentation Replacement					189,400	963,500					**1,152,900**
Maintenance Yard and Building		159,000	1,449,400	6,336,200	5,378,200						**13,322,800**
PPWTP Chemical Systems Replacement								195,500	1,211,300	2,213,200	**3,620,000**
PPWTP Master Plan				95,700	213,600						**309,300**
Renewal/Replacement Projects (as needed) – Engineering Led	900,000	875,000	875,000	875,000	875,000	900,000	875,000	875,000	875,000	875,000	**8,800,000**
Renewal/Replacement Projects (as needed) – Maintenance Led	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	**8,750,000**
SCADA Upgrades and Replacements	330,000	349,800	370,800	393,000	2,411,300	441,600	468,100	496,200	526,000	3,226,900	**9,013,800**
Subtotal	**2,545,000**	**7,654,200**	**9,165,800**	**10,784,600**	**11,284,500**	**8,372,500**	**10,303,700**	**11,162,700**	**8,699,200**	**7,190,100**	**87,162,200**
Wells											
MGDP HVAC and Fire System Replacement					214,600	963,500	1,532,000				**2,710,100**
MGDP RO Membrane Replacement/Expansion		3,551,000	1,000,000								**4,551,000**
Production Well Pump Replacement		1,007,000	280,900		505,000		567,400		637,500		**2,997,800**
Well Master Plan Implementation						4,014,700	4,255,600	2,255,400			**10,525,700**
Subtotal		**4,558,000**	**1,280,900**		**719,600**	**4,978,200**	**6,355,000**	**2,255,400**	**637,500**		**20,784,700**
Total	**5,451,400**	**13,382,900**	**14,670,100**	**14,565,400**	**17,604,300**	**17,540,600**	**20,278,500**	**15,268,500**	**16,015,400**	**15,326,800**	**150,103,800**

Note: Values may not add due to rounding

Table ES-3. System-Wide Improvements (Fund 120) Funding Strategy Breakdown by Project ($, future dollars)

Program	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	FY 31-32	FY 32-33	FY 33-34	FY 34-35	FY 35-36	Total
Building and Grounds											
Electric Vehicle Charging Infrastructure Program						669,100	922,000	188,000	597,700	168,900	**2,545,700**
Subtotal						**669,100**	**922,000**	**188,000**	**597,700**	**168,900**	**2,545,700**
Transmission and Distribution											
Hopyard Wellfield Pipeline		127,200	339,300	619,300	2,739,600	1,124,100					**4,949,500**
Transmission System Line Valve Installation	50,000				340,900		383,000				**773,900**
Subtotal	**50,000**	**127,200**	**339,300**	**619,300**	**3,080,400**	**1,124,100**	**383,000**				**5,723,400**
Water Supply and Conveyance											
Chain of Lakes Conveyance System	784,400	1,488,800	2,977,500	2,138,000	3,421,200	15,504,400	29,802,000	60,279,300	71,997,100		**188,392,700**
Subtotal	**784,400**	**1,488,800**	**2,977,500**	**2,138,000**	**3,421,200**	**15,504,400**	**29,802,000**	**60,279,300**	**71,997,100**		**188,392,700**
Water Treatment Facilities											
DVWTP Ammonia Tanks Improvements Project				71,500	448,200	843,100					**1,362,700**
Energy Master Plan Implementation			561,800	595,500	631,200	669,100					**2,457,700**
Subtotal			**561,800**	**667,000**	**1,079,400**	**1,512,200**					**3,820,400**
Wells											
Chain of Lakes PFAS Treatment Plant Process Improvement Study	350,000										**350,000**
Chain of Lakes PFAS Treatment Plant Pump Station			786,500	2,227,200	5,214,000	4,416,100					**12,643,900**
Mocho PFAS Treatment Plant	9,339,600	26,037,700	6,603,800								**41,981,100**
Stoneridge Well Ammonia System Improvements						401,500	2,127,800	300,700			**2,830,000**
Subtotal	**9,689,600**	**26,037,700**	**7,390,300**	**2,227,200**	**5,214,000**	**4,817,600**	**2,127,800**	**300,700**			**57,805,000**
Total	**10,524,000**	**27,653,700**	**11,269,000**	**5,651,500**	**12,795,100**	**23,627,400**	**33,234,800**	**60,768,000**	**72,594,800**	**168,900**	**258,287,300**

Note: Values may not add due to rounding

Table ES-4. Expansion (Fund 130) Strategy Breakdown by Project ($, future dollars)

Program	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	FY 31-32	FY 32-33	FY 33-34	FY 34-35	FY 35-36	Total
Program Management											
Capital Improvement Program Management	4,600	4,800	4,900	5,100	145,800	5,400	5,500	5,700	5,900	169,000	**356,500**
Subtotal	**4,600**	**4,800**	**4,900**	**5,100**	**145,800**	**5,400**	**5,500**	**5,700**	**5,900**	**169,000**	**356,500**
Transmission and Distribution											
City Reach Pipeline Mitigation		434,600									**434,600**
El Charro Pipeline Phase 2					2,941,600	9,126,700	10,667,300	1,248,000			**23,983,500**
Patterson Pass Pipeline Expansion						910,000	2,411,500	5,674,700	14,631,500	10,856,600	**34,484,300**
Silver Oaks Pump Station	484,000	184,400	860,700	912,300	967,100	342,600					**3,751,100**
Transmission System Plan and Hydraulic Model Update	140,000	61,800									**201,800**
Vasco Pipeline Expansion								1,258,500	3,371,000	7,214,900	**11,844,400**
Subtotal	**624,000**	**680,800**	**860,700**	**912,300**	**3,908,600**	**10,379,300**	**13,078,700**	**8,181,300**	**18,002,500**	**18,071,500**	**74,699,800**
Water Supply and Conveyance											
Cawelo Groundwater Banking Program – Debt Service	1,093,000	1,096,000	1,097,000	1,100,000	1,098,000	1,100,000	1,100,000	1,099,000	1,101,000		**9,884,000**
Chain of Lakes Conveyance System	695,600	1,320,200	2,640,500	1,896,000	3,033,900	13,749,200	26,428,100	53,455,300	63,846,500		**167,065,300**
Fourth Contractor's Share of the SBA – Payments to DWR	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	**30,000,000**
Fourth Contractor's Share of the SBA – Sinking Fund	810,000	840,000	880,000	910,000							**3,440,000**
Potable Reuse Study	125,000	128,800									**253,800**
Sites Reservoir			2,076,100	3,162,500	4,328,900	5,249,800	6,407,100	9,069,300	8,800,000	8,808,400	**47,902,100**
South Bay Aqueduct Enlargement Project - Sinking Fund	1,877,500	1,947,500	2,017,500	2,087,500							**7,930,000**
South Bay Aqueduct Enlargement Project- Payments to DWR	14,800,000	14,800,000	12,700,000	12,600,000	5,300,000	5,300,000	5,300,000	2,610,000	3,200,000	3,200,000	**79,810,000**
Subtotal	**22,401,100**	**23,132,500**	**24,411,100**	**24,755,900**	**16,760,700**	**28,399,000**	**42,235,300**	**69,233,600**	**79,947,500**	**15,008,400**	**346,285,100**
Water Treatment Facilities											
PPWTP Master Plan				35,400	79,000						**114,400**
PPWTP Solids Handling Expansion								962,300	6,407,300		**7,369,600**
Subtotal				**35,400**	**79,000**			**962,300**	**6,407,300**		**7,484,000**
Wells											
Regional Groundwater Development Project	10,900,000	21,200,000	5,393,300								**37,493,300**
Subtotal	10,900,000	21,200,000	5,393,300								**37,493,300**
Total	**33,929,700**	**45,018,100**	**30,669,900**	**25,708,700**	**20,894,100**	**38,783,600**	**55,319,500**	**78,382,900**	**104,363,200**	**33,248,900**	**466,318,600**

Note: Values may not add due to rounding

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Funding Analysis

The Water System CIP is funded by Fund 120 – Renewal/Replacement and System-Wide Improvements and Fund 130 – Expansion. The following sections discuss near-term funding over the next ten years for each fund.

Fund 120 – Water System Renewal/Replacements and System-Wide Improvements

Fund 120 supports CIP projects required to maintain, replace, or improve water system infrastructure for the existing water system. The primary source of revenue for Fund 120 is the annual capital funding from water rates per the Asset Management Plan (AMP) (Resolution 17-81). Projects to be completed under Fund 120 are primarily funded using one of two funding methods:

1. "Pay-as-you-go" (pay-go) from cash reserves
2. Debt financing from bond proceeds or state/federal loans

Historically, the Agency has used pay-go for Fund 120 projects. However, for large-scale, system-wide improvement projects with significant costs and rate impacts, the Agency has implemented bond financing. This approach promotes generational equity by spreading the costs of these improvements over the useful life of the asset, ensuring that future beneficiaries contribute their fair share. Additionally, the Agency aggressively pursues state and federal grants as a strategy to offset project costs and reduce the burden on ratepayers.

The purpose of the AMP is to proactively plan for and implement such projects so that Zone 7 can continue to provide high-quality water services to the Livermore-Amador Valley (Valley). Zone 7 initiated its first formal AMP in 2004. The study included an evaluation of Zone 7's inventory of capital assets, asset service life as determined through condition assessments, economic life of the asset, asset risk, criticality, vulnerability, and true replacement costs under current conditions, and the annual allowance necessary to adequately fund renewal/replacement projects over the long term. The study concluded that the then-current $4 million annual water rate contribution to capital projects was insufficient and recommended that the annual funding allowance be increased to $10 million (2004 dollars), to adequately fund the program.

The 2011 AMP Update expanded on the original 2004 AMP by identifying near and long-term renewal needs through FY 2049-50. A level of $11.4 million (in 2011 dollars) was accepted by the Zone 7 Board of Directors (Board), with this amount adjusted for inflation annually through FY 2016-17.

The 2017 AMP Update incorporated Zone 7's strategy to debt-finance ozone treatment facilities. This financing strategy resulted in a new baseline annual Fund 120 funding level of $12.3 million, starting in FY 2018-19 (Board Resolution No. 17-81) with inflationary adjustments annually, and debt service payments of $3.1M annually for the ozone projects.

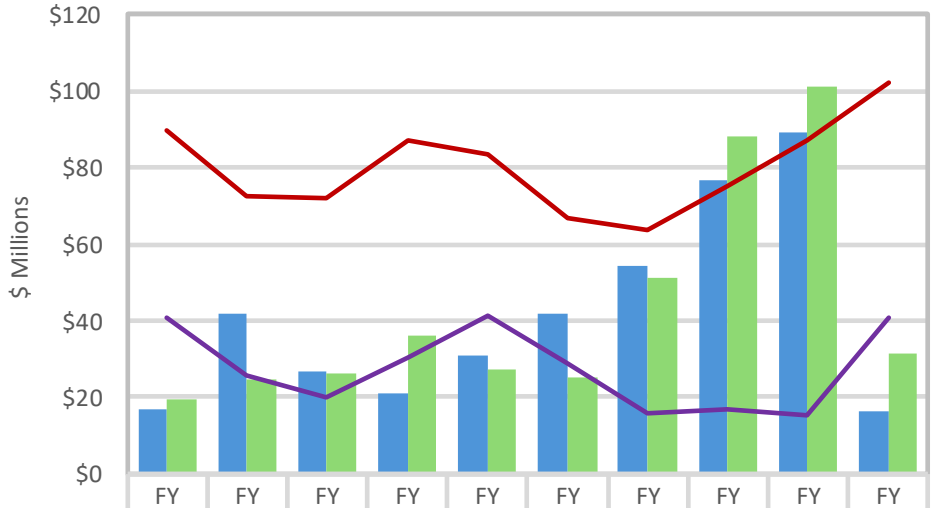
The 2026 AMP Update identifies projects for the ten-year CIP (i.e., FY 2026-27 through FY 2035-36, or "near-term") and provides a funding forecast for the subsequent 30 years (i.e., FY 2036-37 through FY 2065-66, or "long-term"). The 2026 update aligns the asset database and long-term funding forecast to reflect capital projects completed since the last update, new projects and/or newly identified infrastructure needs, and the scheduled long-term renewal of existing assets.

The total estimated capital cost for renewal/replacement and system-wide improvement (SWI) projects from FY 2026-27 through FY 2065-66 (e.g., 40-year planning horizon) is approximately $837.5 million (2026 dollars). For the 40-year planning period, the average annual funding requirement is $16.3 million (2026 dollars). The annual funding requirement is adjusted for the projected fund balance as of June 30, 2026, debt-financing for the construction phase (Fund 120 portion) of Chain of Lakes Conveyance System project, and an anticipated $25 million grant for Mocho PFAS Treatment Plant project. The current (FY 2025-26) annual funding level is $16.3 million per year (2026 dollars). As such, it is recommended that the annual funding level be maintained at $16.3 million per year for FY 2026-27 and adjusted annually starting in FY 2027-28 to reflect inflation.

Figure ES-4 depicts the projected funding outlook for Fund 120 from FY 2026-27 through FY 2035-36, incorporating the proposed AMP funding level and debt-financing and grant assumptions. The analysis assumes an average debt service payment of $9.1 million per year for Chain of Lakes Conveyance System, based on a 4 percent interest rate, with the debt service being paid from Fund 100 – Water System Operations Fund. Actual debt service obligations, however, may vary based on the type of financing received, prevailing market interest rates, and the final duration of the borrowing.

The Zone 7 Reserve Policy for Fund 120 requires a minimum fund balance equal to 100 percent of the subsequent year's planned pay-go capital expenditures. The capital reserve fund does not have a maximum level. The fund is designed to accumulate sufficient reserves to provide for the current and future funding needs of the various capital programs, as set forth in the AMP, and to facilitate completion of multi-year projects funded through the pay-go method. Figure ES-4 illustrates the annual target reserve levels compared to the projected net available fund balance. Adequate funding is shown for the planned ten-year CIP, with the projected fund balance consistently meeting or exceeding the Agency Reserve Policy requirements.

Figure ES-4. Fund 120 (Renewal/Replacements and System-Wide Improvements) Preliminary Funding Outlook ($ millions, future dollars)



	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36
Total Expenditures	16.7	41.8	26.7	21.0	31.1	41.9	54.3	76.8	89.4	16.2
Total Revenue	19.7	24.8	26.4	35.9	27.4	25.3	51.2	88.1	101.5	31.3
Reserve Policy Minimum	41.0	25.9	20.2	30.4	41.2	28.7	15.8	16.6	15.5	41.0
Net Available Fund Balance	89.5	72.6	72.3	87.2	83.5	66.9	63.9	75.1	87.2	102.3

Key Assumptions

- FY 2026-27 Beginning Net Available Fund Balance is based on prior year unaudited revenue and expenses.
- Total Revenue is comprised of annual AMP funding from Fund 100 to Fund 120, facility use fees, interest income, grant proceeds for the Mocho PFAS Project (FY 2027-28 - FY 2030-31) and debt proceeds for the Chain of Lakes Conveyance System (FY 2032-33 - FY 2034-35). AMP funding in FY 2026-27 is $16.3M based on the 2026 AMP Update recommendations. Ongoing amounts are adjusted for inflation.
- Total Expenditures are shown in future dollars (current dollars adjusted by a 6% annual inflation factor).
- Net Available Fund Balance - The Agency's Reserve Policy requires a minimum Capital Projects Reserve equal to 100% of the following year's planned pay-go expenditures. In addition, the Capital Projects Reserve does not have a maximum level, but rather the fund shall accumulate sufficient reserves to pay for future projects set forth in the AMP, currently estimated at approximately $530.3M (2026 dollars) (see AMP Report, table ES-1).

Fund 130 – Water System Expansion

Fund 130 supports projects, or portions thereof, that are needed to meet additional demands on the Water System from new development. The fund's primary source of revenue is water connection fees.

Water connection fees began in 1972 with the adoption of Ordinance No. FC 72-1. This fee is used for funding the costs of expanding the Agency's water treatment and distribution system to serve new development. Connection fees are intended to ensure that development pays its own way and to place new utility customers on equal basis from a financial perspective with existing customers. Once new customers are added to the system, they incur the obligation to pay the same service charges that existing customers pay.

In 2017, the Agency Board adopted the Fiscal Year 2016-17 Municipal and Industrial Connection Fee Program Update (FY 2016-17 Study), which undertook a comprehensive re-evaluation of projected demands, new connections in the Agency's service area, and the necessary Water System expansion projects to meet the needs of future customers. An update to the FY 2016-17 Study is currently in progress. Since the Capital Improvement Plan serves as the foundation for water connection fees, the study will be finalized following the adoption of the FY 2026-27 Ten-Year CIP.

Current analysis projects that the Agency's service area population will grow from 270,000 to 340,000 people by buildout in 2050. Total potable demands are estimated at approximately 34,500 acre-feet (AF) in 2025 and estimated to peak at approximately 42,200 AF at buildout. Through buildout in 2050, a total of about 14,700 new dwelling unit equivalents (DUEs) or 5/8-inch displacement meter connections are expected. The projected total DUEs through buildout are used to inform project planning and implementation timelines to ensure that demands do not outpace the Agency's system capacity. The Agency is in the process of completing the Tri-Valley Demand assessment as part of the 2025 Urban Water Management Plan update to determine future demand within the service area.

This CIP identifies a total investment of $466.3 million in Expansion projects from FY 2026-27 through FY 2035-36. Approximately $168 million of this total represents non-discretionary obligations consisting of mandatory debt service and pre-existing contractual commitments. These non-discretionary obligations include:

- Water Banking and Storage: Annual debt-service payments for both the Cawelo Groundwater Banking Program and this fund's share of the Sites Reservoir capital payments.
- State Water Project: California Department of Water Resources (DWR) capitalization payments for the South Bay Aqueduct (SBA) Improvement and Enlargement Project, totaling approximately $15 million from Fund 130 and $3 million annually for the Fourth Contractor's Share of the SBA fixed capital payments.

In the scheduling and prioritization of Expansion projects, the Agency's first objective is to ensure that adequate funds are available to pay for non-discretionary obligations. Per the Zone 7 Reserve Policy, the minimum fund balance for the Capital Water Expansion Fund should be maintained at 60 percent of the following year's non-discretionary obligations. This requirement represents an average annual cost of approximately $11 million.

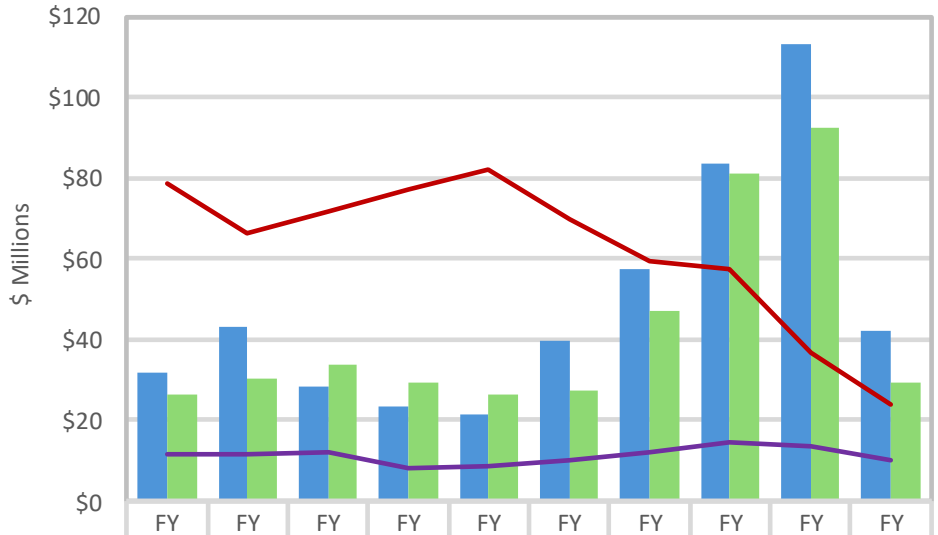
Derived from the most recent demands data, projected connections over the next five years (FY 2026-27 through FY 2030-31) average 613 DUEs annually. These projections are subject to further refinement based on the upcoming 2025 Water Demand Assessment (in preparation) and upcoming Water Connection Fee Study (in preparation).

The preliminary funding outlook for Fund 130 from FY 2026-27 through FY 2035-36 is shown in Figure ES-5. The preliminary funding plan assumes a debt issuance in FY 2032-33 to fund the

construction phase of the Chain of Lakes (COL) Conveyance System Project, with average annual debt service payments of $7.9 million in Fund 130, based on a 4 percent interest rate (an additional amount of $9.1 million would be paid from Fund 100). Based on the projected connection fee revenues, the FY 2026-27 Ten-Year CIP is adequately funded, with the projected fund balance consistently meeting or exceeding the Agency Reserve Policy requirements.

Staff monitors connection fee revenue on an ongoing basis, adjusting financial forecasts and annual budgets to reflect current economic conditions and updated information from local agencies and Zone 7 retailers. If connection fee revenues do not materialize as projected, capital construction projects can be delayed or re-prioritized. Since these expansion projects are specifically phased to meet demand growth, construction schedules can be adjusted and/or deferred if development slows or if water conservation exceeds expectations. If deferring projects is not a feasible alternative, additional debt-financing for this fund could be explored as a secondary alternative.

Figure ES-5. Fund 130 (Expansion) Preliminary Funding Outlook ($ millions, future dollars)



	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36
Total Expenditures	32.0	42.9	28.5	23.4	21.6	39.5	57.2	83.4	113.0	41.9
Total Revenue	26.2	30.4	33.7	29.2	26.4	27.2	47.0	81.1	92.4	29.1
Reserve Policy Minimum	11.3	11.3	11.9	8.2	8.8	10.2	12.0	14.4	13.7	10.1
Net Available Fund Balance	78.9	66.3	71.5	77.3	82.1	69.7	59.6	57.4	36.8	23.9

Key Assumptions

- FY 2026-27 Beginning Available Fund Balance is based on projected revenue and expenses for FY 2025-26.
- Revenue is comprised of connection fee revenue, cost share agreement revenue, interest income, DWR refunds and debt proceeds for the Chain of Lakes Conveyance System (FY 2032-33 - FY 2034-35). Fees are adjusted annually to account for inflation.
- Pay-go funded projects are shown in future dollars (current dollars adjusted by a 6% annual inflation factor for construction costs and 4% for other costs). Non-discretionary amounts are shown in current dollars based on the actual payment schedule.
- Reserve Policy Minimum - the Zone 7 reserve policy recommends a minimum Capital Reserve of 60% of the following year's non-discretionary expenses.

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1. INTRODUCTION

1.1. ZONE 7 WATER AGENCY

1.1.1. Agency Overview

Zone 7 Water Agency ("Zone 7" or "Agency") is a dependent special district established under the Alameda County Flood Control and Water Conservation District Act (the "District Act"). The District Act (Act 20 of the Uncodified Acts of the California Water Code) was passed by the state Legislature in 1949. The Agency was established by a vote of the residents of the Livermore-Amador Valley area (Valley) in 1957, with its own independently elected Zone 7 Board of Directors (Board) to provide local control of integrated water resources. The Agency provides flood protection services to eastern Alameda County and supplies treated drinking water to retailers serving approximately 270,000 people in Pleasanton, Livermore, Dublin and—through special agreement with the Dublin San Ramon Services District—to the Dougherty Valley portion of San Ramon. Zone 7 also supplies untreated water to approximately 3,500 acres, primarily South Livermore Valley farms and vineyards. Zone 7's service area is shown in Figure 1.

Figure 1. Zone 7 Service Area

1.1.2. Agency-Wide Strategic Plan Overview

On November 20, 2024, the Board adopted the 2025-2029 Strategic Plan and refined its vision, mission, and set of goals for the five-year period (Appendix C). Twenty-two key initiatives were identified to achieve each of the goals. These goals and initiatives guide the development of the Agency's Capital Improvement Program. The goals are further described in Section 1.2.4.

Mission

We deliver safe, reliable, efficient and sustainable water and flood protection services.

Vision

We provide excellent water and flood protection services to enhance the quality of life, economic vitality and environmental health of the communities we serve.

Values

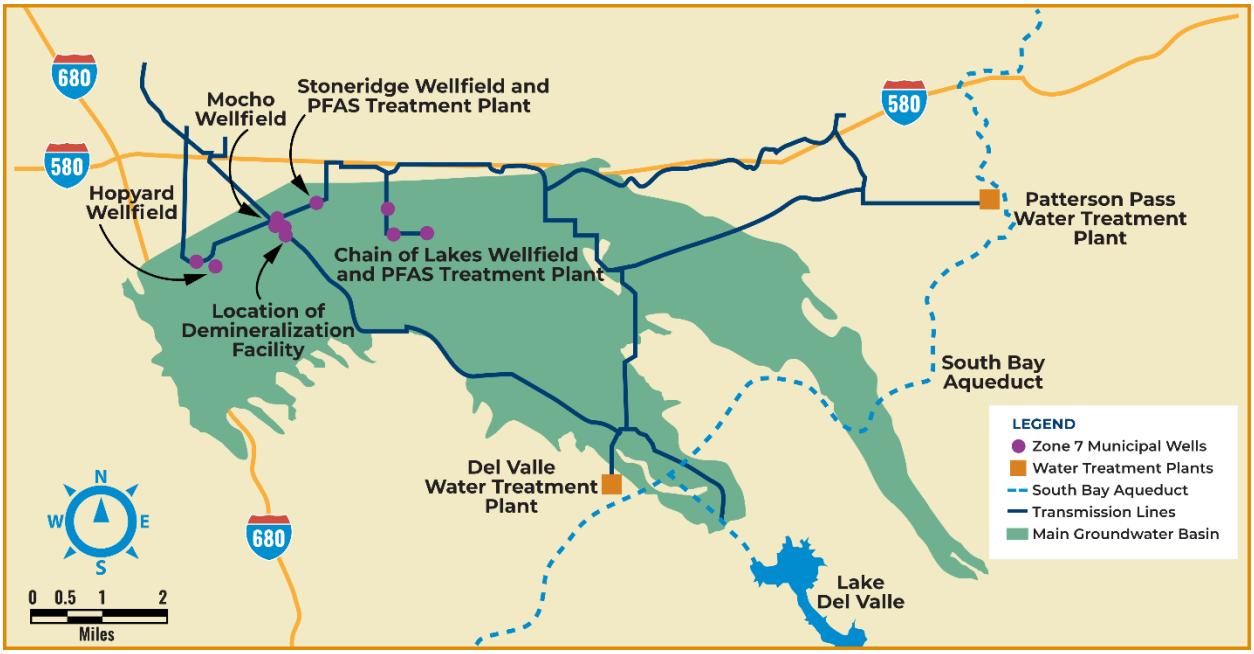
- **Team** – We collaborate and are inclusive, valuing all perspectives to improve our services, systems, and organization.
- **Service** – We are responsive, respectful, and professional.
- **Fiscal Responsibility** – We are committed to ensuring the responsible and transparent management of public funds, adhering to the highest standards of accountability and efficiency.
- **Safety** – We are committed to public and employee safety.
- **Transparency** – We carry out our mission ethically and transparently, and with integrity.
- **Environmental Responsibility** – We deliver our services in an environmentally responsible manner considering the energy, climate, people, and natural resource stewardship.
- **Leadership** – We cultivate leaders and expect our Agency to proactively lead and innovate.

1.1.3. Water System

The majority of Zone 7's water supply originates as snowmelt in the Sierra Nevada and makes its way to the Zone 7 service area using the Sacramento-San Joaquin Delta (Delta) as a conveyance system. The water is then transported from the Delta to the Valley through the State Water Project's South Bay Aqueduct. Approximately 80 percent of the water supply used in the Zone 7 service area is imported through the Delta and the remaining 20 percent comes from local rain runoff captured in Lake Del Valle and from groundwater pumped from the Livermore Valley Groundwater Basin ("Main Basin"). Note that the groundwater supplied by Zone 7 originated as surface water that Zone 7 has previously stored in the Main Basin. Surface

water is treated at Patterson Pass Water Treatment Plant (PPWTP) and Del Valle Water Treatment Plant (DVWTP), with production capacities of 22 and 36 million gallons per day (MGD), respectively. Groundwater production wells located in the Hopyard, Mocho, Stoneridge, and Chain of Lakes wellfields have a total rated capacity of approximately 40 MGD. The Mocho Groundwater Demineralization Plant (MGDP) helps to reduce salt and other mineral content of groundwater supplies. Zone 7's major treated water system facilities are shown in Figure 2.

Figure 2. Major Facilities of the Treated Water System



1.1.4. Flood Protection System

In addition to providing water to the Valley, Zone 7 owns and maintains 37 miles of local flood-protection channels, which represent approximately a third of all of the Valley's channels and creeks. The remaining channels are owned either privately or by other public agencies, which are responsible for repair and maintenance of those channels. The Valley's storm drainage system begins at city-managed storm drains on local streets. Storm water flows through underground pipelines into creeks or engineered channels feeding into Arroyo Mocho, Arroyo las Positas, and Arroyo Valle. These larger creeks converge with Arroyo de la Laguna, which ultimately drains into San Francisco Bay through Alameda Creek. Zone 7's flood protection system serves a vital role in the Agency's integrated water resource management program, serving multiple benefits including water supply, water quality protection, erosion and sedimentation management, habitat, environment and watershed stewardship, recreation, and public education.

1.2. CAPITAL IMPROVEMENT PROGRAM

1.2.1. Document Overview

The Fiscal Year 2026-27 Ten-Year Water System Capital Improvement Plan (FY 2026-27 Ten-Year CIP) establishes the implementation plan for the capital projects and programs needed to carry out Zone 7's mission, vision, policies and strategic goals. This document serves as the formal record of the FY 2026-27 Ten-Year CIP, which was adopted by the Zone 7 Board of Directors on [insert Month dd, yyyy].

Adopted in October 2017, the Fiscal Year 2018-19 Ten-Year Water System Capital Improvement Plan (FY 2018-19 Ten-Year CIP) was the last comprehensive ten-year update for the Water System. Since that time, Zone 7's capital priorities had to be reassessed due to two primary drivers: 1) per- and polyfluoroalkyl substances (PFAS) regulations necessitating the need for new PFAS treatment facilities; and 2) severe dry years of 2020 through 2022, emphasizing the need for local water supply reliability.

In response to these key drivers, Zone 7 prepared the Fiscal Year 2024-25 Interim Five-Year Water System Capital Improvement Plan (FY 2024-25 Interim Five-Year CIP), adopted in June 2023, that protects and maintains existing Zone 7 infrastructure and enhances local water supply reliability during dry years. In 2023, Zone 7 issued bonds to fund the Chain of Lakes PFAS Treatment Facility Project and other water system improvements. The FY 2024-25 Interim Five-Year CIP satisfied the bond issuance disclosure requirement of providing an accurate financial plan that includes a five-year Capital Improvement Plan (CIP) outlook in the Official Statement.

The Flood Protection System Capital Improvement Plan will be developed as a separate, standalone document. Zone 7 is currently preparing the Flood Management Plan and Flood Facilities Asset Management Plan. The Flood Management Plan is a system-focused planning approach to identify flood protection improvements to reduce flood risk. The Flood Facilities Asset Management Plan will develop a systematic inventory and condition assessment of flood facility assets to prioritize cost-effective renewal and replacement and lifecycle management investments to maintain the performance of the flood protection system. Both efforts will inform the development of Zone 7's Flood Protection System Capital Improvement Plan.

This Fiscal Year 2026-27 Ten-Year Water System Capital Improvement Plan presents:

- Water System policies and goals underlying the CIP;
- Key factors driving the development of the CIP update;
- Descriptions of the Water System capital improvement projects and programs, including their goals, justification, Strategic Plan goals, operational impacts, responsible section, in-service date, costs, funding source(s), and cash flow requirements; and
- Comprehensive funding analyses including cash flow projections for the various capital funds based on anticipated revenues and planned expenditures

1.2.2. Nexus to the Asset Management Plan Update

The Asset Management Plan (AMP) provides the framework for proactively planning and implementing asset renewal, replacement and improvement projects. Zone 7 initiated its formal AMP in 2004 (2004 AMP Study), creating an asset registry and methodology for forecasting long-term renewals.

Since its inception in 2004, the AMP has been refined through several key updates.

- 2011 Asset Management Plan Update (2011 AMP Update): Refined definitions and improved methodologies, implemented changes to the long-term funding forecast, and established new asset classes to facilitate future data collection and decision-making.
- 2017 Asset Management Plan (2017 AMP Update): Updated the long-term funding forecast to incorporate completed CIP projects, assets renewed since 2011, newly identified future projects, and future long-term renewal requirements.

The 2026 Asset Management Plan Update (2026 AMP Update) aligns the Agency's asset registry and long-term funding forecasts with current system conditions. The 2026 AMP Update accounts for capital projects that have been completed and assets renewed since the 2017 AMP Update. In addition, the 2026 AMP Update reconciles the asset registry against the projects identified in this CIP. Specifically, once a project is identified and created in the CIP to replace or renew an asset, that asset is removed from the AMP's long-term renewal forecast. This methodology ensures that renewal costs are captured accurately and eliminates any overlap between general asset renewals and specific capital projects.

The 2026 AMP Update is included as Appendix B. All the assumptions used during the 2011 AMP Update for the near-term and long-term asset renewals and funding forecast were also applied to the 2026 AMP Update, with updates incorporated for some asset classes' original useful life based on Zone 7 experience and for the long-term renewal budget forecasting approach for pipeline assets and some structural/architectural assets. The 2026 AMP Update identified additional renewal/replacement and system-wide improvement projects that were incorporated into the CIP, and the funding forecast was updated based on the list of projects presented in this CIP Update. The findings from the 2026 AMP Update are discussed in Section 2.5.3.

1.2.3. CIP Structure

The Capital Improvement Program is organized into four primary levels. In descending order, these levels are System, Funding Strategy, Program, and Project.

1.2.3.1. System

The highest level of capital improvement activities is "System." A System is identified as a primary service that Zone 7 is responsible for providing to the Valley in keeping with Zone 7's mission. The Capital Improvement Program has identified the following two Systems:

- **Water System** encompasses the capital investments in the acquisition, storage, and conveyance of raw water supplies; and the planning, design, construction, and maintenance of water supply facilities, including treatment plants, wells, and the transmission system. This system also includes the management of the groundwater basin and the Chain of Lakes for water supply purposes.

- **Flood Protection System** encompasses the planning, design, construction, and maintenance of flood protection facilities, as well as the protection of waterways, watersheds, public highways, life, and property from damage or destruction from flooding. It also covers environmental and community (e.g., recreational and educational) uses of the Valley's waterways. The Flood Protection System CIP will be developed separately from the Water System CIP.

1.2.3.2. Funding Strategy

The second level in the Capital Improvement Program structure is "Funding Strategy." Funding Strategy is a grouping of several programs with a common source of funding. The Water System CIP includes three capital program funding strategies:

- **Renewal/Replacement** focuses on existing facilities reaching the end of their useful service life. These projects rehabilitate or replace assets to maintain the established level of service to existing Zone 7 customers. The Water System projects are funded by water rates (Fund 120).
- **System-Wide Improvements** addresses new regulatory requirements and enhancements to existing facilities that will improve their operation and maintenance, safety, flexibility, and cost-effectiveness as necessary for existing Zone 7 customers. The Water System projects are also funded by water rates (Fund 120).
- **Expansion** identifies the capital projects needed to meet the needs of future customers within Zone 7's service area. The Water System expansion projects are funded by water connection fees (Fund 130), which are collected from developers.

The various sources of funding are discussed further in Section 1.2.5.

1.2.3.3. Program

The third level in the Capital Improvement Program structure is "Program." Programs represent a group of related projects combined to support major components of the specific system. The Water System CIP includes eight programs:

- **Buildings and Grounds** addresses structures and support facilities that are not directly involved in flood protection or the supply, treatment, transmission or storage of water.
- **Groundwater Basin Management** focuses on Zone 7's responsibility to manage the local groundwater basin, which includes conjunctive use of imported water (storing surplus supplies in the groundwater basin in wet years), stabilizing and reducing the

buildup of minerals, minimizing pollution, and delivering high-quality water and a reliable supply to its customers.

- **Program Management** accounts for staff time and related costs associated with managing capital programs.
- **Regulatory Compliance Monitoring** ensures compliance with a range of existing and future regulatory and/or permitting requirements.
- **Transmission and Distribution** consists of projects that are required for the transmission of treated water to Zone 7 retailers.
- **Water Supply and Conveyance** focuses on the planning and purchase of new water supplies and implementation of improvements required to convey raw water to Zone 7's surface water treatment plants, to local streams for recharge, and to Zone 7's agricultural customers for their irrigation needs.
- **Water Treatment Facilities** addresses existing and proposed surface water treatment facilities, and associated improvements.
- **Wells** identifies facilities required to diversify, increase and reliably maintain the production of groundwater deliveries during drought periods, peak demand periods, and planned and unplanned outages of surface water treatment plants; also identifies facilities required to optimize conjunctive use and facilitate groundwater basin management.

1.2.3.4. Project

The fourth level in the Capital Improvement Program structure is "Project." A Project is a discrete set of capital improvement tasks with a dedicated Project Manager assigned to it. Prioritization, appropriation requests, and projected spending (cash flow) are authorized at this level.

The FY 2026-27 Ten-Year CIP plans for 50 Water System projects over the FY 2026-27 through FY 2035-36 period. Detailed descriptions of these projects can be found in Appendix A.

1.2.4. Strategic Planning Goals

In the 2025-2029 Strategic Plan, the Board identified eight Goal areas that support Zone 7's Vision and Mission.

- **Professional Workforce (Goal A)**: Preferred Employer for Skilled, Motivated, and Professional Staff
- **Reliable Water Supply and Infrastructure (Goal B):** Provide Customers with Reliable Water Supply and Infrastructure

- **Safe Water (Goal C):** Provide Customers with Safe Water in an Environmentally Responsible Manner
- **Groundwater Management (Goal D):** We Manage and Protect the Groundwater Basin as the State-Designated Groundwater Sustainability Agency
- **Effective Flood Protection (Goal E):** Provide an Effective System of Flood Protection
- **Effective Operations (Goal F):** Provide the Agency with Effective Leadership, Administration, and Governance
- **Stakeholder Engagement (Goal G):** Engage Our Stakeholders to Foster Understanding of Their Needs, The Agency, And Its Functions
- **Fiscal Responsibility (Goal H):** Operate the Agency in a Fiscally Responsible Manner

Initiatives have been developed to support each of the stated Goals and are described in the Strategic Plan. These Goals and Initiatives were developed to ensure all Zone 7 efforts are focused on fulfilling the Mission of the Agency, and to further ensure that the most immediate needs are addressed in an efficient and cost-effective manner. To this end, the summary report for each project (Appendix A) includes the Strategic Plan Goal and Initiative fulfilled by that project.

1.2.5. Sources of CIP Funding

Funding for Zone 7's Water System CIP is primarily from Water Rates and Municipal & Industrial (M&I) Connection Fees. Revenues derived from these rates and fees are deposited into the funds listed below. The rates and fees are reviewed and adjusted periodically as necessary.

Funding sources for individual projects are allocated based on a proportional benefit analysis. This evaluation ensures that capital costs are distributed equitably between existing and future customers, reflecting the relative benefits provided to each customer base. For general reference, a description of each Zone 7 fund for the Water System is provided in Table 1.

Table 1. Zone 7 Water System CIP Funding Sources

Fund 120 – Renewal/ Replacement and System-Wide Improvements	Funds a project, or portion thereof, that relates to the replacement or improvement of existing water facilities, and which benefits existing customers. Funds are generated through water rates charged for the sale of water to current or existing Zone 7 customers. Water rates are established based on the revenue required to operate and maintain the existing Water System including an allowance for Fund 120. Another source of revenue for Fund 120 is the Dougherty Valley Facility Use Fees, which are charged to Dougherty Valley development. Per Amendment No. 1 of the Zone 7 and Dublin San Ramon Services District (DSRSD) Water Supply Contract, facility use fees are charged to the Dougherty Valley service area to compensate Zone 7 for the use of Zone 7's existing facilities to provide water to this area. The facility use fee is $3,940 per new dwelling unit equivalent (DUE) connection, based on a 5/8" displacement meter (the current facility use fee was adopted in October 2021, and is effective January 1, 2022, through December 31, 2026).
Fund 130 – Expansion	Funds a project, or portion thereof, that relates to additional demands placed on the existing Water System due to new development, which includes all water purchases; conveyance, treatment and transmission facilities; and associated costs (such as planning, design, construction, legal, administration, property acquisition, permitting). Revenue is generated from the collection of water connection fees for new water services. Connection fees are developed and adjusted with respect to the capital improvements required to meet future demands on the water system. Connection fees are paid when securing meters for a development. As of February 1, 2026, the Zone 7 connection fee is $35,670 per DUE, based on a 5/8" displacement meter. A separate connection fee of $34,220 per DUE is assessed to the Dougherty Valley area in San Ramon, which DSRSD serves per Amendment No. 1 of the Zone 7 and DSRSD Water Supply Contract. The revenue generated from connection fees provides funding for the implementation of all expansion projects.

Certain operational funds may support the existing users share of specific CIP projects. These include:

- Fund 100 (Water Enterprise Operations): Funds the operations and maintenance necessary for delivering high quality drinking and irrigation water to the Livermore-Amador Valley.
- Fund 110 (State Water Project): Finances the "fixed cost" payment to the California Department of Water Resources (DWR) for water imports through the State Water Project (SWP) South Bay Aqueduct (SBA). This fund covers the costs for utilizing the State water delivery system, including repayment of voter approved, long-term State debt.

1.3. CIP PREPARATION AND ADOPTION

The FY 2026-27 Ten-Year CIP is the product of a comprehensive, multi-departmental planning and budgeting process. The FY 2026-27 Ten-Year CIP was prepared starting at the project

level, with input from Water System Engineering, Integrated Planning, Operations, Maintenance, Groundwater, Water Quality, and Finance. These teams work collaboratively to review the ongoing and planned projects, to refine project scopes, identify new needs, and ensure that only essential capital improvements are included in the FY 2026-27 Ten-Year CIP. Project scopes of work, costs, and schedules are reviewed in detail, and modified based on new or updated regulatory requirements, current facility conditions, economic market factors, operational conditions (e.g., current and future water demand projections, drought scenarios, new water supply opportunities), external developments (e.g., timing of mining activities), and other related factors.

The 2026 AMP Update, developed in parallel with the CIP development process, further informs this process by identifying renewal and replacement projects necessary to maintain the integrity of Zone 7's infrastructure.

The process to develop the CIP included:

- Review of ongoing and planned projects
- Review of new projects that were not previously identified in the Ten-Year CIP
- Assessment of project prioritization and staffing resources to identify essential near-term projects, and what projects could be re-prioritized or re-scheduled
- Assessment of the scope of work, cost, and preferred implementation schedule for priority near-term projects
- Update of project descriptions to reflect total project costs, target year of completion, and the goals and initiatives from the Strategic Plan
- Analysis of annual cash flow in consideration of Zone 7's funding reserve policy requirements and assessment of funding/financing needs
- Presentation to the Retailers at a meeting on January 20, 2026
- Presentation of the proposed draft FY 2026-27 Ten-Year CIP at the March 4, 2026, Board workshop
- Revision of the draft FY 2026-27 Ten-Year CIP to incorporate Board input
- Adoption of the FY 2026-27 Ten-Year CIP at the [insert Month dd, yyyy] Board meeting

Basis of Costs

Project cost estimates are developed using engineering assessments, planning studies, and cost data from similar projects recently completed by the Agency. The cost-forecasting framework used to establish these estimates was originally developed as part of the FY 2024-25 Interim Five-Year CIP and has since been updated to reflect current market conditions.

This methodology incorporates a comprehensive cost review and the application of cost escalation factors to future year projections. An independent review confirmed the Agency's cost-forecasting framework is consistent with methodologies used by other agencies implementing projects of similar scope and complexity and continues to be applicable for the Bay Area over the next ten years.

To provide a consistent financial outlook over the ten-year planning horizon, project cost estimates are developed and adjusted through a two-step process:

1. **Current-Year Cost Alignment**: Project cost estimates are comprehensively reviewed and updated to reflect current market conditions, including prevailing labor rates, material pricing, and the regional construction environment. This establishes a revised project cost, expressed in "current year" dollars. The project schedule is then evaluated to align anticipated expenditures with the expected timing of planning, permitting, design, and construction activities, ensuring costs are allocated to the years in which the work is projected to occur.
2. **Escalation**: The "current year" cost estimates are then adjusted in future years (Years 2 through 10) using three cost escalation factors – Construction Cost, Program Cost, and Fixed Cost – as described below.

The following escalation factors were utilized as the basis for FY 2026-27 Ten-Year CIP:

- **Construction Cost (6%).** Historically, Zone 7 applied a 4 percent annual escalation factor, consistent with the Engineering News Record Construction Cost Index (ENR CCI) 20-year average. However, construction costs over the past several years have increased significantly, with annual escalation in the Bay Area ranging from 12 to 16 percent due to supply chain volatility, labor shortages, and increased volumes of large-scale infrastructure projects. Although some of these driving factors have tempered, construction escalation is expected to remain above long-term historical averages, driven primarily by limited construction labor availability and the volume of current and future large-scale capital projects in the Bay Area.

  An independent assessment completed for the FY 2024-25 Interim Five-Year CIP projected construction escalation factors between 5 and 7 percent for the Bay Area over the next five years. As part of this CIP, an independent review estimated projected construction escalation factors from 5 to 8 percent for the Bay Area over the next ten years. These assessments considered a variety of factors based on recent market data including sitework, yard piping, building trades, process equipment, petroleum-based products, piping and valves, heating ventilation and air conditioning (HVAC), and electrical systems. Based on this assessment, a year-to-year construction cost escalation factor of 6 percent was used as the basis for the CIP.

- **Program Cost (3%).** Costs to administer programs such as the Asset Management Program or Capital Improvement Program are primarily driven by labor. Accordingly, a year-to-year construction program escalation factor of 3 percent was used as the basis for the CIP to account for annual labor cost adjustment.

- **Fixed Cost (0%).** Costs to administer existing debt service are fixed and not subject to escalation. Accordingly, a year-to-year fixed cost escalation factor of 0 percent was used as the basis for the CIP.

2. WATER SYSTEM CAPITAL IMPROVEMENT PLAN

2.1. INTRODUCTION

This chapter establishes the strategic and financial framework for the Water System Capital Improvement Plan. The FY 2026-27 Ten-Year CIP serves as the primary planning document for ensuring the long-term resiliency and reliability of Zone 7's water system. It identifies prioritized investments in renewal and replacement based on the 2026 AMP Update, as well as recommended system improvements and facility expansions to meet existing and projected future water demands. The FY 2026-27 Ten-Year CIP establishes the water system capital plan for Fiscal Years 2026-27 through 2035-36.

The FY 2026-27 Ten-Year CIP is built upon Board-established water system policies and goals regarding water supply reliability, groundwater management, and water quality, which together serve as the foundation for the projects identified in this plan.

The following sections provide an overview of the $875 million FY 2026-27 Ten-Year CIP. This chapter compares the current plan to the FY 2018-2019 Ten-Year CIP, the last comprehensive update to the Agency's Water System CIP and identifies the key factors driving the development of this update. The chapter concludes with a breakdown of the Water System CIP by funding strategy, a comprehensive funding analysis, and a capital expenditure summary, organized by program.

2.2. WATER SYSTEM POLICIES AND GOALS

To ensure that the needs of Zone 7 customers are met, Zone 7 has set goals related to water supply and reliability, groundwater management, and delivered water quality. These Water System goals, some of which are defined by adopted Board policies, are described in this section. The current adopted policies can be found in Appendix D. Policies are subject to review and adjustment by the Zone 7 Board to ensure that they continue to meet the needs of Zone 7's customers.

2.2.1. Water Supply Reliability

Two water policy goals related to water supply and infrastructure help guide Zone 7's capital and resource planning efforts. Adherence to these goals results in Zone 7 maintaining a highly reliable water supply system for existing and future customers under varying hydrologic conditions.

In October 2012, the Zone 7 Board adopted a revised Water Supply Reliability Policy. The policy defines level-of-service goals necessary to manage uncertainties associated with the State Water Project—Zone 7's main source of water supply—and to reasonably respond to prolonged

facility outages and drought conditions and also provides consistency with industry standards. A summary of the policy is presented in Table 2.

Table 2. Goals of the Water Supply Reliability Policy (Resolution No. 13-4230)

Goal 1:	Zone 7 will meet its treated water customers' water supply needs, in accordance with Zone 7's most current Contracts for M&I Water Supply, including existing and projected demands as specified in Zone 7's most recent Urban Water Management Plan (UWMP), during normal, average, and drought conditions, as follows: • At least 85% of M&I water demands 99% of the time • 100% of M&I water demands 90% of the time
Goal 2:	Provide sufficient treated water production capacity and infrastructure to meet at least 80% of the maximum month M&I contractual demands should any one of Zone 7's major supply, production, or transmission facilities experience an extended unplanned outage of at least one week.

2.2.2. Groundwater Basin Management

The Sustainable Groundwater Management Act (2014) (SGMA) designated Zone 7 as the exclusive Groundwater Sustainability Agency (GSA) for the Livermore Valley Groundwater Basin (DWR Basin No. 2-10) designated as a medium priority basin and required sustainable management under SGMA. As a GSA, Zone 7 submitted the 2016 Alternative Groundwater Sustainability Plan (AGSP) for the basin to DWR. Early in 2017, the Zone 7 Board of Directors adopted a Sustainable Groundwater Management Ordinance to clarify the Agency's responsibilities related to groundwater management for the Livermore Valley groundwater basin. Zone 7 incorporated the 2004 Salt Management Plan (SMP) and the 2015 Nutrient Management Plan (NMP) into the AGSP. Subsequently, the DWR approved the AGSP in 2019. As required by SGMA, Zone 7 submitted its first Five-Year Periodic Evaluation to DWR in 2021 and obtained DWR's approval in 2024. The next five-year periodic evaluation is due to DWR in December 2026. In addition, Annual Reports are due to DWR by March 31 each year.

In compliance with SGMA, Zone 7 has been sustainably managing the basin by implementing the AGSP. Zone 7's service area also overlies Sunol, a low priority basin and part of Tracy Groundwater Basin, a medium priority basin. As a low priority basin, Sunol Groundwater Basin is not subject to SGMA. Zone 7 delegated its sustainable groundwater management authority to Tracy Subbasin GSA for a small portion of the Tracy Subbasin. The most productive and highest-quality portion of the Livermore Valley Groundwater Basin is referred to as the "Main Basin" and it is a key component of Zone 7's water system. The main basin of the Livermore Valley Groundwater Basin comprises four subbasins – Mocho, Amador East, Amador West, and Bernal. The Main Basin's estimated maximum storage capacity is 254,000 acre-feet (AF), including the storage capacity below the Minimum Thresholds established in the AGSP. The estimated storage capacity above the Minimum Thresholds (operational storage) is 126,000 AF. It is important to note that not all the storage above the Minimum Thresholds is accessible with Zone 7's existing wells, as 80 percent 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.

Using the groundwater basin as a storage reservoir is critical for long-term water supply reliability in the Valley. Zone 7 stores excess imported SWP water in the groundwater basin to recover during peak demands, dry years, and emergencies. Under normal conditions, the groundwater basin supplies about 20 percent of Valley-wide water demands annually, including groundwater pumped by the retailers directly. During droughts, groundwater could provide up to 50 percent of the drought-supply needs.

Anticipated activities to support groundwater management are summarized in Table 3.

Table 3. Goals of Anticipated Activities to Support Groundwater Management

Goal 1:	Continue complying with the California Water Code § 10720 (Sustainable Groundwater Management Act) and the California Code of Regulations § 350 (Groundwater Sustainability Plan regulations)
Goal 2:	Continue implementing the Livermore Valley Groundwater Basin Alternative Groundwater Sustainability Plan and associated management actions
Goal 3:	Diversify groundwater resources in Bernal subbasin by developing the Regional Wells Project
Goal 4:	Apply updated groundwater model and the Decision Support Tool
Goal 5:	Update the Well Master Plan
Goal 6:	Update the well permitting process and ordinance
Goal 7:	Update the Onsite Wastewater Treatment System ordinance
Goal 8:	Develop an integrated Basin Water Quality Management Plan
Goal 9:	Continue studying and refining knowledge of the groundwater basin

Recently, Zone 7 completed the development of an advanced groundwater model that incorporates data collected to fill gaps, a refined hydrogeologic conceptual model, and findings from geophysical investigations. This new groundwater model and the associated decision support tool will be used to sustainably manage groundwater, analyze potential PFAS mobilization, manage salt and nutrients, and support groundwater operations during droughts.

2.2.3. Water Quality

Zone 7 operates two surface water treatment plants (Del Valle Water Treatment Plant and Patterson Pass Water Treatment Plant), the Mocho Groundwater Demineralization Plant, two PFAS Treatment Plants (Stoneridge PFAS Treatment Plant and Chain of Lakes PFAS Treatment Plant), nine groundwater supply wells, and a state-of-the-art water quality testing laboratory. These facilities are staffed, managed and operated by personnel holding State of California water treatment certifications and laboratory accreditations, ensuring the delivery of safe and reliable water to the Tri-Valley community.

All of the water Zone 7 delivers to the retailers meets the regulatory standards set by the state and federal governments and, in almost all cases, the quality is significantly better than required. In 2003, the Zone 7 Board adopted the Water Quality Policy for Potable and Non-

potable Water (Resolution No. 03-2494). The Policy was updated in 2014 (Resolution No. 14-4365). The goals of the Revised Water Quality Policy for Potable and Non-potable Water are listed in Table 4. To continue meeting health standards and address aesthetic concerns, Zone 7 established water quality targets that are more stringent than state and federal regulations and prepares updates to the Water Quality Management Program every two years, which is the basis for policies addressing drinking and agricultural water quality issues, to guide operational decisions, and to support the development of capital projects and design standards.

Table 4. Goals of the Water Quality Policy for Potable and Non-Potable Water (Resolution No. 14-4365)

Goal 1:	Zone 7 shall continue to meet all State and Federal primary Maximum Contaminant Levels (MCLs)[1] for potable water delivered to the M&I Contractors' turnouts. In addition, Zone 7 shall deliver potable water of a quality that is as close as technically feasible and fiscally responsible to the Public Health Goals (PHGs)[2] and/or Maximum Contaminant Level Goals (MCLGs)[3]. To ensure a margin of safety, the delivered water shall generally be of a quality that contains no greater than 80 percent of the applicable State or Federal primary MCLs.
Goal 2:	Zone 7 shall meet all State and federal secondary MCLs in the potable water delivered to its M&I Contractors' turnouts. In addition, Zone 7 shall, within technical and fiscal constraints, proactively mitigate earthy-musty taste and odor events[4] from surface water supplies and reduce hardness levels to "moderately hard", defined as 75 to 150 mg/L. Also, Zone 7 shall optimize its treatment processes to minimize chlorinous odors by maintaining consistent disinfectant dosage and residual.
Goal 3:	Zone 7 shall endeavor to deliver to its untreated water turnouts, from a variety of sources, water of a quality that meets the irrigation needs and does not negatively impact vegetation, crops, or soils.
Goal 4:	In order to achieve Goals 1 through 3, Zone 7 shall continue to work to improve the quality of its source waters. This may be achieved through Zone 7's Salt and Nutrient Management Plan, which will maintain or improve the water quality in the groundwater basin, and through advocacy of improvements in the State Water Project, its facilities and their operations, which may improve the source water of Zone 7's surface water supplies.
Goal 5:	Zone 7 will partner with M&I Contractors to assist them in taking similar steps as those outlined in this policy to maintain or improve the quality of water delivered to the M&I Contractor's retail customers.

[1] Primary MCLs are set as close to the Public Health Goals (PHGs) or Maximum Contaminant Level Goal (MCLGs) as is economically and technically feasible. Secondary MCLs are not health-related but regulate the odor, taste, and appearance of drinking water.
[2] Public Health Goal (PHG): The level of a primary contaminant in drinking water below which there is no known or expected risk to health. PHGs are set by the Office of Environmental Health Hazard Assessment.
[3] Maximum Contaminant Level Goal (MCLG): The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the United States Environmental Protection Agency.
[4] An event is defined as when three or more similar complaints are received in a 7-day period.

2.3. OVERVIEW OF THE WATER SYSTEM CIP

Several key studies and planning documents have been completed since the adoption of the FY 2018-19 Ten-Year CIP in October 2017. These include:

- 2018 Joint Tri-Valley Potable Reuse Technical Feasibility Study
- 2020 Urban Water Management Plan
- 2020 Tri-Valley Municipal and Industrial Water Demand Study
- 2021 Update to the Alternative Groundwater Sustainability Plan for the Livermore Valley Groundwater Basin
- 2022 Water Supply Evaluation Update
- 2024 Mocho Groundwater Demineralization Plant (MGDP) and Mocho Wellfield PFAS Compliance Conceptual Design
- 2025 Supervisory Control and Data Acquisition (SCADA) Master Plan
- 2025 Regional Groundwater Wells Development Feasibility Study
- Draft 2025 Water Demand Assessment

The findings from these studies and planning documents have been incorporated in the FY 2026-27 Ten-Year CIP, where applicable. As indicated in these planning studies, investments in water supply reliability projects, PFAS treatment, and the renewal, replacement and improvement of existing infrastructure continue to be the primary drivers in the development of the FY 2026-27 Ten-Year CIP. These major developments—which guided the selection, scope definition, cost estimation, prioritization, and timing of projects in this CIP—are described in more detail in Section 2.5.

For the FY 2026-27 Ten-Year CIP, 37 capital projects and 13 projects and programs with recurring costs, including payments to other agencies, have been identified totaling $874.7 million over ten years ($150 million or 17 percent in Renewal/Replacement, $258 million or 30 percent in System-Wide Improvements, and $466 million or 53 percent in Expansion). Note that these costs are presented in future dollars. Projects are categorized into the eight Programs as shown in Figure 3 and in Table 5. Approximately 61 percent of planned expenditures are related to Water Supply and Conveyance. Note that funding for some projects is split between two water capital funds (Fund 120 and Fund 130) to reflect benefits to both existing and future customers. Figure 4 and Table 6 show the overall breakdown by Funding Strategy. Figure 5 and Table 7 present the FY 2026-27 Ten-Year CIP by Funding Strategy and Fiscal Year.

Operating Impact

These projects identified in the FY 2026-27 Ten-Year CIP will improve the water supply reliability and operational flexibility of the Agency's Water System. From a budgetary perspective, renewal and replacement projects that address aging infrastructure are expected to reduce operating and maintenance costs. In some cases, however, the construction of new infrastructure may increase future operation and maintenance expenditures. Additional

information on the operating impact of each capital project is provided in each respective project summary report.

Figure 3. FY 2026-27 Ten-Year CIP (FY 2026-27- FY 2035-36) Breakdown by Program ($ millions, future dollars)

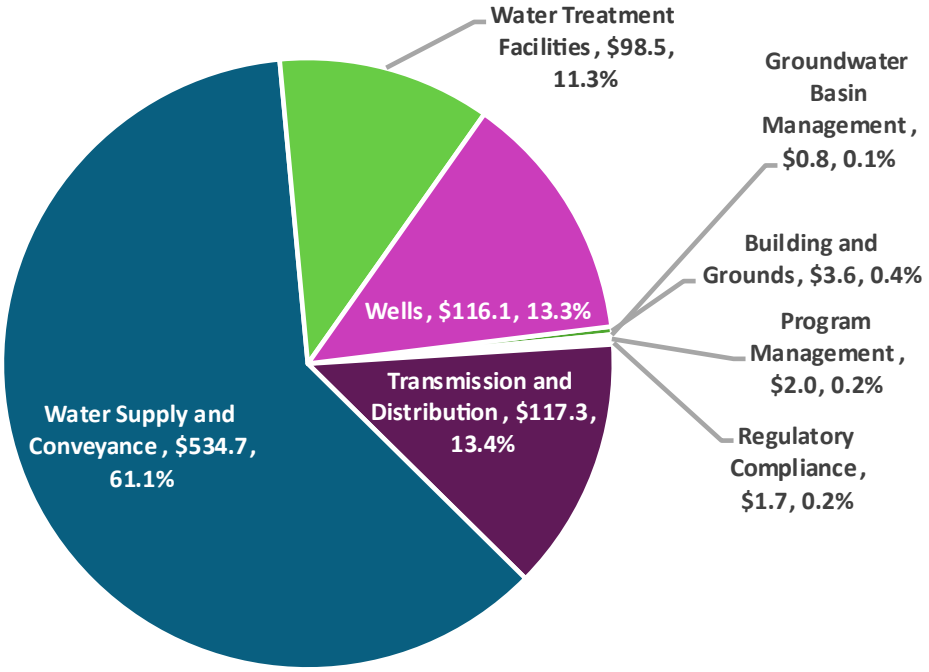


Table 5. FY 2026-27 Ten-Year CIP (FY 2026-27- FY 2035-36) Breakdown by Program ($ millions, future dollars)

Fiscal Year	Building and Grounds	Ground-water Basin Mgmt.	Program Mgmt.	Regulatory Compliance	Trans-mission and Distribution	Water Supply and Conveyance	Water Treatment Facilities	Wells	Total
FY 26-27	0.0	0.4	0.0	0.2	3.0	23.2	2.5	20.6	**49.9**
FY 27-28	0.0	0.0	0.0	0.2	1.7	24.6	7.7	51.8	**86.1**
FY 28-29	0.6	0.0	0.0	0.2	4.6	27.4	9.7	14.1	**56.6**
FY 29-30	0.0	0.0	0.0	0.1	5.2	26.9	11.5	2.2	**45.9**
FY 30-31	0.5	0.0	0.8	0.2	11.2	20.2	12.4	5.9	**51.3**
FY 31-32	0.7	0.0	0.0	0.1	15.6	43.9	9.9	9.8	**80.0**
FY 32-33	0.9	0.5	0.0	0.2	16.4	72.0	10.3	8.5	**108.8**
FY 33-34	0.2	0.0	0.0	0.1	9.9	129.5	12.1	2.6	**154.4**
FY 34-35	0.6	0.0	0.0	0.1	24.5	151.9	15.1	0.6	**193.0**
FY 35-36	0.2	0.0	1.0	0.3	25.1	15.0	7.2	0.0	**48.7**
Total	**3.6**	**0.8**	**2.0**	**1.7**	**117.3**	**534.7**	**98.5**	**116.1**	**874.7**

Figure 4. FY 2026-27 Ten-Year CIP (FY 2026-27 - FY 2035-36) Breakdown by Funding Strategy ($ millions, future dollars)

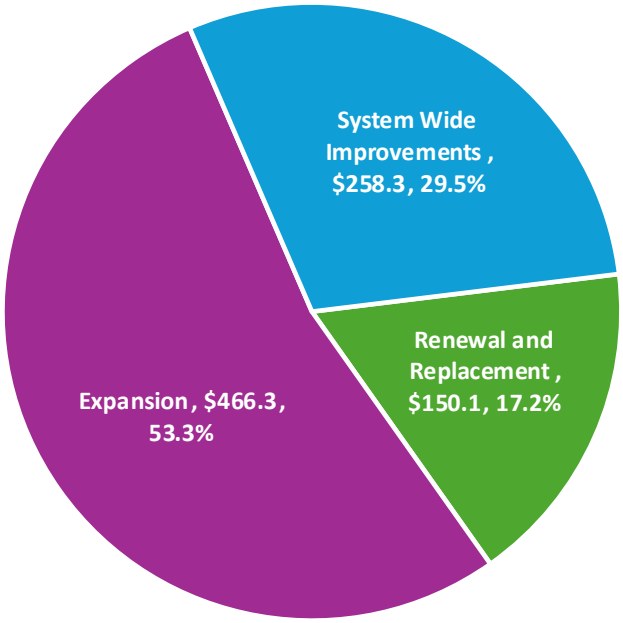


Table 6. FY 2026-27 Ten-Year CIP (FY 2026-27 - FY 2035-36) Breakdown by Funding Strategy

Strategy	Ten-Year Total ($ millions, future dollars)	Percentage
Renewal and Replacement	150.1	17%
System-Wide Improvements	258.3	30%
Expansion	466.3	53%
Total	**874.7**	**100%**

Figure 5. FY 2026-27 Ten-Year CIP (FY 2026-27 - FY 2035-36) Breakdown by Funding Strategy and Fiscal Year ($ millions, future dollars)

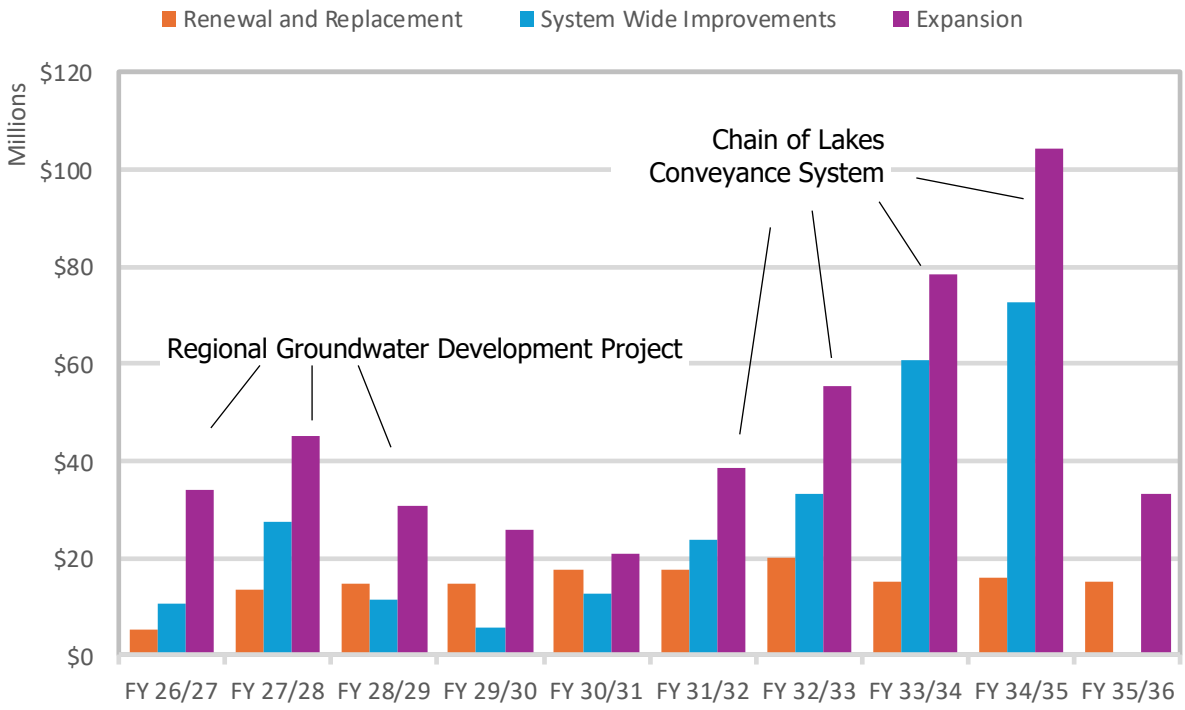


Table 7. FY 2026-27 Ten-Year CIP (FY 2026-27- FY 2035-36) Breakdown by Funding Strategy and Fiscal Year ($ millions, future dollars)

Fiscal Year	Renewal and Replacement	System-Wide Improvements	Expansion	Total
FY 26-27	5.5	10.5	33.9	**49.9**
FY 27-28	13.4	27.7	45.0	**86.1**
FY 28-29	14.7	11.3	30.7	**56.6**
FY 29-30	14.6	5.7	25.7	**45.9**
FY 30-31	17.6	12.8	20.9	**51.3**
FY 31-32	17.5	23.6	38.8	**80.0**
FY 32-33	20.3	33.2	55.3	**108.8**
FY 33-34	15.3	60.8	78.4	**154.4**
FY 34-35	16.0	72.6	104.4	**193.0**
FY 35-36	15.3	0.2	33.2	**48.7**
Total	**150.1**	**258.3**	**466.3**	**874.7**

2.4. COMPARISON TO PREVIOUS CIPS

A standard part of the CIP process is the refinement of project scope, cost, and schedule as more information is gathered about facility conditions, facility use, timing of other related projects, timing of related external activities, criticality/urgency of the project, demand trends,

technological developments, construction market conditions, regulations, environmental permitting requirements, and other factors.

Unit costs were updated (e.g., for pipelines) based on the most current data and applied more consistently across projects, and recent actual construction costs were used where available. Project costs were also adjusted where the scope has been modified. Finally, project schedules have been adjusted to reflect the timing need; feasibility of implementation from financial, technical, and staff resource perspectives; and coordination with other internal and external activities.

As part of the Connection Fee Study update under development, funding allocations between existing and new customers (Funds 120 and 130, respectively) were also re-evaluated and updated based on current projections of water demands, project scope, and benefits.

The FY 2026-27 Ten-Year CIP expenditures total $874.7 million, which is approximately $34 million or approximately 4 percent less than the FY 2018-19 Ten-Year CIP total of $909 million. Figure 6 presents a comparison of this CIP with the FY 2018-19 Ten-Year CIP; as shown, there is a $209 million increase in Fund 120 while Fund 130 decreased by $244 million. The increase in Fund 120 is due to the deferral of projects from previous years into this CIP period, addition of new projects, and updated scope and cost estimates. While there is a decrease in Fund 130, some of the projects planned in the FY 2018-19 Ten-Year CIP were deferred within the next 20 years, with some of those projects included in the FY 2026-27 Ten-Year CIP. Figure 7 compares the percentage distribution of total costs between Fund 120 and Fund 130 in the FY 2018-19 Ten-Year CIP, FY 2024-25 Interim Five-Year CIP, and FY 2026-27 Ten-Year CIP. As shown, the amounts in Fund 120 and Fund 130 are similar in the FY 2024-25 Interim Five-Year CIP and FY 2026-27 Ten-Year CIP.

The main developments driving the FY 2026-27 Ten-Year CIP are discussed in more detail in the following section.

Figure 6. Cost Comparison of the FY 2018-19 Ten-Year CIP and the FY 2026-27 Ten-Year CIP for the Water System ($ millions)

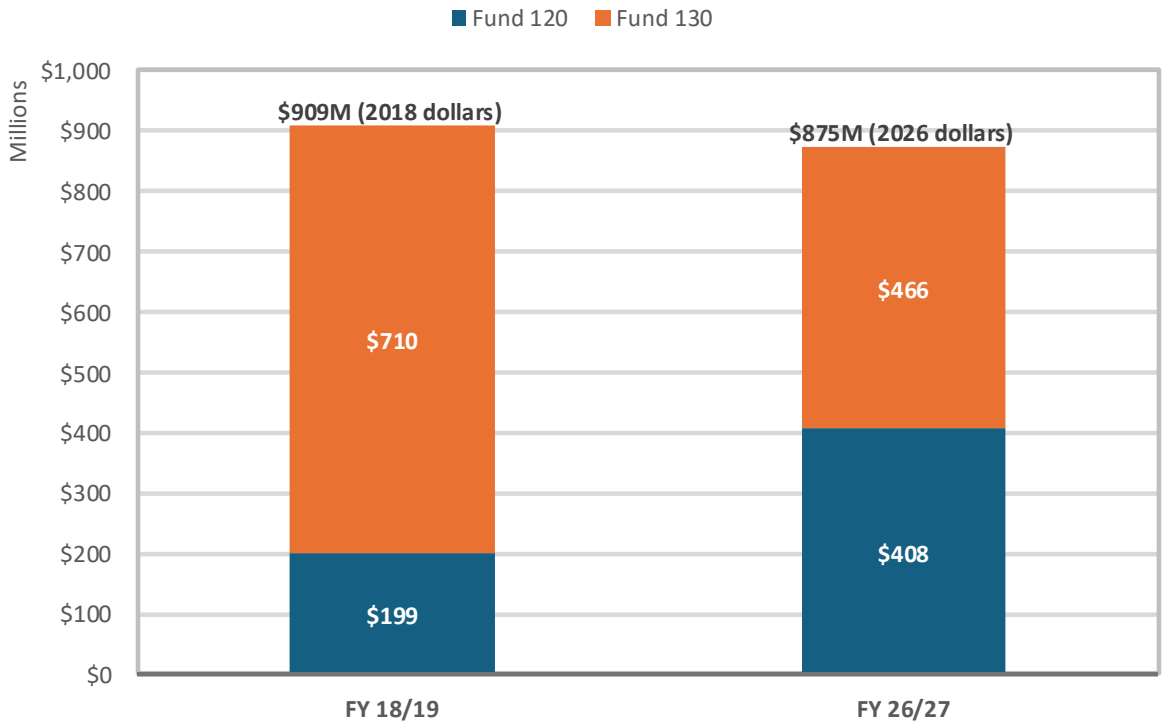
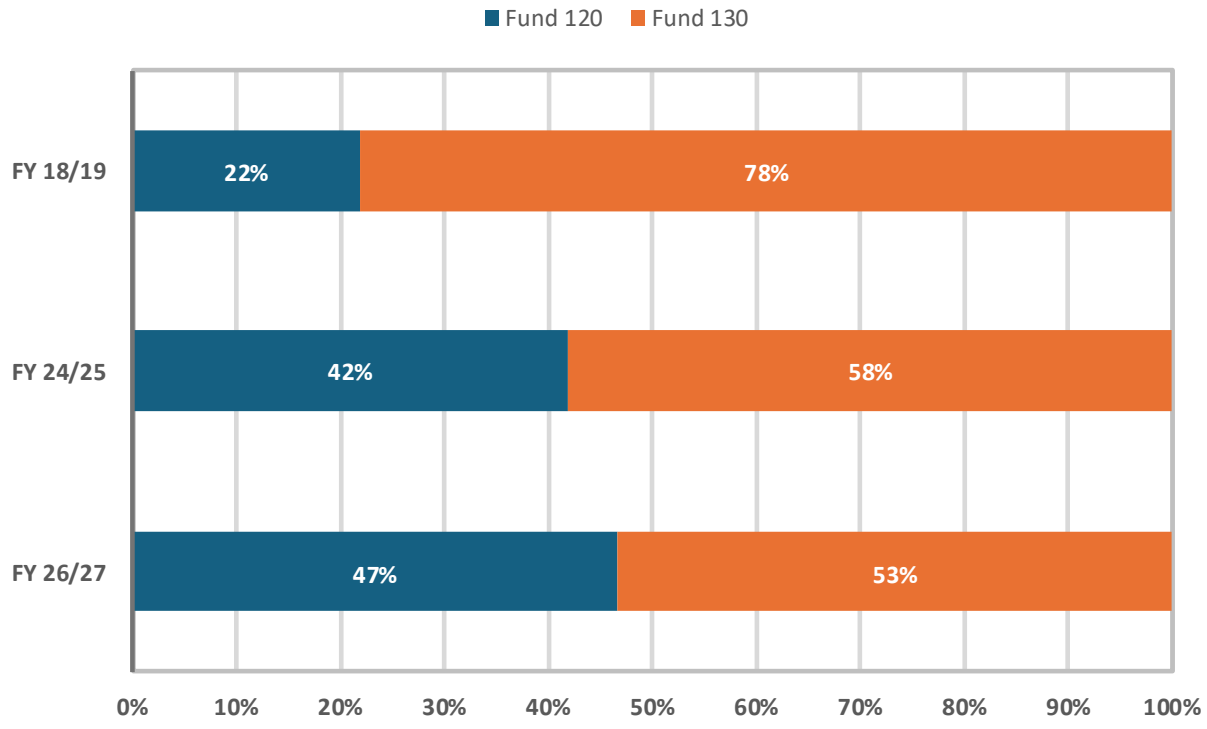


Figure 7. Comparison of the Fund Split for the FY 2018-19 Ten-Year CIP, FY 2024-25 Interim Five-Year CIP, and FY 2026-27 Ten-Year CIP (Percent)



Following is a list of key projects completed since the adoption of the last ten-year CIP:

- **DVWTP Ozonation Project** (approximately $50 million) improves quality, taste, and odor in the water provided by the treatment plant. The project was completed in 2020.
- **PPWTP Upgrades and Ozonation Project** (approximately $110 million) improves quality, taste, and odor in the water provided by the treatment plant, increases the plant's production capacity from 12 to 22 MGD, and provides for the renewal, replacement, and rehabilitation of aging components of the plant. The project was completed in 2023.
- **Valley Pump Station** (approximately $8.5 million) improves ability to deliver more groundwater to the east side of the system during times of limited surface water availability, increasing operational flexibility and system reliability. The project was completed in 2022.
- **Stoneridge PFAS Treatment Plant** (approximately $16 million) provides PFAS treatment for Stoneridge Well to meet state and federal drinking water standards, improving water quality, reliability, and operational flexibility. The facility was commissioned in September 2023.
- **Chain of Lakes PFAS Treatment Plant** (approximately $25 million) provides PFAS treatment for the Chain of Lakes wellfield to meet state and federal drinking water standards, improving water quality, reliability, and operational flexibility. The facility was commissioned in March 2025.

2.5. MAIN DEVELOPMENTS DRIVING THE CIP

This section describes the main factors that drove the development of the FY 2026-27 Ten-Year CIP. Total project costs for major projects are presented in future dollars; unless noted otherwise, all proposed costs are expected to be expended from FY 2026-27 through FY 2035-36. Note that some costs are split between Funds 120 and 130 to reflect benefits shared between existing and new customers. Section 2.6.1 presents projects that are shared between the two funds.

2.5.1. Water Supply Reliability

Zone 7 is the wholesale water supplier for the Tri-Valley region and maintains water supply contracts and water rights to meet customer demands. Zone 7 supplies two types of water to its customers: treated (potable) and untreated (non-potable).

In the last five years, treated water deliveries make up about 87 percent of demand. Treated water is primarily delivered to four retailers: the City of Pleasanton, the City of Livermore, California Water Service Livermore, and the Dublin San Ramon Services District. As the wholesaler, Zone 7 treats raw water supplies and distributes treated potable water that meets state and federal drinking water quality standards to the retailers via 42 miles of transmission pipelines. The retailers provide the final leg of water delivery to the businesses and 270,000 residents of the Valley.

Untreated water deliveries could be up to 8,100 acre-feet, which varies from year to year, and over the last five years, untreated water has accounted for 13 percent of total demand. Most untreated water is used for agriculture, although some is also delivered to golf courses, landfill and industrial users. Zone 7 serves approximately 3,500 acres of agricultural land, predominantly vineyards, although olives, pistachios, and other crops are also grown.

Unlike treated water, which is conveyed through Zone 7-owned and operated facilities to its customers, untreated water is delivered directly from the South Bay Aqueduct without passing through any Zone 7-owned and operated facilities. Instead, the water is distributed via DWR and private conveyance facilities. It is important to note that untreated-water customers do not bear costs for CIP projects that benefit only treated-water customers. However, costs for water supply and storage CIP projects, which benefit both treated and untreated customers, are generally split proportionately.

In a normal year, Zone 7 obtains approximately 90 percent of its water supply from the SWP and 10 percent from Zone 7's water rights to Arroyo Valle. Since 2008, the deliveries of the SWP water supplies has been declining due to regulatory constraints, aging infrastructure, Delta conditions, and climate change. Recently, DWR estimated a long-term average water supply reliability of 54 percent for existing conditions in their Draft 2025 Delivery Capability Report. This means that on average, Zone 7 would receive just over half of its contractual water supply amount (80,619 acre-feet) from the SWP. The report also estimated a declining long-term average reliability of 43-48 percent for future conditions (i.e., climate-change conditions at 2043).

2.5.1.1. Investing in Long-Term Water Supply Reliability

Zone 7's planning studies identifies a need for investment in water supply reliability projects to ensure meeting both treated and untreated customer demands at the build-out condition. As such, Zone 7 continues to implement a multi-pronged strategy for securing the long-term reliability of the water supply system. This strategy includes:

- Regular evaluation of Zone 7's water supplies (existing and future) as well as treated and untreated customer demand;
- Planning and evaluating supplemental water supply projects (Sites Reservoir project)
- Continuation of perfecting the Arroyo Valle water rights and advancing the development of the Chain of Lakes Conveyance System project as a local water storage resource;
- Utilization of the local groundwater basin for water storage as well as non-local water storage options (e.g., San Luis Reservoir, Kern County groundwater banks);
- Continued participation in the planning of the Delta Conveyance Project to mitigate impacts on the SWP from climate change;
- Pursuit of alternative water supply and storage options (e.g., potable reuse);
- Applying Zone 7's RiverWare water supply management model to manage and optimize water supply sources;

- Advancing Water conservation program to manage long-term demands and drought emergencies;
- Development of a robust water transfer program; and
- Mitigation of water supply impacts due to emerging contaminants (e.g., PFAS)

It is imperative to recognize that no single project or strategic action above is sufficient to meet Zone 7's reliability goals and enhancing water supply reliability will require a portfolio of projects or water supply management actions. Therefore, the FY 2026-27 Ten-Year CIP incorporates several projects to implement this multi-pronged approach. A few significant projects are highlighted here.

Delta Conveyance Project

Zone 7 is one of eighteen participating water agencies supporting the planning of the Delta Conveyance Project (DCP), a proposed project to construct a 45-mile long, 36-foot diameter, water conveyance tunnel underneath the Sacramento-San Joaquin Delta (Delta). Currently, SWP delta export operations are highly susceptible to seismic risk, aging infrastructure, delta water quality conditions, regulatory constraints, and lack any significant redundancy. The DCP would provide a dual conveyance facility engineered for these challenges. Moreover, DWR has identified the DCP as a key adaptation project to address climate change. The additional diversion capacity from this project is anticipated to partially restore SWP water supplies, which are expected to be lost due to climate change.

Zone 7 is currently supporting the planning of this project, but the Zone 7 Board has yet to decide on participation in the construction. This decision is expected in the next few years. Should participating water agencies proceed with DCP, construction is anticipated to start in 2029, with the project becoming operational in 2045.

The DCP is estimated to cost approximately $20 billion, which would be paid for by participating water agencies. The DCP would be owned by DWR and SWP contractors will be billed for their share of the project's capital and maintenance costs through DWR's Statement of Charges and is therefore not included in this CIP. Capital payments are expected to be spread over at least 30 years.

Sites Reservoir

Zone 7 is participating in the planning of Sites Reservoir, a proposed 1.5 million acre-foot off-stream reservoir located off the Sacramento River. The project would provide both water supply and storage to Zone 7. Importantly, this storage will be located north of the Delta, which means the delivery of Sites water is not reliant on operational exchanges.

Sites Reservoir is a collaboration of several water agencies throughout California. Zone 7 is one of 24 entities participating, along with the State of California and the Bureau of Reclamation. Sites Reservoir is currently nearing the end of its planning phase and the project has obtained nearly all key permits. Participants are expected to make their final decision on whether to

participate in construction in 2026. Construction is expected to begin in 2027, and the reservoir is expected to be operational by 2034.

Construction, ownership, and long-term operations of Sites Reservoir will be through the Sites Reservoir Authority. The Zone 7 Board is yet to make the decision to participate in the construction and should the Zone 7 Board decide to participate in the construction of this project, capital costs would be financed through bonds issued by the Sites Authority and funded by Funds 100 and 130. The total cost of Sites Reservoir is currently estimated at $7.5 billion (2025 estimate) which would be paid by participating water agencies, the State of California, and the Bureau of Reclamation.

Chain of Lakes Conveyance System

Several active and former mining operations are located between Pleasanton and Livermore. These mining operations have exported significant materials from the area and resulted in 10 substantial borrow pits. For decades, Zone 7 has evaluated the use of the borrow pits for water storage and recharge upon cessation of active mining operations. The estimated storage volume of all 10 borrow pits upon completion of mining operations is approximately 150,000 acre-feet. While mining has ceased for some borrow pits, others are expected to remain for the foreseeable future (some as far out as 2065).

Currently, two former mining pits have been deeded over to Zone 7 (Cope Lake and Lake I). The Chain of Lakes Conveyance System is a proposed 6.5-mile long, 42-inch diameter pipeline and pump station that will connect Lake I to the Del Valle Water Treatment Plant and the South Bay Aqueduct. This project will allow Lake I to be used for water storage, providing approximately 36,400 acre-feet of capacity for both SWP water and water diverted under Zone 7 Arroyo Valle Water Right. If the Zone 7 Board approves, construction phase funding will be sourced from Fund 100 and Fund 130 and financed through bonds over 30 years, estimated at $17 million annually ($9.1 million in Fund 100 and $7.9 million in Fund 130).

Regional Groundwater Development Project

Using the Livermore Valley Groundwater Basin as a storage reservoir is critical for long-term water supply reliability in the Valley. Through the conjunctive use of the local groundwater basin, Zone 7 recharges the basin with excess water for subsequent recovery as needed for operations. This developed supply is especially critical during emergencies, facility outages, and years of low SWP allocations. Zone 7 began its practice of artificial recharge of the local groundwater basin in 1962, reversing a long-term trend of overdraft that had occurred over the preceding decades.

To expand the recovery capacity of these banked water supplies, Zone 7 plans to construct new water supply wells in Pleasanton. These wells will provide approximately up to 9 MGD of recovery capacity to Zone 7's system to help meet projected increased demand in the coming decades by providing additional supply. This project also entails the construction of a 4,000

linear foot pipeline to connect the proposed wells to Zone 7's transmission system, as well as upgrades to the existing chloramination facility at the Hopyard wellfield for the produced water.

Arroyo Del Valle Water Rights

Local water is a key component of Zone 7's water supply portfolio, accounting for approximately 10 percent of its supply. Zone 7 holds a joint water right permit with Alameda County Water District to divert up to 60,000 acre-feet from the Arroyo Del Valle and continues to work on a petition to license a portion and extend Zone 7's water right permit for diverting remaining balance from the Arroyo Valle.

Based on historical records, the maximum annual quantity put to beneficial use was 19,073 acre-feet in 1998. In 2024, Zone 7 filed a petition to split the Agency's longstanding water right to: (a) a license to secure this annual portion of the water right since proven to be put to beneficial use before the end of the permit term in 2007, and (b) the extension of time of the existing water rights permit on the remaining balance of the water right to allow for sufficient time to develop the facilities needed to put more water to beneficial use annually. Zone 7 is currently working towards an environmental review document required for the extension of time.

Local water is important to Zone 7 as it can be delivered from Lake Del Valle without use of the Delta or California Aqueduct, both of which lack redundant conveyance facilities for the SWP water. Additionally, local water is also advantageous because it generally can be delivered by gravity to Zone 7's Del Valle Water Treatment Plant, thereby eliminating pumping costs associated with transporting SWP water to Zone 7's water treatment plants.

Other Projects

The 2022 Water Supply Evaluation Update (WSE Update) indicated Zone 7's need to pursue additional water supply options (some are discussed above). To that end, Zone 7 continues to evaluate alternative water supply and storage options such as potable reuse, groundwater banking in Kern County, and water transfers. Some of these projects have been included in the CIP, but ultimately, Zone 7 may choose to implement one or a portfolio of these options depending on the results of subsequent studies and planning efforts, the amounts and timing of development and conservation, and the determination of costs and benefits to the Valley.

As discussed, Zone 7 continues to evaluate several potential future water supply and storage options to bolster long-term water supply reliability. Planned capital projects will increase the reliability of Zone 7's water supply system. Zone 7 will continue to monitor local and statewide hydrologic conditions, adjust operations as necessary to optimize use of available resources, remain prepared for another single or multi-year drought, and continue to coordinate with the local water supply retailers, untreated water customers, and DWR.

Table 8 lists the major water supply reliability investments planned by Zone 7, presents project capital costs (Zone 7's share where applicable), and shows each project's scheduled in-service

year. Subsequent sections of this chapter provide more information about timing of these costs and applicable funding sources. Detailed descriptions of these projects can be found in Appendix A.

Table 8. Zone 7 Share of Capital Cost for Major Water Supply Reliability Projects

Project	Zone 7 Share of Project Capital Cost ($ millions, future dollars) [1]	In-Service Year
Chain of Lakes Conveyance System	356.5	2035
Delta Conveyance Project [2]	443.0	2045
Regional Groundwater Development Project	37.5	2029
Sites Reservoir [3]	208.0	2034

1 – Costs shown reflect Zone 7's share of project capital cost with escalation unless otherwise noted.
2 – The Delta Conveyance Project, which is key to water supply reliability for the Valley, would be implemented and financed by DWR through bonds. The Delta Conveyance Project is not planned to be funded out of Fund 120 nor 130 and is therefore not included in the CIP. The Zone 7 share of the total cost shown here is based upon DWR's most recent project cost estimate (2023), without escalation.
3 – The Sites Reservoir project is planned to be funded from Fund 100, via water rates, and Fund 130 (as reflected in the CIP). The total cost shown in Table 2-7 reflects the Agency's portion of the total project capital costs (as of January 2026) for a storage participation level of 31,170 acre-feet. The Agency's total financial obligation, based on the capital cost of $208M, is approximately $553M, which will be paid over 46 years. Annual costs are detailed in the Sites Reservoir project summary report (Appendix A).

2.5.2. Water Quality Regulations

2.5.2.1 PFAS Treatment

The State of California and the U.S. Environmental Protection Agency (EPA) continue to advance drinking water standards for PFAS. In April 2024, the EPA finalized national drinking water regulations for six PFAS compounds. By May 2025, however, the EPA had adjusted its approach. It confirmed it would enforce maximum contaminant levels (MCLs) for two compounds – perfluorooctanoic acid (PFOA) and perfluorooctane sulfonate (PFOS) – and extend the compliance deadline from 2029 to 2031. Additionally, EPA indicated it would reconsider regulatory determinations for the other four PFAS compounds.

Zone 7 has been monitoring its water supplies for PFAS since late 2018. No PFAS has been detected in its treated surface water, which makes up most of the water delivered to customers. Although PFAS has been detected in some Zone 7 groundwater wells, these wells are treated to levels below the federal standards before entering the distribution system. Groundwater is typically used to meet peak day demand or when surface water supply is limited.

Furthermore, Zone 7 has taken proactive steps to plan, design, and construct new PFAS treatment facilities prior to the compliance deadline. Zone 7 utilizes specialized ion exchange resins to remove PFAS at two of its groundwater wellfields, with a third currently in development.

- Stoneridge PFAS Treatment Plant: Operational since Fall 2023, the treatment facility is designed to treat up to 6.6 MGD. The total cost of the project was approximately $16.3 million, nearly all of which was funded through a $16 million grant from the DWR Sustainable Groundwater Management Grant Program. Treated water produced through the Stoneridge PFAS Treatment Plant shows no detectable levels of PFAS.

- Chain of Lakes PFAS Treatment Plant: This 10 MGD facility became operational in Spring 2025. The project was awarded a nearly $1 million federal grant under the Consolidated Appropriations Act 2024 (H.R. 4366). The construction cost (approximately $22 million) was primarily financed through a bond issuance. Treated water produced through the Chain of Lakes PFAS Treatment Plant shows no detectable levels of PFAS.

- Mocho PFAS Treatment Plant: Scheduled for completion in 2028, this project will remove PFAS from the Mocho wellfield, restore production capacity and water supply reliability, and increase production through the Mocho Groundwater Demineralization Plant. Zone 7 was awarded a grant for $1.2 million from DWR and is actively working to secure additional state funding as well as federal funding for this project.

2.5.2.2. Chromium-6 Treatment

In October 2024, the State of California established a drinking water standard of 10 parts per billion for hexavalent chromium (Cr6). Zone 7 has been proactively monitoring water quality to optimize its treatment strategy and maintain compliance with the new standard. While Zone 7's two groundwater treatment plants were originally designed for PFAS removal, the ion exchange resins also provide incidental removal of Cr6. To ensure long-term, cost-effective compliance with current and anticipated PFAS and Cr6 regulations, Zone 7 is currently performing bench-scale testing on the two ion exchange resins currently used for these treatment facilities. A subsequent process improvement study will identify strategies to optimize removal of both PFAS and Cr6, including the evaluation of alternative treatment technologies and other resin options.

2.5.3. AMP Update

The purpose of the AMP is to proactively plan for and implement asset renewal projects such that Zone 7 can continue to provide high quality, reliable water delivery to the residents of the Valley. The 2026 AMP Update was prepared in conjunction with this FY 2026-27 Ten-Year CIP and identified short and long-term renewal/replacement and improvement project needs and the associated annual funding level necessary to implement these projects.

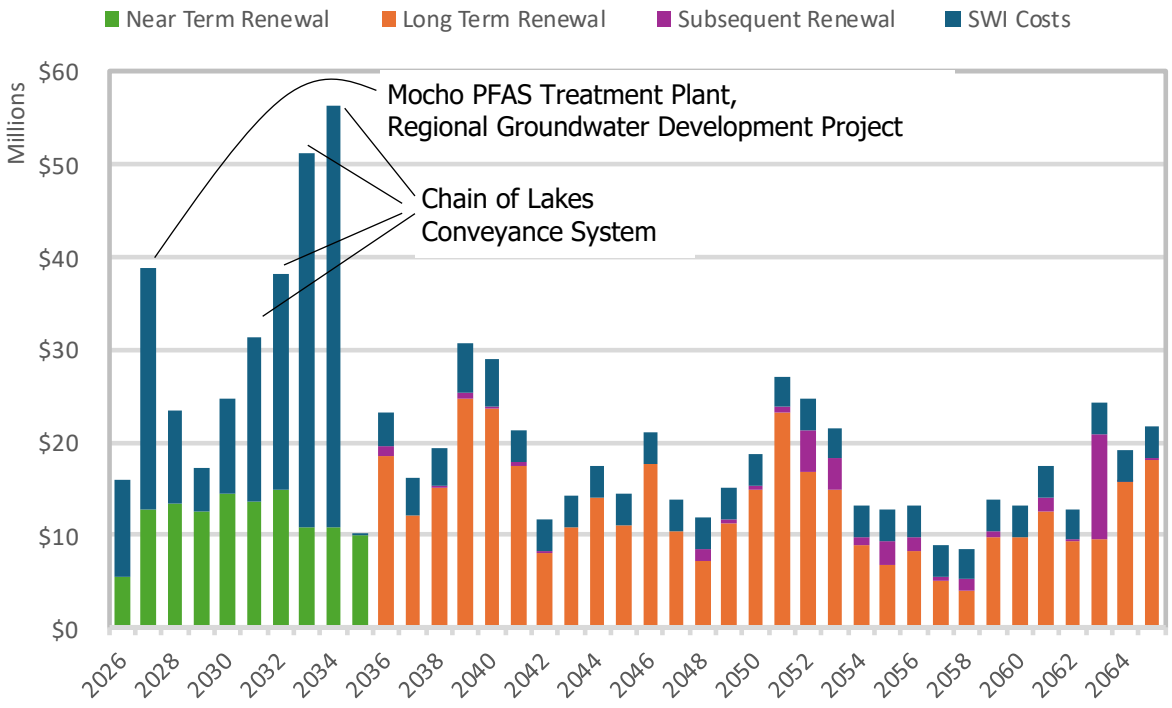
The current (FY 2025-26) annual funding level is $16.3 million per year (2026 dollars), based on the 2017 AMP Update adjusted annually for inflation. In order to develop a practical funding strategy for the current AMP and ensure that the funding level would be sufficient to meet the capital funding need for the immediate ten-year CIP period, the determination of the funding

need assumes debt-financing for the construction phase (Fund 120 portion) of Chain of Lakes Conveyance System and an anticipated $25 million grant for Mocho PFAS Treatment Plant.

The average annual funding level determined by the analysis presented in the 2026 AMP Update is $16.3 million per year (2026 dollars). As such, it is recommended that the annual funding level be maintained at $16.3 million for all pay-as-you-go projects with an annual debt repayment of approximately $9.1 million for the construction phase (Fund 120 portion paid via Water Rates from Fund 100) of Chain of Lakes Conveyance System, as this alternative provides positive cash flow over the immediate ten-year CIP period as well as the 40-year planning period for the AMP, with the exception of underfunding (ranging from approximately $1.2 million to $11 million each year) in FY 2051-52 to FY 2055-56 (years 26 through 30). As Zone 7 updates the budget every two years and the AMP and CIP every five years, updates to long-term needs will ensure that funding needs and minimum fund balance requirements are continually met. Starting in FY 2027-28, the recommended pay-as-you-go funding level of $16.3 million per year would be adjusted annually for inflation based upon the Engineering News Record San Francisco Construction Cost Index. The actual debt service amount will depend on the type of financing received, interest rates, and the duration of the borrowing.

The 2026 AMP Update provides funding for a well-defined schedule of projects for the renewal or replacement of existing facilities, based on sustainable infrastructure factors such as asset condition and estimated useful life. Funding for system-wide improvements was estimated based on the identified projects and the cost of such projects averaged over the next ten years, excluding debt-financed costs. It is anticipated that adjustments to the annual funding level will be made periodically, as the AMP is updated approximately every five years. The total renewal and SWI funding needs are illustrated in Figure 8.

Figure 8. Total Forecasted Renewal and System-Wide Improvements Funding Requirements (2026 $ millions), FY 2026-27 – FY 2035-36



Source: Zone 7 Asset Management Plan 2026 Update

2.5.4. New Projects

This CIP introduces several new projects focused on asset renewal and replacements – as recommended in the 2026 AMP Update – production capacity restoration, and other system-wide improvements. Additionally, the FY 2026-27 Ten-Year CIP incorporates previously planned projects in the FY 2018-19 Ten-Year CIP and the FY 2024-25 Interim Five-Year CIP and that now fall within the planning horizon of the current CIP period (FY 2026-27-FY 2035-36). New projects and their respective costs are listed in Table 9.

Table 9. New Projects in the FY 2026-27 Ten-Year CIP ($ millions, future dollars), FY 2026-27 – FY 2035-36

Project	Renewal and Replacement (Fund 120)	System-Wide Improvements (Fund 120)	Expansion (Fund 130)	Total
Chain of Lakes PFAS Treatment Plant Process Improvement Study		0.4		0.4
Chain of Lakes PFAS Treatment Plant Pump Station		12.6		12.6
DVWTP Reliability Assessment	0.3			0.3
DVWTP Reliability Improvements	7.1			7.1
Emergency Generator Replacement	1.1			1.1
Hopyard Wellfield Pipeline		5.0		5.0
Instrumentation Replacement [1]	1.2			1.2
Pipeline Condition Assessments [2]	0.5			0.5
PPWTP Master Plan	0.3		0.1	0.4
Stoneridge Well Ammonia System Improvements		2.8		2.8
Transmission System Plan and Hydraulic Model Update	0.6		0.2	0.8
Turnout Replacements	11.8			11.8
Well Master Plan Implementation	10.5			10.5
Total	**33.4**	**20.8**	**0.3**	**54.5**

1 - Project extends beyond 10-year CIP; total project cost is $3.2 million.
2 - Project extends beyond 10-year CIP; total project cost is $2.0 million.

2.6. WATER SYSTEM CIP BY FUNDING STRATEGY

2.6.1. Project Shared between Fund 120 and 130

As mentioned previously, funding allocations reflect the proportional benefits to existing and new customers. While some projects exclusively benefit existing customers (Fund 120) or exclusively new customers (Fund 130), some projects benefit both. Table 10 presents projects that are split between Fund 120 and 130, with splits reflecting proportional benefits.

Table 10. Projects Shared Between Fund 120 and 130: Costs and Fund Allocations, FY 2026-27 – FY 2035-36

Project	Funding Sources and Costs ($ millions, future dollars)			
	Fund 120, Renewal and Replacement	Fund 120, System-Wide Improvements	Fund 130, Expansion	Total
Capital Improvement Program Management [1]	0.6 (63%)		0.4 (37%)	1.0
Chain of Lakes Conveyance System		188.4 (53%)	167.1 (47%)	355.5
Patterson Pass Pipeline Expansion	6.1 (15%)		34.5 (85%)	40.6
PPWTP Master Plan	0.3 (73%)		0.1 (27%)	0.4
Silver Oaks Pump Station	15.0 (80%)		3.8 (20%)	18.8
Transmission System Plan and Hydraulic Model Update	0.6 (75%)		0.2 (25%)	0.8
Vasco Pipeline Expansion [2]	1.3 (10%)		11.8 (90%)	13.2
Total	**23.9 (6%)**	**188.4 (44%)**	**217.8 (51%)**	**430.1 (100%)**

1 - Project extends beyond 10-year CIP; total project cost is $6.3 million.
2 - Project extends beyond 10-year CIP; total project cost is $46.6 million.

2.6.2. Fund 120 – Renewal/Replacement

The Renewal/Replacement Funding Strategy includes the projects needed for the renewal and replacement of the existing capital assets of Zone 7's Water System. An overview of the Renewal/Replacement Funding Strategy is shown in Figure 9 and Table 11 classified by Program. The ten-year total expenditure requirement for this funding strategy is $150.1 million. The specific projects that comprise the Renewal/Replacement Funding Strategy and their annual expenditures are presented in Table 12.

Figure 9. Ten-Year Renewal/Replacement Strategy: Summary by Program ($ millions, future dollars)

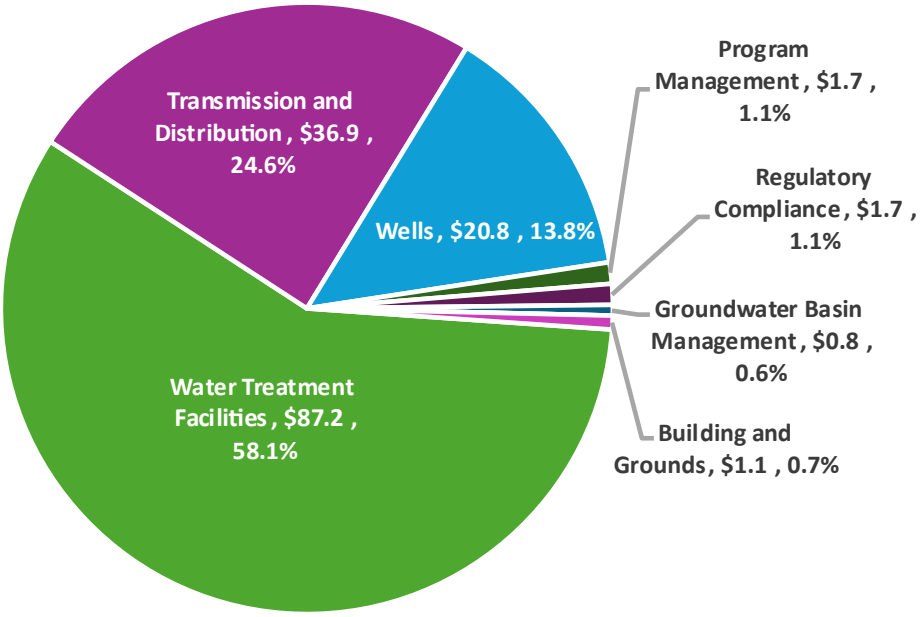


Table 11. Ten-Year Renewal/Replacement Strategy: Summary by Program

Program	Ten-Year Total ($ millions, future dollars)	Percentage
Water Treatment Facilities	87.2	58.1%
Transmission and Distribution	36.9	24.6%
Wells	20.8	13.8%
Program Management	1.7	1.1%
Regulatory Compliance	1.7	1.1%
Groundwater Basin Management	0.8	0.6%
Water Supply and Conveyance	0.0	0.0%
Building and Grounds	1.1	0.7%
Total	150.1	100.0%

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Table 12. Renewal/Replacement (Fund 120) Funding Strategy Breakdown by Project ($, future dollars)

Program	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	FY 31-32	FY 32-33	FY 33-34	FY 34-35	FY 35-36	Total
Buildings and Grounds											
Emergency Generator Replacement			600,000		500,000						**1,100,000**
Subtotal			**600,000**		**500,000**						**1,100,000**
Groundwater Basin Management											
Monitoring Well Replacements and Abandonments	350,000						496,500				**846,500**
Subtotal	**350,000**						**496,500**				**846,500**
Program Management											
Asset Management Program	12,500	12,900	13,300	13,700	450,200	14,500	14,900	15,400	15,800	521,900	**1,085,000**
Capital Improvement Program Management	7,900	8,100	8,400	8,600	248,200	9,100	9,400	9,700	10,000	287,700	**607,000**
Subtotal	**20,400**	**21,000**	**21,600**	**22,300**	**698,400**	**23,600**	**24,300**	**25,100**	**25,800**	**809,600**	**1,692,000**
Regulatory Compliance Monitoring											
Laboratory Equipment Replacement	180,000	226,600	159,100	109,300	180,100	92,700	191,000	61,500	126,700	326,200	**1,653,200**
Subtotal	**180,000**	**226,600**	**159,100**	**109,300**	**180,100**	**92,700**	**191,000**	**61,500**	**126,700**	**326,200**	**1,653,200**
Transmission and Distribution											
Patterson Pass Pipeline Expansion						160,600	425,600	1,001,400	2,582,000	1,915,900	**6,085,500**
Pipeline Condition Assessments									157,200	333,300	**490,500**
Silver Oaks Pump Station	1,936,000	737,800	3,442,700	3,649,300	3,868,200	1,370,300					**15,004,300**
Transmission System Corrosion Protection								201,500	384,100	993,400	**1,579,000**
Transmission System Plan and Hydraulic Model Update	420,000	185,400									**605,400**
Turnout Replacements					353,500	2,542,600	2,482,400	421,000	3,028,300	2,956,600	**11,784,400**
Vasco Pipeline Expansion								139,800	374,600	801,700	**1,316,000**
Subtotal	**2,356,000**	**923,200**	**3,442,700**	**3,649,300**	**4,221,700**	**4,073,600**	**2,908,000**	**1,763,800**	**6,526,200**	**7,000,900**	**36,865,200**
Water Treatment Facilities											
DVWTP and PPWTP HVAC and Improvements	440,000	5,300,000	5,056,200	714,600							**11,510,800**
DVWTP Chemical Systems Replacement				238,200	963,300	3,211,700	2,723,600				**7,136,800**
DVWTP Reliability Assessment				327,800							**327,800**
DVWTP Reliability Improvements					378,700	1,204,400	2,978,900	2,556,200			**7,118,200**
DVWTP Washwater Recovery Ponds Replacement						776,200	2,383,100	6,164,900	5,211,900		**14,536,100**
DVWTP Wastewater System		95,400	539,300	929,000							**1,563,700**
Instrumentation Replacement					189,400	963,500					**1,152,900**
Maintenance Yard and Building		159,000	1,449,400	6,336,200	5,378,200						**13,322,800**
PPWTP Chemical Systems Replacement								195,500	1,211,300	2,213,200	**3,620,000**
PPWTP Master Plan				95,700	213,600						**309,300**
Renewal/Replacement Projects (as needed) – Engineering Led	900,000	875,000	875,000	875,000	875,000	900,000	875,000	875,000	875,000	875,000	**8,800,000**
Renewal/Replacement Projects (as needed) – Maintenance Led	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	**8,750,000**
SCADA Upgrades and Replacements	330,000	349,800	370,800	393,000	2,411,300	441,600	468,100	496,200	526,000	3,226,900	**9,013,800**
Subtotal	**2,545,000**	**7,654,200**	**9,165,800**	**10,784,600**	**11,284,500**	**8,372,500**	**10,303,700**	**11,162,700**	**8,699,200**	**7,190,100**	**87,162,200**
Wells											
MGDP HVAC and Fire System Replacement					214,600	963,500	1,532,000				**2,710,100**
MGDP RO Membrane Replacement/Expansion		3,551,000	1,000,000								**4,551,000**
Production Well Pump Replacement		1,007,000	280,900		505,000		567,400		637,500		**2,997,800**
Well Master Plan Implementation						4,014,700	4,255,600	2,255,400			**10,525,700**
Subtotal		**4,558,000**	**1,280,900**		**719,600**	**4,978,200**	**6,355,000**	**2,255,400**	**637,500**		**20,784,700**
Total	**5,451,400**	**13,382,900**	**14,670,100**	**14,565,400**	**17,604,300**	**17,540,600**	**20,278,500**	**15,268,500**	**16,015,400**	**15,326,800**	**150,103,800**

Note: Values may not add due to rounding

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2.6.3. Fund 120 – System-Wide Improvements

This System-Wide Improvements Funding Strategy addresses enhancements to existing facilities that will improve water quality, safety, reliability, efficiency, operational flexibility, and/or cost-effectiveness. An overview of the System-Wide Improvements Funding Strategy is shown in Figure 10 and Table 13 classified by Program. The ten-year total expenditure requirement for this funding strategy is $258.3 million. The specific projects that comprise the System-Wide Improvements Funding Strategy and their annual expenditures are presented in Table 14.

Figure 10. Ten-Year System-Wide Improvements Funding Strategy: Summary by Program ($ millions, future dollars)

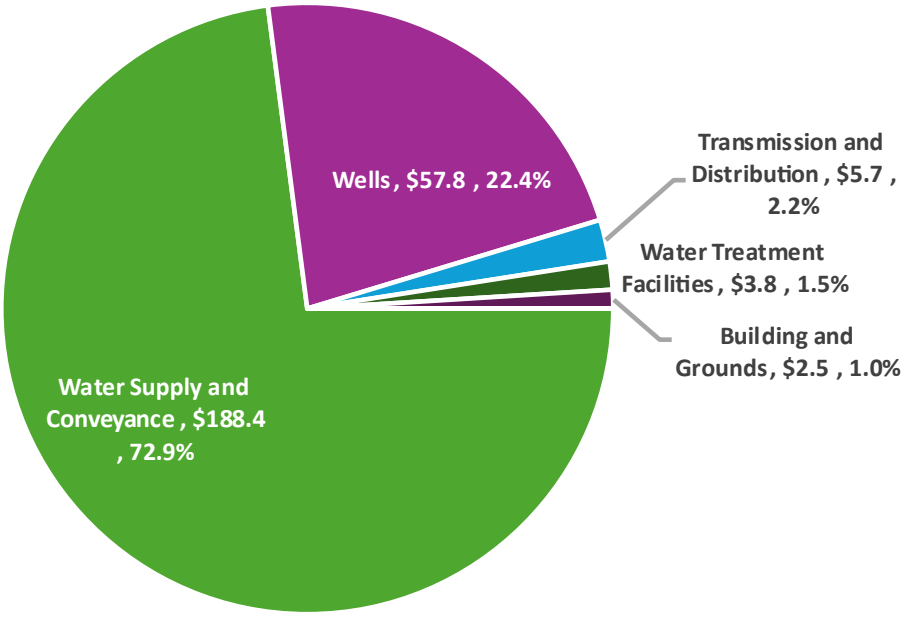

Table 13. Ten-Year System-Wide Improvements Strategy: Summary by Program

Program	Ten-Year Total ($ millions, future dollars)	Percentage
Water Supply and Conveyance	188.4	72.9%
Wells	57.8	22.4%
Transmission and Distribution	5.7	2.2%
Water Treatment Facilities	3.8	1.5%
Building and Grounds	2.5	1.0%
Program Management	0.0	0.0%
Regulatory Compliance	0.0	0.0%
Groundwater Basin Management	0.0	0.0%
Total	**258.3**	**100.0%**

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Table 14. System-Wide Improvements (Fund 120) Funding Strategy Breakdown by Project ($, future dollars)

Program	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	FY 31-32	FY 32-33	FY 33-34	FY 34-35	FY 35-36	Total
Building and Grounds											
Electric Vehicle Charging Infrastructure Program						669,100	922,000	188,000	597,700	168,900	**2,545,700**
Subtotal						**669,100**	**922,000**	**188,000**	**597,700**	**168,900**	**2,545,700**
Transmission and Distribution											
Hopyard Wellfield Pipeline		127,200	339,300	619,300	2,739,600	1,124,100					**4,949,500**
Transmission System Line Valve Installation	50,000				340,900		383,000				**773,900**
Subtotal	**50,000**	**127,200**	**339,300**	**619,300**	**3,080,400**	**1,124,100**	**383,000**				**5,723,400**
Water Supply and Conveyance											
Chain of Lakes Conveyance System	784,400	1,488,800	2,977,500	2,138,000	3,421,200	15,504,400	29,802,000	60,279,300	71,997,100		**188,392,700**
Subtotal	**784,400**	**1,488,800**	**2,977,500**	**2,138,000**	**3,421,200**	**15,504,400**	**29,802,000**	**60,279,300**	**71,997,100**		**188,392,700**
Water Treatment Facilities											
DVWTP Ammonia Tanks Improvements Project				71,500	448,200	843,100					**1,362,700**
Energy Master Plan Implementation			561,800	595,500	631,200	669,100					**2,457,700**
Subtotal			**561,800**	**667,000**	**1,079,400**	**1,512,200**					**3,820,400**
Wells											
Chain of Lakes PFAS Treatment Plant Process Improvement Study	350,000										**350,000**
Chain of Lakes PFAS Treatment Plant Pump Station			786,500	2,227,200	5,214,000	4,416,100					**12,643,900**
Mocho PFAS Treatment Plant	9,339,600	26,037,700	6,603,800								**41,981,100**
Stoneridge Well Ammonia System Improvements						401,500	2,127,800	300,700			**2,830,000**
Subtotal	**9,689,600**	**26,037,700**	**7,390,300**	**2,227,200**	**5,214,000**	**4,817,600**	**2,127,800**	**300,700**			**57,805,000**
Total	**10,524,000**	**27,653,700**	**11,269,000**	**5,651,500**	**12,795,100**	**23,627,400**	**33,234,800**	**60,768,000**	**72,594,800**	**168,900**	**258,287,300**

Note: Values may not add due to rounding

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2.6.4. Fund 130 – Expansion

The Expansion Funding Strategy addresses system expansion to serve future customers. An overview of the Expansion Funding Strategy is shown in Figure 11 and in Table 15 classified by Program. The ten-year total expenditure requirement for this funding strategy is $466.3 million. The specific projects that comprise the Expansion Funding Strategy and their annual expenditures are presented in Table 16.

Figure 11. Ten-Year Expansion Strategy: Summary by Program ($ millions, future dollars)

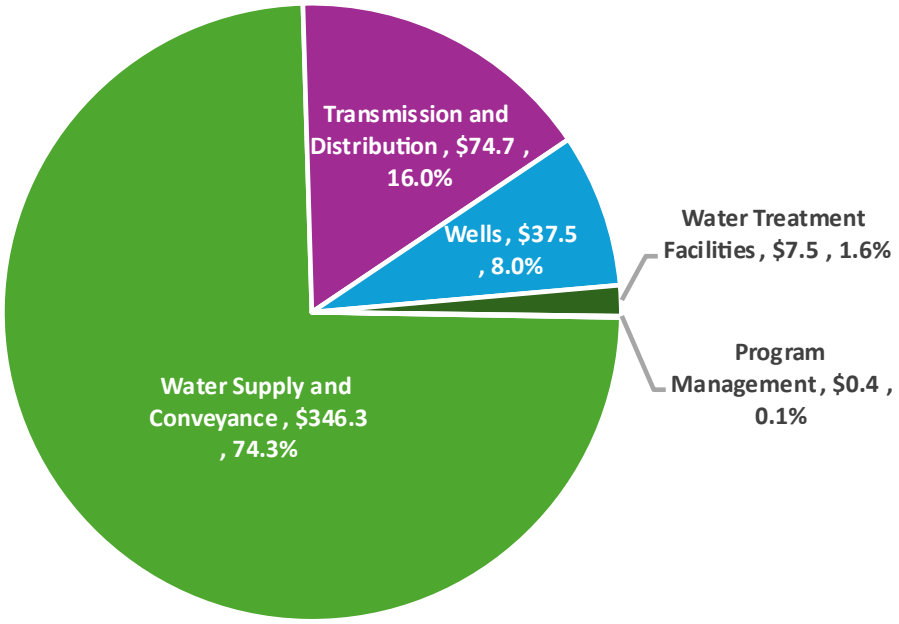

Table 15. Ten-Year Expansion Strategy: Summary by Program

Program	Ten-Year Total ($ millions, future dollars)	Percentage
Water Supply and Conveyance	346.3	74.3%
Transmission and Distribution	74.7	16.0%
Wells	37.5	8.0%
Water Treatment Facilities	7.5	1.6%
Program Management	0.4	0.1%
Building and Grounds	0.0	0.0%
Groundwater Basin Management	0.0	0.0%
Regulatory Compliance	0.0	0.0%
Total	**466.3**	**100.0%**

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Table 16. Expansion (Fund 130) Strategy Breakdown by Project ($, future dollars)

Program	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	FY 31-32	FY 32-33	FY 33-34	FY 34-35	FY 35-36	Total
Program Management											
Capital Improvement Program Management	4,600	4,800	4,900	5,100	145,800	5,400	5,500	5,700	5,900	169,000	**356,500**
Subtotal	**4,600**	**4,800**	**4,900**	**5,100**	**145,800**	**5,400**	**5,500**	**5,700**	**5,900**	**169,000**	**356,500**
Transmission and Distribution											
City Reach Pipeline Mitigation		434,600									**434,600**
El Charro Pipeline Phase 2					2,941,600	9,126,700	10,667,300	1,248,000			**23,983,500**
Patterson Pass Pipeline Expansion						910,000	2,411,500	5,674,700	14,631,500	10,856,600	**34,484,300**
Silver Oaks Pump Station	484,000	184,400	860,700	912,300	967,100	342,600					**3,751,100**
Transmission System Plan and Hydraulic Model Update	140,000	61,800									**201,800**
Vasco Pipeline Expansion								1,258,500	3,371,000	7,214,900	**11,844,400**
Subtotal	**624,000**	**680,800**	**860,700**	**912,300**	**3,908,600**	**10,379,300**	**13,078,700**	**8,181,300**	**18,002,500**	**18,071,500**	**74,699,800**
Water Supply and Conveyance											
Cawelo Groundwater Banking Program – Debt Service	1,093,000	1,096,000	1,097,000	1,100,000	1,098,000	1,100,000	1,100,000	1,099,000	1,101,000		**9,884,000**
Chain of Lakes Conveyance System	695,600	1,320,200	2,640,500	1,896,000	3,033,900	13,749,200	26,428,100	53,455,300	63,846,500		**167,065,300**
Fourth Contractor's Share of the SBA – Payments to DWR	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	**30,000,000**
Fourth Contractor's Share of the SBA – Sinking Fund	810,000	840,000	880,000	910,000							**3,440,000**
Potable Reuse Study	125,000	128,800									**253,800**
Sites Reservoir			2,076,100	3,162,500	4,328,900	5,249,800	6,407,100	9,069,300	8,800,000	8,808,400	**47,902,100**
South Bay Aqueduct Enlargement Project - Sinking Fund	1,877,500	1,947,500	2,017,500	2,087,500							**7,930,000**
South Bay Aqueduct Enlargement Project-Payments to DWR	14,800,000	14,800,000	12,700,000	12,600,000	5,300,000	5,300,000	5,300,000	2,610,000	3,200,000	3,200,000	**79,810,000**
Subtotal	**22,401,100**	**23,132,500**	**24,411,100**	**24,755,900**	**16,760,700**	**28,399,000**	**42,235,300**	**69,233,600**	**79,947,500**	**15,008,400**	**346,285,100**
Water Treatment Facilities											
PPWTP Master Plan				35,400	79,000						**114,400**
PPWTP Solids Handling Expansion								962,300	6,407,300		**7,369,600**
Subtotal				**35,400**	**79,000**			**962,300**	**6,407,300**		**7,484,000**
Wells											
Regional Groundwater Development Project	10,900,000	21,200,000	5,393,300								**37,493,300**
Subtotal	10,900,000	21,200,000	5,393,300								**37,493,300**
Total	**33,929,700**	**45,018,100**	**30,669,900**	**25,708,700**	**20,894,100**	**38,783,600**	**55,319,500**	**78,382,900**	**104,363,200**	**33,248,900**	**466,318,600**

Note: Values may not add due to rounding

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2.7. FUNDING ANALYSIS

The Water System CIP is funded by Fund 120 – Renewal/Replacement and System-Wide Improvements and Fund 130 – Expansion. The following sections discuss near-term funding over the next ten years for each fund.

2.7.1. Fund 120

Fund 120 supports CIP projects required to maintain, replace, or improve water system infrastructure for the existing water system. The purpose of the AMP is to proactively plan for and implement such projects so that Zone 7 can continue to provide high-quality water services to the Valley. The following section discusses how the AMP is incorporated into the CIP's funding analysis. More information on the AMP and its updates can be found in Section 1.2.2 and Section 2.5.3.

The primary source of revenue for Fund 120 is the annual capital funding from water rates per the AMP (Resolution 17-81). Projects to be completed under Fund 120 are primarily funded using one of two funding methods:

1. "Pay-as-you-go" (pay-go) from cash reserves
2. Debt financing from bond proceeds or state/federal loans

Historically, the Agency has used pay-go for Fund 120 projects. However, for large-scale, system-wide improvement projects with significant costs and rate impacts, the Agency has implemented bond financing. This approach promotes generational equity by spreading the costs of these improvements over the useful life of the asset, ensuring that future beneficiaries contribute their fair share. Additionally, the Agency aggressively pursues state and federal grants as a strategy to offset project costs and reduce the burden on ratepayers.

Zone 7 initiated its first formal AMP in 2004. The study included an evaluation of Zone 7's inventory of capital assets, asset service life as determined through condition assessments, economic life of the asset, asset risk, criticality, vulnerability, and true replacement costs under current conditions, and the annual allowance necessary to adequately fund renewal/replacement projects over the long term. The study concluded that the then-current $4 million annual water rate contribution to capital projects was insufficient and recommended that the annual funding allowance be increased to $10 million (2004 dollars), to adequately fund the program.

The 2011 AMP Update expanded on the original 2004 AMP by identifying near and long-term renewal needs through FY 2049-50. A level of $11.4 million (in 2011 dollars) was accepted by the Board, with this amount adjusted for inflation annually through FY 2016-17.

The 2017 AMP Update incorporated Zone 7's strategy to debt-finance ozone treatment facilities. This financing strategy resulted in a new baseline annual Fund 120 funding level of $12.3

million, starting in FY 2018-19 (Board Resolution No. 17-81) with inflationary adjustments annually, and debt service payments of $3.1M annually for the ozone projects

The 2026 AMP Update identifies projects for the ten-year CIP (i.e., FY 2026-27 through FY 2035-36, or "near-term") and provides a funding forecast for the subsequent 30 years (i.e., FY 2036-37 through FY 2065-66, or "long-term"). The 2026 update aligns the asset database and long-term funding forecast to reflect capital projects completed since the last update, new projects and/or newly identified infrastructure needs, and the scheduled long-term renewal of existing assets.

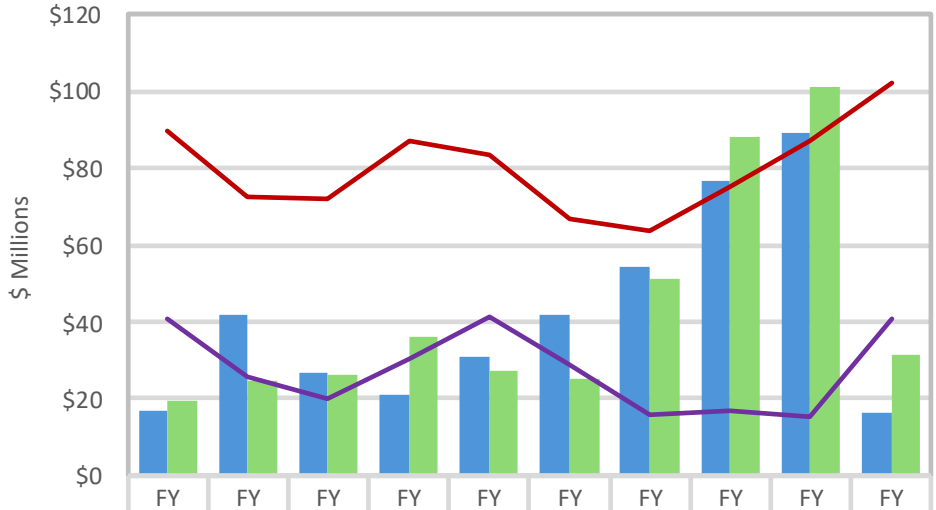
The total estimated capital cost for renewal and system-wide improvement (SWI) projects from FY 2026-27 through FY 2065-66 (e.g., 40-year planning horizon) is approximately $837.5 million (2026 dollars). For the 40-year planning period, the average annual funding requirement is $16.3 million (2026 dollars). The annual funding requirement is adjusted for the projected fund balance as of June 30, 2026, debt-financing for the construction phase (Fund 120 portion) of Chain of Lakes Conveyance System project, and an anticipated $25 million grant for Mocho PFAS Treatment Plant project.

The current (FY 2025-26) annual funding level is $16.3 million per year (2026 dollars). As such, it is recommended that the annual funding level be maintained at $16.3 million per year for FY 2026-27 and adjusted annually starting in FY 2027-28 to reflect inflation.

Figure 12 and Table 17 depict the projected funding outlook for Fund 120 from FY 2026-27 through FY 2035-36, incorporating the proposed AMP funding level and debt-financing and grant assumptions. The analysis assumes an average debt service payment of $9.1 million per year for Chain of Lakes Conveyance System, based on a 4 percent interest rate, with the debt service being paid from Fund 100. Actual debt service obligations, however, may vary based on the type of financing received, prevailing market interest rates, and the final duration of the borrowing.

The Zone 7 Reserve Policy for Fund 120 requires a minimum fund balance equal to 100 percent of the subsequent year's planned pay-go capital expenditures. The capital reserve fund does not have a maximum level. The fund is designed to accumulate sufficient reserves to provide for the current and future funding needs of the various capital programs, as set forth in the AMP, and to facilitate completion of multi-year projects funded through the pay-go method. Figure 12 and Table 17 illustrate the annual target reserve levels compared to the projected net available fund balance. Adequate funding is shown for the planned ten-year CIP, with the projected fund balance consistently meeting or exceeding the Agency Reserve Policy requirements.

Figure 12. Fund 120 (Renewal/Replacements and System-Wide Improvements) Preliminary Funding Outlook ($ millions, future dollars)



	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36
Total Expenditures	16.7	41.8	26.7	21.0	31.1	41.9	54.3	76.8	89.4	16.2
Total Revenue	19.7	24.8	26.4	35.9	27.4	25.3	51.2	88.1	101.5	31.3
Reserve Policy Minimum	41.0	25.9	20.2	30.4	41.2	28.7	15.8	16.6	15.5	41.0
Net Available Fund Balance	89.5	72.6	72.3	87.2	83.5	66.9	63.9	75.1	87.2	102.3

Key Assumptions

- FY 2026-27 Beginning Net Available Fund Balance is based on prior year unaudited revenue and expenses.
- Total Revenue is comprised of annual AMP funding from Fund 100 to Fund 120, facility use fees, interest income, grant proceeds for the Mocho PFAS Project (FY 2027-28 - FY 2030-31) and debt proceeds for the Chain of Lakes Conveyance System (FY 2032-33 - FY 2034-35). AMP funding in FY 2026-27 is $16.3M based on the 2026 AMP Update recommendations. Ongoing amounts are adjusted for inflation.
- Total Expenditures are shown in future dollars (current dollars adjusted by a 6% annual inflation factor).
- Net Available Fund Balance - The Agency's Reserve Policy requires a minimum Capital Projects Reserve equal to 100% of the following year's planned pay-go expenditures. In addition, the Capital Projects Reserve does not have a maximum level, but rather the fund shall accumulate sufficient reserves to pay for future projects set forth in the AMP, currently estimated at approximately $530.3M (2026 dollars) (see AMP Report, table ES-1).

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Table 17. Fund 120 (Renewal/Replacements and System-Wide Improvements) Preliminary Funding Outlook ($, future dollars)

		FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	FY 31-32	FY 32-33	FY 33-34	FY 34-35	FY 35-36
1	**Estimated Beginning Available Fund Balance**	**86,576,800**	**89,527,200**	**72,558,700**	**72,306,800**	**87,243,100**	**83,516,100**	**66,891,300**	**63,857,800**	**75,135,100**	**87,242,700**
2	Revenue										
3	Capital Funding	16,277,000	17,253,500	18,288,800	19,386,400	20,549,000	21,781,900	23,089,100	24,474,300	25,943,200	27,499,900
4	Other Revenue	3,398,800	3,555,100	3,478,600	3,498,000	3,571,300	3,511,400	3,308,400	3,310,200	3,527,600	3,758,400
5	Bond/Loan Proceeds (COL Conveyance)							24,832,300	60,279,300	71,997,100	
6	Emerging Contaminant Forgivable Loan Proceeds (Mocho PFAS Project)		4,009,400	4,669,800	13,018,900	3,301,900					
7	**Total Revenue**	**19,675,900**	**24,818,100**	**26,437,200**	**35,903,200**	**27,422,300**	**25,293,200**	**51,229,700**	**88,063,800**	**101,467,900**	**31,258,300**
8	Expenditures										
9	Pay-Go Funded Capital Projects	15,975,400	41,036,700	25,939,100	20,216,900	30,399,400	41,168,000	28,681,000	15,757,200	16,613,100	15,495,700
10	Designated Debt Funded Capital Projects							24,832,300	60,279,300	71,997,100	
11	Contingency	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
12	**Total Expenditures**	**16,725,400**	**41,786,700**	**26,689,100**	**20,966,900**	**31,149,400**	**41,918,000**	**54,263,200**	**76,786,500**	**89,360,200**	**16,245,700**
13	**Net Available Fund Balance**	**89,527,200**	**72,558,700**	**72,306,800**	**87,243,100**	**83,516,100**	**66,891,300**	**63,857,800**	**75,135,100**	**87,242,700**	**102,255,300**
14	Reserves										
15	2018 Rate Stabilization Reserve	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000
16	Pension Trust	66,900	76,900	86,900	96,900	106,900	116,900	126,900	136,900	146,900	156,900
17	Capital Projects Reserve	83,160,400	66,181,800	65,919,900	80,846,300	77,109,200	60,474,400	57,430,900	68,698,200	80,795,900	95,798,400
18	**Total Reserves**	**89,527,200**	**72,558,700**	**72,306,800**	**87,243,100**	**83,516,100**	**66,891,300**	**63,857,800**	**75,135,100**	**87,242,700**	**102,255,300**
19	Capital Projects Reserve Policy Minimum	41,036,700	25,939,100	20,216,900	30,399,400	41,168,000	28,681,000	15,757,200	16,613,100	15,495,700	41,014,500
20	Above/Below Policy Minimum	42,123,700	40,242,700	45,703,000	50,446,900	35,941,200	31,793,500	41,673,800	52,085,100	65,300,100	54,783,900

Note: Values may not add due to rounding.

Key Assumptions
Line 1: FY 2026-27 estimated beginning available fund balance is based on projected FY 2025-26 unaudited revenue and expenses.
Line 3: The annual AMP funding from Fund 100 - Water Enterprise Operations to Fund 120 of $16.3M starting in FY 2026-27 is based on the 2026 AMP Update. Ongoing transfers assume 6% annual inflation adjustments.
Line 4: Other revenue includes interest earnings and miscellaneous fees. Forecast assumes 1.5% annual interest earnings and 2% annual growth for miscellaneous fees.
Line 5: Bond/loan proceeds are assumed for the construction phase of the Chain of Lakes Conveyance System project. Bond/loan proceeds are shown for illustrative purposes only. Actual amount and timing are subject to change.
Line 6: Emerging Contaminant Forgivable Loan proceeds up to 50% of costs for eligible activities up to $25M are assumed for the Mocho PFAS Treatment Facility project. This funding is available through the State Revolving Fund.
Line 12: Expenditures are shown in future dollars and include pay-go, externally funded projects, and annual contingency.
Line 19: The Agency's Reserve Policy requires a minimum Capital Projects Reserve equal to 100% of the following year’s planned pay-go expenditures. The Capital Projects Reserve does not have a maximum level, but rather the fund shall accumulate sufficient reserves to pay for future projects set forth in the AMP and to facilitate completion of multi-year projects funded through the pay-go method.

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2.7.2. Fund 130

Fund 130 supports projects, or portions thereof, that are needed to meet additional demands on the Water System from new development. The fund's primary source of revenue is water connection fees.

Water connection fees began in 1972 with the adoption of Ordinance No. FC 72-1. This fee is used for funding the costs of expanding the Agency's water treatment and distribution system to serve new development. Connection fees are intended to ensure that development pays its own way and to place new utility customers on equal basis from a financial perspective with existing customers. Once new customers are added to the system, they incur the obligation to pay the same service charges that existing customers pay.

In 2017, the Agency Board adopted the Fiscal Year 2016-17 Municipal and Industrial Connection Fee Program Update (FY 2016-17 Study), which undertook a comprehensive re-evaluation of projected demands, and new connections in the Agency's service area, and the necessary Water System expansion projects to meet the needs of future customers. An update to the FY 2016-17 Study is currently in progress. Since the Capital Improvement Plan serves as the foundation for water connection fees, the study will be finalized following the adoption of the FY 2026-27 Ten-Year CIP.

Current analysis projects that the Agency's service area population will grow from 270,000 to 340,000 people by buildout in 2050. Total potable demands are estimated at approximately 34,500 acre-feet (AF) in 2025 and estimated to peak at approximately 42,200 AF at buildout. Through buildout in 2050, a total of about 14,700 new DUEs (5/8-inch displacement meter connections) are expected. The projected total DUEs through buildout are used to inform project planning and implementation timelines to ensure that demands do not outpace the Agency's system capacity. The Agency is in the process of completing the Tri-Valley Demand assessment as part of the 2025 Urban Water Management Plan update to determine future demand within the service area.

This CIP identifies a total investment of $466.3 million in Expansion projects from FY 2026-27 through FY 2035-36. Approximately $168 million of this total represents non-discretionary obligations consisting of mandatory debt service and pre-existing contractual commitments. These non-discretionary obligations include:

- Water Banking and Storage: Annual debt-service payments for both the Cawelo Groundwater Banking Program and this fund's share of the Sites Reservoir capital payments.
- State Water Project: DWR capitalization payments for the SBA Improvement and Enlargement Project, totaling approximately $15 million from Fund 130 and $2.5 million from Fund 110 (funded through property taxes), and $3 million annually for the Fourth Contractor's Share of the SBA fixed capital payments.

In the scheduling and prioritization of Expansion projects, the Agency's first objective is to ensure that adequate funds are available to pay for non-discretionary obligations. Per the Zone 7 Reserve Policy, the minimum fund balance for the Capital Water Expansion Fund should be maintained at 60 percent of the following year's non-discretionary obligations. This requirement represents an average annual cost of approximately $11 million.

Derived from the most recent demands data, projected connections over the next five years (FY 2026-27 through FY 2030-31) average 613 DUEs annually. Actual and projected connections for FY 2016-17 through FY 2035-36 are shown in Figure 13. These projections are subject to further refinement based on the upcoming 2025 Water Demand Assessment (in preparation) and upcoming Water Connection Fee Study (in preparation).

The preliminary funding outlook for Fund 130 from FY 2026-27 through FY 2035-36 is shown in Figure 14 and Table 18. The preliminary funding plan assumes a debt issuance in FY 2032-33 to fund the construction phase of the COL Conveyance System Project, with an average debt service payment of $7.9 million, based on a 4 percent interest rate (an additional amount of $9.1 million would be paid from Fund 100). Actual debt service obligations, however, may vary based on the type of financing received, prevailing market interest rates, and the final duration of the borrowing. Based on the projected connection fee revenues, the FY 2026-27 Ten-Year CIP is adequately funded, with the projected fund balance consistently meeting or exceeding the Agency Reserve Policy requirements.

Staff monitors connection fee revenue on an ongoing basis, adjusting financial forecasts and annual budgets to reflect current economic conditions and updated information from local agencies and Zone 7 retailers. If connection fee revenues do not materialize as projected, capital construction projects can be delayed or re-prioritized. Since these expansion projects are specifically phased to meet demand growth, construction schedules can be adjusted and/or deferred if development slows or if water conservation exceeds expectations. If deferring projects is not a feasible alternative, additional debt-financing for this fund could be explored as a secondary alternative.

Figure 13. Actual and Projected Connections (Dwelling Unit Equivalents, 5/8" Displacement Meter) for FY 2016-17 - FY 2035-36

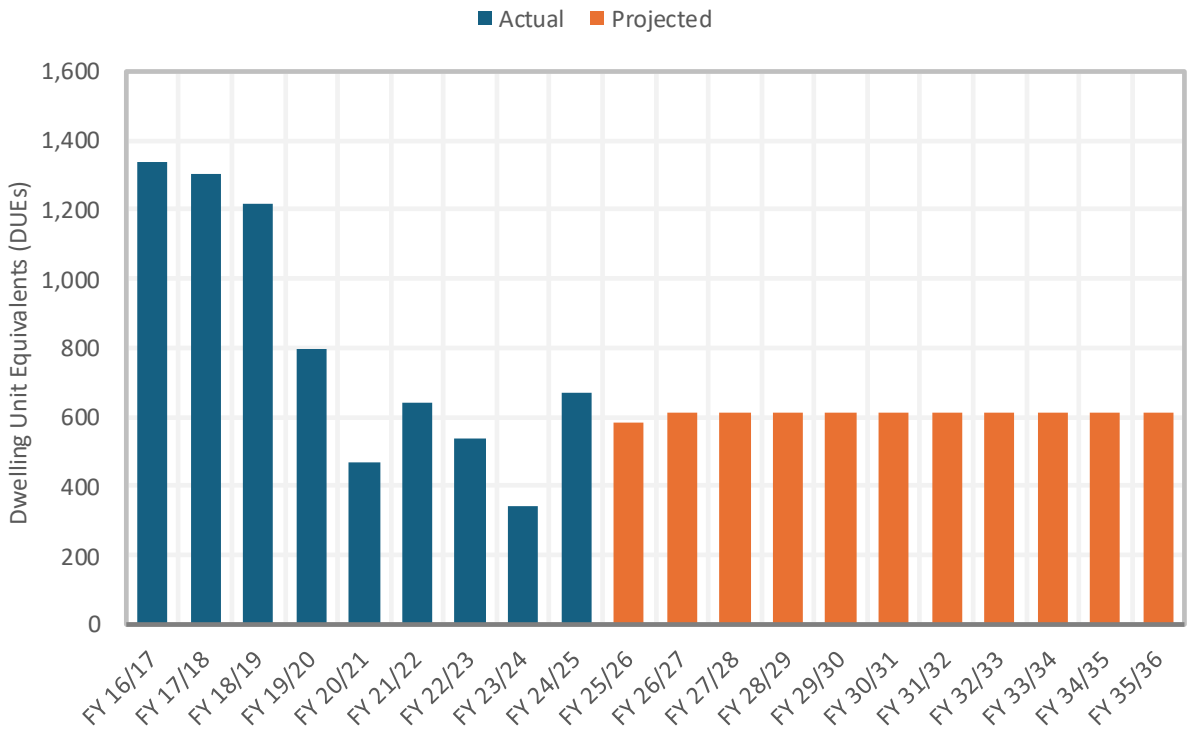
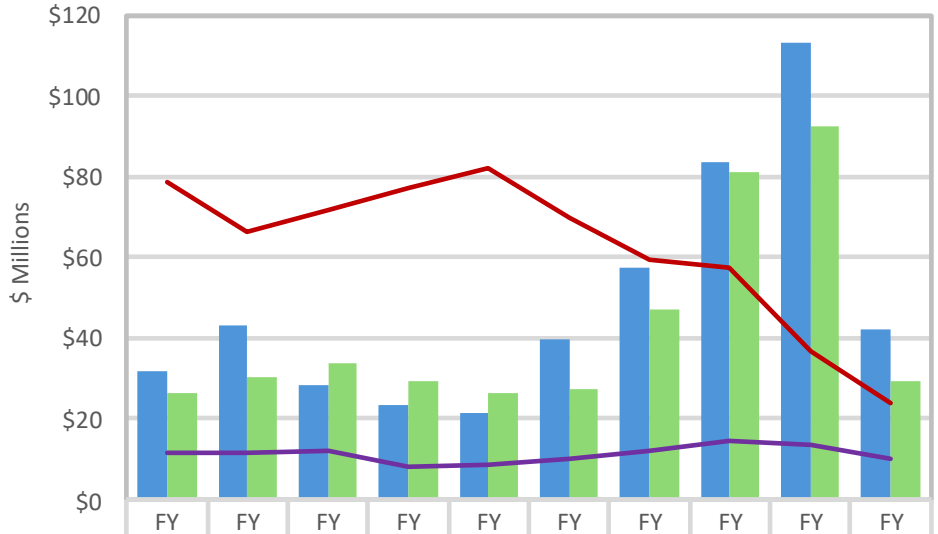


Figure 14. Fund 130 (Expansion) Preliminary Funding Outlook ($ millions, future dollars)



	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36
Total Expenditures	32.0	42.9	28.5	23.4	21.6	39.5	57.2	83.4	113.0	41.9
Total Revenue	26.2	30.4	33.7	29.2	26.4	27.2	47.0	81.1	92.4	29.1
Reserve Policy Minimum	11.3	11.3	11.9	8.2	8.8	10.2	12.0	14.4	13.7	10.1
Net Available Fund Balance	78.9	66.3	71.5	77.3	82.1	69.7	59.6	57.4	36.8	23.9

Key Assumptions

- FY 2026-27 Beginning Available Fund Balance is based on projected revenue and expenses for FY 2025-26.
- Revenue is comprised of connection fee revenue, cost share agreement revenue, interest income, DWR refunds and debt proceeds for the Chain of Lakes Conveyance System (FY 2032-33 - FY 2034-35). Fees are adjusted annually to account for inflation.
- Pay-go funded projects are shown in future dollars (current dollars adjusted by a 6% annual inflation factor for construction costs and 4% for other costs). Non-discretionary amounts are shown in current dollars based on the actual payment schedule.
- Reserve Policy Minimum - the Zone 7 reserve policy recommends a minimum Capital Reserve of 60% of the following year's non-discretionary expenses.

Table 18. Fund 130 (Expansion) Preliminary Funding Outlook ($, future dollars)

		FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	FY 31-32	FY 32-33	FY 33-34	FY 34-35	FY 35-36
2	**Beginning Net Available Fund Balance**	84,602,000	78,870,000	66,291,700	71,507,100	77,289,500	82,062,000	69,724,500	59,572,600	57,362,200	36,760,500
3	**Revenue**										
4	Water Connection Fees	21,253,800	21,891,400	22,548,100	23,224,500	23,921,300	24,638,900	25,378,100	26,139,400	26,923,600	27,731,300
5	Bond/Loan Proceeds (COL Conveyance)							19,292,500	53,455,300	63,846,500	
6	Other Revenue	4,969,000	8,480,100	11,165,400	6,002,400	2,484,300	2,555,900	2,370,900	1,546,100	1,660,400	1,351,400
7	**Total Revenue**	**26,222,800**	**30,371,400**	**33,713,500**	**29,226,900**	**26,405,600**	**27,194,900**	**47,041,500**	**81,140,800**	**92,430,600**	**29,082,700**
8	**Expenditures**										
9	Pay-Go Funded Projects	12,349,200	23,334,600	8,899,300	2,848,700	7,167,300	24,133,800	20,219,900	9,149,300	24,415,600	18,240,500
10	Non-Discretionary Funded Projects (SBA, Cawelo, Sites)	18,893,000	18,896,200	18,873,300	19,863,500	13,726,700	14,652,100	15,811,400	15,778,300	16,101,600	15,008,400
11	Designated Debt Funded Projects (COL Conveyance)							19,292,500	53,455,300	63,846,500	
12	Future Debt Service (COL Conveyance)							1,115,700	4,207,000	7,899,300	7,899,300
13	Admin Fee	212,500	218,900	225,500	232,200	239,200	246,400	253,800	261,400	269,200	277,300
14	Contingency	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
15	**Total Expenditures**	**31,954,800**	**42,949,700**	**28,498,100**	**23,444,500**	**21,633,200**	**39,532,300**	**57,193,300**	**83,351,200**	**113,032,300**	**41,925,400**
16	Net Revenue	(5,732,000)	(12,578,300)	5,215,400	5,782,400	4,772,400	(12,337,500)	(10,151,800)	(2,210,400)	(20,601,700)	(12,842,700)
17	**Net Available Fund Balance**	**78,870,000**	**66,291,700**	**71,507,100**	**77,289,500**	**82,061,900**	**69,724,500**	**59,572,600**	**57,362,200**	**36,760,500**	**23,917,800**
18	**Reserves**										
19	Sinking Funds	34,259,800	37,036,500	39,923,300	42,910,000	34,610,000	26,310,000	18,010,000	12,400,000	6,200,000	
20	Debt Service Rate Stabilization Reserve	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
21	Pension Trust	22,000	27,000	32,000	37,000	42,000	47,000	52,000	57,000	62,000	67,000
22	Water Enterprise Capital Expansion Reserve	42,288,300	26,928,200	29,251,800	32,042,500	45,110,000	41,067,500	39,210,600	42,605,200	28,198,500	21,550,800
23	**Total Reserves**	**78,870,000**	**66,291,700**	**71,507,100**	**77,289,500**	**82,062,000**	**69,724,500**	**59,572,600**	**57,362,200**	**36,760,500**	**23,917,800**
24	*Reserve Policy Minimum (60% of the following year's non-discretionary expenses)*	11,337,700	11,324,000	11,918,100	8,236,000	8,791,300	10,156,300	11,991,200	14,400,500	13,744,600	10,108,700
25	Above/Below Policy Minimum	67,532,300	54,967,700	59,589,000	69,053,500	73,270,700	59,568,200	47,581,500	42,961,700	23,015,900	13,809,100

Note: Values may not add due to rounding.

Key Assumptions
Line 2 – FY 2026-27 Beginning Available Fund Balance is based on estimated revenue and expenses for FY 2025-26.
Line 4 – Projected connection fee revenue assumes 613 connections annually; this projection is preliminary and may be further refined based on the Tri-Valley Demand Assessment (under development). Fees are adjusted annually to account for inflation.
Line 6 – Other Revenue is comprised of cost share agreement revenue for the Regional Groundwater Wells Project, interest income and DWR refunds. Interest income assumes 1.5% annual interest earning.
Line 9 – Pay-go funded projects are shown in future dollars (current dollars adjusted by a 6% annual inflation factor for construction costs and 4% for other costs). Non-discretionary amounts are shown in current dollars based on the actual payment schedule.
Line 19 – Starting in FY 2030-31, the accumulated sinking fund balance will be used to pay certain non-discretionary obligations.
Line 24 – Reserve Policy Minimum - the Zone 7 reserve policy recommends a minimum Capital Reserve of 60% of the following year's non-discretionary expenses (including future debt payments starting in FY 2032-33).
Line 25 – Per the Reserve Policy, funds on deposit in the Debt Service Rate Stabilization Reserve and Sinking Funds are not considered in connection with the calculation of minimum or maximum levels of the Water Enterprise Capital Expansion Reserve.

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2.8. CAPITAL PROJECTS EXPENDITURES SUMMARY BY PROGRAM

Table 19 contains a ten-year estimated expenditure summary by program for the Water System capital projects included in the CIP period from FY 2026-27 through FY 2035-36.

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Table 19. Capital Improvement Program: Project Expenditure Summary by Program ($, future dollars)

Program	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	FY 31-32	FY 32-33	FY 33-34	FY 34-35	FY 35-36	Total
Building and Grounds											
Electric Vehicle Charging Infrastructure Program						669,100	922,000	188,000	597,700	168,900	**2,545,700**
Emergency Generator Replacement			600,000		500,000						**1,100,000**
Subtotal			**600,000**		**500,000**	**669,100**	**922,000**	**188,000**	**597,700**	**168,900**	**3,645,700**
Groundwater Basin Management											
Monitoring Well Replacements and Abandonments	350,000						496,500				**846,500**
Subtotal	**350,000**						**496,500**				**846,500**
Program Management											
Asset Management Program	12,500	12,900	13,300	13,700	450,200	14,500	14,900	15,400	15,800	521,900	**1,085,000**
Capital Improvement Program Management	12,500	12,900	13,300	13,700	393,900	14,500	14,900	15,400	15,800	456,700	**963,500**
Subtotal	**25,000**	**25,800**	**26,500**	**27,300**	**844,100**	**29,000**	**29,900**	**30,700**	**31,700**	**978,600**	**2,048,600**
Regulatory Compliance Monitoring											
Laboratory Equipment Replacement	180,000	226,600	159,100	109,300	180,100	92,700	191,000	61,500	126,700	326,200	**1,653,200**
Subtotal	**180,000**	**226,600**	**159,100**	**109,300**	**180,100**	**92,700**	**191,000**	**61,500**	**126,700**	**326,200**	**1,653,200**
Transmission and Distribution											
City Reach Pipeline Mitigation		434,600									434,600
El Charro Pipeline Phase 2					2,941,600	9,126,700	10,667,300	1,248,000			23,983,500
Hopyard Wellfield Pipeline		127,200	339,300	619,300	2,739,600	1,124,100					4,949,500
Patterson Pass Pipeline Expansion						1,070,600	2,837,000	6,676,100	17,213,600	12,772,500	40,569,800
Pipeline Condition Assessments									157,200	333,300	490,500
Silver Oaks Pump Station	2,420,000	922,200	4,303,400	4,561,600	4,835,300	1,712,900					18,755,400
Transmission System Corrosion Protection								201,500	384,100	993,400	1,579,000
Transmission System Line Valve Installation	50,000				340,900		383,000				773,900
Transmission System Plan and Hydraulic Model Update	560,000	247,200									807,200
Turnout Replacements					353,500	2,542,600	2,482,400	421,000	3,028,300	2,956,600	11,784,400
Vasco Pipeline Expansion								1,398,400	3,745,500	8,016,600	13,160,500
Subtotal	**3,030,000**	**1,731,200**	**4,642,700**	**5,180,900**	**11,210,800**	**15,576,900**	**16,369,700**	**9,945,000**	**24,528,700**	**25,072,400**	**117,288,400**
Water Supply and Conveyance											
Cawelo Groundwater Banking Program – Debt Service	1,093,000	1,096,000	1,097,000	1,100,000	1,098,000	1,100,000	1,100,000	1,099,000	1,101,000		9,884,000
Chain of Lakes Conveyance System	1,480,000	2,809,000	5,618,000	4,034,000	6,455,000	29,253,600	56,230,100	113,734,600	135,843,700		355,458,000
Fourth Contractor's Share of the SBA – Payments to DWR	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	30,000,000
Fourth Contractor's Share of the SBA – Sinking Fund	810,000	840,000	880,000	910,000							3,440,000
Potable Reuse Study	125,000	128,800									253,800
Sites Reservoir [1]			2,076,100	3,162,500	4,328,900	5,249,800	6,407,100	9,069,300	8,800,000	8,808,400	47,902,100
South Bay Aqueduct Enlargement Project - Sinking Fund	1,877,500	1,947,500	2,017,500	2,087,500							7,930,000
South Bay Aqueduct Enlargement Project- Payments to DWR	14,800,000	14,800,000	12,700,000	12,600,000	5,300,000	5,300,000	5,300,000	2,610,000	3,200,000	3,200,000	79,810,000
Subtotal	**23,185,500**	**24,621,300**	**27,388,600**	**26,893,900**	**20,181,900**	**43,903,400**	**72,037,200**	**129,512,900**	**151,944,700**	**15,008,400**	**534,677,800**

Water Treatment Facilities											
DVWTP Ammonia Tanks Improvements Project				71,500	448,200	843,100					1,362,700
DVWTP and PPWTP HVAC and Improvements	440,000	5,300,000	5,056,200	714,600							11,510,800
DVWTP Chemical Systems Replacement				238,200	963,300	3,211,700	2,723,600				7,136,800
DVWTP Reliability Assessment				327,800							327,800
DVWTP Reliability Improvements					378,700	1,204,400	2,978,900	2,556,200			7,118,200
DVWTP Washwater Recovery Ponds Replacement						776,200	2,383,100	6,164,900	5,211,900		14,536,100
DVWTP Wastewater System		95,400	539,300	929,000							1,563,700
Energy Master Plan Implementation			561,800	595,500	631,200	669,100					2,457,700
Instrumentation Replacement					189,400	963,500					1,152,900
Maintenance Yard and Building		159,000	1,449,400	6,336,200	5,378,200						13,322,800
PPWTP Chemical Systems Replacement								195,500	1,211,300	2,213,200	3,620,000
PPWTP Master Plan				131,100	292,600						423,800
PPWTP Solids Handling Expansion								962,300	6,407,300		7,369,600
Renewal/Replacement Projects (as needed) – Engineering Led	900,000	875,000	875,000	875,000	875,000	900,000	875,000	875,000	875,000	875,000	8,800,000
Renewal/Replacement Projects (as needed) – Maintenance Led	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	8,750,000
SCADA Upgrades and Replacements	330,000	349,800	370,800	393,000	2,411,300	441,600	468,100	496,200	526,000	3,226,900	9,013,800
Subtotal	**2,545,000**	**7,654,200**	**9,727,600**	**11,487,000**	**12,442,900**	**9,884,600**	**10,303,700**	**12,125,000**	**15,106,400**	**7,190,100**	**98,466,600**
Wells											
Chain of Lakes PFAS Treatment Plant Process Improvement Study	350,000										350,000
Chain of Lakes PFAS Treatment Plant Pump Station			786,500	2,227,200	5,214,000	4,416,100					12,643,900
MGDP HVAC and Fire System Replacement					214,600	963,500	1,532,000				2,710,100
MGDP RO Membrane Replacement/Expansion		3,551,000	1,000,000								4,551,000
Mocho PFAS Treatment Plant	9,339,600	26,037,700	6,603,800								41,981,100
Production Well Pump Replacement		1,007,000	280,900		505,000		567,400		637,500		2,997,800
Regional Groundwater Development Project	10,900,000	21,200,000	5,393,300								37,493,300
Stoneridge Well Ammonia System Improvements						401,500	2,127,800	300,700			2,830,000
Well Master Plan Implementation						4,014,700	4,255,600	2,255,400			10,525,700
Subtotal	**20,589,600**	**51,795,700**	**14,064,500**	**2,227,200**	**5,933,600**	**9,795,800**	**8,482,700**	**2,556,200**	**637,500**		**116,082,900**
Total	**49,905,100**	**86,054,700**	**56,609,000**	**45,925,600**	**51,293,500**	**79,951,600**	**108,832,800**	**154,419,400**	**192,973,400**	**48,744,600**	**874,709,700**

1 - This table reflects the portion of Sites Reservoir planned to be funded from Fund 130 (66%). The remaining 34% that is planned to be funded from Fund 100 via water rates is not included in this table.
Note: Values may not add due to rounding

3. INDEX

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4. GLOSSARY

Term	Description
Asset Management Plan (AMP)	A planning document that details how Zone 7 will manage renewal and replacement of existing assets.
Capital Improvement Plan (CIP)	A comprehensive plan outlining the capital projects and programs needed to carry out the Agency's goals and policy objectives.
Conjunctive Use	The practice of storing surplus imported surface water in the local groundwater basin during wet years so it can be recovered during peak demands, droughts, and emergencies.
Department of Water Resources (DWR)	The California state agency that owns and operates the State Water Project and South Bay Aqueduct.
Dwelling Unit Equivalent (DUE)	A metric used to project new water connections and assess facility use/connection fees, based on a standard 5/8-inch displacement meter.
Expansion (Fund 130)	Identifies the capital projects needed to meet the needs of future customers within Zone 7's service area. The Water System expansion projects are funded by water connection fees (Fund 130), which are collected from developers.
Fund 100 (Water Enterprise Operations)	Funds the operations and maintenance necessary for delivering high quality drinking and irrigation water to the Livermore-Amador Valley.
Maximum Contaminant Level (MCL)	State and federal regulatory standards for drinking water quality. Primary MCLs are health-related, while secondary MCLs regulate odor, taste, and appearance.
Municipal and Industrial (M&I) Connection Fees	Fees collected from developers to fund the costs of expanding the Agency's water treatment and distribution system. See Fund 130.
Pay-as-you-go (pay-go)	A financial method for funding capital projects using accumulated cash reserves rather than utilizing debt financing.
Per- and polyfluoroalkyl substances (PFAS)	Chemical compounds ("forever chemicals") detected in some groundwater supplies, whose removal requires specialized treatment facilities.

Term	Description
Renewal/Replacement (Fund 120)	Focuses on existing facilities reaching the end of their useful service life. These projects rehabilitate or replace assets to maintain the established level of service to existing Zone 7 customers. The Water System projects are funded by water rates (Fund 120).
South Bay Aqueduct (SBA)	The State Water Project conveyance facility that transports imported water from the Sacramento-San Joaquin Delta to the Livermore-Amador Valley.
State Water Project (SWP)	Zone 7's primary source of water supply, the SWP is a multi-purpose water storage and delivery system. It is a collection of canals, pipelines, reservoirs, and hydroelectric power facilities. Zone 7's water originates as snowmelt in the Sierra Nevada and transported through the Delta and into the service area via SWP facilities.
Sustainable Groundwater Management Act (SGMA)	California legislation under which Zone 7 is designated as the exclusive Groundwater Sustainability Agency (GSA) for the Livermore Valley Groundwater Basin.
System-Wide Improvements (SWI)	Addresses new regulatory requirements and enhancements to existing facilities that will improve their operation and maintenance, safety, flexibility, and cost-effectiveness as necessary for existing Zone 7 customers. The Water System projects are funded by water rates (Fund 120).
Untreated Water	Non-potable water delivered directly from the South Bay Aqueduct without passing through Zone 7 treatment plants, primarily used for agricultural irrigation (e.g., vineyards).
Zone 7 Water Agency (Zone 7)	A dependent special district established in 1957 that provides wholesale treated drinking water to retailers serving the Livermore-Amador Valley and provides flood protection services in portions of eastern Alameda County.

Appendices

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Appendix A

Water System Project Summary Reports

April 2026

Table of Contents

Capital Improvement Summary Report

Program	Program Management
Project	**Asset Management Program**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

Ongoing input and updates to the Asset Management Program (AMP). Activities include condition assessments, maintaining the asset database, regular updates of the AMP, coordinating with computerized maintenance management system (CMMS) asset updates, and other ongoing implementation tasks. AMP updates are planned every five years and align with CIP updates.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	Ongoing
Escalated Project Cost ($)	$3,195,000

Origin

Asset Management Program

Justification

Assures that assets in need of repair or replacement are identified and corrected in a timely manner to minimize reactive maintenance.

Operating Impact

Increased operational effectiveness and reliability.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	652	0	0	0	**652**
FY 26-27	13	0	0	0	**13**
FY 27-28	13	0	0	0	**13**
FY 28-29	13	0	0	0	**13**
FY 29-30	14	0	0	0	**14**
FY 30-31	450	0	0	0	**450**
FY 31-32	14	0	0	0	**14**
FY 32-33	15	0	0	0	**15**
FY 33-34	15	0	0	0	**15**
FY 34-35	16	0	0	0	**16**
FY 35-36	522	0	0	0	**522**
Future	1,458	0	0	0	**1,458**
Total	**3,195**	**0**	**0**	**0**	**3,195**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Program Management
Project	**Capital Improvement Program Management**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		✓

Description

Ongoing program management of the Capital Improvement Program (CIP) including annual report preparation, Zone 7 labor, and other CIP related efforts. CIP updates are planned at least every five years to align with the Urban Water Management Plan and Water Supply Evaluation updates.

Source of Funds	
Fund 120	Fund 130
63%	37%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	Ongoing
Escalated Project Cost ($)	$2,759,000

Justification

Ongoing management and periodic updates are essential for monitoring historical and projected costs and ensuring accurate budgetary forecasting.

Origin

Capital Improvement Program

Operating Impact

Increased operational effectiveness and reliability.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	500	0	0	0	**500**
FY 26-27	13	0	0	0	**13**
FY 27-28	13	0	0	0	**13**
FY 28-29	13	0	0	0	**13**
FY 29-30	14	0	0	0	**14**
FY 30-31	394	0	0	0	**394**
FY 31-32	14	0	0	0	**14**
FY 32-33	15	0	0	0	**15**
FY 33-34	15	0	0	0	**15**
FY 34-35	16	0	0	0	**16**
FY 35-36	457	0	0	0	**457**
Future	1,295	0	0	0	**1,295**
Total	**2,759**	**0**	**0**	**0**	**2,759**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Water Supply and Conveyance
Project	**Cawelo Groundwater Banking Program – Debt Service**
Section	Finance

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
		✓

Description

On June 21, 2006, the Zone 7 Board of Directors approved an agreement with the Cawelo Water District for a water banking and exchange program. The banking program increased Zone 7's dry-year water supply by up to 10,000 acre-feet per year. Zone 7 is entitled to store up to 120,000 acre-feet of water within the Cawelo Water District area. Cawelo financed this program by a $21.055 million sale of Certificates of Participation (COPS) on August 15, 2006. In 2018, the COPS were refunded with Livermore Valley Water Financing Authority Series A Revenue Bonds. The bonds held an average interest rate of 4.5%, the rate on the refunded portion reduced to 2.9%, saving the Agency over $0.2M per year.

Source of Funds	
Fund 120	Fund 130
0%	100%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B – Reliable Water Supply and Infrastructure, Initiative 5
In Service Date	2035
Escalated Project Cost ($)	31,824,300

Justification

This project increases water supply reliability by providing supplemental water supplies during drought years. The costs reflect Zone 7's ongoing contractual obligation.

Origin

1999 Water Supply Plan

Operating Impact

Increased operational reliability.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	21,940	**21,940**
FY 26-27	0	0	0	1,093	**1,093**
FY 27-28	0	0	0	1,096	**1,096**
FY 28-29	0	0	0	1,097	**1,097**
FY 29-30	0	0	0	1,100	**1,100**
FY 30-31	0	0	0	1,098	**1,098**
FY 31-32	0	0	0	1,100	**1,100**
FY 32-33	0	0	0	1,100	**1,100**
FY 33-34	0	0	0	1,099	**1,099**
FY 34-35	0	0	0	1,101	**1,101**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**0**	**0**	**0**	**31,824**	**31,824**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Water Supply and Conveyance
Project	**Chain of Lakes Conveyance System**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
	✓	✓

Description

The Chain of Lakes Conveyance System is a project that converts retired gravel quarries into lakes - Lake I and Cope Lake - for water storage, collectively referred to as the Chain of Lakes. This project provides local surface water storage capacity, groundwater recharge and a conveyance system to store and recover water by connecting these lakes, DVWTP and the South Bay Aqueduct (SBA). The Project consists of constructing a new 42-inch diameter, 6.5-mile bidirectional pipeline, inlet and outlet facilities at Lake I, a pump station, and PFAS treatment facilities at DVWTP. The project would enable the conveyance and local storage of SWP water that would otherwise be lost or require non-local storage, thereby enhancing water supply reliability. It would capture surplus water during wet periods, provide additional supply during droughts, and provide local water availability in the event of an earthquake or other disruption to the South Bay Aqueduct. The Chain of Lakes Conveyance System is currently planned to utilize Zone 7-owned lakes with a combined storage capacity of approximately 36,400 AF. Over the coming years, additional quarries are slated to be transferred to Zone 7, and these future lakes are expected to be integrated into the project. As a result, additional storage or other multi-benefit opportunities will become available.

Justification

This project provides emergency supply during a prolonged outage of the SWP, enhances drought supplies, improves recharge of the local groundwater basin, makes water available to transfer, allows Zone 7 to divert flood water/surplus water, and is essential for perfecting local water rights. The project would provide Zone 7 with additional water by developing a surface-water storage and recovery system within Zone 7's service area.

Source of Funds	
Fund 120	Fund 130
53%	47%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 5; C - Safe Water, Initiatives 8 and 9
In Service Date	2035
Escalated Project Cost ($)	$356,458,000

Origin

2016 Water Supply Evaluation Update

Operating Impact

Increases water supply reliability and operational flexibility.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	1,000	0	0	0	**1,000**
FY 26-27	1,480	0	0	0	**1,480**
FY 27-28	2,809	0	0	0	**2,809**
FY 28-29	5,618	0	0	0	**5,618**
FY 29-30	4,034	0	0	0	**4,034**
FY 30-31	6,455	0	0	0	**6,455**
FY 31-32	0	24,443	4,811	0	**29,254**
FY 32-33	0	0	56,230	0	**56,230**
FY 33-34	0	0	113,735	0	**113,735**
FY 34-35	0	0	135,844	0	**135,844**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**21,396**	**24,443**	**310,619**	**0**	**356,458**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Wells
Project	**Chain of Lakes PFAS Treatment Plant Process Improvement Study**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
	✓	

Description

Chain of Lakes PFAS Treatment Plant is currently permitted to use two types of ion exchange resins optimized for PFAS removal from source water. In addition to PFAS, these ion exchange resins provide incidental removal of hexavalent chromium (Cr6). This study will evaluate strategies to optimize removal of both constituents in a cost-effective manner, including but not limited to alternative treatment and/or resin options.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2027
Escalated Project Cost ($)	$350,000

Origin

Capital Improvement Program

Justification

This project is necessary to ensure reliable compliance with current and anticipated PFAS and hexavalent chromium (Cr6) regulations while optimizing the performance of existing treatment infrastructure. The study will evaluate media performance, alternative treatment approaches, and lifecycle costs to support informed decision-making and minimize long-term operational and capital expenditures.

Operating Impact

Improve reliability of PFAS and Cr6 removal while optimizing media lifecycle costs.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	350	0	0	0	**350**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**350**	**0**	**0**	**0**	**350**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Wells
Project	**Chain of Lakes PFAS Treatment Plant Pump Station**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
	✓	

Description

This project consists of the installation of a new pump station at the Chain of Lakes (COL) PFAS Treatment Plant site to reduce the discharge pressures of the COL wells caused by installation of the PFAS treatment plant, and restoring flow output. The scope includes installation of new pumps, electrical equipment, piping, and potentially a new PG&E electrical service.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2032
Escalated Project Cost ($)	$12,644,000

Origin

Capital Improvement Program

Justification

Restores well production to the output prior to PFAS treatment installation, and reduces wellhead pressure and mechanical stress on the well piping.

Operating Impact

Improves water system reliability by lowering pressures and restoring capacity at the Chain of Lakes wellfield.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	787	0	0	**787**
FY 29-30	0	1,251	977	0	**2,227**
FY 30-31	0	0	5,214	0	**5,214**
FY 31-32	0	0	4,416	0	**4,416**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**0**	**2,037**	**10,607**	**0**	**12,644**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Transmission and Distribution
Project	**City Reach Pipeline Mitigation**
Section	Integrated Planning (IP)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
		✓

Description

This project is to provide required mitigation for the City Reach Pipeline, constructed under permits and mitigation agreements for the previously planned Altamont Water Treatment Plant, which is no longer planned for construction. Zone 7 identified the Walker Ranch Conservation Easement as mitigation for the full project (i.e., plant plus pipelines), and funds continue to be held in escrow to cover the anticipated cost of long-term management of the easement, which has not been completed. It is expected that this reduced mitigation need for only the City Reach Pipeline can be fulfilled by purchasing mitigation credits at a suitable mitigation bank or by developing a Zone 7 mitigation project. In this case, the escrow funds could then be released back to Zone 7. Major modifications to the existing permits and to mitigation agreements are required to reduce the mitigation owed and to approve the alternative mitigation.

Justification

The proposed budget accounts for efforts to fulfill the final mitigation required under environmental permits and agreements for the City Reach Pipeline. This effort ensures Zone 7 meets its environmental obligations while allowing for the recovery of funds, currently held in escrow, by aligning the mitigation requirements with the constructed project.

Source of Funds	
Fund 120	Fund 130
0%	100%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2028
Escalated Project Cost ($)	$435,000

Origin

Altamont Water Treatment Plant project permits

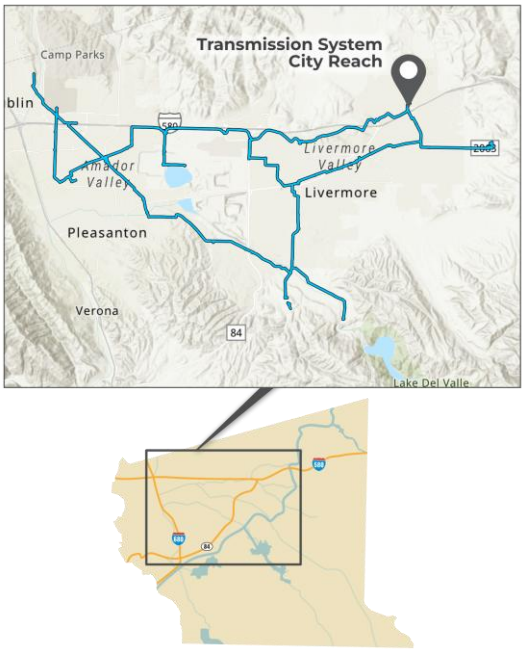
Operating Impact

Meets regulatory requirements. No other operating impact.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	435	**435**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	0	0	0	435	**435**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location



Capital Improvement Summary Report

Program	Water Treatment Facilities
Project	**DVWTP Ammonia Tanks Improvements Project**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
	✓	

Description

The project installs two new ammonia tanks to increase chemical storage capacity and increases plant reliability by installing a redundant tank. The project will evaluate whether to replace the existing anhydrous ammonia system with another chemical, such as ammonium sulfate, that has fewer safety concerns and regulatory reporting requirements. The project will be refined as part of the 2026 DVWTP Master Plan.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2032
Escalated Project Cost ($)	$1,363,000

Justification

Project will provide additional chemical capacity and redundancy, particularly during peak chemical consumption periods.

Origin

Capital Improvement Program

Operating Impact

Increases system operational effectiveness and reliability.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	71	0	0	**71**
FY 30-31	0	107	341	0	**448**
FY 31-32	0	0	843	0	**843**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**0**	**179**	**1,184**	**0**	**1,363**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Water Treatment Facilities
Project	**DVWTP and PPWTP HVAC and Improvements**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

The HVAC component of this project includes replacement of the following key equipment at DVWTP and PPWTP: boilers and appurtenances; air handling units and exhaust fans; air-cooled chiller for the Laboratory Building; associated system control and pressure valves, switches, appurtenances; and digital control systems. At the DVWTP, the fire alarm panel will also be replaced. At the PPWTP, renewal/replacements include tenant improvements, Clarifier 1 anode replacement, Clarifier 2 recoating and anode replacement, Chlorine Contact Basin modifications to the access hatches, level sensor location, and valves/actuators, and Clearwell 2 leak repair and replacement or seismic retrofit of the roof.

Justification

The heating, ventilation, and air conditioning systems are near the end of their useful life and will be replaced with more efficient compressors and boilers. These facilities at DVWTP and PPWTP are critical to the operation of the plants. The facilities have either reached or are nearing the end of their useful lives or require modifications for regulatory compliance and safety.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2030
Escalated Project Cost ($)	$13,031,000

Origin

Asset Management Program

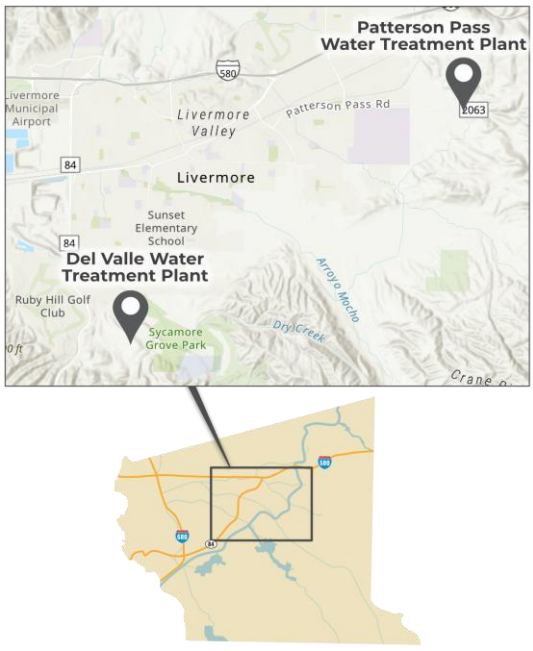
Operating Impact

Increases ability to comply with regulatory requirements, reduces energy costs, increases operational reliability and safety, and decreases maintenance.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	1,520	0	0	**1,520**
FY 26-27	0	200	240	0	**440**
FY 27-28	0	0	5,300	0	**5,300**
FY 28-29	0	0	5,056	0	**5,056**
FY 29-30	0	0	715	0	**715**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**0**	**1,720**	**11,311**	**0**	**13,031**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location



Capital Improvement Summary Report

Program	Water Treatment Facilities
Project	**DVWTP Chemical Systems Replacement**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

This project includes replacement of coagulant storage tanks and the secondary containment coating for the chemical systems, including coagulant, sodium hypochlorite, and caustic soda.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2033
Escalated Project Cost ($)	$7,137,000

Origin

Asset Management Program

Justification

These tanks and coatings were installed in the 1990s and have either reached or are nearing the end of their useful lives. These systems are critical to the operation of the Del Valle Water Treatment Plant.

Operating Impact

Increases operational effectiveness and reliability, and decreases maintenance.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	238	0	0	**238**
FY 30-31	0	370	593	0	**963**
FY 31-32	0	0	3,212	0	**3,212**
FY 32-33	0	0	2,724	0	**2,724**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**0**	**608**	**6,529**	**0**	**7,137**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Water Treatment Facilities
Project	**DVWTP Reliability Assessment**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

This project involves a comprehensive assessment of the electrical and mechanical components at DVWTP. The objective is to identify replacements and upgrades necessary to improve operational reliability. The project will include recommendations for redundancy strategies to mitigate risks and eliminate single points of failure within the plant's infrastructure.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2030
Escalated Project Cost ($)	$328,000

Origin

Capital Improvement Program

Justification

DVWTP has approximately 40 MGD of treatment capacity and is critical to Zone 7's ability to meet regional water supply demands.

Operating Impact

Increases operational reliability.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	328	0	0	0	**328**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**328**	**0**	**0**	**0**	**328**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Water Treatment Facilities
Project	**DVWTP Reliability Improvements**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

This project involves the implementation of high-priority recommendations identified in the DVWTP Reliability Assessment. The scope will include replacements and/or upgrades to electrical and mechanical components of the treatment process, focusing on elimination of single points of failure to ensure long-term operational reliability.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2034
Escalated Project Cost ($)	$7,118,000

Origin

Capital Improvement Program

Justification

DVWTP has approximately 40 MGD of treatment capacity and is critical to Zone 7's ability to meet regional water supply demands.

Operating Impact

Increases operational reliability.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	379	0	0	**379**
FY 31-32	0	0	1,204	0	**1,204**
FY 32-33	0	0	2,979	0	**2,979**
FY 33-34	0	0	2,556	0	**2,556**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**0**	**379**	**6,739**	**0**	**7,118**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Water Treatment Facilities
Project	**DVWTP Washwater Recovery Ponds Replacement**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

This project will reconfigure the washwater recovery ponds to allow for better decanting and improved sludge concentration. New valves and actuators, electrical, and SCADA would enable automated decanting and sludge discharge to the equalization basin.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2035
Escalated Project Cost ($)	$14,536,000

Origin

Capital Improvement Program

Justification

The original recovery ponds were constructed in 1973 and were not designed to optimally handle filter backwashes for the current 40 MGD plant capacity. Additional efforts from Operations staff are needed to manage filter backwash recycled flows back to the headworks to meet the design plant capacity.

Operating Impact

Improve operational efficiency and system reliability.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	776	0	0	**776**
FY 32-33	0	1,220	1,163	0	**2,383**
FY 33-34	0	0	6,165	0	**6,165**
FY 34-35	0	0	5,212	0	**5,212**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**0**	**1,996**	**12,540**	**0**	**14,536**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Water Treatment Facilities
Project	**DVWTP Wastewater System**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

This project consists of replacing the existing septic system at Del Valle Water Treatment Plant or connecting to the sanitary sewer system. A private development has proposed a sewer extension across Arroyo Valle, then along Foley Road to Kalthoff Commons. If the sewer extension will occur in the near-term, then this project could connect to and extend the proposed sewer line to DVWTP. The scope may also require working with the developer and the City to upsize the proposed sewer line and capacity of the proposed sewer lift station.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2030
Escalated Project Cost ($)	$1,564,000

Origin

Capital Improvement Program

Justification

The existing septic system at Del Valle Water Treatment Plant is nearing the end of its useful life. Connection to the City sewer would reduce long-term costs and staff labor.

Operating Impact

Improves plant operations and maintenance efficiencies.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	95	0	0	**95**
FY 28-29	0	157	382	0	**539**
FY 29-30	0	0	929	0	**929**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**0**	**253**	**1,311**	**0**	**1,564**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Transmission and Distribution
Project	**El Charro Pipeline Phase 2**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
		✓

Description

This project includes planning, land/easement acquisition, design, and construction of a pipeline to connect the Chain of Lakes wells to the Vineyard Pipeline.

Source of Funds	
Fund 120	Fund 130
0%	100%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2033
Escalated Project Cost ($)	$23,984,000

Origin

2016 Transmission System Planning Update

Justification

This project improves transmission system reliability by adding redundancy within Zone 7's transmission system and increases treated water conveyance capacity to accommodate demand growth from new development. To minimize costs, implementation may be coordinated with planned developments in east Pleasanton or with the Chain of Lakes Conveyance System project where project areas overlap.

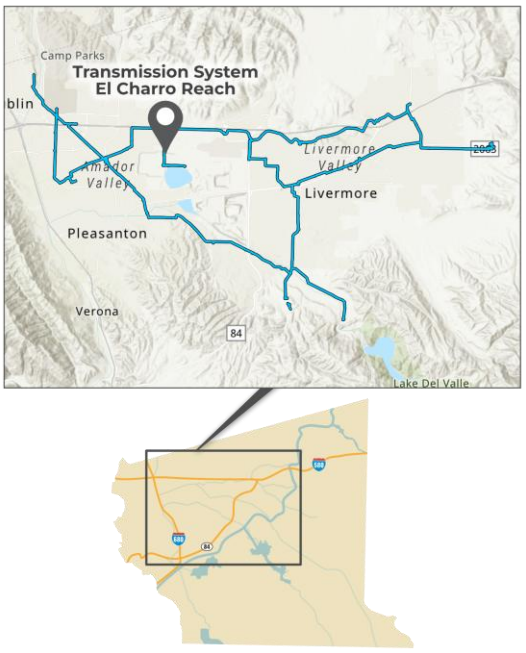
Operating Impact

Improves treated water conveyance reliability and capacity.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	2,942	0	0	**2,942**
FY 31-32	0	0	9,127	0	**9,127**
FY 32-33	0	0	10,667	0	**10,667**
FY 33-34	0	0	1,248	0	**1,248**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**0**	**2,942**	**21,042**	**0**	**23,984**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location



Capital Improvement Summary Report

Program	Building and Grounds
Project	**Electric Vehicle Charging Infrastructure Program**
Section	Integrated Planning (IP)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
	✓	

Description

The project will include the design and construction of electric vehicle chargers at DVWTP, Parkside, and PPWTP. Installation of fleet chargers at the North Canyons site is to be completed as a separate project in FY 2026-27. This multi-site programmatic project will streamline the design and implementation process by leveraging procurement and funding opportunities that are expected to be available to support the electrification of state and local government fleets in California (e.g., use of the Government Code 4217 procurement pathway).

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	F – Effective Operations, Initiative 15
In Service Date	2037
Escalated Project Cost ($)	$2,904,000

Origin

Energy Master Plan

Justification

The California Air Resources Board (CARB) Advanced Clean Fleets (ACF) regulation requires that Zone 7 begin converting its fleet to zero-emission vehicles. Zone 7 plans to electrify its fleet to comply with this regulation. To support an electric fleet, electric vehicle charging infrastructure will be required at DVWTP, Parkside, and PPWTP.

Operating Impact

Increase in operation and maintenance costs.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	268	401	0	**669**
FY 32-33	0	71	851	0	**922**
FY 33-34	38	150	0	0	**188**
FY 34-35	0	120	478	0	**598**
FY 35-36	42	127	0	0	**169**
Future	0	90	269	0	**358**
Total	**80**	**825**	**1,999**	**0**	**2,904**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Building and Grounds
Project	**Emergency Generator Replacement**
Section	Maintenance

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

This project will replace emergency generators nearing the end of their service life. While the run hours of the generators are typically low, replacement is necessary to mitigate risk associated with limited replacement part availability, ensure ongoing emissions compliance, and maintain operational reliability. Priority replacements based on age include portable generators located at DVWTP (G-6) and Chain of Lakes Well 5 (G-7), followed by Hopyard Well 9 (G-5) and Chain of Lakes Well 1 (G-8).

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2031
Escalated Project Cost ($)	$1,100,000

Justification

Replacement of emergency generators nearing the end of their useful life is necessary to ensure operational reliability during power outages.

Origin

Capital Improvement Program

Operating Impact

Increases operational reliability.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	600	0	**600**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	500	0	**500**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**0**	**0**	**1,100**	**0**	**1,100**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Water Treatment Facilities
Project	**Energy Master Plan Implementation**
Section	Integrated Planning (IP)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
	✓	

Description

Through the Energy Master Plan and through Zone 7's membership in the Power and Water Resources Pooling Authority, several potential projects have been identified that may generate significant energy cost savings. While further evaluation and prioritization is needed, potential projects include: PPWTP Solar Facility (install up to 9-acre ground-mounted solar facility on Zone 7 property adjacent to PPWTP); DVWTP Solar Facility (consider buyout of the existing DVWTP solar facility and conversion of the facility to a PWRPA meter, allowing for a new PPA to refurbish the facility and generate additional cost savings; Physical Meter Aggregation and PWRPA Conversions (convert additional existing PG&E meters to PWRPA meters at facilities where the conversion would generate significant savings).

Justification

This project aligns with the Energy Policy and implements the Energy Master Plan. The project would implement one or more cost-effective facility improvements that reduce energy costs by procuring/generating less expensive energy and/or by modifying facility utility systems to qualify for better utility rates and reduce exposure to utility demand charges.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	F – Effective Operations, Initiative 15
In Service Date	2032
Escalated Project Cost ($)	$2,458,000

Origin

Energy Master Plan; Energy Policy

Operating Impact

Yields operational cost savings.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	112	112	337	0	**562**
FY 29-30	119	119	357	0	**596**
FY 30-31	126	126	379	0	**631**
FY 31-32	134	134	401	0	**669**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**492**	**492**	**1,475**	**0**	**2,458**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Water Supply and Conveyance
Project	**Fourth Contractor's Share of the SBA – Payments to DWR**
Section	Finance

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
		✓

Description

Zone 7 contracted to purchase 22,000 AFA of previously unallocated capacity in the South Bay Aqueduct (SBA) under Amendments 19 and 20 to its water supply contract with the California Department of Water Resources (DWR). This project reflects Fund 130's share of the Water System Revenue Bond and Transportation Capital Cost Component charges associated with this capacity per Amendments 19 and 20. A separate fund (Fund 110) pays for the operation, maintenance, renewal and replacement (OMR&R) cost component of this capacity.

Source of Funds	
Fund 120	Fund 130
0%	100%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B – Reliable Water Supply and Infrastructure, Initiative 5
In Service Date	2035
Escalated Project Cost ($)	$57,000,000

Justification

Purchase of this unallocated share of the SBA was to allow Zone 7 to meet the water supply and peaking needs of new customers.

Origin

Amendments 19 and 20 to Zone 7's water supply contract with DWR

Operating Impact

The purchases were required to meet Zone 7's long-term water supply needs, and thus allow Zone 7 to continue to meet its treated and untreated water customer demands while preserving system reliability.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	27,000	**27,000**
FY 26-27	0	0	0	3,000	**3,000**
FY 27-28	0	0	0	3,000	**3,000**
FY 28-29	0	0	0	3,000	**3,000**
FY 29-30	0	0	0	3,000	**3,000**
FY 30-31	0	0	0	3,000	**3,000**
FY 31-32	0	0	0	3,000	**3,000**
FY 32-33	0	0	0	3,000	**3,000**
FY 33-34	0	0	0	3,000	**3,000**
FY 34-35	0	0	0	3,000	**3,000**
FY 35-36	0	0	0	3,000	**3,000**
Future	0	0	0	0	**0**
Total	**0**	**0**	**0**	**57,000**	**57,000**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. Prior costs shown here include all prior costs.

Project Location

Capital Improvement Summary Report

Program	Water Supply and Conveyance
Project	**Fourth Contractor's Share of the SBA – Sinking Fund**
Section	Finance

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
		✓

Description

Zone 7 contracted to purchase 22,000 AFA of previously unallocated capacity in the South Bay Aqueduct under Amendments 19 and 20 to its contract with the California Department of Water Resources (DWR). In addition to the scheduled payments for the 22,000 AFA which will carry through 2035, Zone 7 contributes annually into this sinking fund (beginning FY 2004-05 until FY 2029-30) in order to cover contractual costs from years 2030 to 2035 when connection fee revenue is projected to decline with the approach of buildout. The annual contributions to the sinking fund are funded by connection fees.

Source of Funds	
Fund 120	Fund 130
0%	100%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B – Reliable Water Supply and Infrastructure, Initiative 5
In Service Date	2030
Escalated Project Cost ($)	$12,400,000

Justification

This sinking fund is necessary to cover contractual costs from 2030 to 2035, during which time there will essentially be minimal ongoing water connection fee revenues available because development buildout within the service area is expected to be nearly complete by this time.

Origin

Amendments 19, 20, 21, 23, and 25 to Zone 7's water supply contract with DWR

Operating Impact

None

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	8,960	**8,960**
FY 26-27	0	0	0	810	**810**
FY 27-28	0	0	0	840	**840**
FY 28-29	0	0	0	880	**880**
FY 29-30	0	0	0	910	**910**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**0**	**0**	**0**	**12,400**	**12,400**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Transmission and Distribution
Project	**Hopyard Wellfield Pipeline**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
	✓	

Description

Construct a pipeline to connect Hopyard Well 9 directly to the chemical facilities located at the Hopyard Well 6 site.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2032
Escalated Project Cost ($)	$4,950,000

Origin

Capital Improvement Program

Justification

This improvement will allow Hopyard Well 9 to operate independently of Hopyard Well 6, improving operational flexibility and system reliability.

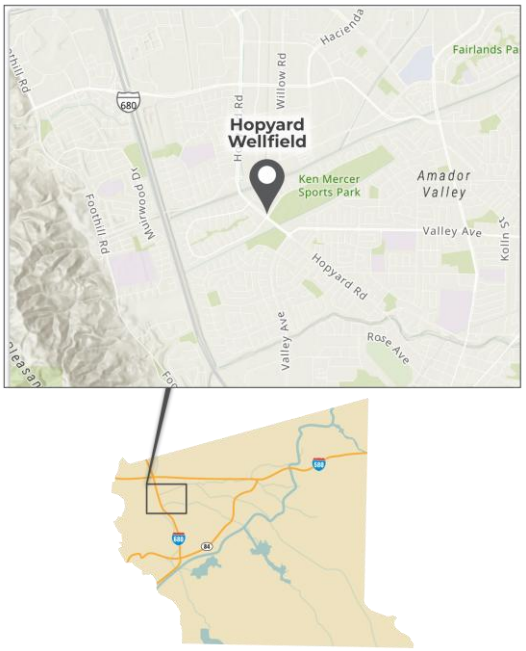
Operating Impact

Increases operational reliability and flexibility.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	127	0	0	0	**127**
FY 28-29	207	133	0	0	**339**
FY 29-30	0	222	398	0	**619**
FY 30-31	0	0	2,740	0	**2,740**
FY 31-32	0	0	1,124	0	**1,124**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**334**	**354**	**4,261**	**0**	**4,950**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location



Capital Improvement Summary Report

Program	Water Treatment Facilities
Project	**Instrumentation Replacement**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

Replace water quality instrumentation (e.g., turbidimeters, chlorine residual analyzers, and particle counters) at various water treatment facilities, including DVWTP, PPWTP, MGDP, and Mocho wells. Regular replacement helps ensure continued accuracy and reliability. The expected useful life of these instruments is approximately ten years.

Justification

Accurate and reliable instrumentation is essential for effective process control in water treatment operations. Regular replacement of instrumentation devices ensures the consistent delivery of high-quality water that meets or exceeds all drinking water standards.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2032, 2042
Escalated Project Cost ($)	$3,218,000

Origin

Capital Improvement Program

Operating Impact

Maintains effective water treatment operations and supports accurate regulatory reporting.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	189	0	0	**189**
FY 31-32	0	0	964	0	**964**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	339	1,726	0	**2,065**
Total	**0**	**529**	**2,689**	**0**	**3,218**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Regulatory Compliance Monitoring
Project	**Laboratory Equipment Replacement**
Section	Water Quality (WQ)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

This project consists of ongoing replacement of analytical laboratory equipment and components in the water quality laboratory as they reach the end of their useful life. These instruments are essential for accurate water quality monitoring and regulatory reporting. Equipment includes gas chromatography/electron capture detector (GC/ECD), gas chromatography/mass spectrometry (GC/MS), inductively coupled plasma optical emission spectroscopy (ICP-OES), inductively coupled plasma/mass spectrometry (ICP/MS), total organic carbon (TOC) analyzer, cyanotoxin analyzer, ion chromatography (IC), mercury analyzer, deionized water system, spectrophotometer, fluorometer, and turbidimeters.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	C – Safe Water, Initiative 7
In Service Date	Ongoing
Escalated Project Cost ($)	$1,853,000

Origin

Capital Improvement Program

Justification

This program replaces laboratory equipment as it reaches the end of their useful life. Equipment currently in use was purchased between 1991 and 2024 and has an expected service life of 5-15 years, depending on the instrument. While the replacement of consumable components have extended the life of some instruments, full replacement is necessary over time. These instruments are essential for accurate water quality monitoring and regulatory reporting.

Operating Impact

Ensures regulatory compliance.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	200	**200**
FY 26-27	0	0	0	180	**180**
FY 27-28	0	0	0	227	**227**
FY 28-29	0	0	0	159	**159**
FY 29-30	0	0	0	109	**109**
FY 30-31	0	0	0	180	**180**
FY 31-32	0	0	0	93	**93**
FY 32-33	0	0	0	191	**191**
FY 33-34	0	0	0	61	**61**
FY 34-35	0	0	0	127	**127**
FY 35-36	0	0	0	326	**326**
Future	0	0	0	0	**0**
Total	**0**	**0**	**0**	**1,853**	**1,853**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Water Treatment Facilities
Project	**Maintenance Yard and Building**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

This project includes design and construction of a maintenance yard and building. Improvements include: 1) additional outdoor material storage and stockpile areas; 2) office building for DVWTP staff including amenities such as a lunch area and file storage; 3) climate-controlled storage areas for temperature-sensitive equipment; 4) warehouse storage and work areas to support maintenance functions including electrical, SCADA/instrumentation, mechanical, general/carpentry, and chemicals; and 5) covered areas for maintenance vehicles and various equipment. Initial planning will be completed as part of the DVWTP Master Plan.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	F – Effective Operations, Initiative 14
In Service Date	2031
Escalated Project Cost ($)	$13,323,000

Origin

Capital Improvement Program

Justification

The existing maintenance yard and maintenance shop at Del Valle Water Treatment Plant are inadequate to meet the current and future needs of the agency. Currently, spare parts are stored in shipping containers or outside without an organized system, and some of maintenance staff work out of temporary trailers. This project provides necessary storage to effectively and properly store critical spare water system components, many of which have long lead times, ensuring timely repairs and reducing the risk of water supply disruptions to customers.

Operating Impact

Provides operational and maintenance efficiency. Improves reliability of water system operations.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	159	0	0	**159**
FY 28-29	0	966	483	0	**1,449**
FY 29-30	0	0	6,336	0	**6,336**
FY 30-31	0	0	5,378	0	**5,378**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**0**	**1,125**	**12,198**	**0**	**13,323**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Wells
Project	**MGDP HVAC and Fire System Replacement**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

This project includes planning, design, and construction to replace the heating, ventilation, and air conditioning (HVAC) systems and fire protection systems at Mocho Groundwater Demineralization Plant (MGDP). MGDP currently has three separate HVAC systems serving the electrical room area, the office area, and the main treatment building.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2033
Escalated Project Cost ($)	$2,710,000

Origin

Asset Management Program

Justification

These assets were installed in 2009 and are reaching the end of their useful life. Reliable HVAC operation is necessary to control condensation in the main treatment building, which can otherwise accelerate equipment deterioration. The HVAC system is also critical for the electrical room, where heat generated by electrical equipment can reduce the longevity and reliability of the electrical gear. In addition, the fire protection system is necessary to safeguard personnel, infrastructure, and treatment assets. These HVAC and fire protection assets are therefore critical to the safe and reliable operation of the MGDP.

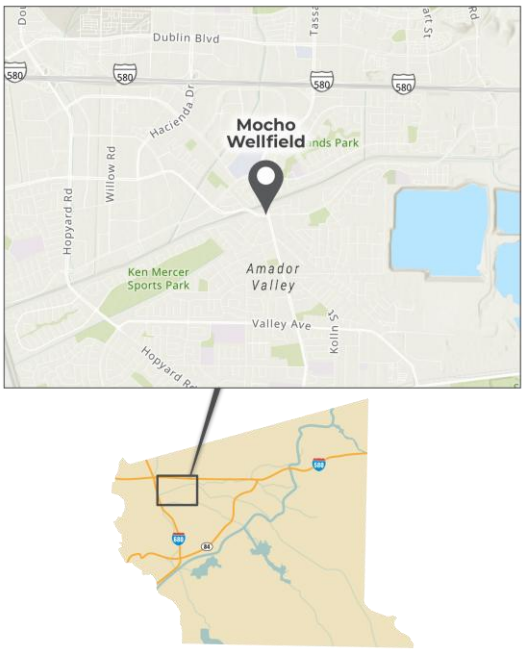
Operating Impact

Maintains operational functionality and reliability.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	215	0	0	**215**
FY 31-32	0	348	616	0	**964**
FY 32-33	0	0	1,532	0	**1,532**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**0**	**563**	**2,148**	**0**	**2,710**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location



Capital Improvement Summary Report

Program	Wells
Project	**MGDP RO Membrane Replacement/Expansion**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

This project consists of the replacement of the reverse osmosis membranes (RO) at the Mocho Groundwater Demineralization Plant (MGDP) that have reached the end of their useful life. Additionally, the project will install new membranes to increase production capacity, supporting Zone 7's long-term salt-load reduction goals. This work will be delivered in conjunction with the Mocho PFAS Treatment Plant project.

Justification

The useful life of these membranes is estimated at ten years to maintain effective plant operation. The membranes are currently more than 15 years old. Replacement is necessary to ensure effective operation, support long-term salt-load reduction goals, and maintain systemwide operational reliability. In accordance with Zone 7's Energy Policy, the project will also consider energy management opportunities to increase energy efficiency, achieve cost savings, and contribute to systemwide operational reliability and resilience.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	254	3,297	0	**3,551**
FY 28-29	0	0	1,000	0	**1,000**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**0**	**254**	**4,297**	**0**	**4,551**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2029
Escalated Project Cost ($)	$4,551,000

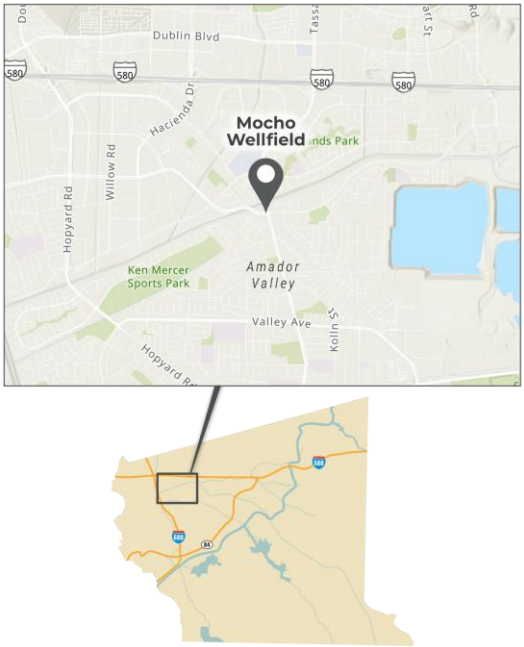
Origin

Asset Management Program

Operating Impact

Increase operating reliability and effectiveness.

Project Location



Capital Improvement Summary Report

Program	Wells
Project	**Mocho PFAS Treatment Plant**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
	✓	

Description

This project consists of installing a PFAS treatment plant to restore water production of the Mocho wellfield and optimize operation of the existing Mocho Groundwater Demineralization Plant (MGDP) to improve groundwater basin salt management. Key components of the project include PFAS treatment vessels, piping, pump station, landscaping, and site beautification. This project will also replace electrical switchgear for Mocho Wells 3 and 4. This project ensures that all water delivered to customers meets or exceeds applicable drinking water standards, including anticipated new regulations for PFAS. Zone 7 was awarded a grant for $1.2 million from the California Department of Water Resources and is actively working to secure additional state and federal funding for this project.

Justification

The Mocho PFAS Treatment Plant is needed to remove PFAS and restore production at the Mocho wellfield. The Mocho wells (2, 3, and 4) were taken offline preemptively in anticipation of new PFAS regulations that will go into effect in 2031 and will remain out of service until PFAS treatment is installed. Because the Mocho wellfield supplies the MGDP, MGDP also remains offline. The Mocho wells being out of services reduces water supply reliability, while the MGDP being offline limits Zone 7's ability to meet its salt management goals. In addition, existing electrical equipment that was installed in 2002 is nearing the end of their useful life and must be replaced.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	3,580	1,750	0	1,170	**6,500**
FY 26-27	377	2,264	5,981	717	**9,340**
FY 27-28	236	330	24,755	717	**26,038**
FY 28-29	0	0	6,604	0	**6,604**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**4,193**	**4,344**	**37,340**	**2,604**	**48,481**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	C – Safe Water, Initiative 10
In Service Date	2028
Escalated Project Cost ($)	$48,481,000

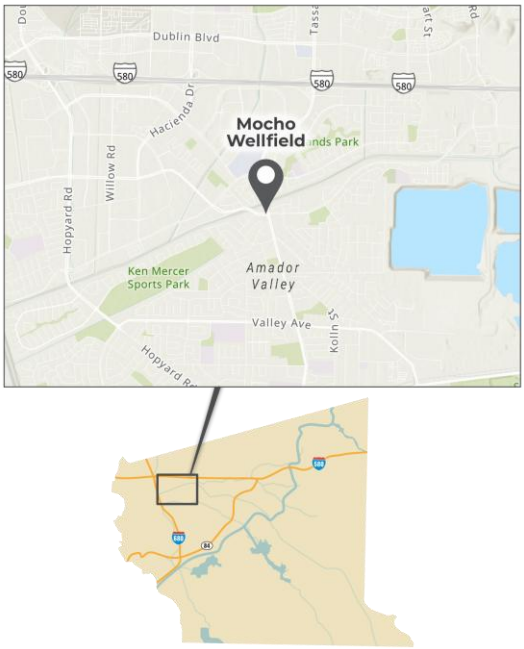
Origin

Draft PFAS and Hexavalent Chromium Treatment Feasibility Study, June 2020; Mocho Groundwater Demineralization Plant and Mocho Wellfield PFAS Compliance Conceptual Design, December 2024; Asset Management Program

Operating Impact

Provides regulatory compliance and maintains operational and water supply reliability.

Project Location



Capital Improvement Summary Report

Program	Groundwater Basin Management
Project	**Monitoring Well Replacements and Abandonments**
Section	Groundwater (GW)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

This project provides for, on an as-needed basis, the installation of new monitoring wells to expand the monitoring network and replacement of old and damaged monitoring wells which are currently in Zone 7's monitoring network. In addition, it provides for the relocation of other Zone 7-monitored wells which need to be destroyed to allow for future development of land. The new/replacement wells will have various completion depths depending on their location. In some cases, nested monitoring wells having multiple completion intervals may be desirable. It is estimated that up to one multi-zone monitoring well will need to be replaced and/or destroyed approximately every six years.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	D – Groundwater Management, Initiative 11
In Service Date	Ongoing
Escalated Project Cost ($)	$2,550,000

Origin

Capital Improvement Program

Justification

Zone 7 operates an extensive monitoring well network for the monitoring of basin-wide groundwater levels and groundwater quality as part of the Groundwater Management Program. In order for Zone 7 to continue to monitor, protect, and manage the groundwater basin as a viable water supply, and in accordance with SGMA, some monitoring wells will need to be added to fill data gaps and aging wells will need to be replaced.

Operating Impact

Facilitate better monitoring of Zone 7's underlying groundwater basins consistent with SGMA.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	350	0	**350**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	496	0	**496**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	1,703	0	**1,703**
Total	**0**	**0**	**2,550**	**0**	**2,550**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Transmission and Distribution
Project	**Patterson Pass Pipeline Expansion**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		✓

Description

This project will expand the conveyance capacity of the transmission pipeline from the Patterson Pass Water Treatment Plant (PPWTP) to Zone 7's existing transmission system at the Livermore 1 Pipeline (PL)/Vasco 1 PL connection. Project implementation would be timed to accommodate water supply demand growth. This project involves constructing a parallel pipeline to accommodate future plant production driven by demand growth, as the existing pipeline, constructed in 1962, is undersized. The project will also consider the installation of remotely operated valves to enhance seismic resilience. Constructing a parallel pipeline provides redundancy and minimizes disruption of service during construction. The new pipeline would provide capacity for future growth, while the existing pipeline will be rehabilitated to extend its useful life.

Justification

The existing pipeline, installed in 1962, is undersized and lacks the capacity convey the expanded design production of the PPWTP. Upsizing the pipeline will improve system reliability and provide the necessary capacity to meet future water supply demands.

Source of Funds	
Fund 120	Fund 130
15%	85%
Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.	

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2036
Escalated Project Cost ($)	$40,570,000

Origin

2016 Transmission System Planning Update

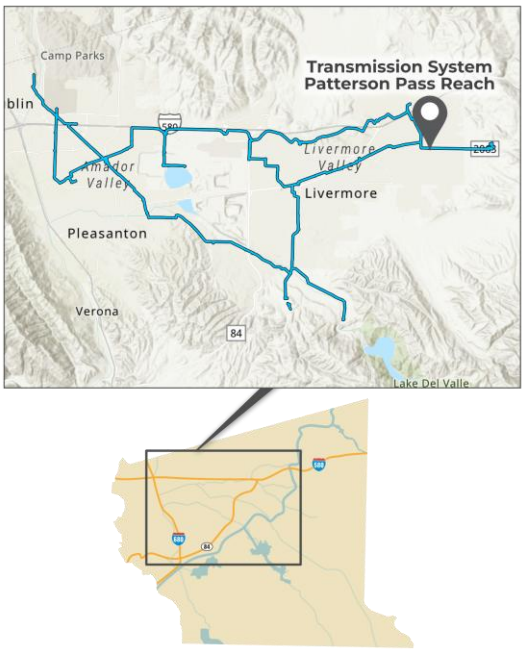
Operating Impact

Provides operational reliability and increased water system transmission capacity to accommodate demand growth.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	1,071	0	0	**1,071**
FY 32-33	0	2,837	0	0	**2,837**
FY 33-34	0	1,804	4,872	0	**6,676**
FY 34-35	0	0	17,214	0	**17,214**
FY 35-36	0	0	12,772	0	**12,772**
Future	0	0	0	0	**0**
Total	**0**	**5,712**	**34,858**	**0**	**40,570**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location



Capital Improvement Summary Report

Program	Transmission and Distribution
Project	**Pipeline Condition Assessments**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

This project consists of a phased condition assessment program for the Agency's high priority pipelines. The condition assessment will evaluate structural integrity and hydraulic performance of each pipeline, and develop recommendations for future repairs or replacements. Priority pipelines include Del Valle-Livermore, DVWTP Transmission Pipeline, Santa Rita-Dougherty, Hopyard, Cross Valley, and Vineyard.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2040
Escalated Project Cost ($)	$2,047,000

Origin

Asset Management Program

Justification

The 2025 Below-Ground Asset Risk Analysis determined that these pipeline are high priority for condition assessment.

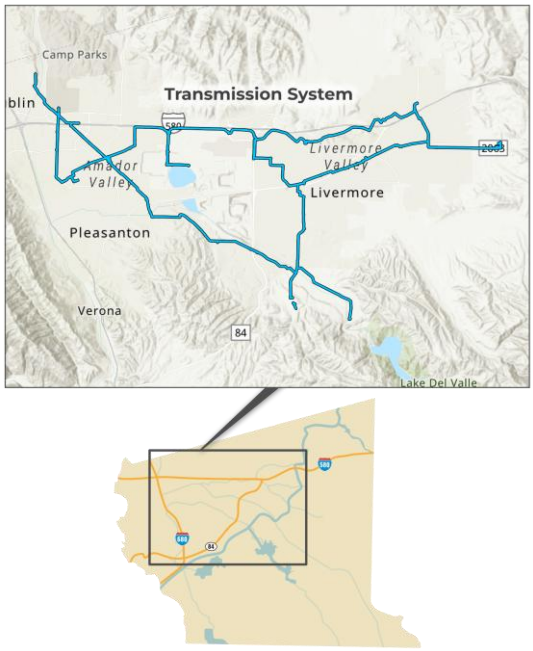
Operating Impact

Increases operational reliability.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	42	115	0	**157**
FY 35-36	0	89	244	0	**333**
Future	0	416	1,141	0	**1,556**
Total	**0**	**546**	**1,500**	**0**	**2,047**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location



Capital Improvement Summary Report

Program	Water Supply and Conveyance
Project	**Potable Reuse Study**
Section	Integrated Planning (IP)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
		✓

Description

The study will assess costs, and overall feasibility of a potable reuse project in partnership with DSRSD and City of Livermore. If the project is determined to be feasible and necessary, planning and design work may take place to construct an advanced water purification plant, pipelines, and other related infrastructure to produce purified water from wastewater effluent. Potable reuse in the Tri-Valley would involve a partnership between Zone 7 and one or more retailers to manage the wastewater collection and treatment, purified water production, and distribution/storage.

Source of Funds	
Fund 120	Fund 130
0%	100%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 5
In Service Date	2028
Escalated Project Cost ($)	$254,000

Origin

2019 Water Supply Evaluation Update, 2022 Water Supply Evaluation Update

Justification

The 2022 Water Supply Evaluation Update found that a diversified portfolio of multiple water supply reliability projects would be needed to maintain Zone 7's long-term reliability. Additionally, the study recommended continued evaluation of potable reuse.

Operating Impact

Increases water reliability. Provides water supply and operational flexibility.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	125	0	0	0	**125**
FY 27-28	129	0	0	0	**129**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**254**	**0**	**0**	**0**	**254**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Water Treatment Facilities
Project	**PPWTP Chemical Systems Replacement**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

This project consists of the replacement of chemical storage and feed facilities at the Patterson Pass Water Treatment Plant that are nearing the end of their useful life. These assets include, but are not limited to, storage tanks for caustic soda and sodium hypochlorite and the anionic polymer storage and feed system.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2036
Escalated Project Cost ($)	$3,620,000

Origin

Asset Management Program

Justification

The caustic soda storage tanks, sodium hypochlorite tanks, and anionic chemical system are approaching the end of their useful lives and are critical to the operation of the Patterson Pass Water Treatment Plant and for ensuring water quality of the water delivered.

Operating Impact

Increases plant reliability and decreases maintenance.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	195	0	0	**195**
FY 34-35	0	319	893	0	**1,211**
FY 35-36	0	0	2,213	0	**2,213**
Future	0	0	0	0	**0**
Total	**0**	**514**	**3,106**	**0**	**3,620**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Water Treatment Facilities
Project	**PPWTP Master Plan**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		✓

Description

Develop a master plan for PPWTP that identifies the plant infrastructure needed to support production at 24 MGD. The master plan will assess capacity, performance, siting, and timing of upgrades to the clarification/sedimentation process, chemical storage facilities (including ammonia system), and solids handling facilities. The master plan would be completed prior to the construction of the Patterson Pass Pipeline Expansion and inform the timing of planned projects, such as the PPWTP Solids Handling Expansion.

Source of Funds	
Fund 120	Fund 130
73%	27%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2031
Escalated Project Cost ($)	$424,000

Origin

Capital Improvement Program

Justification

PPWTP recently underwent significant improvements and a plant expansion from 12 MGD to 24 MGD. Some facilities, such as the clarification/sedimentation, chemical storage and solids handling facilities were not upgraded at that time as they were deemed to be in good condition. These facilities need to be evaluated, and necessary improvements identified, to ensure reliable production and delivery. Also, a capital project is planned to upgrade the transmission pipeline from PPWTP to provide the capacity to convey the increased production from PPWTP.

Operating Impact

Provides operational reliability.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	131	0	0	0	**131**
FY 30-31	293	0	0	0	**293**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**424**	**0**	**0**	**0**	**424**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Water Treatment Facilities
Project	**PPWTP Solids Handling Expansion**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
		✓

Description

Following the recent treatment plant expansion, this project will enhance solids management to match the facility's increased production capacity. It will provide the needed residual management capacity through the installation of an additional solids handling facility, such as a centrifuge. This project will be evaluated as part of the PPWTP Master Plan.

Source of Funds	
Fund 120	Fund 130
0%	100%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2035
Escalated Project Cost ($)	$7,370,000

Justification

This project is needed to construct an additional solids handling facility to support reliable operation of the PPWTP at its expanded production capacity.

Origin

2011 Solids Handling at DVWTP and PPWTP Memo

Operating Impact

Increased operational reliability, flexibility, and effectiveness.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	962	0	0	**962**
FY 34-35	0	0	6,407	0	**6,407**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**0**	**962**	**6,407**	**0**	**7,370**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Wells
Project	**Production Well Pump Replacement**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

The project consist of the repair or replacement of existing water production well pumps, shafts, column piping and accessories. Zone 7 currently has ten production wells, and this project assumes replacing approximately one pump every two years based on expected useful life. Mocho Wells 2, 3, and 4 pumps have been identified and prioritized for replacement in FY 2027-28.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	Ongoing
Escalated Project Cost ($)	$7,581,000

Origin

Asset Management Program

Justification

Existing water production well pumps, shafts, column piping, and accessories require periodic repairs and replacement to maintain reliable operation. Because these production wells are critical to Zone 7 meeting water demand, especially during drought years, ensuring their reliable operation is essential. In accordance with Zone 7's Energy Policy, the project will consider energy management goals in the design to identify opportunities to increase energy efficiency, achieve cost savings, and contribute to systemwide operational reliability and resilience.

Operating Impact

Increases operational reliability and service life of the facilities.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	1,007	0	**1,007**
FY 28-29	0	0	281	0	**281**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	505	0	**505**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	567	0	**567**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	638	0	**638**
FY 35-36	0	0	0	0	**0**
Future	0	0	4,583	0	**4,583**
Total	**0**	**0**	**7,581**	**0**	**7,581**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Wells
Project	**Regional Groundwater Development Project**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
		✓

Description

This project is part of the 2003 Well Master Plan and consists of two new municipal water supply well facilities. The estimated project cost includes planning, land acquisition, permitting, well design and drilling, facility design and construction which includes treatment facilities for chloramination of the well water, pipeline additions, and miscellaneous site work. The project also includes a pipeline along Valley Avenue that will connect the two new wells to the Zone 7 water transmission system at the Hopyard Pipeline, near Parkside Drive.

Source of Funds	
Fund 120	Fund 130
0%	100%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2029
Escalated Project Cost ($)	$37,493,000

Origin

2003 Well Master Plan and 2016 Water Supply Evaluation Update

Justification

Currently, 80% of Zone 7 wells are located within the Amador subbasin. Additional municipal water supply wells in the Bernal subbasin will diversify the source of supply and maximize access to existing local storage in the Livermore Valley Groundwater Basin during droughts and facility outages. Maximizing access to local storage improves water supply reliability as demand grows, as established in Zone 7 Resolutions 04-2662 and 06-2786. These wells will also enhance Zone 7's ability to sustainably manage the groundwater basin by providing greater control over groundwater levels, groundwater flow, and salt management.

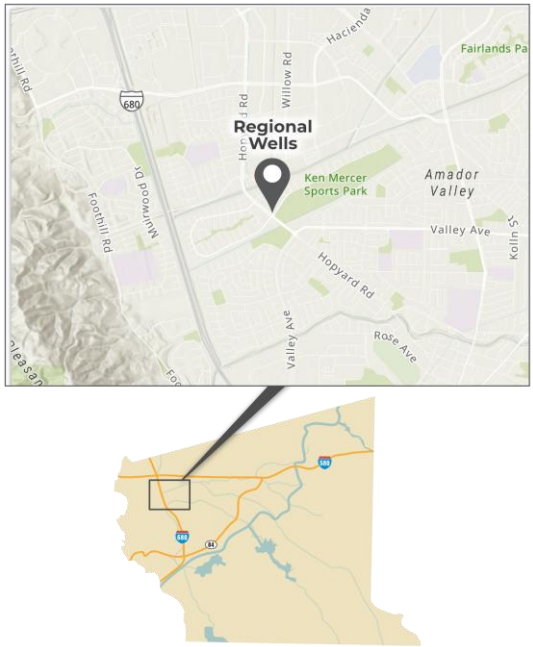
Operating Impact

Improves system reliability.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	3,500	7,400	0	**10,900**
FY 27-28	0	1,325	19,875	0	**21,200**
FY 28-29	0	0	5,393	0	**5,393**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**0**	**4,825**	**32,668**	**0**	**37,493**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location



Capital Improvement Summary Report

Program	Water Treatment Facilities
Project	**Renewal/Replacement Projects (as needed) – Engineering Led**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

This program supports as-needed projects needed for the renewal and replacement of smaller-scale water system infrastructure. These projects are led by the Engineering department to ensure that all repairs and replacements meet current technical standards, enhance system reliability, and extend the service life of existing assets.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	Ongoing
Escalated Project Cost ($)	$18,450,000

Origin

Capital Improvement Program

Justification

As-needed construction services allow Zone 7 to respond quickly and efficiently to unforeseen or unplanned infrastructure needs. This approach provides timely procurement of materials and equipment, and ensure prompt, cost-efficient repair, replacement, or rehabilitation of existing water system infrastructure.

Operating Impact

Increases system operational reliability.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	850	0	**850**
FY 26-27	0	0	900	0	**900**
FY 27-28	0	0	875	0	**875**
FY 28-29	0	0	875	0	**875**
FY 29-30	0	0	875	0	**875**
FY 30-31	0	0	875	0	**875**
FY 31-32	0	0	900	0	**900**
FY 32-33	0	0	875	0	**875**
FY 33-34	0	0	875	0	**875**
FY 34-35	0	0	875	0	**875**
FY 35-36	0	0	875	0	**875**
Future	0	0	8,800	0	**8,800**
Total	**0**	**0**	**18,450**	**0**	**18,450**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Water Treatment Facilities
Project	**Renewal/Replacement Projects (as needed) – Maintenance Led**
Section	Maintenance

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

This program supports the as-needed repair and replacement of smaller-scale water system infrastructure through maintenance-driven activities. These efforts are led by the Maintenance Section to address unforeseen events such as emergency pipeline repairs and pump and valve replacements.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	Ongoing
Escalated Project Cost ($)	$18,340,000

Origin

Capital Improvement Program

Justification

As-needed construction services allow Zone 7 to respond quickly and efficiently to unforeseen or unplanned infrastructure needs. This approach provides timely procurement of materials and equipment, and ensure prompt, cost-efficient repair, replacement, or rehabilitation of existing water system infrastructure.

Operating Impact

Increases system operational reliability.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	840	0	**840**
FY 26-27	0	0	875	0	**875**
FY 27-28	0	0	875	0	**875**
FY 28-29	0	0	875	0	**875**
FY 29-30	0	0	875	0	**875**
FY 30-31	0	0	875	0	**875**
FY 31-32	0	0	875	0	**875**
FY 32-33	0	0	875	0	**875**
FY 33-34	0	0	875	0	**875**
FY 34-35	0	0	875	0	**875**
FY 35-36	0	0	875	0	**875**
Future	0	0	8,750	0	**8,750**
Total	**0**	**0**	**18,340**	**0**	**18,340**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Water Treatment Facilities
Project	**SCADA Upgrades and Replacements**
Section	Operations

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

This program supports the ongoing maintenance, expansion and security Zone 7's Supervisory Control and Data Acquisition (SCADA) system. The work includes reprogramming and installation of new field devices, cybersecurity enhancements, and routine hardware and software upgrades.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	Ongoing
Escalated Project Cost ($)	$20,930,000

Origin

SCADA Master Plan

Justification

A modern and secure SCADA system is critical for monitoring and operation of the treatment plants and transmission system. This project protects Zone 7 against cybersecurity threats and ensures SCADA hardware and software remains up to date.

Operating Impact

Maintains and improves control, monitoring, and reporting of process equipment through SCADA.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	340	0	**340**
FY 26-27	0	0	330	0	**330**
FY 27-28	0	0	350	0	**350**
FY 28-29	0	0	371	0	**371**
FY 29-30	0	0	393	0	**393**
FY 30-31	0	0	2,411	0	**2,411**
FY 31-32	0	0	442	0	**442**
FY 32-33	0	0	468	0	**468**
FY 33-34	0	0	496	0	**496**
FY 34-35	0	0	526	0	**526**
FY 35-36	0	0	3,227	0	**3,227**
Future	0	0	11,576	0	**11,576**
Total	**0**	**0**	**20,930**	**0**	**20,930**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Transmission and Distribution
Project	**Silver Oaks Pump Station**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		✓

Description

This project consists of replacing the Silver Oaks Pump Station, including land acquisition, new electrical service, a new pump station building with electrical equipment, fencing and security, and backup power generation. The upgraded facility will improve system reliability and provide the necessary capacity to meet future water supply demands.

Source of Funds	
Fund 120	Fund 130
80%	20%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2031
Escalated Project Cost ($)	$20,495,000

Justification

Silver Oaks Pump Station was constructed in the early 1990s as an emergency project during drought conditions. Never intended as a permanent facility, this pump station is skid-mounted without a building canopy and has exceeded its expected useful life. During PPWTP outages or during limited surface water availability, this pump station is critical for supplying water from the west end of the system to meet the demands of the east side of the system, particularly the City of Livermore. In accordance with Zone 7's Energy Policy, the project will consider energy management goals in the design to identify opportunities to increase energy efficiency, achieve cost savings, and contribute to systemwide operational reliability and resilience.

Origin

Asset Management Program

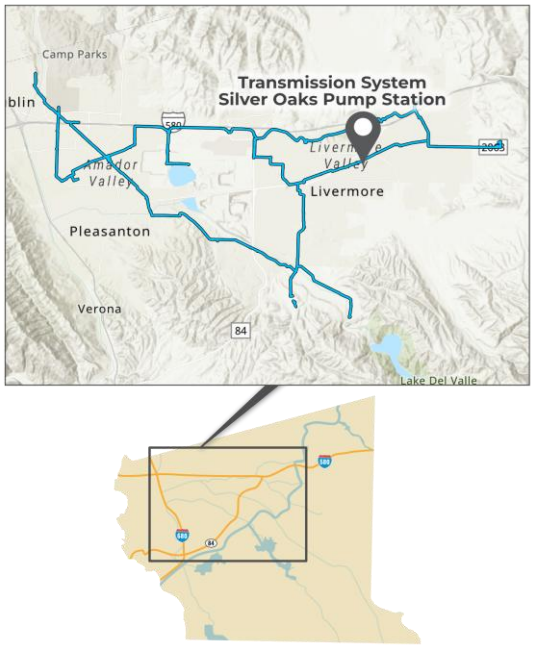
Operating Impact

Increases water system reliability.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	870	870	0	0	**1,740**
FY 26-27	290	800	0	1,330	**2,420**
FY 27-28	0	922	0	0	**922**
FY 28-29	0	0	4,303	0	**4,303**
FY 29-30	0	0	4,562	0	**4,562**
FY 30-31	0	0	4,835	0	**4,835**
FY 31-32	0	0	1,713	0	**1,713**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**1,160**	**2,592**	**15,413**	**1,330**	**20,495**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location



Capital Improvement Summary Report

Program	Water Supply and Conveyance
Project	**Sites Reservoir**
Section	Integrated Planning (IP)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
		✓

Description

This project will construct a 1.5 million acre-feet off-stream reservoir and supporting facilities. The reservoir will be located in Glenn and Colusa Counties. This project will use existing infrastructure to divert excess stormwater flows from the Sacramento River to fill the reservoir. Captured water can be released when needed for project participants. Project participants include water agencies across California and federal and state agencies. Zone 7 has been participating in the planning phase to secure a storage allocation for the project. For planning and budgetary purposes, this project description assumes Zone 7 will secure a storage allocation of 31,170 acre-feet. The project is expected to begin full operations in 2034.

Justification

The 2022 Water Supply Evaluation Update found that a diversified portfolio of multiple water supply reliability projects would be needed to maintain Zone 7's long-term reliability and meet the goals of the water supply reliability policy. Additionally, the study recommended continued participation in Sites Reservoir.

Source of Funds	
Fund 100	Fund 130
34%	66%

Fund 100 is the Water Enterprise Operations Fund. Fund 130 is for Expansion.

Strategic Plan Goal	B – Reliable Water Supply and Infrastructure, Initiative 5
In Service Date	2034
Estimated Debt Service ($)	Total: $552,862,060 Fund 100: $187,973,100 Fund 130: $364,888,960

Origin

Sites Reservoir Project - Phase 1 Participation Memo dated June 15, 2016; 2019 Water Supply Evaluation Update; 2022 Water Supply Evaluation Update

Operating Impact

Increases water reliability. Provides water supply, water storage, and operational flexibility.

Estimated Total Debt Service ($1000)			
	Fund 100	Fund 130	Total
Prior	0	0	**0**
FY 26-27	0	0	**0**
FY 27-28	0	0	**0**
FY 28-29	1,070	2,076	**3,146**
FY 29-30	1,629	3,162	**4,792**
FY 30-31	2,230	4,329	**6,559**
FY 31-32	2,704	5,250	**7,954**
FY 32-33	3,301	6,407	**9,708**
FY 33-34	4,672	9,069	**13,741**
FY 34-35	4,533	8,800	**13,333**
FY 35-36	4,538	8,808	**13,346**
Future	163,296	316,987	**480,283**
Total	**187,973**	**364,889**	**552,862**

Notes: 'Future' means all project costs from FY 2036-37 through calendar year 2074, which is the end of the estimated financing term in the latest financial pro forma provided by the Sites Project Authority in January 2026.

Project Location

Capital Improvement Summary Report

Program	Water Supply and Conveyance
Project	**South Bay Aqueduct Enlargement Project - Payments to DWR**
Section	Finance

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
		✓

Description

In 2008, California Department of Water Resources (DWR) began construction of the South Bay Aqueduct (SBA) Improvement and Enlargement Project, which expanded the aqueduct's capacity to convey an additional 130 cubic feet per second (cfs) through Reach 1 and 80 cfs through Reaches 2 through 4. The project added four pumping units, a new pipeline, and Dyer reservoir and was completed in 2014.

Amendment 24 of Zone 7's water supply contract with DWR allowed for debt financing of the SBA Improvement & Enlargement Project by DWR. Annual repayment by Zone 7 began in 2006 and ends in 2035. To ensure there is adequate funding available to repay debt after buildout occurs, a sinking fund was established. This sinking fund will fund the remainder of the debt from 2026 to 2035. The costs shown reflect the actual repayment of the debt, 25% bond cover and interest for the enlargement component of the project.

Justification

Provides for long-term Zone 7 raw water conveyance capacity through planned service-area build-out.

Source of Funds	
Fund 120	Fund 130
0%	100%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B – Reliable Water Supply and Infrastructure, Initiative 5
In Service Date	2035
Escalated Project Cost ($)	$338,000,000 (principal and interest)

Origin

1999 Water Supply Master Plan, 2001 Water Conveyance Study

Operating Impact

Provides for enhanced long-term water supply, reliability and flexibility.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	258,190	**258,190**
FY 26-27	0	0	0	14,800	**14,800**
FY 27-28	0	0	0	14,800	**14,800**
FY 28-29	0	0	0	12,700	**12,700**
FY 29-30	0	0	0	12,600	**12,600**
FY 30-31	0	0	0	5,300	**5,300**
FY 31-32	0	0	0	5,300	**5,300**
FY 32-33	0	0	0	5,300	**5,300**
FY 33-34	0	0	0	2,610	**2,610**
FY 34-35	0	0	0	3,200	**3,200**
FY 35-36	0	0	0	3,200	**3,200**
Future	0	0	0	0	**0**
Total	**0**	**0**	**0**	**338,000**	**338,000**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. Prior costs shown here include all prior costs.

Project Location

Capital Improvement Summary Report

Program	Water Supply and Conveyance
Project	**South Bay Aqueduct Enlargement Project - Sinking Fund**
Section	Finance

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
		✓

Description

In 2008, California Department of Water Resources (DWR) began construction of the South Bay Aqueduct (SBA) Improvement and Enlargement Project, which expanded the aqueduct's capacity to convey an additional 130 cubic feet per second (cfs) through Reach 1 and 80 cfs through Reaches 2 through 4. The project added four pumping units, a new pipeline, and Dyer reservoir and was completed in 2014.

Note that Amendment 24 of Zone 7's water supply contract with DWR allows for debt financing of the SBA Improvement & Enlargement Project by DWR. Annual repayment by Zone 7 began in 2006 and ends in 2035. To ensure there is adequate funding available to repay debt after buildout occurs, this project establishes a sinking fund to fund the remainder of the debt from 2030 to 2035.

Justification

This sinking fund is necessary to cover contractual costs from 2030 to 2035, during which time there will essentially be minimal ongoing water connection fee revenues available because development buildout within the service area is expected to be nearly complete by this time.

Source of Funds	
Fund 120	Fund 130
0%	100%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B – Reliable Water Supply and Infrastructure, Initiative 5
In Service Date	2030
Escalated Project Cost ($)	$30,510,000

Origin

1999 Water Supply Master Plan, 2001 Water Conveyance Study

Operating Impact

None.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	22,580	**22,580**
FY 26-27	0	0	0	1,878	**1,878**
FY 27-28	0	0	0	1,948	**1,948**
FY 28-29	0	0	0	2,018	**2,018**
FY 29-30	0	0	0	2,088	**2,088**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**0**	**0**	**0**	**30,510**	**30,510**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Wells
Project	**Stoneridge Well Ammonia System Improvements**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
	✓	

Description

This project includes planning, design, and construction of chemical system improvements at the Stoneridge Well. Improvements include replacement of the ammoniation system.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2034
Escalated Project Cost ($)	$2,830,000

Origin

Asset Management Program

Justification

Replace equipment that is nearing the end of its useful life.

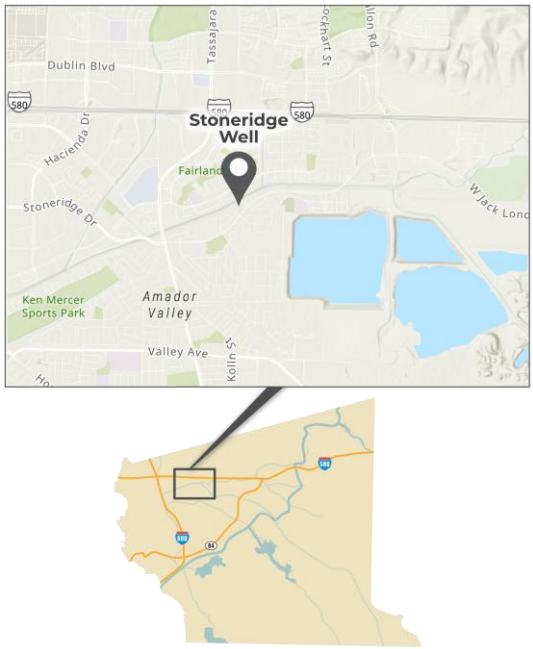
Operating Impact

Increase operational reliability.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	401	0	0	**401**
FY 32-33	0	284	1,844	0	**2,128**
FY 33-34	0	0	301	0	**301**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**0**	**685**	**2,145**	**0**	**2,830**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location



Capital Improvement Summary Report

Program	Transmission and Distribution
Project	**Transmission System Corrosion Protection**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

Cathodic protection uses electrical current to control corrosion of metal structures, such as pipelines. This project will upgrade cathodic protection systems for selected pipelines within the transmission system, as recommended in the bi-annual survey and cathodic protection condition assessment. The project also includes design and installation of cathodic protection and test stations for high priority pipelines, including on Del Valle pipeline and booster station piping, and installation of test stations on the Cross Valley, Santa Rita, Vasco 1, El Charro, and other high priority pipelines. The project will provide corrosion control to significant lengths of buried pipelines, provide a means to monitor the function of the corrosion protection systems, and allow additional testing for locating existing electrical discontinuities on the pipelines.

Justification

Implementation of the cathodic protection recommendations from the bi-annual survey and condition assessment is necessary to protect existing facilities from corrosion, extend their service life, and minimize service disruptions. Buried pipelines commonly develop electrical discontinuities over time due to periodic repairs and improvements of the pipeline.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2036
Escalated Project Cost ($)	$1,579,000

Origin

Bi-Annual Survey and Cathodic Protection Condition Assessment, updated March 2023

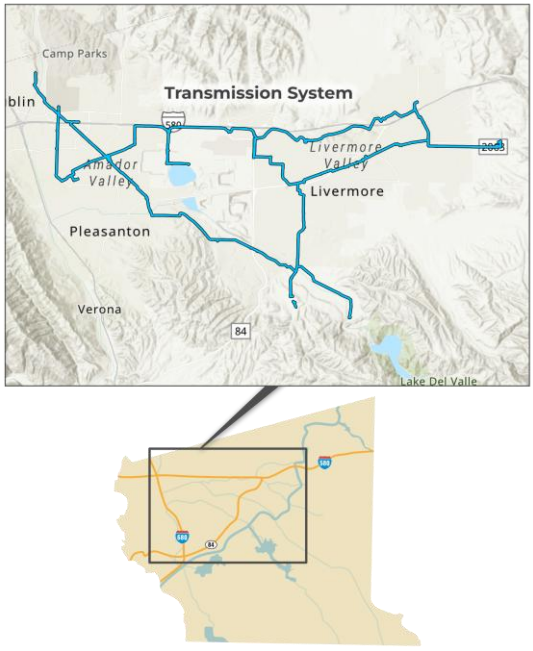
Operating Impact

Lengthens service life and improves operational reliability.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	201	0	0	**201**
FY 34-35	0	72	312	0	**384**
FY 35-36	0	0	993	0	**993**
Future	0	0	0	0	**0**
Total	**0**	**273**	**1,306**	**0**	**1,579**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location



Capital Improvement Summary Report

Program	Transmission and Distribution
Project	**Transmission System Line Valve Installation**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
	✓	

Description

Project consists of the strategic installation of new line valves within the transmission system to allow for the isolation of specific pipeline segments and improve operational flexibility. These installations are performed as-needed or in coordination with other infrastructure projects to minimize service disruptions. Potential locations include the existing 36-inch Del Valle – Livermore Pipeline, along the south bank of the Arroyo Mocho, between Murrieta Blvd. and Mocho St.; and the existing 36-inch Cross Valley Pipeline, north of the railroad tracks, near the intersection of Murrieta Blvd. and Stanley Blvd. This project would be evaluated as part of the Transmission System Plan Update.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2033
Escalated Project Cost ($)	$774,000

Justification

The installation of additional line valves will reduce service interruptions due to scheduled maintenance and other activities such as leak repairs. By increasing the number of isolation points, Zone 7 improves its operational flexibility to reroute the flow of water through the transmission system, thereby minimizing the number of turnouts and customers impacted by shutdowns.

Origin

Capital Improvement Program

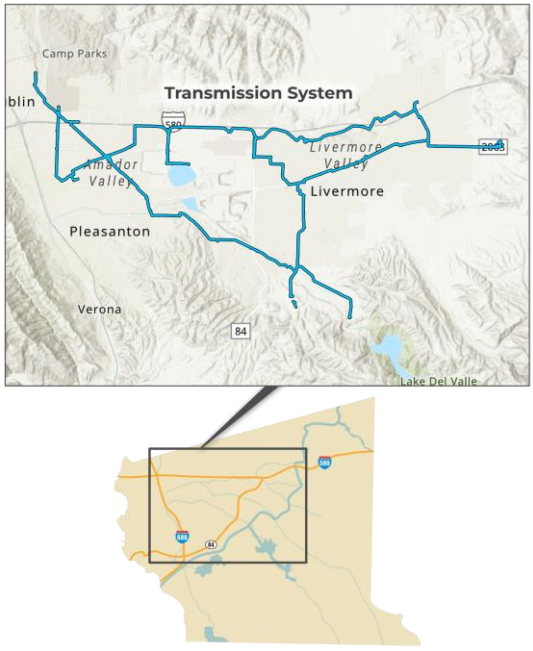
Operating Impact

Improve operational flexibility and reduce service interruptions.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	50	0	**50**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	341	0	**341**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	383	0	**383**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**0**	**0**	**774**	**0**	**774**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location



Capital Improvement Summary Report

Program	Transmission and Distribution
Project	**Transmission System Plan and Hydraulic Model Update**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		✓

Description

The hydraulic model update will provide the agency with an up-to-date model to simulate various operational scenarios and determine outputs such as pressure and flow at different locations within the transmission system. The transmission system plan update will use the latest near-term and long-term demand estimates to verify the capacity of Zone 7's existing transmission system and identify infrastructure projects (e.g., pump stations, pipelines, valves, and other appurtenances) and additional storage needs (e.g., sizing and location of treated water storage facility) necessary to meet the Agency's reliability policy and level of service standards. Policy review will also be conducted to evaluate delivered water flows and pressures at various turnouts, and the prioritization of replacements or relocations for aging turnouts that require improved communications and access. A key component of this update is the integration of future water demand growth, ensuring that any new proposed improvements are sized and located to support future growth.

Justification

This project is critical for ensuring that Zone 7 can reliably meet near-term and long-term maximum day and hourly peak demands. The updated model will also allow Zone 7 to perform modeling of various demand scenarios, providing retailers with accurate data on expected pressures and flows to support their own distribution planning and operational efforts.

Source of Funds	
Fund 120	Fund 130
75%	25%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2028
Escalated Project Cost ($)	$907,000

Origin

Capital Improvement Program

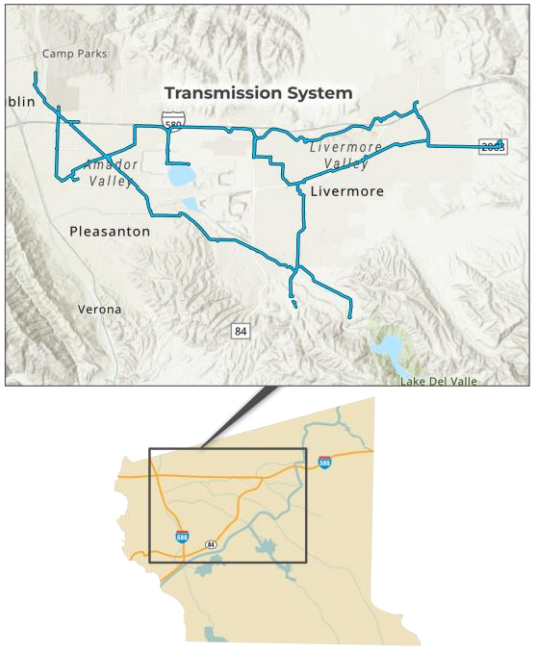
Operating Impact

Improves reliability and production capacity.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	100	0	0	0	**100**
FY 26-27	560	0	0	0	**560**
FY 27-28	247	0	0	0	**247**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	0	0	**0**
FY 33-34	0	0	0	0	**0**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**907**	**0**	**0**	**0**	**907**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location



Capital Improvement Summary Report

Program	Transmission and Distribution
Project	**Turnout Replacements**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

This project provides for the replacements of aging turnouts that are nearing the end of their useful life, and require improved communications and access. A key component of the project is the reconfiguration of below-ground turnouts into above-ground buildings to align with Zone 7's current turnout standards for improved access, operator safety and reliability. High-priority replacements include California Water Service (CWS) Turnouts 4 and 8.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2036
Escalated Project Cost ($)	$11,784,000

Origin

Asset Management Program

Justification

Replacement of turnouts that are nearing the end of their useful life is necessary to maintain reliable water service. Upgrading these facilities to current Zone 7 standards will improve personnel access and safety.

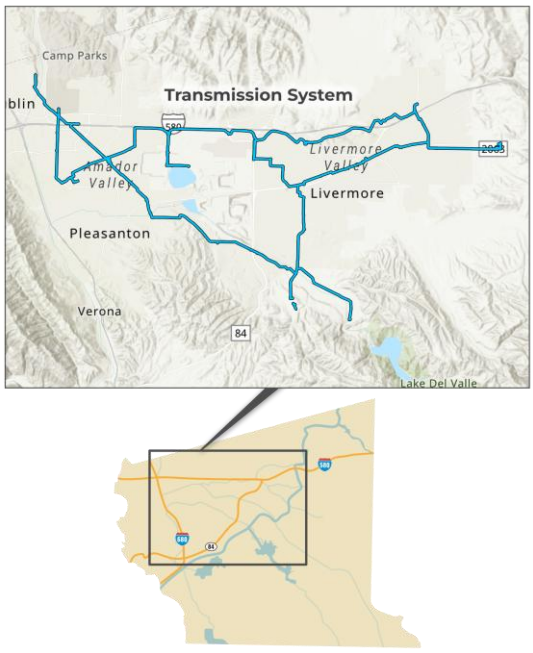
Operating Impact

Improves operational reliability and safety.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	316	0	0	38	**353**
FY 31-32	0	335	870	1,338	**2,543**
FY 32-33	0	0	2,482	0	**2,482**
FY 33-34	376	0	0	45	**421**
FY 34-35	0	398	1,036	1,594	**3,028**
FY 35-36	0	0	2,957	0	**2,957**
Future	0	0	0	0	**0**
Total	**692**	**733**	**7,345**	**3,015**	**11,784**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location



Capital Improvement Summary Report

Program	Transmission and Distribution
Project	**Vasco Pipeline Expansion**
Section	Water Supply Engineering (WSE)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		✓

Description

This project will expand the conveyance capacity of the transmission pipeline that extends from the Livermore 1 Pipeline/Vasco 1 Pipeline connection to the Livermore 6 Turnout at the northwest corner of the Northfront/Vasco Road intersection. Project implementation would be timed to accommodate demand growth. This project involves constructing a parallel pipeline to accommodate future demand growth, as the existing Vasco 1 and Vasco 2 Pipelines, constructed in 1964 and 1969, respectively, are undersized. Constructing a parallel pipeline provides redundancy and minimizes disruption of service during construction. The new pipeline would provide capacity for future growth, while the existing pipeline will be rehabilitated to extend its useful life.

Source of Funds	
Fund 120	Fund 130
10%	90%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	2038
Escalated Project Cost ($)	$46,560,000

Origin

2016 Transmission System Planning Update

Justification

The existing Vasco Pipelines, installed between 1964 and 1969, are undersized and lack the capacity to convey the increased treated water production from the expanded PPWTP. Upsizing these pipelines will improve system reliability and provide the necessary capacity to meet future water supply demands.

Operating Impact

Provides needed water system transmission capacity and operational flexibility.

	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	0	0	0	**0**
FY 32-33	0	0	0	0	**0**
FY 33-34	1,398	0	0	0	**1,398**
FY 34-35	1,514	2,231	0	0	**3,746**
FY 35-36	0	2,382	5,634	0	**8,017**
Future	0	0	33,399	0	**33,399**
Total	**2,913**	**4,614**	**39,034**	**0**	**46,560**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Capital Improvement Summary Report

Program	Wells
Project	**Well Master Plan Implementation**
Section	Groundwater (GW)

Strategy		
Renewal & Replacement	System-Wide Improvements	Expansion
✓		

Description

This project provides for the implementation of projects recommended in the upcoming Well Master Plan. It is anticipated that the Well Master Plan will identify the rehabilitation and replacement of existing production wells to ensure long-term production reliability. Anticipated projects include well replacements (Mocho Well 1, Chain of Lakes Well 1), well rehabilitation to restore production efficiency, corrective and preventive maintenance activities and projects to replace aged electrical equipment to improve energy efficiency.

Source of Funds	
Fund 120	Fund 130
100%	0%

Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.

Strategic Plan Goal	D – Groundwater Management, Initiative 11
In Service Date	2034
Escalated Project Cost ($)	$10,526,000

Origin

Capital Improvement Program

Justification

The project will optimize Zone 7's existing groundwater production wells and improve water supply reliability.

Operating Impact

Increases system operational and water supply reliability.

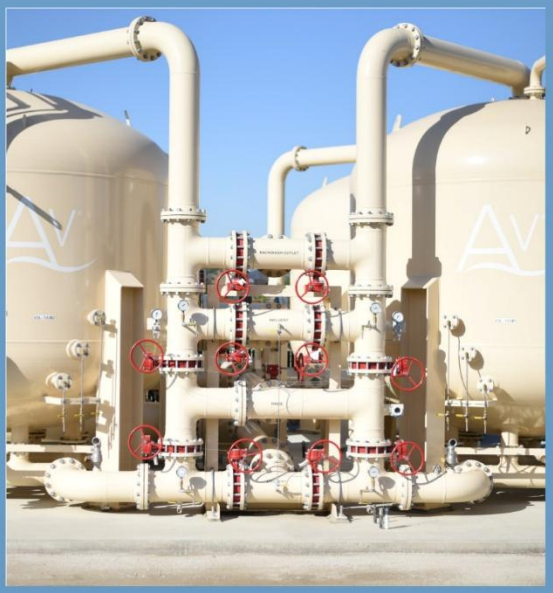
	Escalated Cost Appropriation ($1000)				
	Planning	Design	Constr.	Other	Total
Prior	0	0	0	0	**0**
FY 26-27	0	0	0	0	**0**
FY 27-28	0	0	0	0	**0**
FY 28-29	0	0	0	0	**0**
FY 29-30	0	0	0	0	**0**
FY 30-31	0	0	0	0	**0**
FY 31-32	0	0	4,015	0	**4,015**
FY 32-33	0	0	4,256	0	**4,256**
FY 33-34	0	0	2,255	0	**2,255**
FY 34-35	0	0	0	0	**0**
FY 35-36	0	0	0	0	**0**
Future	0	0	0	0	**0**
Total	**0**	**0**	**10,526**	**0**	**10,526**

Notes: 'Future' means all project costs from FY 2036-37 through FY 2045-46, which is the planning horizon of this CIP. For projects with annually recurring costs, prior costs shown include one year of prior spending.

Project Location

Appendix B

2026 Asset Management Plan Update



Asset Management Plan 2026 Update Zone 7 Water Agency

APRIL 2026

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EXECUTIVE SUMMARY

Introduction

The purpose of the Asset Management Plan (AMP) is to plan for and implement asset renewal projects such that Zone 7 can continue to provide high-quality, reliable water delivery to the residents of the Livermore-Amador Valley. Findings from this study support the development of the Water System Capital Improvement Plan (CIP).

Zone 7's AMP has a planning horizon of 40 years. The 2026 AMP Update covers projects to be incorporated into the water system capital improvement plan for the next ten years (i.e., FY 2026-27 to FY 2035-36, or "near-term") and the funding forecast for the subsequent 30 years (i.e., FY 2036-37 to FY 2065-66, or "long-term"). As part of the current update, the asset database and long-term funding forecast have been updated to reflect capital projects that were completed and assets that were renewed since the last update, new projects, and the long-term renewal of assets. During the development of this plan, several workshops were conducted with staff and management during 2024 and 2025 to identify updates to the asset registry, review and update assumptions for the replacement of specific asset classes, and develop capital projects.

The draft 2026 AMP Update and draft Fiscal Year 2026-27 Ten-Year Water System Capital Improvement Plan (FY 2026-27 Ten-Year CIP) were presented to the retailers at a meeting on January 20, 2026. The proposed draft plans will be presented at an upcoming Board workshop, with potential adoption at a future Board meeting.

Program Framework

Zone 7's Strategic Plan guides the identification and prioritization of capital projects to be incorporated into the CIP and AMP. The CIP and AMP support Strategic Plan Initiative 6 – Continue to effectively implement infrastructure projects in the Water System Capital Improvement Plan and Initiative 21 – Continue to effectively manage financial resources.

Additionally, to ensure that the needs of Zone 7 customers are met, Zone 7 has set level of service goals consistent with its mission and as defined by adopted Board policies related to water supply and reliability and delivered water quality. These goals guide the development and implementation of the CIP and AMP.

Zone 7 maintains a fixed asset inventory in a Microsoft Access database format called AMTools that was developed to provide a central repository of asset information to support the asset management and capital improvement planning process. The asset database was reviewed and updated to reflect current water infrastructure.

Renewal projects focus on renewal or replacement of existing facilities to maintain the established level of service to existing Zone 7 customers. System-wide improvement (SWI) projects address enhancements to existing facilities to improve water quality, environmental compliance, safety, and operational flexibility. Because renewal/replacement and SWI projects in the CIP are funded by water rates through Fund 120, the near-term and long-term funding forecasts reflect the combined costs of these project categories.

Near-Term Renewals and SWI Projects

Near-term renewals and SWI projects are those which will be implemented during the ten-year period from FY 2026-27 through FY 2035-36. The near-term renewal plan is based on project information provided by staff, projects identified during the visual condition assessment and risk modeling, and an analysis of the remaining useful lives of the assets in the asset management database.

Zone 7 has projects that have been defined through previous CIP efforts as well as potential projects identified by various sections. Through a series of meetings, the CIP list was developed, verified, and expanded to capture all known key, upcoming capital needs. CIP projects identified by staff with over $10 million funded by Fund 120 include DVWTP and PPWTP HVAC and Improvements, Maintenance Yard and Building, and Silver Oaks Pump Station.

The 2026 AMP Update included a visual condition assessment of above-ground assets and a tabletop risk assessment of buried pipelines to determine remaining useful life of assets and assets that require more detailed condition assessment. Assets that needed renewal/replacement were grouped into new or existing capital projects. The below-ground risk assessment used the Zone 7 pipeline risk model originally developed as part of the 2011 AMP Update to identify and prioritize pipelines for condition assessment. The pipelines with the highest risk were prioritized for condition assessment and included in the Pipeline Condition Assessments program developed for the FY 2026-27 Ten-Year CIP. Potential priority pipelines identified for condition assessment include Del Valle-Livermore, DVWTP Transmission Pipeline, Santa Rita-Dougherty, Hopyard, Cross Valley, and Vineyard.

Within the FY 2026-27 to FY 2035-36 planning period, the Chain of Lakes Conveyance System and Mocho PFAS Treatment Plant are key SWI projects funded wholly or in part by Fund 120.

Long-Term Funding Forecast

As part of the 2011 AMP Update, the long-term asset renewal forecasting methodology was revised to base long-term renewal budgets on asset replacement at 100% of an asset's original useful life (OUL), rather than 50% of an asset's OUL which was the methodology used for the 2004 AMP Update. The 2011 methodology is used for the 2026 AMP Update, except that the long-term renewal budget forecasting approach for pipeline assets and some structural/architectural assets has been updated to transition from budgeting for age-based

replacement to a condition-based life extension program. This approach provides a more proactive asset management strategy that increases reliability and the useful life of assets and reduces unscheduled repairs.

It is reasonable to anticipate that Zone 7 will continue with system-wide improvements beyond the ten-year CIP planning period to meet future regulatory requirements and other needs. Therefore, to support the long-term renewal forecast it is necessary to develop an assumption regarding future SWI funding needs beyond those projects already planned. For the rest of the AMP planning period from FY 2036-37 through FY 2065-66, an average yearly funding level of $3.4 million is assumed based on the average of SWI costs over the next ten years, excluding large projects.

Funding Analysis and Recommended Annual Funding Level

The recommended funding level is based on the forecasted capital expenditures for total renewal costs, including near- and long-term renewal costs, as well as SWI costs. The total estimated capital cost for renewal and SWI projects between FY 2026-27 and FY 2065-66 is approximately $837.5 million (2026 dollars). Including planned projects, the total forecasted renewal funding requirement from FY 2026-27 through FY 2065-66 is approximately $541.6 million (2026 dollars), with approximately $118.5 million for projects between FY 2026-27 and FY 2035-36 (near-term), and approximately $423 million in costs from FY 2036-37 through FY 2065-66 (long-term). Including planned projects, the total forecasted SWI costs from FY 2026-27 through FY 2065-66 is approximately $295.9 million (2026 dollars), with approximately $188.7 million for projects between FY 2026-27 and FY 2035-36 (near-term), and $107.2 million in costs from FY 2036-37 through FY 2065-66 (long-term). The total renewal and SWI funding needs are illustrated in Figure ES-1. The total cost for each component of the funding forecast is summarized in Table ES-1.

Figure ES-1. Total Forecasted Renewal and SWI Funding Requirements, FY 2026-27-FY 2065-66 (2026 $ millions, Fund 120 portion)

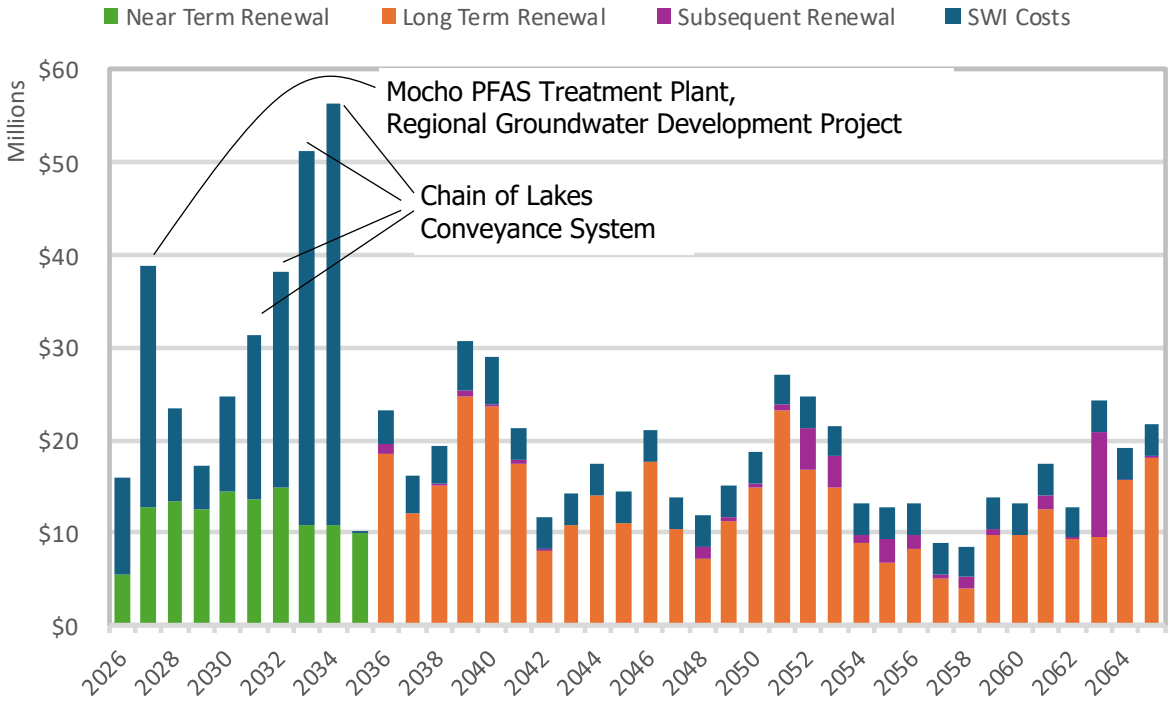


Table ES-1. Total Forecasted Renewal and SWI Funding Requirements, FY 2026-27-FY 2065-66 (2026 $ millions, Fund 120 portion)

Funding Forecast Component	Total Capital Cost, FY 2026-27 - FY 2065-66 (2026 $ millions)
Near-Term Renewal/Replacement CIP Projects (Years 1-10)	118.5
Long-Term Renewal/Replacement identified in CIP Projects (Years 11-40)	119.7
Long-Term Renewals of Existing Assets in AMP (Years 11-40)	270.1
Subsequent Renewals (Years 11-40)	33.3
System-Wide Improvement Projects (Years 1-10)	188.7
System-Wide Improvement Projects (Years 11-40)	107.2
Total Forecasted Capital Cost	**837.5**

To determine the recommended annual funding level, the total estimated capital cost was adjusted for the existing beginning fund balance, the required minimum fund balance at the end of the planning period based on Zone 7's reserve policy, and the capital costs of projects that are to be debt or grant funded.

The projected Fund 120 balance of $80.3 million as of June 30, 2026, was deducted from the total capital need. In addition, Zone 7's reserve policy for Fund 120 requires the minimum fund balance at the end of a fiscal year to be maintained at 100% of the following year's planned pay-go capital expenditures. This amount was calculated using the forecasted capital need for

the second-to-last year of the 40-year analysis period. In order to develop a practical funding strategy for the AMP and ensure that the funding level would be sufficient to meet the capital funding needs for the immediate ten-year CIP period (FY 2026-27 through FY 2035-36), the determination of the funding need assumes debt-financing for the construction phase (Fund 120 portion) of Chain of Lakes Conveyance System and an anticipated $25 million grant for Mocho PFAS Treatment Plant.

Based on these adjustments, the total funding need decreased from $837.5 million to $651.1 million as shown in Table ES-2. For the 40-year planning period, the funding need averages to $16.3 million per year (2026 dollars).

Table ES-2. Net Forecasted Capital Funding Need (2026 $ millions, Fund 120 portion)

	($2026 Millions)
Total Forecasted Capital Funding Need	$837.5
Less: Projected Fund 120 Balance [a]	$80.3
Less: Capital Costs of Projects to be Debt or Grant Funded [b]	$127.8
Plus: Required Remaining Fund 120 Balance at end of Planning Period [c]	$21.6
Net Forecasted Capital Funding Need Adjusted for Debt and Grant Funding, FY 2026-27 through FY 2065-66	$651.1
Planning Period (FY 2026-27 – FY 2065-66)	40 Years
Average Annual Funding Level [d]	**$16.3/year**
Annual Debt Repayment [e]	**$9.1/year**

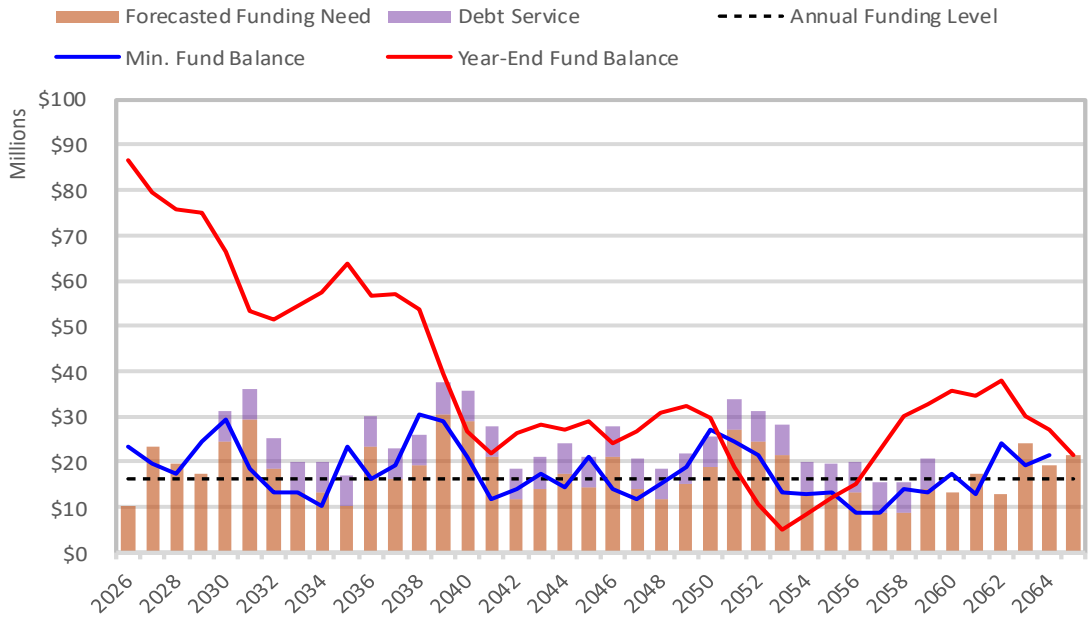
a. Projected fund balance deducted from total forecasted funding need; excludes $6.3M designated to the rate stabilization fund which was established under the Agency's Water Revenue Bonds, 2018 Series A.
b. As the AMP planning period begins in FY 2026-27, the FY 2026-27 construction capital cost is not included. However, the debt service payment is included in the FY 2026-27 Budget.
c. Per Zone 7's reserve policy, 100% of the next year's annual costs is required to be held in reserve. Added to forecasted funding need.
d. Recommended pay-as-you-go funding level does not include inflation and will be adjusted annually for inflation based upon the Engineering News Record San Francisco Construction Cost Index.
e. Assumes an average debt service payment of $9.1 million per year based on a 4% interest rate and escalated project costs. Actual costs will depend on the type of financing received, interest rates, and the duration of the borrowing. Project that is assumed to be partially funded by debt is the Chain of Lakes Conveyance System.

The current (FY 2025-26) annual funding level is $16.3 million per year (2026 dollars). It is recommended that the annual funding level be maintained at $16.3 million per year for FY 2026-27 and adjusted annually starting in FY 2027-28 to reflect inflation.

Based on the recommended annual funding level and forecasted renewal and SWI funding needs, the estimated end of year Fund 120 balances in comparison to the minimum fund balance required through FY 2065-66 is shown in Figure ES-2. The figure indicates that the recommended annual funding level and current available Fund 120 balance provide sufficient revenue to fund the forecasted capital requirements for the 40-year planning period, with the exception of underfunding (ranging from approximately $1.2 million to $11 million each year) in FY 2051-52 to FY 2055-56 (years 26 through 30). As Zone 7 updates the budget every two

years and the AMP and CIP every five years, updates to long-term needs will ensure that funding needs and minimum fund balance requirements are continually met.

Figure ES-2. Funding Analysis, Forecasted Funding Needs and Forecasted Fund 120 Balances (2026 $ millions)



Recommendations for Future Updates

Zone 7 has identified opportunities to further strengthen its asset management practices and capital improvement planning. These opportunities build on the existing asset management framework and strengthen alignment with industry best practices. Key focus areas include modernizing and better integrating asset data systems, refining asset data governance to improve accuracy and accountability, standardizing condition assessment methodologies, and enhancing integration between capital planning tools and asset data sources. Continued refinement in these areas will enhance transparency, support more reliable long-term renewal and replacement forecasting, promote informed decision-making, and advance long-term financial sustainability.

1. INTRODUCTION AND BACKGROUND

This Asset Management Plan Update (2026 AMP Update) provides a summary of the findings and recommendations of the work done to update the long-term funding forecast and related renewal funding needs for Zone 7 Water Agency's (Zone 7) Asset Management Plan.

1.1. BACKGROUND

Zone 7 provides water to retailers serving approximately 270,000 residents in Pleasanton, Livermore, and Dublin, and to the Dougherty Valley area of San Ramon through a special agreement with the Dublin San Ramon Services District. Zone 7 also supplies untreated water for irrigation of 3,500 acres, primarily South Livermore Valley vineyards. Zone 7 remains committed to planning for both current and future needs, maintaining a high-quality, reliable water delivery system, and delivering exceptional water and service to the community.

The purpose of the Asset Management Plan (AMP) is to plan for and implement asset renewal projects such that Zone 7 can continue to provide high-quality, reliable water delivery to the residents of the Livermore-Amador Valley. Findings from this study support the development of the Water System Capital Improvement Plan (CIP).

Zone 7 initiated its first formal AMP in 2004, including the development of an asset registry and proposed methodology for forecasting long-term renewals, as described in the 2004 Asset Management Program Phase II Summary Report. As part of the 2011 AMP Update some of the definitions and methodologies were improved and updated along with significant changes to the long-term funding forecast methodology and the creation of asset classes to facilitate future data collection and decision-making. In the 2017 AMP Update, the long-term funding forecast was updated to reflect capital improvement projects that were completed and assets that were renewed since 2011. New and future projects were incorporated, and the long-term renewal of assets was added.

Zone 7's AMP has a planning horizon of 40 years. The 2026 AMP Update covers projects to be incorporated into the Water System CIP for the next ten years (i.e., FY 2026-27 through FY 2035-36, or "near-term") and the funding forecast for the subsequent 30 years (i.e., FY 2036-37 through FY 2065-66, or "long-term"). As part of the current update, the asset database and long-term funding forecast have been updated to reflect capital projects that were completed and assets that were renewed since the last update, new projects, and the long-term renewal of assets.

1.2. OBJECTIVES

The primary objectives of the 2026 AMP Update include the following:

- Update of the fixed asset registry to reflect asset renewals/replacements and capital projects completed between 2017 and 2025
- Identify capital renewal projects to maintain or improve the existing potable water infrastructure, resulting in a ten-year plan to incorporate into the FY 2026-27 CIP
- Forecast long-term funding requirements based on anticipated renewal/replacement projects and condition assessments, long-term renewal of existing assets through FY 2065-66, and system-wide improvement (SWI) needs
- Identify funding gaps using current funding rates, resulting in a recommended annual funding level

1.3. STAKEHOLDER INVOLVEMENT

During the development of this plan, several workshops were conducted with staff and management during 2024 and 2025 to identify updates to the asset registry, review and update assumptions for the replacement of specific asset classes, and develop capital projects. To identify necessary updates to the asset registry, workshops were conducted to review the existing asset data to determine which assets were to be retired, added, or updated. The previous assumptions regarding the original useful life and long-term replacement methodology of specific asset classes were also reviewed and modified. In addition, a series of workshops were held to review projects previously identified in the FY 2024-25 Interim Five-Year Water System Capital Improvement Plan and develop new capital projects. The workshops were held with staff from various sections, including Operations, Maintenance, Integrated Planning, Groundwater, Water Quality, Information Technology, Finance, and Water Supply Engineering.

The draft 2026 AMP Update and draft Fiscal Year 2026-27 Ten-Year Water System Capital Improvement Plan (FY 2026-27 Ten-Year CIP) were presented to the retailers at a meeting on January 20, 2026. The proposed draft plans were presented at the Board workshop on March 4, 2026, with potential adoption at a future Board meeting.

1.4. REPORT ORGANIZATION

The 2026 Update is divided into five chapters. The first chapter presents general background information. The second chapter, Program Framework, discusses the guiding components that build the foundation for the AMP. Chapter 3, Near-Term Renewal, provides a review of the near-term asset renewal forecast methodology, the existing asset database, and discussion on renewal/replacement and system-wide improvements capital projects. Long-Term Funding Forecast is the fourth chapter and presents the long-term asset forecast methodology for renewals and system-wide improvements, funding analysis, and recommended annual funding level. Chapter 5 provides recommendations for future updates to streamline the asset management and capital improvement process moving forward.

1.5. TERMINOLOGY AND DEFINITIONS

The following terms and definitions are used in this report.

Table 1. Terminology and Definitions

Term	Definition
FY 2026-27 Ten-Year CIP	Fiscal Year 2026-27 Water System Ten-Year Capital Improvement Plan
AMP	Asset Management Plan
AMTools	Asset Management Tools - the Zone 7 asset registry database
Asset Class	Groups of assets with similar form and function
Asset Inventory (Asset Registry)	A detailed list of all infrastructure assets
CIP	Capital Improvement Plan
CMMS	Computerized Maintenance Management System
COF	Consequence of failure (a measure indicating the impact if an asset fails)
COL	Chain of Lakes
Condition Assessment	Evaluation of the physical condition of Zone 7's infrastructure including the identification of maintenance and repair needs
DVWTP	Del Valle Water Treatment Plant
FY	Fiscal year
GIS	Geographic Information System
LOF	Likelihood of failure (a measure indicating how soon an asset is likely to fail)
Long-Term	The next 30 years after the near-term period
MGDP	Mocho Groundwater Demineralization Plant
Near-Term	Capital planning horizon focusing on the next ten years
O&M	Operations and Maintenance
OUL	Original Useful Life
PFAS	Per- and polyfluoroalkyl substances
PPWTP	Patterson Pass Water Treatment Plant
R&R	Renewal and Replacement
Retailers	California Water Service Company, City of Livermore, City of Pleasanton, and Dublin San Ramon Services District
Risk Assessment	Process for identifying and evaluating potential risks to Zone 7's buried infrastructure
Risk Score	The numeric score calculated for a facility or asset based on the likelihood of failure and consequence of failure grading
RUL	Remaining Useful Life
SCADA	Supervisory Control and Data Acquisition
SWI	System-Wide Improvements
Zone 7	Zone 7 Water Agency

2. PROGRAM FRAMEWORK

This chapter describes Zone 7's Strategic Plan and organizational goals and the database used to develop the AMP analyses.

2.1. STRATEGIC PLAN AND LEVEL OF SERVICE GOALS

On November 20, 2024, the Board adopted the 2025-2029 Strategic Plan which establishes the Agency's framework for addressing current challenges and maintaining reliable and high-quality water and flood protection services to Livermore-Amador Valley. The Strategic Plan describes the Agency's vision, mission, goals required to achieve the mission, and initiatives to achieve each of the goals. For a complete description of the initiatives, refer to the Strategic Plan attached to the FY 2026-27 Ten-Year CIP. The Strategic Plan guides the identification and prioritization of capital projects to be incorporated into the CIP and AMP. The CIP and AMP support Strategic Plan Initiative 6 – Continue to effectively implement infrastructure projects in the Water System Capital Improvement Plan and Initiative 21 – Continue to effectively manage financial resources.

Mission

- We deliver safe, reliable, efficient and sustainable water and flood protection services.

Vision

- We provide excellent water and flood protection services to enhance the quality of life, economic vitality and environmental health of the communities we serve.

Values

- **Team** – We collaborate and are inclusive, valuing all perspectives to improve our services, systems, and organization.
- **Service** – We are responsive, respectful, and professional.
- **Fiscal Responsibility** – We are committed to ensuring the responsible and transparent management of public funds, adhering to the highest standards of accountability and efficiency.
- **Safety** – We are committed to public and employee safety.
- **Transparency** – We carry out our mission ethically and transparently, and with integrity.
- **Environmental Responsibility** – We deliver our services in an environmentally responsible manner considering the energy, climate, people, and natural resource stewardship.
- **Leadership** – We cultivate leaders and expect our agency to proactively lead and innovate.

Goals

- **Professional Workforce (Goal A)**: Preferred Employer for Skilled, Motivated, and Professional Staff
- **Reliable Water Supply and Infrastructure (Goal B):** Provide Customers with Reliable Water Supply and Infrastructure
- **Safe Water (Goal C):** Provide Customers with Safe Water in an Environmentally Responsible Manner
- **Groundwater Management (Goal D):** We Manage and Protect the Groundwater Basin as the State-Designated Groundwater Sustainability Agency
- **Effective Flood Protection (Goal E):** Provide an Effective System of Flood Protection
- **Effective Operations (Goal F):** Provide The Agency With Effective Leadership, Administration, and Governance
- **Stakeholder Engagement (Goal G):** Engage Our Stakeholders To Foster Understanding Of Their Needs, The Agency, And Its Functions
- **Fiscal Responsibility (Goal H):** Operate The Agency In A Fiscally Responsible Manner

Additionally, to ensure that the needs of Zone 7 customers are met, Zone 7 has set level of service goals consistent with its mission and as defined by adopted Board policies related to water supply and reliability and delivered water quality. These goals guide the development and implementation of the CIP and AMP. For a complete description of these goals, refer to the CIP and the Board resolutions attached to it.

2.2. FIXED ASSET INVENTORY

Zone 7 maintains a fixed asset inventory in a Microsoft Access database format called AMTools. This is a custom-developed application built in 2011 as part of the AMP update efforts. The application was developed to provide a central repository of asset information to support the asset management and capital improvement planning process. The application includes a user interface that provides several useful tools including:

- A location- and process-based asset hierarchy that enables the user to find desired asset information
- An asset class-based organization that allows the user to organize and compare assets with similar functions and characteristics
- The ability to manage key asset attributes (e.g., installation date, expected useful life, anticipated replacement date, replacement cost, and current asset value)
- Tools to capture important asset characteristics based on asset class (e.g., manufacturer, pump capacity, pump type, and model for pumps)
- Functions to capture asset condition and make adjustments to the remaining useful life based on the entered condition data

The asset database was reviewed and updated to reflect current water infrastructure. System improvements and upgrades were identified, and the database was updated to reflect the

current asset inventory. Additional asset updates were identified through review of the schedule of values from recently completed projects (e.g., DVWTP Ozonation Project, PPWTP Upgrades and Ozonation Project, MGDP Concentrate Conditioning System, Chain of Lakes PFAS Treatment Plant, Stoneridge PFAS Treatment Plant, and Valley Pump Station). Part of this effort included identifying assets that were retired, decommissioned, or demolished. These records were not deleted from the system, but the replacement values and replacement dates were removed so that they would not be incorporated into the analysis. Lastly, assets were added to the asset database based on the visual condition assessment described later in this report.

3. NEAR-TERM RENEWAL

This chapter presents the recommended near-term renewal CIP plan. The near-term renewal plan is based on project information provided by staff, projects identified during the visual condition assessment and risk modeling, and an analysis of the remaining useful lives of the assets in the asset management database. Because System-Wide Improvement (SWI) projects are funded by water rates through Fund 120, these costs are also included in the near-term funding plan. Unless noted otherwise, all costs and financial projections are presented in current (2026) dollars.

3.1. NEAR-TERM ASSET RENEWAL METHODOLOGY AND PROJECTS

Near-term renewals are those which will be implemented during the ten-year period from FY 2026-27 through FY 2035-36. These projects have been identified from two sources: projects identified by Zone 7 based on previous CIPs and current knowledge, and projects identified during the visual condition assessment and pipeline risk modeling.

3.1.1. Project Identified by Zone 7

Zone 7 has projects that have been defined through previous CIP efforts as well as potential projects identified by various sections. These projects have been compiled using existing CIP documentation and through a series of meetings with various sections. During the meetings, the CIP list was developed, verified, and expanded to capture all known key, upcoming capital needs. Anticipated start dates and costs were provided by staff.

The following is a brief description of the CIP projects identified by staff with over $10 million (2026 dollars) funded by Fund 120. A complete list of proposed projects identified by staff that are planned for the next ten years is provided in Table 2.

DVWTP and PPWTP HVAC and Improvements - The HVAC component of this project includes replacement of the following key equipment at DVWTP and PPWTP: boilers and appurtenances; air handling units and exhaust fans; air cooled chiller for the Laboratory

Building; associated system control and pressure valves, switches, appurtenances; and digital control systems. At DVWTP, the fire alarm panel will also be replaced. At PPWTP, renewal/replacements include tenant improvements, Clarifier 1 anode replacement, Clarifier 2 recoating and anode replacement, Chlorine Contact Basin modifications to the access hatches, level sensor location, and valves/actuators, and Clearwell 2 leak repair and replacement or seismic retrofit of the roof.

Maintenance Yard and Building - This project includes design and construction of a maintenance yard and building. Improvements include: 1) additional outdoor material storage and stockpile areas; 2) office building for staff including amenities such as a lunch area and file storage; 3) climate-controlled storage areas for temperature-sensitive equipment; 4) warehouse storage and work areas to support maintenance functions including electrical, SCADA/instrumentation, mechanical, general/carpentry, and chemicals; and 5) covered areas for maintenance vehicles and various equipment. Initial planning will be completed as part of the DVWTP Master Plan.

Silver Oaks Pump Station - This project consists of replacing the Silver Oaks Pump Station, including land acquisition, new electrical service, a new pump station building with electrical equipment, fencing and security, and backup power generation. The upgraded facility will improve system reliability and provide the necessary capacity to meet future water supply demands.

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Table 2. Renewal/Replacement CIP Projects Identified by Staff (2026 dollars, Fund 120 portion)

Project Name	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	FY 31-32	FY 32-33	FY 33-34	FY 34-35	FY 35-36	Total
Asset Management Program	$12,500	$12,500	$12,500	$12,500	$400,000	$12,500	$12,500	$12,500	$12,500	$400,000	**$900,000**
Capital Improvement Program Management	$7,875	$7,875	$7,875	$7,875	$220,500	$7,875	$7,875	$7,875	$7,875	$220,500	**$504,000**
DVWTP and PPWTP HVAC and Improvements	$440,000	$5,000,000	$4,500,000	$600,000	$0	$0	$0	$0	$0	$0	**$10,540,000**
DVWTP Chemical Systems Replacement	$0	$0	$0	$200,000	$763,000	$2,400,000	$1,920,000	$0	$0	$0	**$5,283,000**
DVWTP Reliability Assessment	$0	$0	$0	$300,000	$0	$0	$0	$0	$0	$0	**$300,000**
DVWTP Reliability Improvements	$0	$0	$0	$0	$300,000	$900,000	$2,100,000	$1,700,000	$0	$0	**$5,000,000**
DVWTP Washwater Recovery Ponds Replacement	$0	$0	$0	$0	$0	$580,000	$1,680,000	$4,100,000	$3,270,000	$0	**$9,630,000**
DVWTP Wastewater System	$0	$90,000	$480,000	$780,000	$0	$0	$0	$0	$0	$0	**$1,350,000**
Emergency Generator Replacement	$0	$0	$600,000	$0	$500,000	$0	$0	$0	$0	$0	**$1,100,000**
Instrumentation Replacement	$0	$0	$0	$0	$150,000	$720,000	$0	$0	$0	$0	**$870,000**
Laboratory Equipment Replacement	$180,000	$220,000	$150,000	$100,000	$160,000	$80,000	$160,000	$50,000	$100,000	$250,000	**$1,450,000**
Maintenance Yard and Building	$0	$150,000	$1,290,000	$5,320,000	$4,260,000	$0	$0	$0	$0	$0	**$11,020,000**
MGDP HVAC and Fire System Replacement	$0	$0	$0	$0	$170,000	$720,000	$1,080,000	$0	$0	$0	**$1,970,000**
MGDP RO Membrane Replacement/Expansion	$0	$3,350,000	$890,000	$0	$0	$0	$0	$0	$0	$0	**$4,240,000**
Monitoring Well Replacements and Abandonments	$350,000	$0	$0	$0	$0	$0	$350,000	$0	$0	$0	**$700,000**
Patterson Pass Pipeline Expansion	$0	$0	$0	$0	$0	$120,000	$300,000	$666,000	$1,620,000	$1,134,000	**$3,840,000**
Pipeline Condition Assessments	$0	$0	$0	$0	$0	$0	$0	$0	$98,600	$197,300	**$295,900**
PPWTP Chemical Systems Replacement	$0	$0	$0	$0	$0	$0	$0	$130,000	$760,000	$1,310,000	**$2,200,000**
PPWTP Master Plan	$0	$0	$0	$87,600	$189,800	$0	$0	$0	$0	$0	**$277,400**
Production Well Pump Replacement	$0	$950,000	$250,000	$0	$400,000	$0	$400,000	$0	$400,000	$0	**$2,400,000**
Renewal/Replacement Projects (as needed) – Engineering Led	$900,000	$875,000	$875,000	$875,000	$875,000	$900,000	$875,000	$875,000	$875,000	$875,000	**$8,800,000**
Renewal/Replacement Projects (as needed) – Maintenance Led	$875,000	$875,000	$875,000	$875,000	$875,000	$875,000	$875,000	$875,000	$875,000	$875,000	**$8,750,000**
SCADA Upgrades and Replacements	$330,000	$330,000	$330,000	$330,000	$1,910,000	$330,000	$330,000	$330,000	$330,000	$1,910,000	**$6,460,000**
Silver Oaks Pump Station	$1,936,000	$696,000	$3,064,000	$3,064,000	$3,064,000	$1,024,000	$0	$0	$0	$0	**$12,848,000**
Transmission System Corrosion Protection	$0	$0	$0	$0	$0	$0	$0	$134,000	$241,000	$588,000	**$963,000**
Transmission System Plan and Hydraulic Model Update	$420,000	$180,000	$0	$0	$0	$0	$0	$0	$0	$0	**$600,000**
Turnout Replacements	$0	$0	$0	$0	$280,000	$1,900,000	$1,750,000	$280,000	$1,900,000	$1,750,000	**$7,860,000**
Vasco Pipeline Expansion	$0	$0	$0	$0	$0	$0	$0	$93,000	$235,000	$474,500	**$802,500**
Well Master Plan Implementation	$0	$0	$0	$0	$0	$3,000,000	$3,000,000	$1,500,000	$0	$0	**$7,500,000**
Total	**$5,451,400**	**$12,736,400**	**$13,324,400**	**$12,552,000**	**$14,517,300**	**$13,569,400**	**$14,840,400**	**$10,753,400**	**$10,725,000**	**$9,984,300**	**$118,453,800**

Notes: Costs are in dollars, at a 2026 price level, and do not include inflation. Projects have been developed in coordination with the FY 2026-27 CIP. Costs shown here represent the Fund 120 share; some projects will be partially funded by Fund 130. Values may not add due to rounding.

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3.1.2. Projects Identified During Visual Condition Assessment and Risk Modeling

The 2026 AMP Update included a visual condition assessment of above-ground assets and a tabletop risk assessment of buried pipelines to determine remaining useful life of assets and assets that require more detailed condition assessment. Both assessments were performed by HDR, Inc.

The above-ground visual assessment consisted of inspection of many of Zone 7's water facilities. Some facilities, such as the PFAS treatment plants and Valley Pump Station, were not inspected because they were recently constructed. Other facilities, such as Silver Oaks Pump Station and Dougherty Reservoir, were not visited because a capital project for its replacement was already planned or it was recently rehabilitated. The facilities inspected were:

- Water Treatment Plants
    - Del Valle Water Treatment Plant
    - Patterson Pass Water Treatment Plant
- Mocho Groundwater Demineralization Plant
- Kitty Hawk Pump Station
- Production Wells
    - Mocho Well 2
    - Mocho Well 3
    - Mocho Well 4
    - Stoneridge Well
    - Hopyard Well 6
    - Hopyard Well 9
    - Chain of Lakes Well 1
    - Chain of Lakes Well 2
    - Chain of Lakes Well 5

The assets at each facility were classified according to discipline (i.e., process mechanical, structural, electrical, and instrumentation/control) based on the asset class and inspected by an engineers with expertise in the appropriate discipline. The inspection team focused on assets that have reached or exceeded their expected use life, and assets that will reach the end of their useful life in the next ten years. For each asset assessed, renewal/replacement recommendations were developed, including a timeframe for implementation and cost estimate. Assets that needed renewal/replacement were grouped into new or existing capital projects. Several assets were added to existing capital projects and are addressed in the previous section. Assets that were grouped into newly developed projects were further evaluated by staff based on known condition and priority such that these projects are scheduled outside of the FY 2026-27 Ten-Year CIP; these projects are listed in Table 4 at the end of this section. Details of the visual assessment can be found in the Condition Assessment Report.

The below-ground risk assessment used the Zone 7 pipeline risk model originally developed as part of the 2011 AMP Update to identify and prioritize pipelines for condition assessment. Each pipeline received a relative risk score based on likelihood of failure parameters and consequence of failure parameters established in the 2011 AMP Update. The likelihood of failure parameters are material, age, history of breaks requiring repairs, condition of corrosion protection and monitoring, soil corrosivity, and soil liquefaction potential. The consequence of failure parameters are diameter, length, location (e.g., freeway crossing), ease of repair, and whether there is a redundant pipeline. The pipeline risk analysis results are shown in Figure 1 and Table 3. The pipelines with the highest risk scores (those pipelines in the upper-right quadrant of Figure 1 and which have a risk score above 200,000) were prioritized for condition assessment and included in the Pipeline Condition Assessments program developed for the FY 2026-27 Ten-Year CIP (see Table 3).

Figure 1. Pipeline Risk Analysis Results

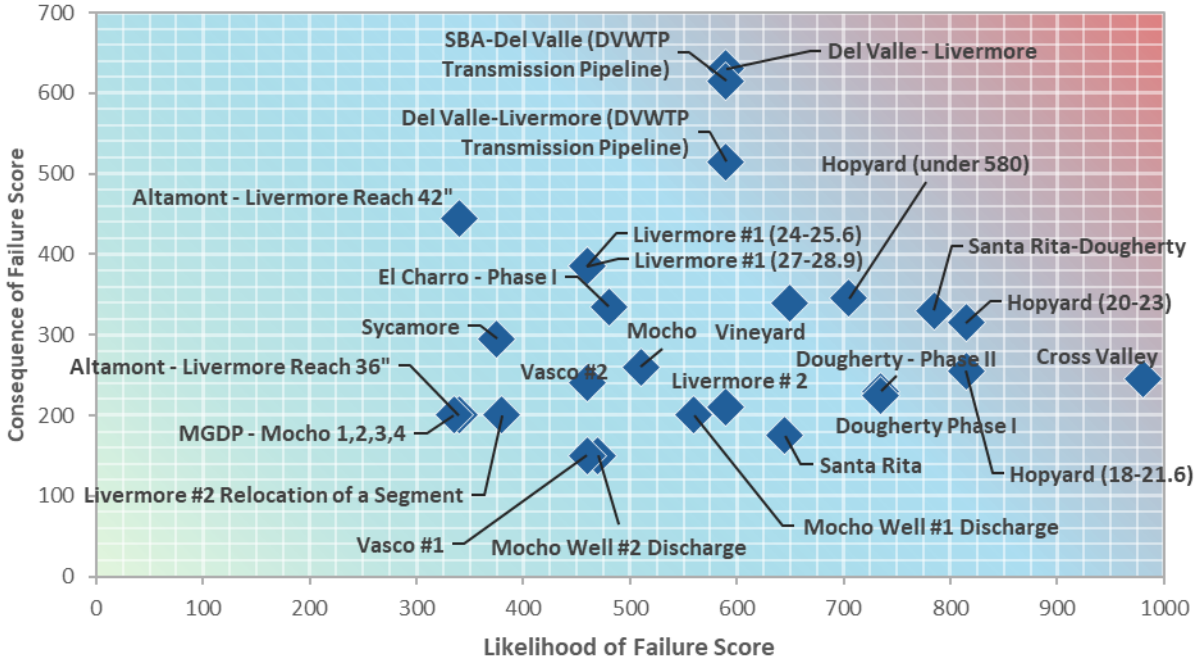

Table 3. Pipeline Risk Analysis Results

Pipeline	Consequence of Failure Score (CoF)	Likelihood of Failure Score (LoF)	Risk Score = CoF x LoF
Del Valle - Livermore	630	590	371,700
SBA-Del Valle (DVWTP Transmission Pipeline)	615	590	362,850
Del Valle-Livermore (DVWTP Transmission Pipeline)	515	590	303,850
Santa Rita-Dougherty	330	785	259,050
Hopyard (20-23)	315	815	256,725
Hopyard (under 580)	345	705	243,225
Cross Valley	245	980	240,100
Vineyard	340	650	221,000
Hopyard (18-21.6)	255	815	207,825
Livermore #1 (27-28.9)	385	460	177,100
Livermore #1 (24-25.6)	385	460	177,100
Dougherty - Phase II	230	735	169,050
Dougherty Phase I	225	735	165,375
El Charro - Phase I	335	480	160,800
Altamont - Livermore Reach 42"	445	340	151,300
Mocho	260	510	132,600
Livermore # 2	210	590	123,900
Santa Rita	175	645	112,875
Mocho Well #1 Discharge	200	560	112,000
Sycamore	295	375	110,625
Vasco #2	240	460	110,400
Livermore #2 Relocation of a Segment	200	380	76,000
Mocho Well #2 Discharge	150	470	70,500
Vasco #1	150	460	69,000
Altamont - Livermore Reach 36"	200	340	68,000
MGDP - Mocho 1,2,3,4	200	335	67,000

The recommended condition assessment technologies and costs were defined in the Transmission Pipeline Inspection Plan and used as the basis for the Below-Ground Asset Risk Analysis. The Inspection Plan recommended using cost-effective technology such as Smartball for initial condition assessments and to review the test results prior to using a more comprehensive, costlier inspection tool such as PipeDiver. Such condition assessment technologies do not require the pipeline to be taken out of service during the inspection and, depending on the device, can locate leaks and detect localized wall loss and areas of corrosion.

A description of the capital projects developed from the condition assessment and risk analysis is provided below. A summary of these projects is provided in Table 4. As mentioned earlier in this section of the report, several assets that were determined to need renewal or replacement were added to existing capital projects; this list only includes the newly developed projects from

the condition and risk assessments. Except for the Pipeline Condition Assessments, these projects are scheduled outside the planning period of the FY 2026-27 Ten-Year CIP.

Pipeline Condition Assessments - This project consists of a phased condition assessment program for the Agency's high priority pipelines. The condition assessment will evaluate structural integrity and hydraulic performance of each pipeline, and develop recommendations for future repairs or replacements. Priority pipelines include Del Valle-Livermore, DVWTP Transmission Pipeline, Santa Rita-Dougherty, Hopyard, Cross Valley, and Vineyard.

DVWTP Renewal and Replacements - The project scope includes mechanical, electrical, and structural improvements at DVWTP for systems that have reached the end of their useful lives. The mechanical improvements include replacing filtration control valves, influent flow control valve, settled water sample pump, backwash pumps 1 and 2, and fire booster pump. The electrical system improvements include upgrading the electrical equipment and instrumentation associated with the filtration system, booster pump station, and solids handling system, as well as main electrical panels and other equipment within the various electrical rooms (lab, main, service). Furthermore, the structural improvements include replacing the existing pipe restraints in the filtration pipe gallery, repairing cracks and spalling in the filtration pipe gallery, bulk chemical storage tank pads, thickener tank, Superpulsators 3 and 4, and Equalization Basin tank, and repairing the base of the filtration pipe gallery wall.

PPWTP Electrical Equipment Renewal and Replacement - This project includes planning, design, and construction of electrical system improvements at the PPWTP. Improvements include replacement of the MCCs in the analyzer room and for the backwash supply. Additional improvements include replacement of the LCPs at the clarifiers, PLC for the chemical systems, and various components in the main electrical room.

Production Well Electrical Renewal and Replacement - This project includes planning, design, and construction of electrical system improvements at the various production wells. Improvements include upgrading the electrical equipment at the Mocho, Hopyard, and Chain of Lakes Well Fields. This project also includes the repair of concrete cracks and spalling at the Mocho 3, Mocho 4, Hopyard 6 (including repair of splitting wooden beams using steel straps), Chain of Lakes 1, and Chain of Lakes 2 well sites. In addition, the standing water in the offline storage tank containment area will be removed and the sump pump replaced to prevent corrosion. At the Stoneridge well, the project will also repair corrosion along the base of the exterior walls and at the building pipe penetrations.

Table 4. Renewal/Replacement CIP Projects Identified from Condition and Risk Assessments, FY 2034-35 through FY 2042-43 (2026 dollars)

Project Name	FY 34-35	FY 35-36	FY 36-37	FY 37-38	FY 38-39	FY 39-40	FY 40-41	FY 41-42	FY 42-43	Total
DVWTP Renewal and Replacements	$0	$0	$0	$0	$1,169,800	$1,169,800	$2,598,700	$2,598,700	$2,598,700	**$10,135,500**
PPWTP Electrical Equipment Renewal and Replacement	$0	$0	$0	$150,000	$610,000	$897,000	$0	$0	$0	**$1,657,000**
Production Well Electrical Renewal and Replacement	$0	$0	$125,000	$591,000	$940,000	$0	$0	$0	$0	**$1,656,000**
Pipeline Condition Assessments	$98,600	$197,300	$98,600	$295,900	$197,300	$197,300	$0	$0	$0	**$1,085,000**
Total	**$98,600**	**$197,300**	**$223,600**	**$1,036,900**	**$2,917,100**	**$2,264,100**	**$2,598,700**	**$2,598,700**	**$2,598,700**	**$14,533,500**

Notes: Costs are in dollars, at a 2026 price level, and do not include inflation. Projects have been developed in coordination with the FY 2026-27 Ten-Year CIP. Values may not add due to rounding

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3.2. SYSTEM-WIDE IMPROVEMENT PROJECTS

This section describes the System-Wide Improvement (SWI) projects that are planned for the near-term (i.e., FY 2026-27 through FY 2035-36). SWI projects address enhancements to existing facilities to improve water quality, environmental compliance, safety, and operational flexibility. Because both renewal/replacement and SWI projects are funded by water rates through Fund 120, the near-term funding forecasts reflect the combined costs of these project categories.

SWI projects proposed within the FY 2026-27 to FY 2035-36 planning period are shown in. Table 5. These ten SWI projects totaling approximately $188.7 million, are funded wholly or in part by Fund 120. Notable SWI projects include:

Chain of Lakes Conveyance System - The Chain of Lakes Conveyance System is a project that converts retired gravel quarries into lakes - Lake I and Cope Lake - for water storage, collectively referred to as the Chain of Lakes. This project provides local surface water storage capacity, groundwater recharge and a conveyance system to store and recover water by connecting these lakes, DVWTP and the South Bay Aqueduct (SBA). The Project consists of constructing a new 42-inch diameter, 6.5-mile bidirectional pipeline, inlet and outlet facilities at Lake I, a pump station, and PFAS treatment facilities at DVWTP. The project would enable the conveyance and local storage of SWP water that would otherwise be lost or require non-local storage, thereby enhancing water supply reliability. It would capture surplus water during wet periods, provide additional supply during droughts, and provide local water availability in the event of an earthquake or other disruption to the South Bay Aqueduct.

Mocho PFAS Treatment Plant - This project consists of installing a PFAS treatment plant to restore water production of the Mocho wellfield and optimize operation of the existing Mocho Groundwater Demineralization Plant (MGDP) to improve groundwater basin salt management. Key components of the project include PFAS treatment vessels, piping, pump station, landscaping, and site beautification. This project will also replace electrical switchgear for Mocho Wells 3 and 4. This project ensures that all water delivered to customers meets or exceeds applicable drinking water standards, including anticipated new regulations for PFAS. Zone 7 was awarded a grant for $1.2 million from the California Department of Water Resources and is actively working to secure additional state and federal funding for this project.

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Table 5. System-Wide CIP Projects (2026 dollars, Fund 120 portion)

Project Name	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	FY 31-32	FY 32-33	FY 33-34	FY 34-35	FY 35-36	Total
Chain of Lakes Conveyance System	$784,400	$1,404,500	$2,650,000	$1,795,110	$2,709,890	$11,585,800	$21,009,200	$40,089,200	$45,171,900	$0	**$127,200,000**
Chain of Lakes PFAS Treatment Plant Process Improvement Study	$350,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	**$350,000**
Chain of Lakes PFAS Treatment Plant Pump Station	$0	$0	$700,000	$1,870,000	$4,130,000	$3,300,000	$0	$0	$0	$0	**$10,000,000**
DVWTP Ammonia Tanks Improvements Project	$0	$0	$0	$60,000	$355,000	$630,000	$0	$0	$0	$0	**$1,045,000**
Electric Vehicle Charging Infrastructure Program	$0	$0	$0	$0	$0	$500,000	$650,000	$125,000	$375,000	$100,000	**$1,750,000**
Energy Master Plan Implementation	$0	$0	$500,000	$500,000	$500,000	$500,000	$0	$0	$0	$0	**$2,000,000**
Hopyard Wellfield Pipeline	$0	$120,000	$302,000	$520,000	$2,170,000	$840,000	$0	$0	$0	$0	**$3,952,000**
Mocho PFAS Treatment Plant	$9,339,623	$24,563,902	$5,877,335	$0	$0	$0	$0	$0	$0	$0	**$39,780,859**
Stoneridge Well Ammonia System Improvements	$0	$0	$0	$0	$0	$300,000	$1,500,000	$200,000	$0	$0	**$2,000,000**
Transmission System Line Valve Installation	$50,000	$0	$0	$0	$270,000	$0	$270,000	$0	$0	$0	**$590,000**
Total	**$10,524,000**	**$26,088,400**	**$10,029,300**	**$4,745,100**	**$10,134,900**	**$17,655,800**	**$23,429,200**	**$40,414,200**	**$45,546,900**	**$100,000**	**$188,667,900**

Notes: Costs are in dollars, at a 2026 price level, and do not include inflation. Projects have been developed in coordination with the FY 2026-27 Ten-Year CIP. Costs shown here represent the Fund 120 share; some projects are partially funded by Fund 130. Values may not add due to rounding.

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3.3. ASSET ANALYSIS

The asset registry was analyzed and updated based on the identified capital projects described above to verify that assets approaching or past their expected useful lives have been addressed and to support the long-term funding forecast. The assets were extracted from the AMTools database and prepared for the long-term funding forecast. Additional information and updates were applied based on staff knowledge regarding specific assets, including updated in-service dates where assets have been replaced in a recent project, retirement of assets that are obsolete, and extension of asset useful lives where the asset condition was known. These updates have been highlighted and documented in the long-term AMP model to supplement the updates incorporated into the AMTools database.

As part of the 2011 AMP Update, asset classes were developed and an original useful life (OUL) was assigned to each asset class. Additional asset classes were identified during the 2017 AMP Update and OUL information was refined during the current 2026 AMP Update as Zone 7 obtained additional information on its assets. The asset classes and their respective OUL are listed in Table 6. Additional information regarding updates to the useful life approach is provided in the next section on the long-term asset renewal forecast (Section 4.1).

These asset class OUL estimates have been used to identify the next replacement year for each of the assets. If an asset is part of a planned capital project, the completion year of the project is used for the first replacement year of the asset instead of the projected replacement year based on the asset class.

Table 6. Asset Classes and Original Useful Life (OUL)

Asset Type (Discipline)	Asset Class	OUL (Years)	Useful Life Source
Mechanical	Filtration Media - Membranes	10	Owner's Judgment
	Filtration Media - Conventional	30	Owner's Judgment
	Filter Underdrains	50	Owner's Judgment
	Hypochlorite System	20	Owner's Judgment
	HVAC	20	Owner's Judgment
	Mechanical/Electrical/Instrumentation/Piping	Varies	Owner's Judgment
	Motor	30	Engineer's Judgment
	Pumps	30	Engineer's Judgment
	Pumps - Chemical	20	Owner's Judgment
	Pumps - Well	10	Owner's Judgment
	Rotating Equipment	25	Engineer's Judgment
	Specified Equipment	25	Owner's Judgment
	Valves	25	Engineer's Judgment
	Well Casing	50	Owner's Judgment
	Well - Arch Mud Rot Combo	50	Owner's Judgment
	Well - Hollow Stem Auger	50	Owner's Judgment
	Well - Nested	50	Owner's Judgment
	Well - Sonic	50	Owner's Judgment
Structural	Civil/Sitework	75	Owner's Judgment
	Coating	20	Owner's Judgment
	Cathodic Protection System	10	Owner's Judgment
	Electrolysis Test Stations	75	Owner's Judgment
	Roof	30	Owner's Judgment
	Structural/Architectural	75	Owner's Judgment
	Tank - Ammonia	30	Owner's Judgment
	Tank – Chemical	20	Owner's Judgment
	Tank – HDPE Chemical	20	Owner's Judgment
	Tanks	50	Engineer's Judgment
	Turnout	50	Owner's Judgment
Electrical	Power Distribution	30	Engineer's Judgment
	Power Distribution - Generator Systems	30	Engineer's Judgment
	Power Distribution - Variable Frequency Drives	15	Owner's Judgment
Instrumentation	Instrumentation - Radios	10	Owner's Judgment
	Instrumentation - Turbidimeters	10	Engineer's Judgment
	Instrumentation - Analyzers	15	Engineer's Judgment
	Instrumentation - General Instrumentation	25	Owner's Judgment
Pipeline	Piping - Above Ground	75	Owner's Judgment
	Piping - Buried	75	Engineer's Judgment
	Valves w/Actuator	20	Owner's Judgment

4. LONG-TERM FUNDING FORECAST

This chapter presents the long-term funding methodology, requirements to support both near-term and long-term renewal and SWI needs, funding analysis, and recommended annual funding level to support renewal and SWI needs through FY 2065-66. Unless noted otherwise, all costs and financial projections are presented in current (2026) dollars.

4.1. LONG-TERM ASSET RENEWAL FUNDING FORECAST

In 2011, Zone 7 updated its methodology for forecasting long-term asset renewal budgets. The new methodology transitioned from budgeting asset replacements at 50% of its original useful life (OUL), as prescribed in the 2004 AMP update, to a 100% OUL model. For the 2026 AMP Update, Zone 7 continues to utilize the 100% OUL methodology as its primary long-term asset renewal approach, with refinements for two asset classes – pipelines and structural/architectural assets. The revised approach for these two asset classes is further described below.

- **Pipeline Assets**

  Zone 7 operates and maintains approximately 40 miles of large (up to 48-inch) transmission pipelines constructed between 1953 and 2010, and various above-ground piping at its water production facilities. While the 2011 AMP Update assumed replacement of below-ground pipeline and above-ground pipelines assets at the end of a 75-year and 40-year lifespan, respectively, Zone 7 will transition to a condition-based life extension strategy.

  Consistent with industry practice, this proactive strategy prioritizes periodic inspections, routine maintenance, and targeted rehabilitation to extend the useful life of pipelines, rather than defaulting to the cost of full replacement. Accordingly, for pipeline assets, Zone 7 has transitioned from age-based asset management program approach to a condition-based life extension program, the Pipeline Renewal and Replacement Program (PRRP). The PRRP improves system reliability, extends asset longevity , and reduces the risk of costly, unscheduled repairs.

  The PRRP allocates funding to support proactive maintenance and life extension for both below-ground and above-ground pipelines. For below-ground piping, the PRRP allocates $7 million every five years to fund maintenance and monitoring, including corrosion protection, condition assessments and inspections, and target rehabilitation or replacement of pipe segments, and increasing to $11.5 million in the last two five-year cycles of the 40-year planning period to address aging pipelines that may have more extensive rehabilitation needs. For above-ground piping, $500,000 every five years is allocated to rehabilitate exterior pipe coating systems and to perform occasional repairs

to extend useful life. Funding levels are informed by past project experience, industry studies, and historical costs. This updated, condition-based approach reduces the total long-term funding amount for pipeline assets from $258 million to $45 million.

- **Structural and Architectural Assets**

  Zone 7 generally has two types of structural and architectural assets: buildings that support administrative functions (e.g. operations building), and treatment processes (water-bearing structures that support the treatment of raw water supplies). The 2011 AMP Update assumed replacement of structural and architectural assets at 75 years. Similar to the approach for pipeline assets, Zone 7 has transitioned from age-based asset management program approach to a condition-based life extension program.

  The Asset Management Plan allocates funding to support proactive maintenance and life extension for both structural and architectural assets. Typical maintenance or repair may consist of localized repair of cracks, leaks, and spalling, or the application of specialized coating for water-bearing structures. Funding levels are informed by past project experience, industry studies, and historical costs. This updated, condition-based approach reduces the total long-term funding amount for structural and architectural assets from $53 million to $10.5 million. To remain conservative, this modified approach was not applied to critical components of the water treatment process.

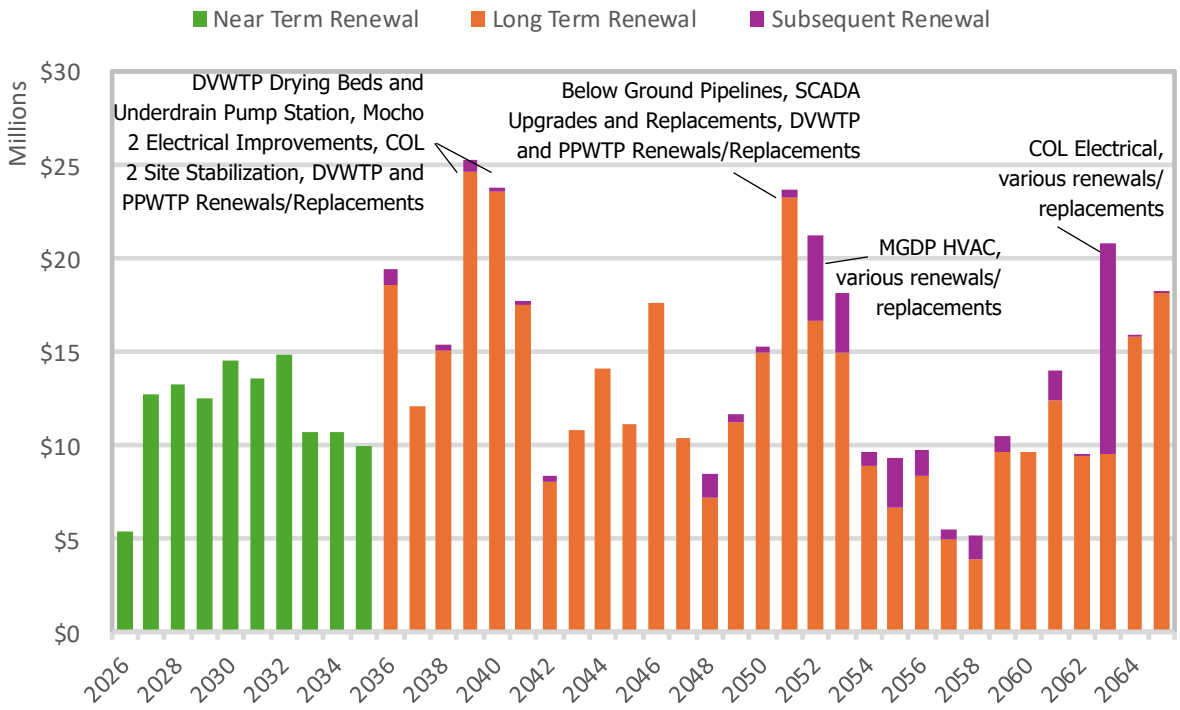
Long-Term Renewal Forecast

The long-term renewal forecast includes the following components:

- Costs associated with capital projects that are forecasted to occur between FY 2036-37 and FY 2065-66 (includes recurring costs for projects such as Laboratory Equipment Replacement, SCADA Upgrades and Replacements, and Production Well Pump Replacement)
- Replacement costs for existing assets that are forecasted to occur between FY 2036-37 and FY 2065-66
- Subsequent replacements of assets that were originally replaced in the near-term that will again reach 100% of OUL between FY 2036-37 and FY 2065-66

The projected near-term and long-term renewal needs from FY 2026-27 through FY 2065-66 are shown in Figure 2 and described further in Chapter 5.

Figure 2. Near-term and Long-Term Renewal Funding Forecast (2026 $ millions, Fund 120 portion)



To provide additional insight into the data presented in this section, the ten highest value asset classes are listed in Table 7.

Table 7. Largest Contributing Asset Classes to Long-term Renewal Funding (2026 $ millions, Fund 120 portion)

Asset Class	Long-Term Renewal Funding, FY 2036-37 - FY 2065-66 ($2026 Millions)	Percent of Total Long-Term Renewal Funding [a]
Pipelines	$45.00	11%
Structural/Architectural	$39.50	9%
Civil/Sitework	$38.80	9%
Instrumentation	$35.60	8%
Specified Equipment	$23.20	5%
Power Distribution	$22.50	5%
Pumps	$10.90	3%
Coating	$9.90	2%
Turnout	$9.70	2%
Tank - Chemical	$5.40	1%

[a] Total Long-Term Renewal Funding (FY 2036-37 through FY 2065-66) is approximately $423 million.

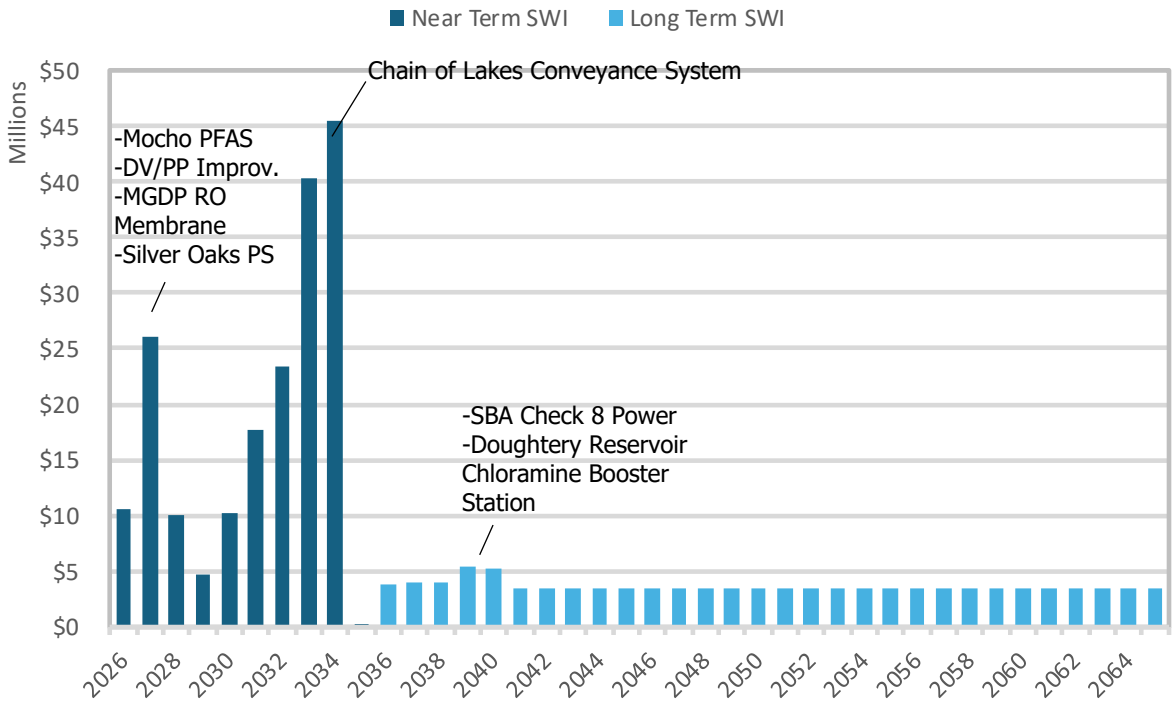
4.2. LONG-TERM SYSTEM-WIDE IMPROVEMENTS FUNDING FORECAST

Renewal projects focus on renewal or replacement of existing facilities to maintain the established level of service to existing Zone 7 customers. System-wide improvement (SWI) projects address enhancements to existing facilities to improve water quality, environmental compliance, safety, and operational flexibility. Because both renewal/replacement and SWI projects are funded by water rates through Fund 120, the near-term and long-term funding forecasts incorporate the combined costs of both project categories.

It is reasonable to anticipate that Zone 7 will continue with system-wide improvements beyond the FY 2026-27 Ten-Year CIP planning period to meet future regulatory requirements and other needs. Therefore, to support the long-term renewal forecast it is necessary to develop an assumption regarding future SWI funding needs beyond those projects already planned. For the rest of the AMP planning period from FY 2036-37 through FY 2065-66, an average yearly funding level of $3.4 million is assumed based on the average of SWI costs over the next ten years, excluding large projects.

The projected near-term and long-term SWI costs from FY 2026-27 through FY 2065-66 are shown in Figure 3 and described further in Chapter 5.

Figure 3. Near-Term and Long-Term System-Wide Improvements Funding Forecast (2026 $ millions, Fund 120 portion)



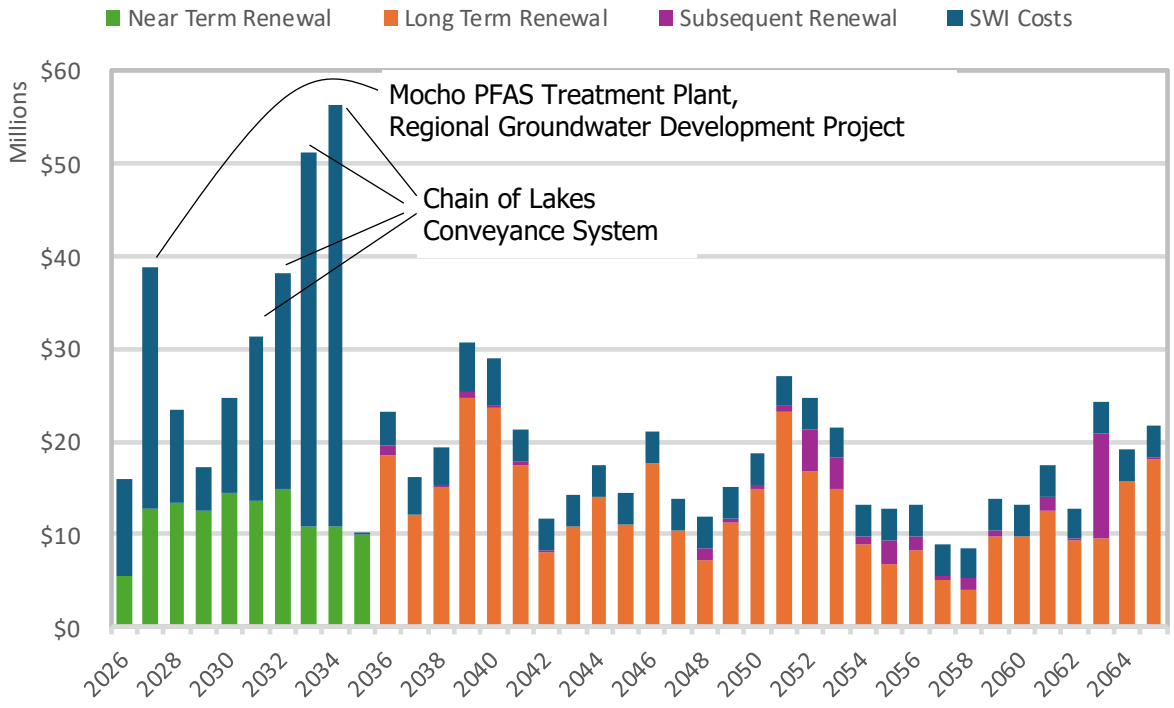
5. FUNDING ANALYSIS AND RECOMMENDED ANNUAL FUNDING LEVEL

The recommended funding level described in this section is based on the forecasted capital expenditures for total renewal costs, including near- and long-term renewal costs, as well as SWI costs. The basis and assumptions for near-term, long-term, and SWI costs were previously described in this report.

5.1. FUNDING ANALYSIS

The total renewal and SWI funding needs are illustrated in Figure 4 and included in detail in Table 8.

Figure 4. Total Forecasted Renewal and SWI Funding Requirements, FY 2026-27 – FY 2065-66 (2026 $ millions, Fund 120 portion)



As shown in Table 8, the total estimated capital cost for renewal and SWI projects between FY 2026-27 and FY 2065-66 is approximately $837.5 million (2026 dollars). The total cost for each component of the funding forecast is summarized in Table 8. A complete listing of annual costs for each component of the funding forecast is provided in Table 9. Including planned projects, the total forecasted renewal funding requirement from FY 2026-27 through FY 2065-66 is approximately $541.6 million (2026 dollars), with approximately $118.5 million for projects between FY 2026-27 and FY 2035-36 (near-term), and approximately $423 million in costs from

FY 2036-37 through FY 2065-66 (long-term). Including planned projects, the total forecasted SWI costs from FY 2026-27 through FY 2065-66 is approximately $295.9 million (2026 dollars), with approximately $188.7 million for projects between FY 2026-27 and FY 2035-36 (near-term), and $107.2 million in costs from FY 2036-37 through FY 2065-66 (long-term).

Table 8. Total Forecasted Renewal and SWI Funding Requirements, FY 2026-27 – FY 2065-66 (2026 $ millions, Fund 120 portion)

Funding Forecast Component	Total Capital Cost, FY 2026-27 - FY 2065-66 ($2026 Millions)
Near-Term Renewal/Replacement CIP Projects (Years 1-10)	118.5
Long-Term Renewal/Replacement identified in CIP Projects (Years 11-40)	119.7
Long-Term Renewals of Existing Assets in AMP (Years 11-40)	270.1
Subsequent Renewals (Years 11-40)	33.3
System-Wide Improvement Projects (Years 1-10)	188.7
System-Wide Improvement Projects (Years 11-40)	107.2
Total Forecasted Capital Cost	**837.5**

Table 9. Total Renewal and SWI Funding Needs (2026 $M, Fund 120 portion)

Year	Renewal and Replacement ($2026 Millions)				System-Wide Improvements ($2026 Millions)	Total Project Costs ($2026 Millions)
	Near-Term, CIP Projects	Long-Term, CIP Projects	Long-Term, Existing Assets	Subsequent, Existing Assets		
2026	5.5	0.0	0.0	0.0	10.5	16.0
2027	12.7	0.0	0.0	0.0	26.1	38.8
2028	13.3	0.0	0.0	0.0	10.0	23.4
2029	12.6	0.0	0.0	0.0	4.7	17.3
2030	14.5	0.0	0.0	0.0	10.1	24.7
2031	13.6	0.0	0.0	0.0	17.7	31.2
2032	14.8	0.0	0.0	0.0	23.4	38.3
2033	10.8	0.0	0.0	0.0	40.4	51.2
2034	10.7	0.0	0.0	0.0	45.5	56.3
2035	10.0	0.0	0.0	0.0	0.1	10.1
2036	0.0	4.0	14.5	0.9	3.8	23.3
2037	0.0	5.9	6.2	0.0	4.0	16.1
2038	0.0	11.6	3.5	0.2	4.0	19.4
2039	0.0	12.8	11.9	0.7	5.3	30.6
2040	0.0	9.7	13.9	0.2	5.2	29.0
2041	0.0	7.0	10.5	0.2	3.4	21.2
2042	0.0	5.1	3.0	0.2	3.4	11.7
2043	0.0	2.1	8.7	0.0	3.4	14.2
2044	0.0	2.9	11.3	0.0	3.4	17.5
2045	0.0	2.7	8.4	0.0	3.4	14.5
2046	0.0	4.1	13.5	0.0	3.4	21.0
2047	0.0	2.1	8.4	0.0	3.4	13.9
2048	0.0	2.5	4.7	1.2	3.4	11.9
2049	0.0	2.1	9.2	0.4	3.4	15.0
2050	0.0	3.5	11.5	0.4	3.4	18.7
2051	0.0	3.7	19.6	0.4	3.4	27.2
2052	0.0	2.5	14.2	4.5	3.4	24.6
2053	0.0	2.1	12.8	3.3	3.4	21.6
2054	0.0	2.5	6.4	0.8	3.4	13.1
2055	0.0	2.7	4.0	2.6	3.4	12.7
2056	0.0	4.5	3.9	1.4	3.4	13.2
2057	0.0	2.1	2.9	0.5	3.4	8.9
2058	0.0	2.5	1.4	1.2	3.4	8.6
2059	0.0	2.1	7.6	0.8	3.4	13.9
2060	0.0	3.1	6.6	0.0	3.4	13.1
2061	0.0	3.7	8.7	1.6	3.4	17.4
2062	0.0	2.9	6.5	0.1	3.4	12.9
2063	0.0	2.1	7.4	11.3	3.4	24.3
2064	0.0	2.5	13.3	0.1	3.4	19.2
2065	0.0	2.7	15.5	0.1	3.4	21.6
Total	**118.5**	**119.7**	**270.1**	**33.3**	**295.9**	**837.5**

Note: Values may not add due to rounding.

To determine the recommended annual funding level, a few adjustments need to be applied. The projected Fund 120 balance of $80.3 million as of June 30, 2026, was deducted from the total capital need. In addition, Zone 7's reserve policy for Fund 120 requires the minimum fund balance at the end of a fiscal year to be maintained at 100% of the following year's planned pay-go capital expenditures. This amount was calculated using the forecasted capital need for the second-to-last year of the 40-year analysis period.

In order to develop a practical funding strategy for the AMP and ensure that the funding level would be sufficient to meet the capital funding needs for the FY 2026-27 through FY 2035-26 planning horizon, the determination of the funding need assumes debt-financing for the construction phase (Fund 120 portion) of Chain of Lakes Conveyance System and an anticipated $25 million grant for Mocho PFAS Treatment Plant.

Based on these adjustments, the total funding need decreased from $837.5 million as described in Table 9 to $651.1 million as shown in Table 10. For the 40-year planning period, the funding need averages to $16.3 million per year (2026 dollars).

Table 10. Net Forecasted Capital Funding Need (2026 $ millions, Fund 120 portion)

	($2026 Millions)
Total Forecasted Capital Funding Need	$837.5
Less: Projected Fund 120 Balance [a]	$80.3
Less: Capital Costs of Projects to be Debt or Grant Funded [b]	$127.8
Plus: Required Remaining Fund 120 Balance at end of Planning Period [c]	$21.6
Net Forecasted Capital Funding Need Adjusted for Debt and Grant Funding, FY 2026-27 through FY 2065-66	$651.1
Planning Period (FY 2026-27 – FY 2065-66)	40 Years
Average Annual Funding Level [d]	**$16.3/year**
Annual Debt Repayment [e]	**$9.1/year**

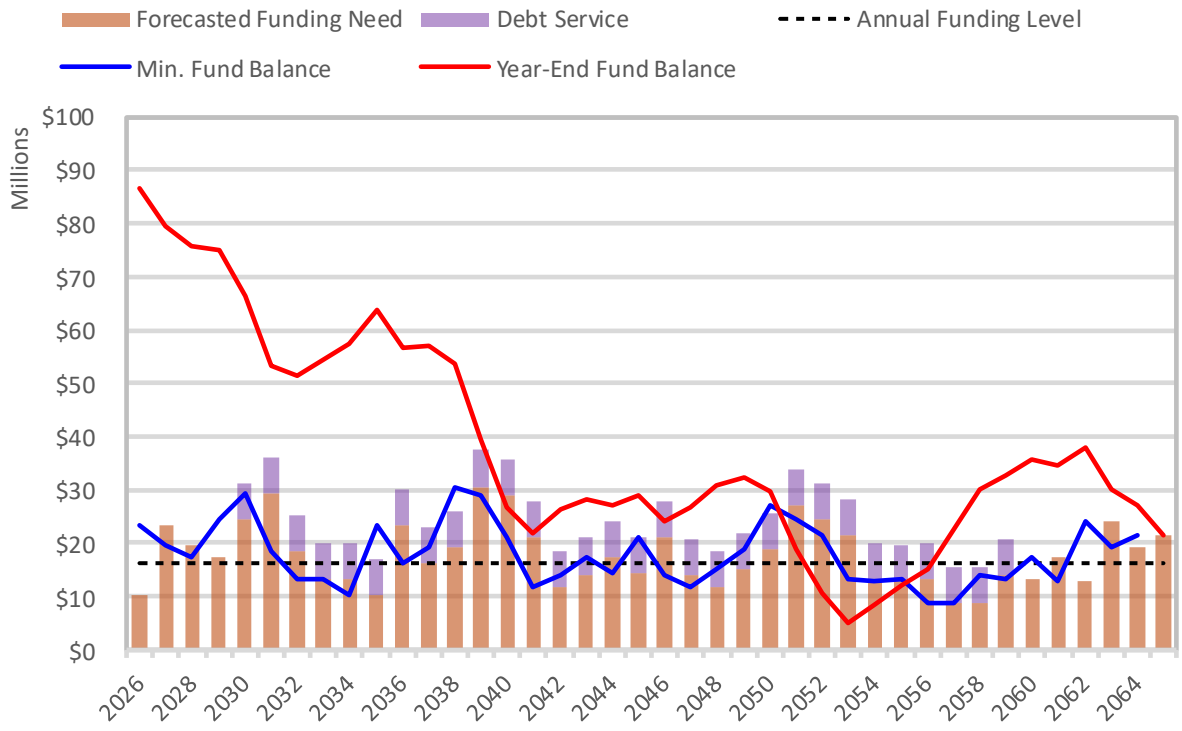
a. Projected fund balance deducted from total forecasted funding need; excludes $6.3M designated to the rate stabilization fund which was established under the Agency's Water Revenue Bonds, 2018 Series A.
b. As the AMP planning period begins in FY 2026-27, the FY 2026-27 construction capital cost is not included. However, the debt service payment is included in the FY 2026-27 Budget.
c. Per Zone 7's reserve policy, 100% of the next year's annual costs is required to be held in reserve. Added to forecasted funding need.
d. Recommended pay-as-you-go funding level does not include inflation and will be adjusted annually for inflation based upon the Engineering News Record San Francisco Construction Cost Index.
e. Assumes an average debt service payment of $9.1 million per year based on a 4% interest rate and escalated project costs. Actual costs will depend on the type of financing received, interest rates, and the duration of the borrowing. Project that is assumed to be partially funded by debt is the Chain of Lakes Conveyance System.

5.2. RECOMMENDED ANNUAL FUNDING LEVEL

The current (FY 2025-26) annual funding level is $16.3 million per year (2026 dollars). The average annual funding level determined by the analysis presented in this report is $16.3 million per year (2026 dollars). As such, it is recommended that the annual funding level be maintained at $16.3 million per year for FY 2026-27 and adjusted annually starting in FY 2027-28 to reflect inflation.

Based on the recommended annual funding level and forecasted renewal and SWI funding needs, the estimated end of year Fund 120 balances in comparison to the minimum fund balance required through FY 2065-66 is shown in Figure 5. The figure indicates that the recommended annual funding level and current available Fund 120 balance provide sufficient revenue to fund the forecasted capital requirements for the 40-year planning period, with the exception of underfunding (ranging from approximately $1.2 million to $11 million each year) in FY 2051-52 to FY 2055-56 (years 26 through 30). As Zone 7 updates the budget every two years and the AMP and CIP every five years, updates to long-term needs will ensure that funding needs and minimum fund balance requirements are continually met.

Figure 5. Funding Analysis, Forecasted Funding Needs and Forecasted Fund 120 Balances (2026 $ millions)



6. RECOMMENDATIONS FOR FUTURE UPDATES

This chapter outlines opportunities to strengthen Zone 7's asset management practices and capital improvement planning. These opportunities build on Zone 7's existing asset management framework and strengthen alignment with industry best practices. Key focus areas include modernizing and better integrating asset data systems, refining asset data governance to improve accuracy and accountability, standardizing condition assessment methodologies, and enhancing integration between capital planning tools and asset data sources. Continued refinement in these areas will enhance transparency, support more reliable long-term renewal and replacement forecasting, promote informed decision-making, and advance long-term financial sustainability.

6.1. ASSET INVENTORY

A complete, accurate, and up-to-date asset inventory is a foundational element of an asset management system. An accurate asset inventory supports sound capital and maintenance planning, promotes consistency in data analysis and strengthens confidence in decision-making amongst agency staff, stakeholders, and customers.

Zone 7 maintains an asset inventory in a Microsoft Access database developed in 2011. The database provides a user interface for updating and maintaining asset information. This database currently operates as a stand-alone system and is separate from other asset management tools, including capital planning and risk modeling spreadsheets, geographic information system (GIS), and the computerized maintenance management system (CMMS).

Because these systems are not fully integrated, asset information can be duplicative, inconsistent, or difficult to reconcile. Improving integration and governance of asset data will streamline analyses and enhance long-term planning efforts.

Data integration. The Microsoft Access database presents functional limitations relative to more modern, integrated asset management system. Zone 7 will evaluate opportunities to consolidate asset data systems and modernize technology platforms. Many CMMS solutions integrate asset inventories with GIS, capital planning, and maintenance management needs. Improved integration would enhance data accessibility, consistency, and usability across departments.

Refinement of the Asset Data Management Plan. As new assets are added and existing assets are updated over time, the asset database must be periodically updated to ensure accuracy and completeness. To support this objective, Zone 7 will refine the asset data management plan to facilitate consistent and accurate data updates. Key elements may include:

- Standard definitions for an asset to achieve a consistent level of detail

- Specification of required asset attributes which include common attributes for all assets and asset-class specific attributes
- Standard procedures and workflows for updating asset information
- Definition of roles and responsibilities for data management
- Identification of required reports and other key outputs

Asset data update. Once the asset data sources are consolidated and the asset data management plan is refined, Zone 7 will conduct a comprehensive review and update of the asset registry.

6.2. CONDITION ASSESSMENT PROGRAM

Asset condition assessment is an essential part of the capital improvement planning process. Consistent collection, organization, evaluation, and analysis of condition assessment data across CIP updates strengthens long-term planning and improves the reliability of renewal and replacement funding forecasts.

Since 2004, Zone 7 has conducted multiple condition assessment efforts to support updates to the Water System Capital Improvement Program. Methodologies and analytical approaches have varied between AMP updates. To improve consistency and comparability in future updates, Zone 7 will endeavor to standardize the data collection and evaluation process. This effort will include applying consistent evaluation criteria, capturing renewal and replacement recommendations, updating expected service life estimates, ensuring timely incorporation of results into the asset registry, and expanding the asset registry to track associated capital projects.

6.3. CAPITAL PLANNING

Integration between asset management and capital planning is necessary to maintain consistency between future Water System Capital Improvement Plans and long-term replacement and renewal planning. Integrating capital planning tools with authoritative asset data sources will improve planning efficiency and enhance consistency between updates.

Current long-term renewal and replacement projections incorporate existing assets that may require multiple replacements over the 40-year planning horizon. Future updates to the AMP will need to account for the subsequent replacement of new assets constructed as part of the FY 2026-27 Ten-Year CIP, particularly where those assets differ in scope or configuration of the assets they replaced (e.g. a replacement project resulting in assets with longer service lives, higher capacity, or different maintenance requirements that will affect future funding projections).

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Appendix C

2025-2029 Zone 7 Five-Year Strategic Plan

ZONE 7 WATER AGENCY

2025–2029

5-YEAR STRATEGIC PLAN

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For more information, contact:

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MESSAGE FROM THE BOARD PRESIDENT

On behalf of the Board of Directors of the Zone 7 Water Agency (Zone 7), welcome to our 2025-2029 Strategic Plan.

On June 18, 1957, *Livermore-Amador Valley* voters overwhelmingly approved creation of Zone 7 in order to place under local control, through a locally elected board of directors, the vital matters of flood protection and water resource management in eastern Alameda County.

Zone 7 supplies treated drinking water to retailers serving over 270,000 people in Pleasanton, Livermore, Dublin and, through special agreement with the Dublin San Ramon Services District, to the Dougherty Valley area and supplies untreated water for irrigation of 3,500 acres, primarily South Livermore Valley vineyards. Zone 7 also owns and maintains 37 miles of local flood-protection channels, about a third of all the Valley's channels and creeks. The remaining channels are owned either privately or by other public agencies that are responsible for their maintenance.

The past several years have tested the Agency with extreme droughts and unprecedented floods, yet our Agency continues to provide exceptional water quality and reliable services. Amid climate change uncertainties, our focus remains on ensuring water supply and flood protection resilience. This Strategic Plan is our blueprint for how we will continue to provide high quality service as we address numerous challenges. Some of these challenges include incorporating climate change into water supply and flood protection planning, addressing water quality and energy regulations, maintaining and replacing aging water and flood protection infrastructure and maintaining an excellent workforce.

The Board and staff of Zone 7 have updated their 5-Year Strategic Plan to guide the Agency in the coming years. The Strategic Plan is designed to support our vision to *provide excellent water and flood protection services to enhance the quality of life, economic vitality, and environmental health of the communities we serve*. This vision will be accomplished by fulfilling the mission of Zone 7 to: *deliver safe, reliable, efficient, and sustainable water and flood protection services*.

Dennis H Gambs

Dennis Gambs, Board President

MESSAGE FROM THE GENERAL MANAGER

I am pleased to lead the Zone 7 team as we embark on our next 5-year strategic plan. In the previous 5-year plan, the Zone 7 team made significant progress while dealing with the COVID-19 pandemic, supply chain challenges, inflation, and weather whiplash that resulted in drought conditions and significant winter storm damage. In addition, we have been on top of the per- and polyfluoroalkyl substances (PFAs) situation and have been a leader in Northern California in PFAs management. We couldn't have accomplished this without a highly committed team of high-quality and dedicated staff.

In this 2025-2029 Strategic Plan, the Board has identified Zone 7's strategic goals and staff are committed to achieving them. Some of the key areas we will address include:

- Valuing, investing in, and maintaining a high-quality workforce
- Continued investment in long-term water supply reliability
- Assessing and investing in our Zone 7 infrastructure to ensure reliable water supply to our customers
- Developing a Flood Management Plan that incorporates climate change into our flood protection planning and strategy

As stated above, we couldn't do what we do without an excellent workforce. The Agency must continually recognize and appreciate our employees. Engagement and professional development activities will be a priority in the 5-year plan.

For long-term water supply reliability, Zone 7 has been participating in several planning efforts including the Delta Conveyance Project, Sites Reservoir, a local potable reuse proposal and the Chain of Lakes Conveyance System. The first two projects will likely finish the permitting process in the next five years and will require a permanent decision by Zone 7 on participation. We will need to understand how each project fits into our water supply portfolio and the significant financial investments required.

Our water system infrastructure is a combination of aging infrastructure and new facilities. We must proactively plan to continually review, assess and maintain our aging and expanding infrastructure. We will monitor and assess emerging technologies to help with these efforts and make operations as efficient as possible. We will also need to address energy resiliency in an increasing volatile and regulated energy environment.

A robust Flood Management Plan is anticipated to be completed in the 5-year window including programs and projects to reduce flood risk. Similar to water supply resiliency, this will require significant financial investments. We must demonstrate to our customers that we operate Zone 7's systems efficiently and effectively and communicate to them the value of water.

As General Manager, I have the privilege and responsibility to manage a talented and dedicated staff who will bring this plan to life and meet our commitments to the community we serve.

Valerie Pryor

_____

Valerie Pryor, General Manager

STRATEGIC PLAN INTRODUCTION AND PROCESS

The 5-year Strategic Plan is intended to establish the framework for addressing these challenges to maintain reliable and high-quality water and flood protection service to Livermore-Amador Valley.

The Strategic Plan was developed through a collaborative process with the Board of Directors, management and staff. The planning consultant interviewed each of the 7 Board members regarding their perspectives on the future challenges for Zone 7. These interviews were followed by a management workshop. Four workshop sessions with the employees and supervisors mined key strengths, weaknesses, opportunities, and threats facing the Agency. The Board discussed the strategic challenges facing Zone 7 and refined a vision, mission, and set of goals for the 5-Year Strategic Plan at a Board workshop in September 2024. Based upon Board direction and staff input, the management team then developed "initiatives" to achieve each of these goals. The Strategic Plan will be funded through the budget process and progress tracked, reevaluating the plan regularly to adjust as conditions warrant. The Board of Directors reviewed and accepted the 2025-2029 Strategic Plan on November 20, 2024.

The Strategic Plan is structured in a supporting fashion: the Initiatives support the Goals, which support the Mission and achievement of the Vision as depicted in Figure 1.

Figure 1: Hierarchy of Strategic Plan Elements

Vision Where the organization wants to be in the future.
Mission The purpose of the organization.
Goals Organization-wide desires that support achievement of the vision.
Initiatives The approaches required to achieve goals.

Initiatives are planned for each goal area of the Strategic Plan.

ZONE 7 VISION AND MISSION

Zone 7's Vision statement reflects a legacy of service and establishes a high bar for continuing this service. The Vision statement represents the aspirations of Zone 7 as follows:

ZONE 7 VISION

"Provide excellent water and flood protection services to enhance the quality of life, economic vitality, and environmental health of the communities we serve."

Zone 7 has established the following mission statement to guide decision making on behalf of the customers and communities we serve:

ZONE 7 MISSION

"Deliver safe, reliable, efficient, and sustainable water and flood protection services."

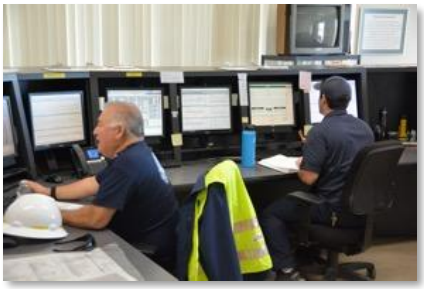
ZONE 7 VALUES

"Our shared values guide all our actions."
Valerie Pryor, General Manager

Team
We collaborate and are inclusive, valuing all perspectives to improve our services, systems, and organization.

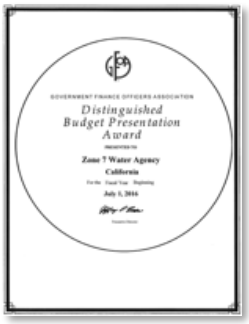
Service
We are responsive, respectful, and professional.

Fiscal Responsibility
We are committed to ensuring the responsible and transparent management of public funds, adhering to the highest standards of accountability and efficiency.



Safety
We are committed to public and employee safety.

Transparency
We carry out our mission ethically and transparently, and with integrity.



Environmental Responsibility
We deliver our services in an environmentally responsible manner considering the energy, climate, people, and natural resource stewardship.

Leadership
We cultivate leaders and expect our agency to proactively lead and innovate.

ZONE 7 GOALS

Zone 7 is focused on eight goal areas that support our vision and mission.

ZONE 7 INITIATIVES

Major Strategic Plan Initiatives that are planned to be undertaken in the next 5 years support each of the stated Goals. The funding of Initiatives will occur through the normal budget process and progress on funded Initiatives will be regularly reported to the Board of Directors. The Initiatives are described below.

> **In·i·ti·a·tive**
> *noun*
> 1. The ability to assess and initiate things independently: "use your initiative, imagination, and common sense"
> 2. The power or opportunity to act or take charge before others do

GOAL A

Professional Workforce

PREFERRED EMPLOYER FOR SKILLED, MOTIVATED, AND PROFESSIONAL STAFF

Initiative #1 – Maintain a high-quality workforce to meet current and future needs and challenges

Initiative Description – This initiative includes programs and activities designed to attract and retain top talent and demonstrate our commitment to continuous improvement to ensure the workforce remains well-positioned to perform the functions required of Zone 7. This initiative also seeks to enhance opportunities for collaboration and teamwork.

Anticipated Activities – Key activities are anticipated to include:

- Maintain programs that foster employee engagement and encourage a supportive, inclusive, and respectful workforce culture
- Continue to conduct classification studies to assess overall organizational structure and identify paths for career progression
- Continue to conduct compensation studies to ensure salaries are competitive

- Review the organizational structure to ensure current market and/or internal structure alignment is attained
- Explore best practices and opportunities to assist employees in achieving work/life balance
- Review Summer Internship Program

Initiative #2 – Enhance professional development approach to maintain workforce

Initiative Description – Zone 7 depends on a professional and capable workforce. This initiative is designed to ensure employees are equipped with the tools to succeed in their roles and have the opportunity to gain new skills through continuing education and training.

Anticipated Activities – Key activities are anticipated to include:

- Develop a Comprehensive Personnel Manual
- Develop a Comprehensive Training Program
- Identify opportunities for employee development
- Review role-specific onboarding process
- Assess performance management program

Initiative #3 – Streamline workforce management processes.

Initiative Description – This initiative will review and upgrade Human Resources technology connecting employees and workflow processes to support daily operations, help reduce compliance risk and improve employee engagement.

Anticipated Activities – Key activities are anticipated to include:

- Review and automate Human Resources processes
- Explore virtual orientation sessions
- Implement role-specific training and tracking

Initiative #4 – Revamp Safety Program

Initiative Description – Zone 7 depends on a safety culture of excellence to protect our workforce and the community we serve. This Initiative consists of continuing

ongoing safety efforts to meet our obligations and regulatory requirements. In addition, Zone 7 will perform a comprehensive safety program review and gap assessment to identify modifications to practices and new initiatives needed to ensure safety of staff and the public.

Anticipated Activities – Key activities are anticipated to include:

- Comply with all health and safety regulations
- Maintain an effective safety program
- Use Environmental Health and Safety Assessment to set new plan for improving safety culture
- Provide job-specific safety training to all employees
- Maintain an effective safety committee program
- Implement improvements and updates as appropriate

GOAL B

RELIABLE WATER SUPPLY AND INFRASTRUCTURE

PROVIDE CUSTOMERS WITH RELIABLE WATER SUPPLY AND INFRASTRUCTURE

Initiative #5 – Develop a diversified water supply plan and implement supported projects and programs

Initiative Description – The Zone 7 portfolio is highly dependent on water supplies conveyed through the Delta, primarily from the State Water Project. The Delta's ability to divert water has become increasingly unreliable due to aging levees, earthquake risk, climate change, and increasingly stringent regulations resulting from declining ecosystem conditions. As Zone 7 considers a number of new water supply and storage projects, the Agency will endeavor to establish a diversified water supply and storage portfolio that focuses on local storage and supplies.

Anticipated Activities – Key activities are anticipated to include:

- Extend Arroyo Valle water rights permit and secure a license
- Continue exploring water supply reliability programs (including Sites Reservoir, Delta Conveyance Project, Chain of Lakes Conveyance System, and potable reuse)

- Complete a demand study and the 2025 Urban Water Management Plan
- Manage the water supply portfolio using the water supply risk model
- Develop a robust water transfer program
- Evaluate and extend groundwater banking programs
- Update the Water Supply Evaluation as appropriate

Initiative #6 – Continue to effectively implement infrastructure projects in the Water System Capital Improvement Plan (CIP)

Initiative Description – Robust infrastructure is critical to providing a safe and reliable supply of water. Existing infrastructure must be maintained, upgraded, and replaced to ensure reliable operations and new infrastructure must be implemented to serve increasing demand and to meet future water quality regulations. Ongoing investment in administrative and maintenance facilities are needed to provide safe, professional workspaces for office and field staff and to manage inventories. This initiative documents how Zone 7 will continue to update and implement its CIP and the Asset Management Program (AMP) to meet Zone 7's water infrastructure resilience, reliability and operational needs and to define the funding plan.

Anticipated Activities – Key activities are anticipated to include:

- Implement capital projects in the CIP
- Continue to assess existing infrastructure and regularly update the AMP and CIP to prioritize infrastructure improvements
- Complete a Transmission System Planning Update and maintain a Zone 7 system hydraulic model
- Update the Del Valle Water Treatment Plant Master Plan
- Complete planned improvements to facilities and administrative buildings at water treatment plants
- Plan and implement maintenance facility improvements to provide safe, professional workspaces and manage equipment and material inventories
- Initiate a pipeline inspection program to support infrastructure investment prioritization

- Implement a valve automation project on the South Bay Aqueduct to ensure reliability at Del Valle Water Treatment Plant

GOAL C

SAFE WATER

PROVIDE CUSTOMERS WITH SAFE WATER IN AN ENVIRONMENTALLY RESPONSIBLE MANNER

Initiative #7 – Meet or surpass all drinking water health and safety requirements

Initiative Description – Zone 7 is committed to providing water that is safe to drink. As a water wholesaler for the Valley, Zone 7 collaborates with its retailers, communicates with its customers, implements internal water quality goals that surpass State and federal primary standards by at least a margin of 20%, monitors water quality at production facilities and in the transmission system, and prepares a bi-annual water quality management plan update. This ensures the water Zone 7 delivers is safe to drink. This initiative describes how Zone 7 will continue to provide high quality water.

Anticipated Activities – Key activities are anticipated to include:

- Meet all regulatory requirements for monitoring, reporting and compliance
- Operate treatment and field facilities to ensure compliance at all times
- Monitor and adjust operations to meet Zone 7 water quality goals
- Monitor and assess emerging regulations and engage in professional organizations
- Conduct a cross-connection control study and propose a cross-connection control policy
- Prepare the Consumer Confidence Reports and other outreach and educational materials

Initiative #8 – Continue evaluating the Chain of Lakes Conveyance System Project

Initiative Description – Initial studies confirmed the opportunity to convey and store water in existing Zone 7-owned Chain of Lakes (Lake I and Cope Lake) to increase groundwater recharge and significantly enhance Zone 7's dry-year and emergency water supply portfolio. This project consists of planning and constructing conveyance facilities between the lakes and the South Bay Aqueduct at the Del Valle Water Treatment Plant and other improvements to enable Zone 7 to fill, store and draw water when needed. This initiative includes activities to continue planning and conducting technical and economic analyses to support an informed decision and to initiate project implementation.

Anticipated Activities – Key activities are anticipated to include:

- Complete the feasibility study including benefit-cost analysis
- Prepare a Project Work Plan to identify resources and schedule
- Initiate outreach, environmental documentation, land acquisition, and permits
- Initiate detailed design and field investigations
- Develop a funding strategy including grant opportunities

Initiative #9 – Implement the PFAs Management Strategy

Initiative Description – EPA announced the final National Primary Drinking Water Regulation for six per- and polyfluoroalkyl substances (PFAs) in April 2024. Zone 7 has been at the forefront of monitoring and treatment for PFAs in groundwater, removing multiple wells from service when trace levels were first detected. Monitoring and treatment programs are continuing, and additional treatment is anticipated at some wells.

Anticipated Activities – Key activities are anticipated to include:

- Track regulatory activity
- Implement the PFAs monitoring program
- Continue making PFAs data and information available to retailers, regulatory agencies, and the public
- Optimize blending and treating
- Continue the water quality protection through well permitting

- Develop well-head PFAs treatment facilities as appropriate and operate the available facilities to pump and treat PFAs from the basin
- Evaluate and add new wells in Bernal subbasin to diversify the water supply sources

Initiative # 10 – Implement Mocho Wellfield PFAs Treatment Project

Initiative Description: Zone 7 continues to adaptively modify operations and construct treatment facilities to deliver water that meets PFAs regulations in advance of the 2029 compliance date. Presence of PFAs in the Mocho Wellfield has reduced production capacity and constrained the Mocho Groundwater Demineralization Plant operation. This initiative will implement the Mocho Wellfield PFAs Treatment Facility to restore Zone 7's water supply reliability and position Zone 7 to meet anticipated future PFAs waste discharge regulations.

Anticipated Activities – Key activities are anticipated to include:

- Complete studies to optimize PFAs treatment and Mocho Wellfield production
- Conduct outreach and complete environmental documentation and land acquisition
- Prepare designs to support the implementation of the Mocho Wellfield PFAs treatment facility
- Construct the Mocho PFAs treatment facility

GOAL D

GROUNDWATER MANAGEMENT

WE MANAGE AND PROTECT THE GROUNDWATER BASIN AS THE STATE-DESIGNATED GROUNDWATER SUSTAINABILITY AGENCY

Initiative #11 – Manage the Groundwater Sustainability Agency and implement the Groundwater Sustainability Plan

Initiative Description – Zone 7 has managed the Livermore Valley Groundwater Basin for more than 50 years. Sustainable groundwater management has been accomplished by replenishing pumped groundwater with imported surface water from the South Bay Aqueduct. Because of its long history with replenishing the Basin, Zone 7 was designated as the exclusive Groundwater Sustainability Agency for the basin in the Sustainable Groundwater Management Act enacted by the State Legislature in 2014. This initiative consists of administering the groundwater program and implementing the basin's Alternative Groundwater Sustainability Plan.

Anticipated Activities – Key activities are anticipated to include:

- Continue complying with the California Water Code § 10720 (Sustainable Groundwater Management Act) and the California Code of Regulations § 350 (Groundwater Sustainability Plan regulations)
- Implement the Livermore Valley Groundwater Basin Alternative Groundwater Sustainability Plan and associated management actions
- Diversify groundwater resources
- Update groundwater models
- Update the Well Master Plan
- Update well permitting process and ordinance
- Develop an integrated Basin Water Quality Management Plan
- Study and refine knowledge of the groundwater basin
- Develop and implement the Regional Wells Project

EFFECTIVE FLOOD PROTECTION

PROVIDE AN EFFECTIVE SYSTEM OF FLOOD PROTECTION

Initiative #12 – Complete the Flood Management Plan

Initiative Description – Zone 7 is in the process of developing a Flood Management Plan (FMP) that addresses climate change and changing regulatory requirements. The guiding principles goals and principles of the FMP were established in 2022. This initiative focuses on assessing the performance of existing facilities using historical and projected future storm events, to identify projects alternatives and maintenance

practices to improve performance, prepare an asset management plan, and establish a capital improvement program. The assessments will include economic-analysis of costs and benefits under the various scenarios, stakeholder engagement, and policy-level input on objectives, criteria and ultimate direction.

Anticipated Activities – Key activities are anticipated to include:

- Complete a system evaluation
- Update the hydraulic and hydrologic models as required
- Complete the FMP
- Implement robust stakeholder engagement for the FMP
- Prepare an asset management plan for the flood protection facilities
- Define a prioritized FMP capital improvement program
- Prepare a funding plan

Initiative #13 – Continue to repair and maintain the flood protection facilities

Initiative Description – **Initiative Description:** Zone 7 manages approximately 37 miles of flood channels in the Tri-Valley area. Maintaining flood channel facilities and reducing flood risk involves preventative and reactive maintenance and implementing repairs to areas damaged during high-flow storm events. This initiative describes Zone 7's commitment to maintaining these channels for flood protection and watershed stewardship.

Anticipated Activities – Key activities are anticipated to include:

- Conduct pre- and post-storm season inspections
- Conduct pilot study on performance standards in a pilot reach
- Maintain flood channel integrity and access by addressing bank erosion and other damage due to storm
- Assess sediment and vegetation accumulation
- Prioritize capital and maintenance projects

- Apply for federal and state assistance for storm disaster repairs
- Seek approval of programmatic environmental permits to streamline routine maintenance activities.

GOAL F

EFFECTIVE OPERATIONS

PROVIDE THE AGENCY WITH EFFECTIVE LEADERSHIP, ADMINISTRATION, AND GOVERNANCE

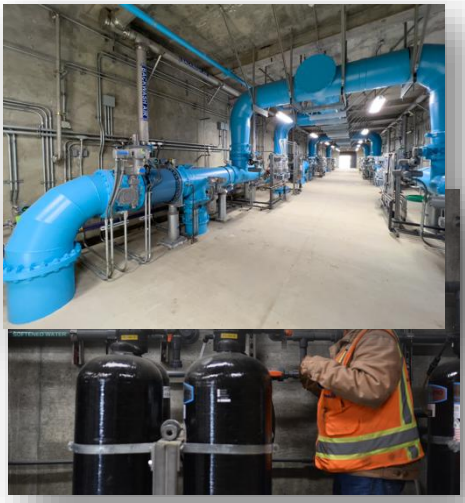
Initiative #14 – Implement Computerized Maintenance Management System (CMMS) and Establish a Proactive Maintenance Program

Initiative Description – The goal is to implement the tools, training and process that enable a transition from a reactive to a proactive maintenance program approach. Zone 7 took a major step toward this goal through procurement of a CMMS that provides the structure and data and resource management that will guide maintenance activities and decisions. This initiative aims to enhance asset reliability, reduce unplanned downtime,

optimize maintenance resources, and extend asset life while ensuring regulatory compliance.

Anticipated Activities – Key activities are anticipated to include:

- Build the CMMS
- Procure services to support development and implementation of CMMS
- Hire CMMS program leader to support adoption and management of CMMS
- Establish practices, procedures and procure devices to ease staff adoption
- Provide staff training and certification in the tools, software and approach to Proactive Maintenance Program
- Develop key performance metrics to define Proactive Maintenance Program goals



Initiative #15 – Develop and Implement an Energy Master Plan

Initiative Description – The goals of the Energy Master Plan are to formalize Zone 7's energy strategy by understanding baseline conditions in terms of energy sources, uses, costs, and related emissions. An Energy Policy was adopted in 2024 to guide related decisions about where and how to make energy-related investments. A planning document that identifies and prioritizes potential energy projects, programs, and activities will be developed based on that policy.

Anticipated Activities – Key activities are anticipated to include:

- Identify key projects to be implemented as part of the Energy Master Plan
- Evaluate feasibility of installing floating solar at Chain of Lakes
- Implement California Air Resources Board clean fleet regulations (including charging station strategy)

Initiative #16 – Develop and Implement a Security Plan

Initiative Description: Continuous updates and security system modernization is needed at water production and administrative facilities to protect operational integrity and facilities, and to keep staff safe. This initiative includes assessing security features at Zone 7 facilities, including lock and key management, applying electronic entry where possible, installing security cameras where needed, maintaining perimeter security and ensuring cyber security. This initiative will identify and implement improvements to meet industry standards for security and to protect staff.

Anticipated Activities – Key activities are anticipated to include:

- Assess existing levels of security at Zone 7 facilities and identify improvements
- Implement security improvement projects to meet industry standards for security
- Continue to maintain up-to-date cyber security

Initiative #17 – Update the Emergency Preparedness Program

Initiative Description: This initiative describes the activities Zone 7 will perform to update and keep current its emergency preparedness programs. Emergency preparedness and response planning are critical to maintain operations during emergencies ranging from small pipeline breaks to pandemics, water supply shortages, and large-scale natural disasters. Staff will update and modernize key elements of the Emergency Preparedness Program consistent with the National Incident Management System and Incident Command Structure, and ensure staff are trained and routinely exercise the Emergency Response Plan. Staff will continue participation in County Emergency Managers Association and retailer customer operations coordination and exercises to maintain consistency with industry standard practices for emergencies.

Anticipated Activities – Key activities are anticipated to include:

- Complete the 2025 Risk and Resilience Assessment and Emergency Response Plan updates
- Procure emergency response equipment
- Conduct regular emergency response training and exercise the emergency operations center annually

- Clarify staff emergency response roles and responsibilities and provide training
- Identify and implement improvements to the emergency operations center and communications systems
- Pursue interagency emergency preparedness training and exercises

Initiative #18 – Assess adoption of new technologies

Initiative Description – Advances in technology and software present opportunities for Zone 7 to improve business processes. This initiative will track and implement appropriate technologies.

Anticipated Activities – Key activities are anticipated to include:

- Track, assess, and, where appropriate, implement emerging technologies
- Develop and implement an agency-wide strategy for document management
- Ensure proper training for current and future technology and system implementation

GOAL G

STAKEHOLDER ENGAGEMENT

ENGAGE OUR STAKEHOLDERS TO FOSTER UNDERSTANDING OF THEIR NEEDS, THE AGENCY, AND ITS FUNCTIONS

Initiative #19 – Communications Program

Initiative Description – This initiative underscores Zone 7's commitment to operating with openness and transparency. Effective communication is essential for serving the community, maintaining trust, and reinforcing our dedication to customer service and integrity.

Anticipated Activities – Key activities are anticipated to include:

- Continue to manage and enhance Zone 7's communications programs
- Develop and update narratives, key messages, and materials as needed
- Develop and provide proactive updates and information to the community on major projects and key initiatives
- Maintain and strengthen Zone 7's outreach and school program

- Conduct outreach to promote the business case for water supply reliability investments
- Continue public education and awareness campaigns on water conservation, flood preparedness, sustainable practices, and water quality, refining strategies as necessary
- Continue leveraging social media, Agency websites, and digital tools for real-time updates and community engagement, adjusting approaches based on trends and performance
- Continue monitoring performance metrics for communications, using data to refine strategies and improve outreach effectiveness

Initiative #20 – Pursue opportunities for interagency cooperation

Initiative Description – Continue effective coordination and partnership among federal, state, regional, retailers, and other local agencies.

Anticipated Activities – Key activities are anticipated to include:

- Facilitate legislative briefings for state and local elected officials to pursue areas of common interest
- Engage in advocacy on significant issues affecting the service area
- Coordinate with federal, state, and local jurisdictions to explore opportunities to collaborate on water resources issues including sharing information and participating in cooperative funding agreements
- Coordinate with retailers on operational activities, emergencies, and potential capital projects

GOAL H

FISCAL RESPONSIBILITY

OPERATE THE AGENCY IN A FISCALLY RESPONSIBLE MANNER

Initiative #21 – Continue to effectively manage financial resources

Initiative Description – This initiative consists of managing financial resources in a prudent manner that maintains Zone 7 systems, provides reasonable rates to the community, and demonstrates good stewardship of public funds.

Anticipated Activities – Key activities are anticipated to include:

- Develop rate impact estimates/ranges for water supply reliability investments
- Update and maintain the long-range finance plan
- Meet debt coverage and bond covenants

- Maintain a high bond rating
- Maintain target levels of reserves
- Provide quarterly and annual financial reports to the Finance Committee and Board
- Continue to evaluate Zone 7's unfunded pension and other post-employment benefits liabilities and make annual contributions to the pension trust fund in accordance with policy
- Continue to conduct an annual audit

Initiative #22 – Track state and federal funding opportunities

Initiative Description – Applying for state and federal funding offers an opportunity to augment project budgets and offset local costs.

Anticipated Activities – Key activities are anticipated to include:

- Continue to track and pursue available state and federal funding opportunities
- Continue to track funding opportunities for which Zone 7 applies and/or receives funding

GLOSSARY

The following key terms are used in this Strategic Plan:

Goal – Zone 7's commitment to the community it serves.

Initiative – Measurable work activity that, when accomplished, will directly lead to achieving the Goal.

Mission – The primary reason(s) for the existence of the organization.

Strategic Plan – A structured plan for Zone 7 to achieve its goals.

SWOT Analysis – Description of strengths, weaknesses, opportunities, and threats to identify areas of focus in the Strategic Plan.

Values – Non-negotiable standards that the staff and the Board believe in and embody how they will act individually and as an organization.

Vision – What Zone 7 aspires to become.

Board of Directors
Dennis Gambs, President
Dawn Benson, Vice President
Catherine Brown
Sandy Figuers
Laurene Green
Kathy Narum
Sarah Palmer

Executive Team
Valerie Pryor, General Manager
Chris Hentz, Assistant General Manager - Engineering, Operations & Maintenance
Osborn Solitei, Treasurer/Assistant General Manager - Finance
Carol Mahoney, Government Relations Manager
Ken Minn, Water Resources Manager

Consulting Support
Ed Means, President, Means Consulting LLC

Appendix D

Water System Policies and Goals

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO 13-4230

INTRODUCED BY DIRECTOR QUIGLEY
SECONDED BY DIRECTOR STEVENS

Water Supply Reliability Policy

WHEREAS, the Zone 7 Board of Directors desires to maintain a highly reliable Municipal and Industrial (M&I) water supply system so that existing and future M&I water demands can be met during varying hydrologic conditions; and

WHEREAS, the Board has an obligation to communicate to its M&I customers and municipalities within its service area the ability of Zone 7's water supply system to meet projected water demands; and

WHEREAS, the Board on August 18, 2004 adopted Resolution No. 04-2662 setting forth its Reliability Policy for Municipal & Industrial Water Supplies; and

WHEREAS, the Board desires to revise the Reliability Policy to reflect recent data, analysis, and studies.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby rescinds Resolution No. 04-2662 adopting the August 18, 2004 Reliability Policy for Municipal & Industrial Water Supplies; and

BE IT FURTHER RESOLVED that the Board hereby adopts the following level of service goals to guide the management of Zone 7's M&I water supplies as well as its Capital Improvement Program (CIP):

Goal 1.Zone 7 will meet its treated water customers' water supply needs, in accordance with Zone 7's most current Contracts for M&I Water Supply, including existing and projected demands as specified in Zone 7's most recent Urban Water Management Plan (UWMP), during normal, average, and drought conditions, as follows:

- At least 85% of M&I water demands 99% of the time
- 100% of M&I water demands 90% of the time

Goal 2:Provide sufficient treated water production capacity and infrastructure to meet at least 80% of the maximum month M&I contractual demands should any one of Zone 7's major supply, production, or transmission facilities experience an extended unplanned outage of at least one week.

BE IT FURTHER RESOLVED that to ensure that this Board policy is carried out effectively, the Zone 7 General Manager will provide a water supply status report to the Board every five years with the Zone 7 Urban Water Management Plan that specifies how these goals will be, or are being, achieved.

If the General Manager finds that the goals cannot be met during the first five years of the Urban Water Management Plan, then the Board will hold a public hearing within two months of the General Manager's finding to consider remedial actions that will bring Zone 7 into substantial compliance with the stated level of service goals. Remedial actions may include, but are not limited to, voluntary conservation or mandatory rationing to reduce water demands, acquisition of additional water supplies, and/or a moratorium on new water connections. After reviewing staff analyses and information gathered at the public hearing, the Board shall, as expeditiously as is feasible, take any additional actions that are necessary to meet the level of service goals during the following five-year period; and

BE IT FURTHER RESOLVED that the Zone 7 General Manager shall prepare an Annual Review of the Sustainable Water Supply Report which includes the following information:

(1) An estimate of the current annual average water demand for M&I water as well as a five-year projection based on the same information used to prepare the UWMP and CIP;
(2) A Summary of available water supplies to Zone 7 at the beginning of the calendar year;
(3) A comparison of current water demand with the available water supplies; and
(4) A discussion of water conservation requirements and other long-term supply programs needed to meet Zone 7 M&I water demands for single-dry and multiple-dry year conditions, as specified in the Zone 7's UWMP.

A summary of this review will be provided to M&I customers.

Definitions

Level of Service for Annual Water Supply Needs—the level of service is the percent of existing or projected water demand that Zone 7's water supply system can meet during two key conditions: (1) during various hydrologic conditions and (2) during unplanned outages of major facilities.
Capital Improvement Program (CIP)—the CIP is Zone7's formal program for developing surface and ground water supplies, along with associated infrastructure, including import water conveyance facilities, surface water treatment plants, groundwater wells, and M&I water transmission system to meet projected water demands.

Normal conditions—conditions that most closely represent median runoff or allocation from all normally contracted or available water supplies from the historic record.

Average conditions—conditions that most closely represent the average runoff or allocation from all normally contracted or legally available water supplies from the historic record.

Drought conditions—conditions that most closely represent reduced runoff or allocation level from the historic record from all normally contracted or legally available water supplies, including both single-dry and multiple-dry year conditions.

Single-dry year condition—a condition that most closely represents the lowest yield over a one-year period from the historic record from all normally contracted or legally available supplies.

Multiple-dry year condition—a condition that most closely represents three or more consecutive dry years from the historic record that represent the lowest yields from all normally contracted or legally available supplies.

Available water supplies—consist solely of (1) water supplies that Zone 7 has contracted for (e.g., listed under Schedule A of the State Water Contract, dry-year water options, special contracts with other water districts, etc.) and (2) water actually stored in surface and subsurface reservoirs.

Maximum Month—the largest monthly average water use.

ADOPTED BY THE FOLLOWING VOTE:

AYES: DIRECTORS FIGUERS, GRECI, MACHAEVICH, PALMER, QUIGLEY, RAMIREZ HOLMES STEVENS

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

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 17, 2012.

By _____
President, Board of Directors

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

RESOLUTION NO 14-4365

INTRODUCED BY DIRECTOR PALMER
SECONDED BY DIRECTOR GRECI

Revised Water Quality Policy for Potable and Non-potable Water

WHEREAS, the Zone 7 Board of Directors is committed to delivering high quality water supplies to its potable (treated drinking water) Municipal and Industrial (M&I) Contractors that meet all public health regulatory requirements; and

WHEREAS, the Board endeavors to, in a manner that is fiscally responsible, proactive, and environmentally sensitive, deliver potable water that is aesthetically acceptable to its M&I Contractors; and

WHEREAS, the Board endeavors to provide potable water of an approximately equal quality within its operational capabilities to each M&I Contractor without diminishing existing water quality at any Contractors' turnouts; and

WHEREAS, the Board endeavors to provide non-potable water of an appropriate quality for its untreated water users from current surface and ground water supplies, and as a blended source of untreated and recycled water, when available; and

WHEREAS, the Board on April 16, 2003 adopted Resolution No. 03-2494 setting forth its Water Quality Policy for Potable and Non-potable Water after extensive discussion with stakeholders, and with the support of its M&I Contractors and untreated water users; and

WHEREAS, the adopted Water Quality Policy called for an Implementation Plan to be prepared as part of the Water Quality Management Program which shall be reviewed and updated every two years, or sooner if required, to reflect any emerging water quality issues and other regulatory and/or technology developments; and

WHEREAS, the Implementation Plan was completed in April 2003 which established internal water quality targets for guiding operations and capital improvements and recommended several capital projects for meeting the water quality targets; and

WHEREAS, the Board on August 17, 2005 adopted Resolution No. 06-2783 setting forth its Joint Water Quality Resolution with two of its M&I Contractors, City of Pleasanton and Dublin San Ramon Services District, for a work plan to update the Implementation Plan which included schedules and several policy principles to be evaluated; and

WHEREAS, the Implementation Plan was updated in December 2006 per the 2005 Joint Water Quality Resolution and every two years after; and

WHEREAS, Zone 7 has incorporated the internal water quality targets into various operations plans, planning documents, and design criteria as appropriate; and

WHEREAS, the capital projects recommended by the 2003 Implementation Plan and its updates have been implemented, completed, or incorporated into Zone 7's ongoing Capital Improvement Program (CIP); and

WHEREAS, the Board desires to revise the 2003 Water Quality Policy and the 2005 Joint Water Quality Resolution to reflect current condition of water quality and project status as well as the expectations of its M&I Contractors and untreated water users.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby rescinds Resolution No. 03-2494 adopting the 2003 Water Quality Policy and Resolution No. 06-2783 adopting the 2005 Joint Water Quality Resolution; and

BE IT FURTHER RESOLVED that the Board hereby adopts the following policy goals regarding water quality to guide the Zone 7 potable and non-potable water operations and its CIP:

GOAL 1 – Zone 7 shall continue to meet all State and federal primary Maximum Contaminant Levels[1] (MCLs) for potable water delivered to the M&I Contractors' turnouts. In addition, Zone 7 shall deliver potable water of a quality that is as close as technically feasible and fiscally responsible to the Public Health Goals[2] (PHGs) and/or Maximum Contaminant Level Goals[3] (MCLGs). To ensure a margin of safety, the delivered water shall generally be of a quality that contains no greater than 80 percent of the applicable State or federal primary MCLs.

GOAL 2 – Zone 7 shall meet all State and federal secondary MCLs[1] in the potable water delivered to its M&I Contractors' turnouts. In addition, Zone 7 shall, within technical and fiscal constraints, proactively mitigate earthy-musty taste and odor events[4] from surface water supplies and reduce hardness levels to "moderately hard", defined as 75 to 150 mg/L. Also, Zone 7 shall optimize its treatment processes to minimize chlorinous odors by maintaining consistent disinfectant dosage and residual.

GOAL 3 – Zone 7 shall endeavor to deliver to its untreated water turnouts, from a variety of sources, water of a quality that meets the irrigation needs and does not negatively impact vegetation, crops, or soils.

GOAL 4 – In order to achieve Goals 1 through 3, Zone 7 shall continue to work to improve the quality of its source waters. This may be achieved through Zone 7's Salt and Nutrient Management Plan, which will maintain or improve the water quality in the groundwater basin, and through advocacy of improvements in the State Water Project, its facilities and their operations, which may improve the source water of Zone 7's surface water supplies.

GOAL 5 – Zone 7 will partner with M&I Contractors to assist them in taking similar steps as those outlined in this policy to maintain or improve the quality of water delivered to the M&I Contractor's retail customers.

BE IT FURTHER RESOLVED that this Board policy be reviewed and updated as needed. Also, to ensure that this Board policy is carried out effectively, the Zone 7 General Manager shall implement the following actions:

- Maintain a regular dialog with the M&I Contractors and untreated water users as appropriate and provide opportunities for meaningful and timely input;

- Conduct a workshop with the M&I Contractors to develop a Water Quality Management Program Report every two years. The workshop will review emerging water quality issues and relevant regulatory and/or technology developments, review status of key parameters of concern in relation to their water quality targets, review water quality policy and need for updates, and review status of relevant water quality improvement projects/activities. The Report shall include any recommended revisions to the water quality targets and/or recommended projects/activities to assist in meeting the water quality targets. Optimization of system operations will be recommended, where possible, prior to the identification of the need for capital improvements. The Report recommended capital improvements shall be incorporated into Zone 7's biennial update of the Ten-Year Water System CIP.

- Work with the M&I Contractors to develop joint educational and notification materials for the public regarding Valley's water supplies, emphasizing all the actions taken and to be taken to improve water quality, including how those actions affect each Contactor.

- Establish and facilitate a joint operations workgroup consisting of operations staff from Zone 7 and the M&I Contractors to coordinate data collection and analysis and to coordinate operating practices to improve and minimize variations in delivered water quality.

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[1] Maximum Contaminant Level (MCL): The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHGs (or MCLGs) as is economically and technically feasible. Secondary MCLs are set to protect the odor, taste, and appearance of drinking water.

[2] Public Health Goal (PHG): The level of a primary contaminant in drinking water below which there is no known or expected risk to health. PHGs are set by the California Environmental Protection Agency.

[3] Maximum Contaminant Level Goal (MCLG): The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the United States Environmental Protection Agency.

[4] An event is defined as when three or more similar complaints are received in a 7-day period.

ADOPTED BY THE FOLLOWING VOTE:

AYES: DIRECTORS GRECI, FIGUERS, PALMER, RAMIREZ HOLMES, STEVENS

NOES: NONE

ABSENT: DIRECTOR MACHAEVICH, QUIGLEY

ABSTAIN: NONE

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 April 16, 2014.

By _____
President, Board of Directors

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT - ZONE 7 WATER AGENCY
Legal Debt Margin Information
Last Ten Fiscal Years
(In Millions)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Limit	$ 2,496	$ 2,668	$ 2,840	$ 3,056	$ 3,278	$ 3,456	$ 3,584	$ 3,835	$ 4,050	$ 4,236
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	$ 2,496	$ 2,668	$ 2,840	$ 3,056	$ 3,278	$ 3,456	$ 3,584	$ 3,835	$ 4,050	$ 4,236
Total net debt applied to the limit as a percentage of the debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: Alameda County Assessor's Office and Zone 7 Finance Department

ZONE 7 WATER AGENCY
Delivering Quality, Reliability and Safety

100 North Canyons Parkway
Livermore, CA 94551
(925) 454-5000

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

AGENDA DATE: April 15, 2026

SUBJECT: Declaration of May as Water Awareness Month

SUMMARY:

- As part of Zone 7's mission to "Deliver safe, reliable, efficient, and sustainable water and flood protection services," Zone 7 participates in water conservation education activities to support Strategic Initiatives #5 – Develop a diversified water supply plan and implement supported projects and programs, #19 – Communications Program, and #20 – Pursue opportunities for interagency cooperation.

- Water Awareness Month is celebrated in May in California. During the celebration, water agencies throughout the state conduct public outreach and education events to heighten public awareness about water supply and the need for conservation and water use efficiency.

- Zone 7 traditionally recognizes the significance of Water Awareness Month with a Board Resolution of Support and various community activities that highlight the vital role of water and the importance of conservation even in non-drought years.

- Zone 7 works with its retail water agencies to manage and reduce local water demands through water conservation and water use efficiency.

- To celebrate Water Awareness Month, Zone 7 will host public tours of the Patterson Pass Water Treatment Plant on Saturday, May 16 from 10:00 a.m. to 3:00 p.m. Tours will provide attendees with an introduction to Zone 7's water supply through a video overview of the Tri-Valley's water journey. Following this, participants will experience a guided walking tour of the plant. The experience will conclude with refreshments and educational materials, including rebate information, water-saving tips, and details on the water treatment and ozone processes. Participants will gain a deeper understanding of the region's water delivery and treatment system, fostering an enhanced appreciation for the value of water and Zone 7's essential services.

- Dublin San Ramon Services District (DSRSD) will also host tours of its wastewater treatment plant during Water Awareness Month on Sunday, May 3 at 1:30 p.m. Zone 7 will support DSRSD in promoting its tours. More info at https://www.dsrsd.com/Residents/Educational-Programs/Wastewater-Treatment-Plant-Tours.

- Staff recommends that the Board adopt the attached resolution, declaring the month of May as Water Awareness Month with associated public outreach and education activities.

FUNDING:

Not applicable

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENT:

Resolution

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 25-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Declaration of May as Water Awareness Month

WHEREAS, as part of Zone 7's mission to "Deliver safe, reliable, efficient, and sustainable water and flood protection services," Zone 7 participates in water conservation education activities to support Strategic Initiatives #5 – Develop a diversified water supply plan and implement supported projects and programs, #19 – Communications Program, and #20 – Pursue opportunities for interagency cooperation; and

WHEREAS, May has historically been designated as Water Awareness Month to highlight the vital role of water and the importance of conservation and water use efficiency; and

WHEREAS, water conservation and water use efficiency are important tools in combating drought conditions in California; and

WHEREAS, staff will coordinate with local retailers to promote public outreach and education for this year's Water Awareness Month.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District supports and declares May as Water Awareness Month with associated public outreach and education activities.

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 April 15, 2026.

By: _____
President, Board of Directors

ITEM NO. 11

ZONE 7 WATER AGENCY
Delivering Quality, Reliability and Safety

100 North Canyons Parkway
Livermore, CA 94551
(925) 454-5000

ORIGINATING SECTION: Administrative Services
CONTACT: Osborn Solitei

AGENDA DATE: April 15, 2026

SUBJECT: General Manager's Compensation

SUMMARY:

- In accordance with Section 7 of the General Manager's contract, *"The Board of Directors and General Manager shall meet no later than the Regular Board meeting of each March to discuss and establish mutually agreeable goals and objectives to be accomplished by General Manager for the ensuing year and to review General Manager's performance of duties and obligations hereunder. As a result of such evaluation, the Board may, but shall not be obligated to, adjust General Manager's compensation and/or revise his/her employment benefits as the Board shall determine."*

- In accordance with Section 3 of the General Manager's contract, "…*the General Manager shall be eligible annually for up to an additional 5% of her base salary as a bonus in recognition of outstanding performance as determined by the Board at the General Manager's annual reviews conducted pursuant to Section 7. The decision to pay a bonus, if any, and the amount thereof, shall be in the sole and absolute discretion of the Board of Directors and, if granted, will be paid over two (2) pay periods following the Board of Directors' action."*

- The current annual base salary for the General Manager is $377,499.20 with the potential for up to a 5% performance bonus based on extraordinary performance, as determined by the Board of Directors. The base salary includes a vehicle allowance.

- The General Manager receives the same general benefits package (retirement benefits, health care, dental care, etc.) other unrepresented management employees at Zone 7 receive and also receives a deferred compensation plan.

- If the Board of Directors wishes to increase the General Manager's base salary, the Board of Directors must make that decision in open session.

FUNDING: Funding will depend on Board action.

RECOMMENDED ACTION: Review and approve Amendment No. 2 to the General Manager Employment Agreement and the associated Resolution.

AMENDMENT #2
to the
March 21, 2018

EMPLOYMENT AGREEMENT – GENERAL MANAGER
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

WHEREAS, pursuant to the March 21, 2018 agreement by and between Alameda County Flood Control and Water Conservation District, Zone 7 ("Zone 7") and Valerie Pryor ("General Manager") titled Employment Agreement – General Manager (hereinafter "Employment Agreement"), the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District shall annually meet to review the General Manager's employment performance, and may adjust the General Manager's compensation as a result of that annual review; and

WHEREAS, Section 3 of the Employment Agreement identifies an initial base salary for the General Manager Position, subject to increase at the discretion of the Board of Directors; and

WHEREAS, the General Manager's 2025 annual review is now complete; and

WHEREAS, as a result of that annual review, the Board of Directors desires to implement certain changes to compensation for the General Manager of Zone 7, pursuant to Section 3 of the Employment Agreement.

NOW, THEREFORE, the Parties agree as follows:

1. Section 3 of the Agreement shall be amended and replaced in its entirety as follows:

Compensation. Zone 7 shall compensate the General Manager a base annual salary of _____ inclusive of a vehicle allowance as provided in Section 4 below ("**Base Salary**"), payable in bi-weekly installments in accordance with Zone 7's standard payroll procedures.

In addition to the foregoing, the General Manager shall be eligible annually for up to an additional 5% of her base salary as a bonus in recognition of outstanding performance as determined by the Board at the General Manager's annual reviews conducted pursuant to Section 7 below. The decision to pay a bonus, if any, and the amount thereof, shall be in the sole and absolute discretion of the Board of Directors and, if granted, will be paid over two (2) pay periods following the Board of Directors' action.

2. This change to base salary shall be effective on April 26, 2026.

ZONE 7

By: _____
President, Board of Directors

ATTEST:

_____

GENERAL MANAGER:

_____
Valerie Pryor

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

2nd Amendment to the Employment Agreement – General Manager (Compensation and Salary Increase)

WHEREAS, pursuant to a March 2018 General Manager Employment Agreement ("Employment Agreement"), the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District shall annually meet to review the General Manager's employment performance, and may adjust the General Manager's compensation as a result of that annual review; and

WHEREAS, Section 3 of that Employment Agreement identifies an initial base salary for the General Manager position, subject to increase at the discretion of the Board of Directors; and

WHEREAS, Section 3 further provides that the Board of Directors may, in its sole and absolute discretion, provide an additional payment of up to 5% of base salary in recognition of outstanding performance as determined by the Board at the General Manager's annual review, which, if granted, will be paid over two (2) pay periods following the Board of Directors' action; and

WHEREAS, the General Manager's annual review is now complete; and

WHEREAS, as a result of that annual review, the Board of Directors desires to implement certain changes to compensation for the General Manager of Zone 7, pursuant to Section 3 of the Employment Agreement; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District has considered whether to award an additional payment in recognition of outstanding performance as determined through the General Manager's 2025 annual review process, and has determined that a one-time payment of ___% is appropriate in light of the General Manager's performance and pursuant to Section 3 of the Employment Agreement; and

BE IT FURTHER RESOLVED by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District that Section 3 of the Agreement shall be amended to set the base salary for this position at ____% increase over current base salary of $377,499.20; and

BE IT FURTHER RESOLVED that this change to base salary shall be made effective April 26, 2026; and

BE IT FURTHER RESOLVED that the President of the Board of Directors is hereby authorized to execute the Amendment to the Employment Agreement attached hereto and incorporated by reference herein as Amendment #2; and

BE IT FURTHER RESOLVED that the Auditor-Controller of Alameda County is authorized and directed to draw the necessary payroll warrants from Zone 7 funds in accordance with 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 April 15, 2026.

By: _____
President, Board of Directors

ITEM NO. 12a

ZONE 7 BOARD OF DIRECTORS
SUMMARY NOTES OF THE LEGISLATIVE COMMITTEE

March 12, 2026
4:00 p.m.

Directors Present: Catherine Brown
Dennis Gambs
Laurene Green

Staff Present: Valerie Pryor, General Manager
Carol Mahoney, Government Relations Manager
Donna Fabian, Executive Assistant/Board Secretary

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1. Call Meeting to Order

The meeting was called to order by Director Green at 4:02 p.m.

2. Public Comment on Items Not on the Agenda

There were no public comments.

3. Presentation from ACWA

Julia Hall, Director of State Legislative Relations for ACWA, provided an update on the State budget, including ongoing efforts related to SB 35 (Proposition 4 funding allocations). ACWA is advocating for increased funding in both water and wildfire categories and supporting legislative efforts to streamline the distribution of grant funds by exempting them from certain regulatory processes consistent with other state bond grant programs. Additional budget priorities include funding for implementation of SB 72 (California Water Plan update), airborne snow survey improvements, and enhanced atmospheric river forecasting.

Ms. Hall also reviewed ACWA-sponsored legislation, including AB 2180 related to Proposition 218 rate-setting clarification and SB 1153 addressing water system roles and responsibilities during wildfires. The Committee discussed atmospheric river data collection and modeling, as well as ACWA's position on SB 1313 related to PFAS funding. ACWA has taken a watch and amend position on SB 1313.

4. Legislative Update (Staff/Consultant)

Carol Mahoney, Government Relations Manager, provided a legislative update, noting that many bills remain in "spot bill" form and continue to be evaluated. She highlighted several governance-related bills that staff will continue to monitor, including those addressing open meeting requirements and board compensation. Additional bills discussed primarily affect retail agencies, including those related to fire risk planning, water supply assessments, non-functional turf enforcement, and disaster preparedness.

Mark Smith, Legislative Advocate, reviewed key bills of interest, including AB 35, which seeks to expedite the distribution of Proposition 4 funds; AB 1772 and AB 2032 addressing funding and permitting related to golden mussel impacts; AB 2447 concerning agricultural runoff and nitrogen loading; and SB 872, which proposes long-term funding for subsidence mitigation and Delta levee repairs. He also discussed SB 1313, which would provide funding mechanisms for PFAS treatment, noting Zone 7's interest in supporting the bill.

The Committee discussed potential impacts of these legislative efforts, including funding challenges, policy considerations, and benefits to Zone 7. Staff provided updates on golden mussel impacts, noting that while not currently affecting water supply or quality, they could result in increased operational costs. Additional discussion addressed prior PFAS regulatory efforts and the status of related legislation.

Ms. Mahoney also provided a regulatory update regarding proposed OSHA gate safety regulations, which have been delayed for one year following stakeholder input. Mr. Smith concluded with an overview of current legislative activity in Sacramento, noting that the legislative session is entering a high-activity period as budget and policy discussions advance.

5. Adjournment

The meeting was adjourned by Director Green at 4:48 p.m.

ZONE 7 WATER AGENCY
Delivering Quality, Reliability and Safety

100 North Canyons Parkway
Livermore, CA 94551
(925) 454-5000

ITEM NO. 15a

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

AGENDA DATE: April 15, 2026

SUBJECT: General Manager's Report

SUMMARY:

The following highlights key activities that occurred last month. Also attached is a list of the General Manager (GM) contracts executed during March.

Integrated Water Resources:

On April 1, the California Department of Water Resources (DWR) conducted the critical April snow survey at Phillips Station and found no measurable snow. The combination of warm storms and unusually hot temperatures rapidly melted what remained of this year's already sparse snowpack. Statewide, the snowpack is now just 18 percent of average for this date, according to the automated snow sensor network. The results are the second lowest April measurement on record for Phillips Station, largely because there was still some visible snow on the ground. Preliminary data confirms this year's April 1 snowpack is among the lowest on record. However, with the current 30% State Water Project allocation and Zone 7's stored water, Zone 7 anticipates good water supply reliability in 2026.

Delta Conveyance Project (DCP): DWR submitted its Certification for Delta Plan Consistency for the DCP to the Delta Stewardship Council (DSC) on October 17. Ten appeals were submitted and were heard by the DSC on February 26 and 27. Director Palmer made public comments to the Council on February 27. The DSC is expected to issue a decision on the certification by April 28. The Change in Point of Diversion process before the Administrative Hearings Office continues. In March, the petitioner's rebuttal phase concluded. Hearings for the next phase, the Protestants' rebuttal, are scheduled to begin in June. Hearing dates are currently calendared through August.

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 comments accepted through May 22, 2026. The hearing record consisted of 21 parties, 60 witnesses, 2,115 exhibits, and 32 hearing days. Sites staff are currently analyzing the water supply impacts of the draft decision. If needed, a revised draft permit will be issued in mid-June, followed by a 30-day public comment period. The SWRCB is expected to consider adoption of the revised draft decision and permit at its September 1, 2026, Board meeting.

Engineering and Water Quality:

Mocho PFAS Treatment Plant: Over the next three months, multiple design workshops are planned to finalize design criteria and alternatives; these workshops will enable the Progressive Design-Build team to advance an early works package for long-lead electrical equipment by late summer 2026. The public comment period for the draft Initial Study/Mitigated Negative Declaration (IS/MND) closed on February 11, and staff is finalizing responses for incorporation into the Final IS/MND, which is anticipated to be presented to the Board for adoption in May. Finally, following Board approval of property rights for the DSRSD parcel in January, staff continues coordinating with the City of Pleasanton to secure the remaining land rights for the project site.

2023 Storm Damage Repairs: Preparations are underway for multiple projects addressing damage from the 2023 storms, with most required permits secured and construction anticipated to begin in June 2026 across Dublin, Pleasanton, and Livermore. Staff is coordinating with the U.S. Army Corps of Engineers, which is performing select repairs in Zone 7's jurisdiction, while separately securing right-of-way access, finalizing remaining permits, and arranging construction management and engineering support for Zone 7's own repair projects. To minimize public impacts, staff is also working with cities and park districts to plan trail detours where repair activities will temporarily affect access.

StreamTracker Web Portal: StreamTracker is Zone 7's public-facing platform for monitoring real-time streamflow and rainfall conditions across the Tri-Valley and Sunol. The system integrates data from a network of stream and rain gauges and provides users with access to real-time conditions, historical trends, and flood watch alerts. It supports both internal storm response and public awareness by allowing users to track hydrologic conditions during storm events. A key upcoming enhancement is the development of a real-time SMS notification system, targeted for implementation by fall of this year. This feature will provide automated and non-automated alerts to subscribed users based on water level thresholds at gauge stations, including early storm/flood watch, flood advisory, and flood warning notifications. Staff is currently advancing a beta version of this feature for internal testing, with next steps focused on refining alert criteria, confirming system reliability and security, and preparing for public rollout.

Monthly List of GM Contracts

March 2026

Contracts	Amount	Purpose
GardenSoft Corp	$10,200	License and maintenance for the Tri-Valley WaterWise Website
Total March 2026	**$10,200**	

ZONE 7 WATER AGENCY
Delivering Quality, Reliability and Safety

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Livermore, CA 94551
(925) 454-5000

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

AGENDA DATE: April 15, 2026

SUBJECT: March 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 shares proactive updates, promotes key initiatives, and engages stakeholders through education campaigns, outreach programs, and digital tools. This report highlights progress and key activities that strengthen community relationships and advance these goals.

<u>Communications Updates</u>:

Consumer Confidence Report – The team coordinated with the Water Quality and Engineering departments to establish a production timeline for the 2025 Consumer Confidence Report (CCR). The project remains on track for design completion and publication by the end of May, which will kick off the annual campaign, including a suite of promotional graphics and social media posts leveraging the *Wondrous World of Water* videos.

Groundwater Awareness Week – The team completed the annual Groundwater Awareness Week campaign, including the launch of the new video highlighting PFAS Ion Exchange Treatment at Stoneridge, Chain of Lakes, and the upcoming Mocho PFAS Treatment Plant. A full summary report and performance metrics are currently being finalized for the April Outreach Report.

Fix-a-Leak Week – The team ran its annual Fix-a-Leak Week (March 16–22) campaign, which included promotional graphics accompanying daily social media posts highlighting Water-Wise Wendy's Fix-a-Leak Week videos. Updated Water-Wise Wendy activity sheets were also shared on social media, encouraging the public to download them and hunt for leaks.

Earth Day Lawn to Garden Party – The team developed custom graphics and a cross-platform social media campaign (Facebook and Nextdoor) to promote the Earth Day Lawn to Garden Party at Madera Park. The outreach successfully directed residents to the Eventbrite registration page to secure spots for the hands-on workshop. This campaign also ties into ongoing conservation and rebate promotions.

Press:

- Staff sent out the March e-newsletter
- Staff issued two press releases in March
    - March 4: Zone 7 Water Agency Wins Engineering Excellence Awards for Stoneridge PFAS Treatment Plant
    - March 10: Zone 7 Highlights PFAS Treatment Protecting Tri-Valley Drinking Water During Groundwater Awareness Week

Digital Overview:

Website Overview

- **Users:** 7,050 (-28.7%) | Page Views: 17,516 (-11.6%) | Sessions: 9,000 (-27.1%)
- **Top Pages:** Page not found (3,933), Homepage (2,456), Join WWW 2025 FALW Challenge (897)
- **Traffic Sources:** Direct (4,042), Google Organic (2,047), FB AD (873)
- **Highlights:** Despite lower volume, engagement rate increased significantly to 48.26% (+39.0%), indicating stronger traffic quality and more intentional user behavior, while still remaining higher year over year.
- **NOTE:** The domain change for Zone 7 continues to cause redirect glitches on certain URLs - digital deployment and the team need to troubleshoot.

Social Media Snapshot

- **Facebook:** 1,355 followers | 11 posts | 6,955 impressions
- **LinkedIn:** 943 followers (+28 followers in last 30 days) | 310 Page Views | 1,747 impressions
- **YouTube:** 406 views, top video "Ground Water Recharge - Wondrous World of Water"
- **Highlight:** Zone 7's YouTube channel showed a significant increase in total minutes viewed during February, with viewers specifically interested in capital project updates and water treatment.

Email Outreach (Mailchimp)

- **Eblasts:** Sent: 3 | Deliveries: 1,909 | Avg. Open Rate: 20.4% | Clicks: 45
- **Highlight:** Open rates remain above industry average, though domain redirect, email filtering, and authentication challenges continue to impact engagement overall.

Key Takeaways

- Audience engagement on social media remains high with an increase of over 100% in March.
- The YouTube channel has seen an uptick in users since the release of the new PFAS Ion Exchange Treatment Video, and has significantly more views than the Groundwater Recharge video, which remains one of the channel's top-performing videos.

Outreach Updates

Schools' Program:

Throughout March, staff led 74 lessons across the Zone 7 service area, connecting with students in multiple districts. With 43 additional classroom visits scheduled for April, the program continues to deepen students' understanding of water science, provide context about the local watershed, and highlight how Zone 7 supports and protects regional water systems.

In-Person Events:

Fredericksen Pi Night
Thursday, March 19, 2026 | *6:00 p.m.—8:00 p.m.* | *Fredericksen Elementary School, Dublin*
Zone 7 attended Frederiksen Elementary School's Pi Night in celebration of math and science. Families in attendance were highly engaged and appreciative of our floodplain model, water conservation giveaways, and overall presence.

Smith Elementary School Family Science Night
Friday, March 20, 2026 | *4:00 p.m.—6:00 p.m.* | *Smith Elementary School, Livermore*
Staff engaged with many Smith Elementary students and their family members at this well-attended event. Families learned about the Upper Alameda Creek Watershed and Zone 7's role through an interactive experience with the floodplain model.

Science Explorations
Friday, April 17, 2026 | *6:00 p.m.—8:00 p.m.* | *1501 Hillcrest Ave., Livermore*
After visiting our table at Science Odyssey, we were invited to host a similar table at a family science event for homeschool students studying Earth science. We look forward to engaging with the students and their families.

Earth Day Turf Conversion Event
Saturday, April 18, 2026 | *10:00 a.m.—12:00 p.m.* | *TBD, Livermore*
Zone 7 will participate in the Earth Day Turf Conversion Event hosted by the City of Livermore. Staff will share information about native gardens, lawn conversion, and available rebate programs. Zone 7 will also provide snacks for volunteers participating in the turf conversion project.

Tri-Valley Innovation Fair
Saturday, April 18, 2026 | *10:00 a.m.—5:00 p.m.* | *Alameda County Fairgrounds, Pleasanton*
Zone 7 will be represented at this hands-on event with over 50 exhibitors. We will host a staffed booth with interactive activities, our usual giveaways, and information about water-saving rebates. This high-traffic event provides an opportunity to reach a broad cross-section of the Tri-Valley community.

LARPD Earth Day
Sunday, April 19, 2026 | *10:00 a.m.—2:00 p.m.* | *Sycamore Grove Park, Livermore*
Zone 7 will participate in the Livermore Area Recreation and Park District Earth Day Celebration at the native garden near the Wetmore Entrance of Sycamore Grove Park. Activities will include ranger-led nature walks, invasive plant removal, tours of the native garden, crafts, and informational booths hosted by local organizations. Zone 7 will host a booth featuring an interactive activity focused on watershed awareness and water resources.

Ag & Enviro Adventure Day
Tuesday, April 21, 2026 | *8:00 a.m.—3:00 p.m.* | *Livermore High School, Livermore*
For the tenth year, Zone 7 will participate in this organized event for Livermore third graders with an interactive movement-based activity that highlights our watershed, its connection with the community, and Zone 7's roles.

Las Positas College Child Development Center's Spring Festival
Wednesday, April 22, 2026 | *3:00 p.m.—5:30 p.m.* | *Las Positas College, Livermore*
Zone 7's education team has once again been invited to host an interactive booth at the spring family gathering. The event is described as "…an opportunity to build a sense of community and provide educational enrichment for families." We look forward to engaging with the students and their families.

Hearst Elementary Science Fair
Wednesday, April 22, 2026 | *4:30 p.m.—6:30 p.m.* | *Hearst Elementary School, Pleasanton*
Zone 7 will support Hearst Elementary School's science event with an interactive display and giveaways focused on water conservation and the work of Zone 7 Water Agency.

Take Your Child to Work Day
Thursday, April 23, 2026 | *TBD* | *Zone 7 Water Agency, Livermore*
Mrs. Wilkins will once again kick off the day with interactive games and activities for employees and their children, focusing on Zone 7 and the importance of water.

Green Engineering Day
Friday, April 24, 2026 | *9:00 a.m.—2:00 p.m.* | *Livermore High School, Livermore*
Zone 7 has been invited to join other city agencies in introducing Livermore sixth graders to engineering through Livermore High School's Green Engineering Day. Zone 7 will host an interactive booth focused on the importance of water and the role of Zone 7.

City of Pleasanton Earth Day Celebration
Saturday, April 25, 2026 | *10:00 a.m.—1:00 p.m.* | *Pleasanton Library, 400 Old Bernal Avenue, Pleasanton*
The City of Pleasanton "invites community members of all ages to learn about environmental issues and sustainability solutions in an interactive, family-friendly atmosphere." Zone 7 will host an interactive booth encouraging water-saving practices inside and outside of the home. Families will have the opportunity to ask questions and receive practical conservation tips.

Altamont Creek Earth Day Family Science Night
Tuesday, April 28, 2026 | 6:00 p.m.—7:30 p.m. | Altamont Creek Elementary School, Livermore
Zone 7 has been asked to participate alongside other exhibitors at this STEAM-focused event. We look forward to engaging with Altamont Creek Elementary students and their family members. Activities will support science learning while highlighting local water and watershed topics.

A Day by the Water
Saturday, May 2, 2026 | 10:00 a.m.—3:00 p.m. | Del Valle Regional Park, Livermore
Community booths will be set up outside the Del Valle Visitor Center highlighting the importance of water in our valley. Zone 7 will join other organizations in interacting with families to explore and celebrate all things water. This outdoor setting allows for informal learning and meaningful community conversations about water.

Bring Back the Natives Tour
Sunday, May 3, 2026 | 10:00 a.m.—5:00 p.m. | TBD
Zone 7 will host a booth at a residence featured on the tour to educate visitors about native plants and lawn conversion rebate programs. The booth will include rebate information, a children's activity, and snacks for volunteers.

For the most up-to-date schedule of public events, please visit www.zone7waterca.gov/calendar.

Zone 7 will continue to expand community engagement opportunities through educational programming, digital outreach, and participation in regional events throughout the spring season.

ATTACHMENT:

March Website Dashboard

Website Analytics

Mar 1, 2026 - Mar 31, 2026

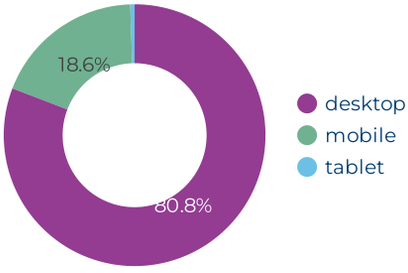
Highlights:

Total users	Views
6,941	17,395
-1.5%	-0.7%

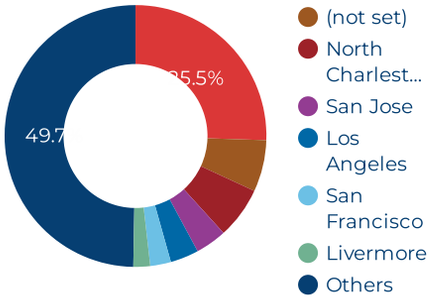
New users	Engagement rate
6,672	42.81%
-0.2%	-11.3%

Sessions	User engagement
9.0K	57:36:00
-0.2%	-11.3%

Device Type:



Users by City



Most visited pages on the website - users and pageviews

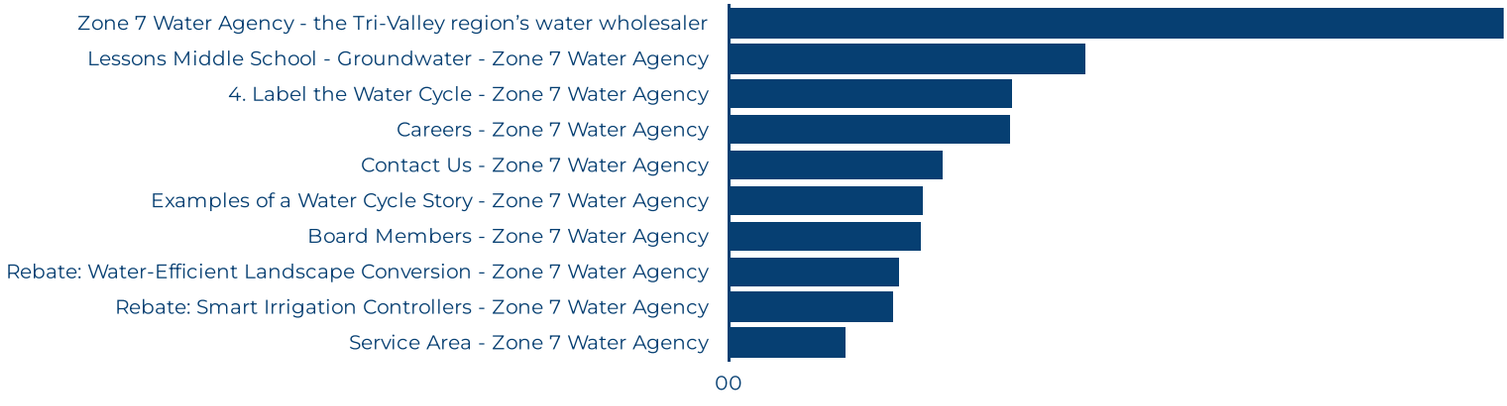
	Page title	Views	Total users
1.	Zone 7 Water Agency - the Tri-Valley region's water wholesaler	2,125	1,582
2.	For Teachers - Zone 7 Water Agency	877	832
3.	Page not found - Zone 7 Water Agency	4,474	506
4.	Login required - Zone 7 Water Agency	508	483
5.	Careers - Zone 7 Water Agency	637	394
6.	Construction & Business Opportunities - Zone 7 Water Agency	435	284
7.	Board Meetings - Zone 7 Water Agency	348	201
8.	Contact Us - Zone 7 Water Agency	326	169
9.	4. Label the Water Cycle - Zone 7 Water Agency	179	155
10.	Lessons Middle School - Groundwater - Zone 7 Water Agency	279	154
11.	Search: bids - Zone 7 Water Agency	151	151

Acquisition source/medium - where traffic sessions come from

	Session source	Session medium	Sessions
1.	(direct)	(none)	4,845
2.	google	organic	2,239
3.	ig	paid	652
4.	bing	organic	385
5.	fb	paid	133
6.	cityofpleasantonca.gov	referral	112
7.	dsrsd.com	referral	82
8.	(not set)	(not set)	54
9.	m.facebook.com	referral	46
10.	yahoo	organic	42

1 - 100 / 100

Pages with the most time spent by users

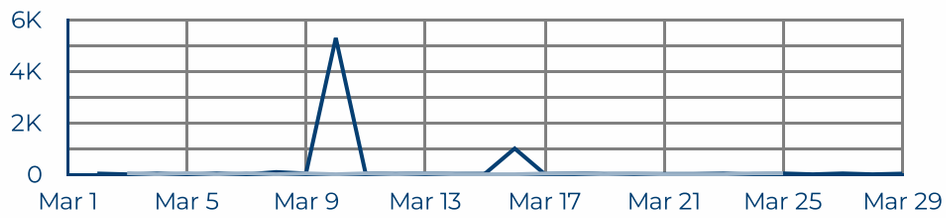


Shared Media | February 2026

Facebook Analytics

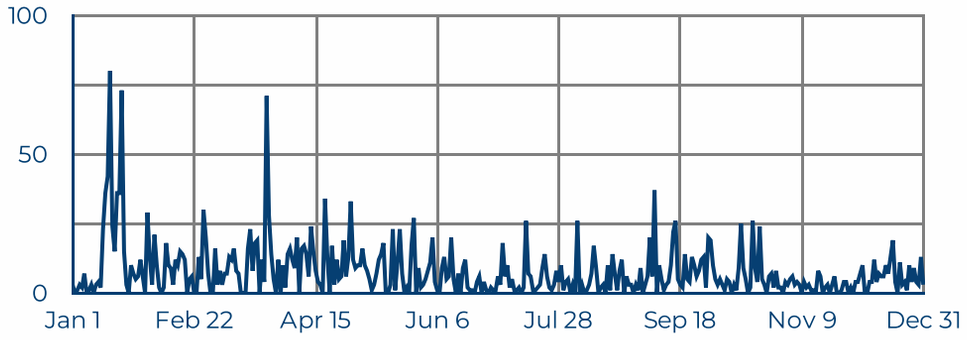
Total Posts	Engagement	Page Followers	Impressions
23	195.81	1,354	26,403
▲ 109.1%	▲ 321.3%	0.0%	▼ -4.0%

Facebook Daily Average Reach per Post

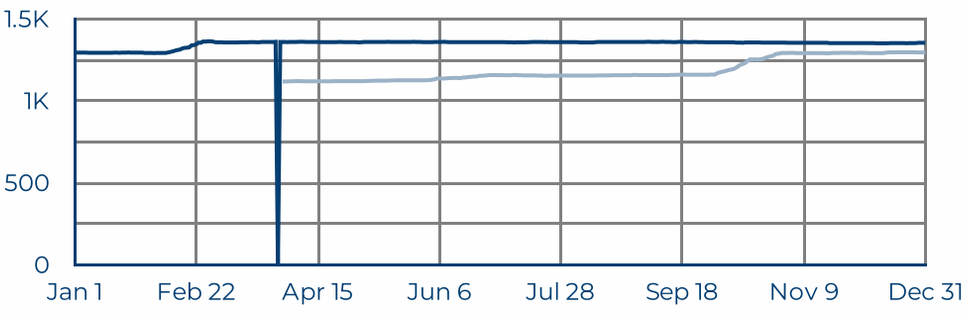


Paid Reach	Organic Reach	Total Reach
6,252	653	6,892
▲ N/A	▼ -68.5%	▲ 1,585.1%

Facebook Page Visits



Facebook Page Followers - Year-to-Date Growth



Mailchimp Delivery Analytics

Total Eblasts Sent
4

Total Deliveries
3,389

Avg. Open Rate %
22.7%

Total Clicks
148

New Signups
0

Monthly YouTube Performance

Total Views
694

Watch Time (Minutes)
632.16

Average View Duration
00:00:56

Top Five Videos of Month

Video Title	Views
Zone 7 Water Agency PFAS Ion Exchange Treatment	272
Groundwater Recharge - Wondrous World of Water	72
Test the Waters: Get in the Zone	57
Wondrous World of Water - Ozone Treatment	56
Wondrous World of Water – Ion Exchange PFAS Treatment	49

Insights | March 2026

Insights & Opportunities

Website Summary

March saw a stabilization of web traffic with 17,395 views and 9.0K sessions. While total users saw a marginal dip of -1.5%, the 6,941 total users represent a much higher volume year over year, suggesting a recovery in audience reach.

· **Traffic Drivers:** Traffic was heavily dominated by Direct sessions (4,845) and Google Organic search (2,239). Paid social via Facebook for select campaign promotion (Groundwater Awareness Week/Fix-A-Leak Week) contributed to the acquisition mix as some paid efforts were reintroduced.

· **Engagement:** The engagement rate settled at 42.81% reflecting the broader reach typically seen when paid campaigns are active.

• **Technical Concern:** The "Page Not Found" (404 error) remains a critical issue, ranking as the #3 most visited page with 4,474 views. This indicates that a significant portion of the audience is hitting broken links.

Social Media Summary

March was defined by the reintroduction of paid social media, which dramatically shifted reach metrics compared to February.

· **Explosive Reach:** Total Reach surged to 6,892 (+1,585.1%) due to 6,252 in Paid Reach.

· **Steady Engagement:** Posting volume increased to 23 posts, resulting in 195.81 engagements. This indicates that the community is actively responding to the increased content frequency.

· **Follower Growth:** Facebook page followers grew to 1,354, maintaining the stable audience base seen in previous months.

Mailchimp Summary

Performance improved over February, with 3,389 total deliveries across eblasts. The average open rate rose to 22.7% (up from February's 20.4%), and total clicks more than tripled to 148.

YouTube Summary

Video content continues to be a strong educational tool. Total views reached 694, with an average view duration of 56 seconds. Infrastructure and treatment-related content, specifically PFAS Ion Exchange Treatment, led performance with 272 views.

Opportunities for April 2026

1. URGENT: Fix 404 Errors: With over 4,400 views on the "Page Not Found" screen, the agency is losing engagement. A full redirect audit is required to capture this lost traffic.

2. Optimize High-Time-Spent Pages: Since users spend the most time on Rebate and Education pages, these should be updated with the newest "Conservation Zone" messaging to drive conversions.

3. Cross-Promote YouTube Content: Embed the high-performing PFAS Treatment and Groundwater videos directly onto the related infrastructure and education web pages to further increase session duration.

4. Refine Social to Web Funnel: While reach is high, the "engagement rate" on the website dipped slightly. Use more "intentional" calls-to-action in paid social ads to ensure the traffic arriving on the site is highly qualified.

ZONE 7 WATER AGENCY
Delivering Quality, Reliability and Safety

100 North Canyons Parkway
Livermore, CA 94551
(925) 454-5000

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

AGENDA DATE: April 15, 2026

SUBJECT: Legislative Update

SUMMARY:

Zone 7 staff, with the support from 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, 2026.

The legislature reconvened from spring recess on April 6. The last day for fiscal bills to be referred out of policy committees to their respective house's fiscal committees is April 20, 2026. Zone 7, along with organizations such as the Association of California Water Agencies (ACWA), California Municipal Utilities Association (CMUA) and California Special Districts Association (CSDA), continue to review bill language as it is released. The attached list of bills is a synopsis of those identified to have a nexus to Zone 7 interests. Other bills of potential interest are monitored on behalf of Zone 7 by SKV Associates and reviewed regularly with staff for consideration of positions, including those reviewed by the organizations noted above.

Of note, Zone 7 has taken a support position on two bills in accordance with the Legislative Platform:

1. AB 2215 (Calderon), which would extend the water right permit issued to the Department of Water Resources for the State Water Project through December 31, 2085. This would align with the term of the updated water supply contracts; and

2. SB 1313 (McNerney), which would authorize the State Water Resources Control Board to fund projects through grants or loans to public water systems to address PFAS in drinking water or source water, with anticipated future appropriations in the state budget.

ATTACHMENT:

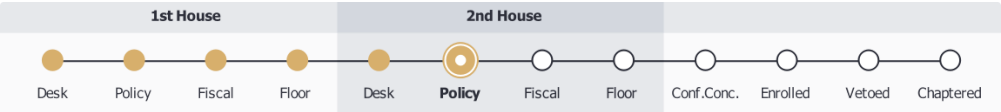
Zone 7 Water Agency Board Report

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: 01/14/2026 - Amended **HTML** **PDF**

Last Amended: 01/14/2026

Status: 01/27/2026 - In Senate. Read first time. To Com. on RLS. for assignment.



Location: 01/27/2026 - Senate Rules

Summary: The Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024, approved by the voters as Proposition 4 at the November 5, 2024, statewide general election, authorized the issuance of bonds in the amount of $10,000,000,000 pursuant to the State General Obligation Bond Law to finance projects for safe drinking water, drought, flood, and water resilience, wildfire and forest resilience, coastal resilience, extreme heat mitigation, biodiversity and nature-based climate solutions, climate-smart, sustainable, and resilient farms, ranches, and working lands, park creation and outdoor access, and clean air programs. Current law authorizes certain regulations needed to effectuate or implement programs of the act to be adopted as emergency regulations in accordance with the Administrative Procedure Act, as provided. Current law requires the emergency regulations to be filed with the Office of Administrative Law and requires the emergency regulations to remain in effect until repealed or amended by the adopting state agency. This bill, notwithstanding the above, would exempt the adoption of regulations needed to effectuate or implement programs of the act from the requirements of the Administrative Procedure Act, as provided. The bill would require a state entity that receives funding to administer a competitive grant program established using the Administrative Procedure Act exemption to do certain things, including develop draft project solicitation and evaluation guidelines and to submit those guidelines to the Secretary of the Natural Resources Agency, except as provided. The bill would require the Secretary of the Natural Resources Agency to post an electronic form of the guidelines submitted by a state entity and the subsequent verifications on the Natural Resources Agency's internet website. (Based on 01/14/2026 text)

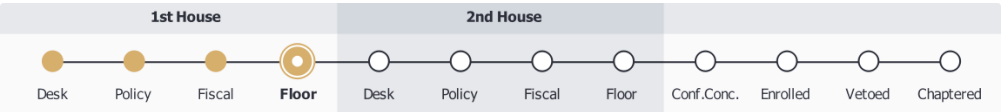
Position: Support

AB 1632 **(Johnson, R) Trespass.**

Current Text: 03/19/2026 - Amended **HTML** **PDF**

Last Amended: 03/19/2026

Status: 03/23/2026 - Read second time. Ordered to third reading.



Location: 03/23/2026 - Assembly THIRD READING

Summary: Existing law makes it a misdemeanor to commit the crime of trespass, which includes refusing or failing to leave land, real property, or structures belonging to, or lawfully occupied by, another and not open to the general public upon being requested to leave by a peace officer at the request of the owner, the owner's agent, or the person in lawful possession and upon being informed by the peace officer that they are acting at the request of the owner, the owner's agent, or the person in lawful possession. Existing law requires the owner, the owner's agent, or the person in lawful possession to make a separate request to the peace officer on each occasion when the peace officer's assistance in dealing with a trespass is requested, except that a single request for peace officer assistance may be made for a period not to exceed 12 months when there is a fire hazard to the premises or property, the owner is absent from the premises or property, or the premises or property is closed to the public and posted as being closed. Existing law authorizes a single request for assistance to be made and submitted electronically, in a notarized form provided by the law enforcement agency, to a peace officer, and authorizes local governments to accept electronic submissions of requests for peace officer assistance. This bill would remove the requirement that the submitted form described above be notarized. (Based on 03/19/2026 text)

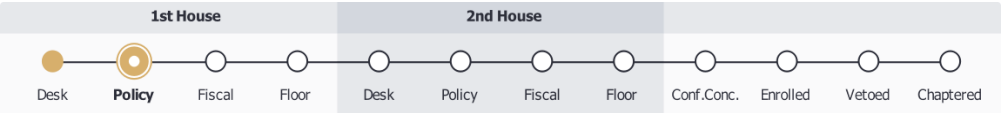
Position: Monitor

AB 2215 **(Calderon, D) Water rights: permits: State Water Project.**

Current Text: 03/19/2026 - Amended **HTML** **PDF**

Last Amended: 03/19/2026

Status: 03/23/2026 - Re-referred to Com. on W., P., & W.



Location: 03/19/2026 - Assembly Water, Parks and Wildlife

Summary: The Department of Water Resources operates the State Water Resources Development System, commonly referred to as the State Water Project. Existing law requires that construction work for a project that will put appropriated water to beneficial use be commenced, prosecuted with due diligence, and completed within the time period specified in the water right permit. Existing law authorizes the State Water Resources Control Board to extend the deadline specified in the permit to commence or complete construction work and to put appropriated water to beneficial use for good cause shown. This bill would require that the time periods for the application of water to beneficial use and for the completion of construction work for specific water right permits held by the Department of Water Resources for the operation of the State Water Project be December 31, 2085. (Based on 03/19/2026 text)

Position: Support

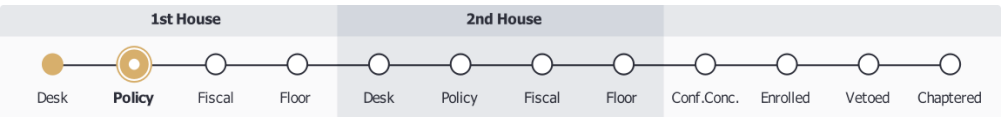
Notes:
State Water Contractors' sponsored measure to statutorily extend the term of the SWP water rights permits through 2085

SB 872 **(McNerney, D) Delta Levees and Canal Subsidence Fund.**

Current Text: 03/26/2026 - Amended **HTML** **PDF**

Last Amended: 03/26/2026

Status: 03/26/2026 - From committee with author's amendments. Read second time and amended. Re-referred to Com. on N.R. & W.



Location: 03/18/2026 - Senate Natural Resources and Water

Summary: Existing law, the Sacramento-San Joaquin Delta Reform Act of 2009, declares that the Sacramento-San Joaquin Delta (Delta) is a critically important natural resource for California and the nation and it serves as both the hub of the California water system and the most valuable estuary and wetland ecosystem on the west coast of North and South America. Existing law establishes in the Natural Resources Agency the Department of Water Resources. Existing law requires the department and the Department of Fish and Wildlife to determine the principal options for the Delta and requires the department to evaluate and comparatively rate each option for its ability to do specified things, including, among others, to maintain Delta water quality for Delta users, and to preserve, protect, and improve Delta levees. Existing law establishes in the agency the Sacramento-San Joaquin Delta Conservancy. Existing law requires the conservancy to act as a primary state agency to implement ecosystem restoration in the Delta and to support efforts that advance environmental protection and the economic well-being of Delta residents. This bill would establish the Delta Levees and Canal Subsidence Fund in the State Treasury and, upon appropriation, would make the moneys in the fund available to the Secretary of the Natural Resources Agency for expenditure consistent with the allocations described below. The bill would authorize the secretary to seek out, and the fund to accept, state moneys from, among other sources, any bond funds, the General Fund, or the Greenhouse Gas Reduction Fund. The bill would authorize the fund to accept moneys from nonstate sources, including federal and private moneys, and would continuously appropriate those moneys without regard to fiscal year, for allocation as described below, thereby making an appropriation. (Based on 03/26/2026 text)

Position: Support

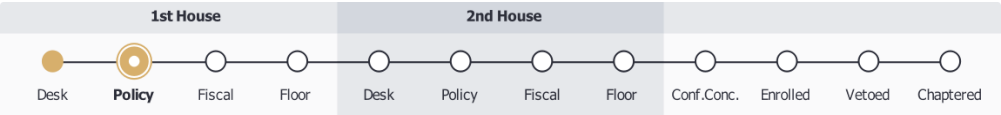
Notes:
Subsidence/conveyance funding
Delta levee repairs

SB 1313 **(McNerney, D) Drinking water: perfluoroalkyl and polyfluoroalkyl substances.**

Current Text: 04/06/2026 - Amended **HTML** **PDF**

Last Amended: 04/06/2026

Status: 04/06/2026 - From committee with author's amendments. Read second time and amended. Re-referred to Com. on E.Q.



Location: 03/04/2026 - Senate Environmental Quality

Summary: Existing law establishes the Safe Drinking Water State Revolving Fund, and moneys in the fund are continuously appropriated to the State Water Resources Control Board for the provision of grants and revolving fund loans to provide for the design and construction of projects for public water systems that will enable suppliers to meet safe drinking water standards. Existing law provides that moneys in the fund and the special accounts may be expended for additional purposes provided in the federal Safe Drinking Water Act. This bill would provide that moneys in the fund and special accounts may be considered eligible and expended for projects that address perfluoroalkyl and polyfluoroalkyl substances in drinking water, consistent with the federal Safe Drinking Water Act. (Based on 04/06/2026 text)

Position: Monitor

Total Measures: 5
Total Tracking Forms: 5

ITEM NO. 15d

ZONE 7 WATER AGENCY
Delivering Quality, Reliability and Safety

100 North Canyons Parkway
Livermore, CA 94551
(925) 454-5000

ORIGINATING SECTION: Integrated Planning
CONTACT: Sal Segura/Neeta Bijoor

AGENDA DATE: April 15, 2026

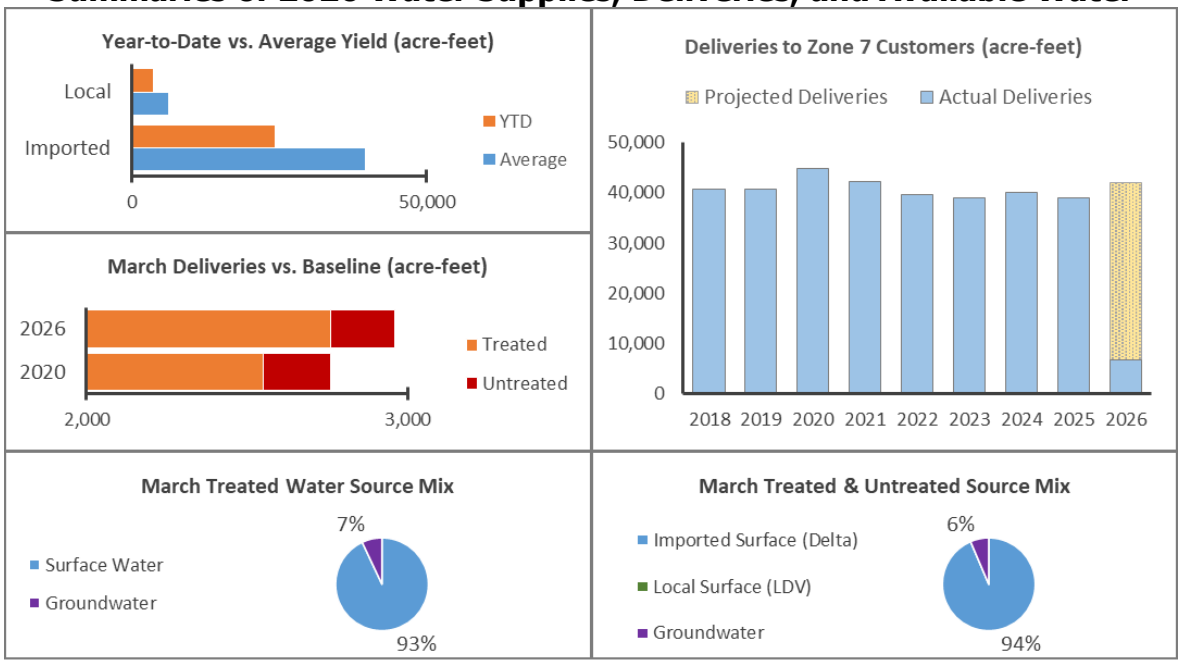
SUBJECT: Monthly Water Inventory and Water Budget Update

SUMMARY:

To support its mission to deliver safe, reliable, efficient, and sustainable water, Zone 7 Water Agency manages its water supply portfolio. 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 discusses an overall analysis of the annual water supply, will be presented to the Board on April 15, 2026. A summary of long-term water supply planning is also included in the Urban Water Management Plan (UWMP), which is updated every five years to assess water supply reliability on a 20-year planning horizon. The next update of the UWMP is due on July 1, 2026, and will be presented to the Board on May 20, 2026. 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.

Summaries of 2026 Water Supplies, Deliveries, and Available Water



ZONE 7 WATER INVENTORY AND WATER BUDGET
(March 2026)

Supply and Demand *(See Table 3, Figure 1, Figure 2, Figure 3, and Figure 4)*

- Monthly totals: 2,960 acre-feet (AF) delivered to customers (2,760 AF treated production and 200 AF estimated untreated deliveries).
- Total treated water production increased by 57% compared to last month.
- Treated water sources were 93% surface water and 7% groundwater this month.
    - Treatment plant production was 27.0 million gallons per day (MGD).
    - Wellfield production was 2.0 MGD.

Comparison of Demands: 2026 vs 2020 baseline *(See Table 1)*

- In March 2026, Zone 7's overall water demand was 7% higher than in March 2020: treated water production was 8% higher, while estimated untreated deliveries were 5% lower.

Table 1: March 2026 comparison – Treated and Untreated Demands

	Treated Production	Untreated Delivery	Total
March 2026 (AF)	2,760	200	2,960
March 2020 (AF)	2,550	210	2,760
March 2026 vs March 2020	8% higher	5% lower	7% higher

Imported Water *(See Table 2 and Table 3)*

- The current 2026 State Water Project (SWP) allocation is 30%, which supplies 24,190 AF to Zone 7. Zone 7 did not use any of its Table A in March.
- As of April 1, Zone 7 has approximately 8,900 AF available and classified as carryover water.
- On February 25, DWR issued a Notice To Contractors in preparation for Article 21 water, should it become available. DWR has not yet made any Article 21 water available to contractors. Staff does not anticipate Article 21 water to be offered this spring/summer.

Table 2: Available Water Supplies (as of April 1, 2026)

Sources of Water Supplies	Acre-Feet (AF)
Table A	24,190
Water Transfers/ Exchanges[1]	0
SWP Carryover Water	8,900
Lake Del Valle (Carryover + New Yield)	8,500
Livermore Valley Groundwater Basin (AF above Minimum Thresholds)	126,800
Kern Storage and Recovery Programs	106,400
Total	**274,790**

[1]Includes 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 Minimum Thresholds (operational storage) is 126,000 AF.
- Basin storage is approximately 100% of operational storage capacity.
- It is important to note that not all the storage above the Minimum Thresholds 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 March, the total pumping from Zone 7's wellfields was approximately 190 AF, making up 7% of the treated supply.
- Estimated groundwater basin outflow on the west side of the Basin was 133 AF in March. This groundwater spills into Arroyo De La Laguna due to a high groundwater table near Arroyo.
- In March, Zone 7 released 160 AF for artificial recharge releases via Shadow Cliffs. Nevertheless, natural inflow to Arroyo Valle was sufficient to meet the water rights live-stream requirement.

Stream Outflow *(See Table 3)*

- Surface runoff exceeded the 10 cubic feet per second (CFS) baseflow at Arroyo De La Laguna at the Verona stream gauge for all of March, resulting in approximately 290 AF of outflow.
- Note: Some surface outflow from the Livermore-Amador Valley is mandated for other downstream purposes.

Local Precipitation *(See Figure 7)*

- 0.05 inches of precipitation was recorded at Livermore Airport in March.
- As of March 31, Livermore has received 10.03 inches of rain for the water year starting October 1, 2025, and is 80% of average-to-date.

Sierra Precipitation *(See Figure 8)*

- 0.1 inches of precipitation was recorded in the Northern Sierras in March. Historical average precipitation in March is 8.1 inches.
- Cumulative precipitation in the Northern Sierra for Water Year 2026 through April 1 is 42.2 inches, or 95% of average-to-date.

Sierra Snowpack *(See Figure 9)*

- As of April 1, Northern Sierra snow water equivalent was 1.5 inches, or 6% of average-to-date.

Lake Oroville *(See Figure 10)*

- As of March 31, 2026, Lake Oroville storage is at 90% of total capacity, representing 123% of average storage conditions for this date of the year.
    - Storage: 3,090,516 AF
    - Storage as a percentage of total capacity increased by 4% over the month of March

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 April 1, 2026, the total reservoir storage is 1,809,300 AF, of which approximately 1,039,000 AF belongs to SWP. The SWP's share of the reservoir capacity is 98% full. Staff continues to track the reservoir conditions and SWP operations.

Lake Del Valle *(See Table 3 and Figure 6)*

- Lake Del Valle holds 35,400 AF as of March 31.
- Zone 7's estimated water storage in Lake Del Valle at the end of March is approximately 8,500 AF.
- Lake Del Valle inflows peaked at approximately 22 CFS in March. The total volume of inflow in March was enough to satisfy the required releases under Zone 7's water rights permit.

NOTE: Numbers presented are estimated and subject to refinement over the course of the year.

Table 3: Water Inventory

Water Inventory for Zone 7 Water Agency
Note: Values are rounded. All units in AF unless noted otherwise. Subject to adjustment over the year.

	2025 *Jan-Dec*	2026 *Mar*	2026 - YTD *Jan-Dec*
Source			
Incoming Supplies			
State Water Project (SWP) - Table A	26,320	0	0
State Water Project - Article 21	0	0	0
Lake Del Valle Local Water, (Includes Evap Loss)	8,000	0	0
Water Transfers/Exchanges[1]	0	0	0
Subtotal	**34,320**	**0**	**0**
From Storage			
State Water Project - Carryover	9,160	2,770	5,090
Livermore Valley Groundwater Basin	7,520	190	1,550
Kern Storage and Recovery Programs	0	0	0
Subtotal	**16,680**	**2,960**	**6,640**
Total Supply	**51,000**	**2,960**	**6,640**
Water Use			
Customer Deliveries			
Treated Water Demand [2]	34,520	2,760	6,370
Untreated Water Demand	4,360	200	270
Subtotal	**38,880**	**2,960**	**6,640**
To Storage			
Livermore Valley Groundwater Basin Recharge	3,120	0	0
Kern Storage and Recovery Programs	5,000	0	0
Subtotal	**8,120**	**0**	**0**
SWP Transfer			
Water Transfers/Exchanges[3]	**4,000**	**0**	**0**
Total Water Use	**51,000**	**2,960**	**6,640**
Available Water Supplies			
Incoming Supplies	**End-of-2025**		
SWP - Table A (%)	50%	30%	30%
SWP - Table A Remaining	13,990	24,190	24,190
Water Transfers/Exchanges	0	0	0
Subtotal	**13,990**	**24,190**	**24,190**
Storage Balance	**End-of-2025**		
SWP Carryover	0	8,900	8,900
Lake Del Valle Local Water	4,950	8,500	8,500
Livermore Valley Groundwater Basin [4]	123,100	126,800	126,800
Kern Storage and Recovery Programs	106,400	106,400	106,400
Subtotal	**234,450**	**250,600**	**250,600**
Total Available Water	**248,440**	**274,790**	**274,790**
Watershed Conditions	**End-of-2025**		
Precipitation at Livermore Station (in)[5]	11.7	0.05	4.37
Lake Del Valle Local Water Net Yield	4,950	150	3,550
Measured Change in Groundwater Basin Storage	-900	1,500	3,700
Surface Water Outflow [6]	17,990	290	10,420

[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 128,000 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)

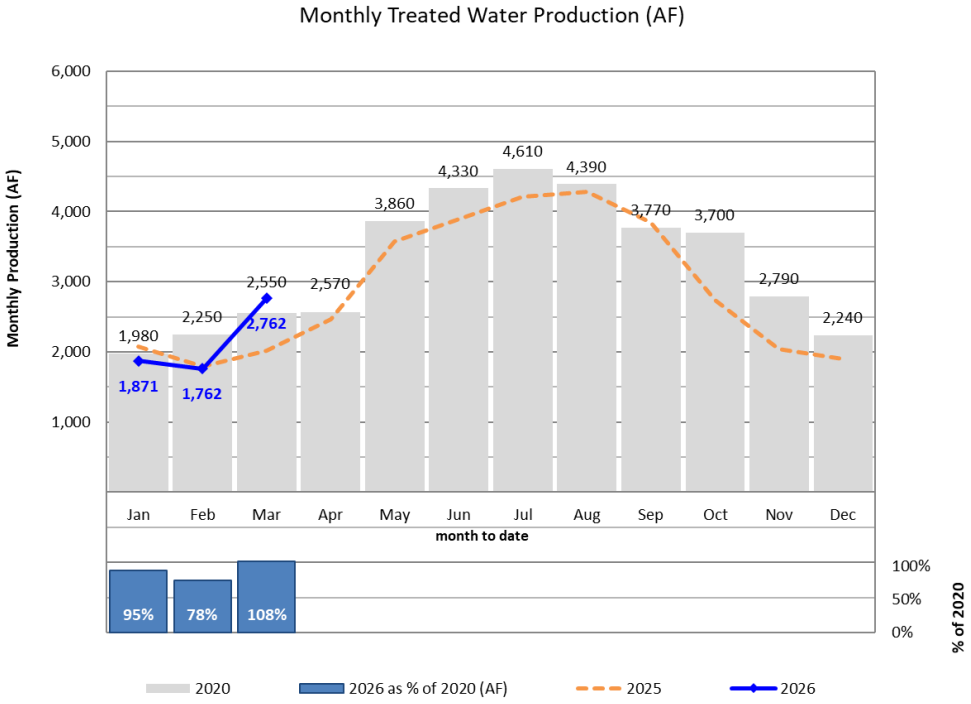


Figure 2: Monthly Treated Water Production in Average Million Gallons Per Day (MGD)

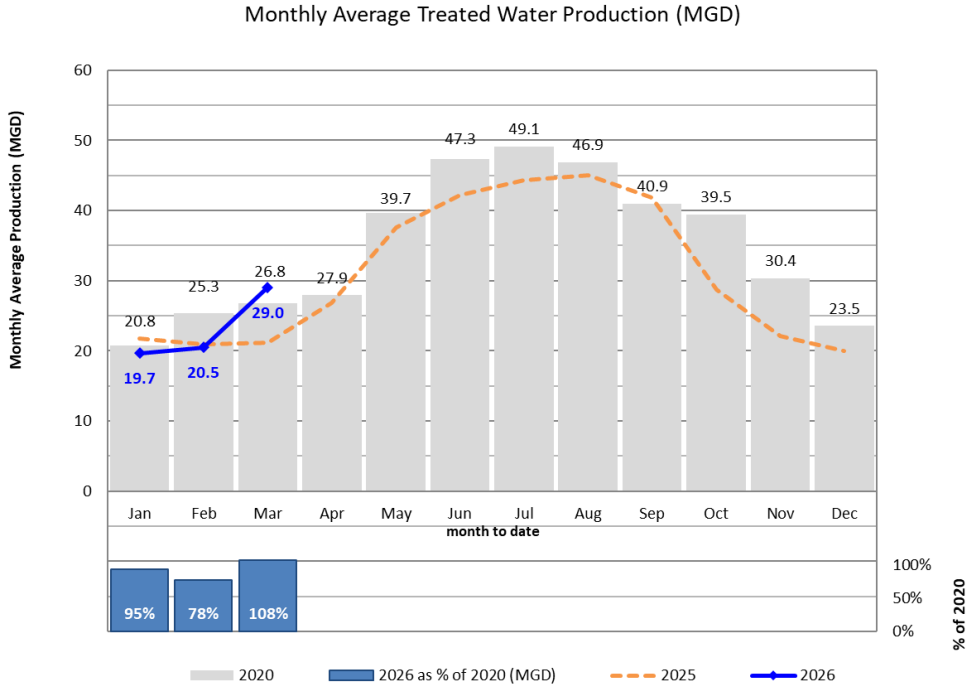
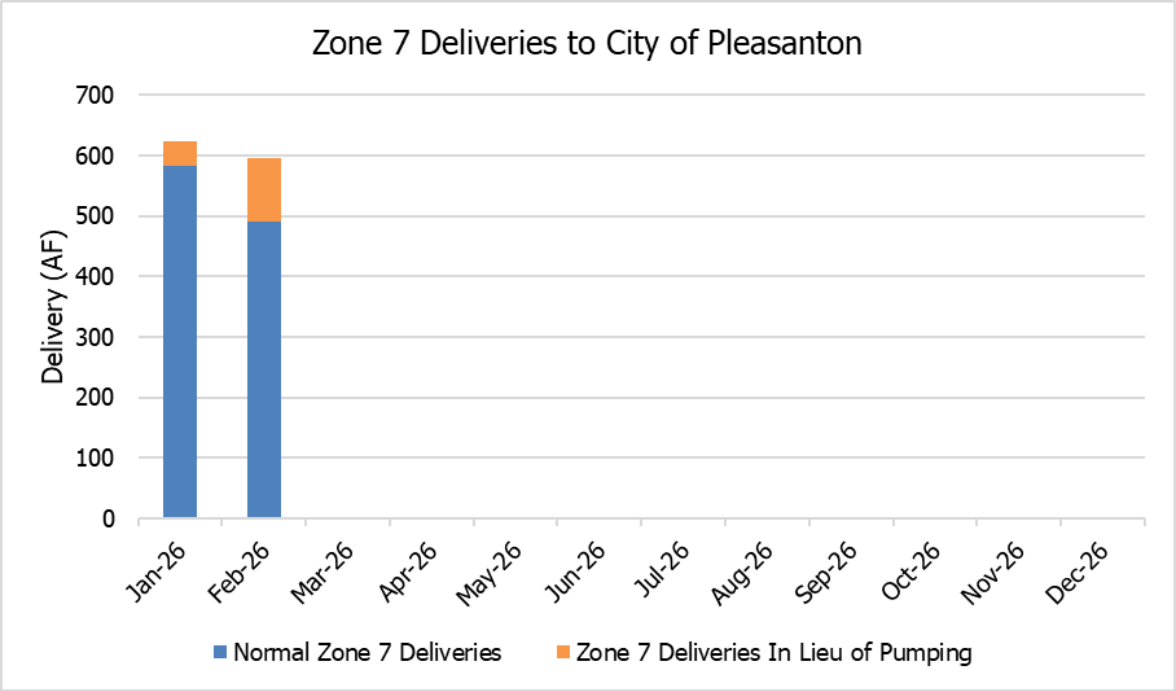
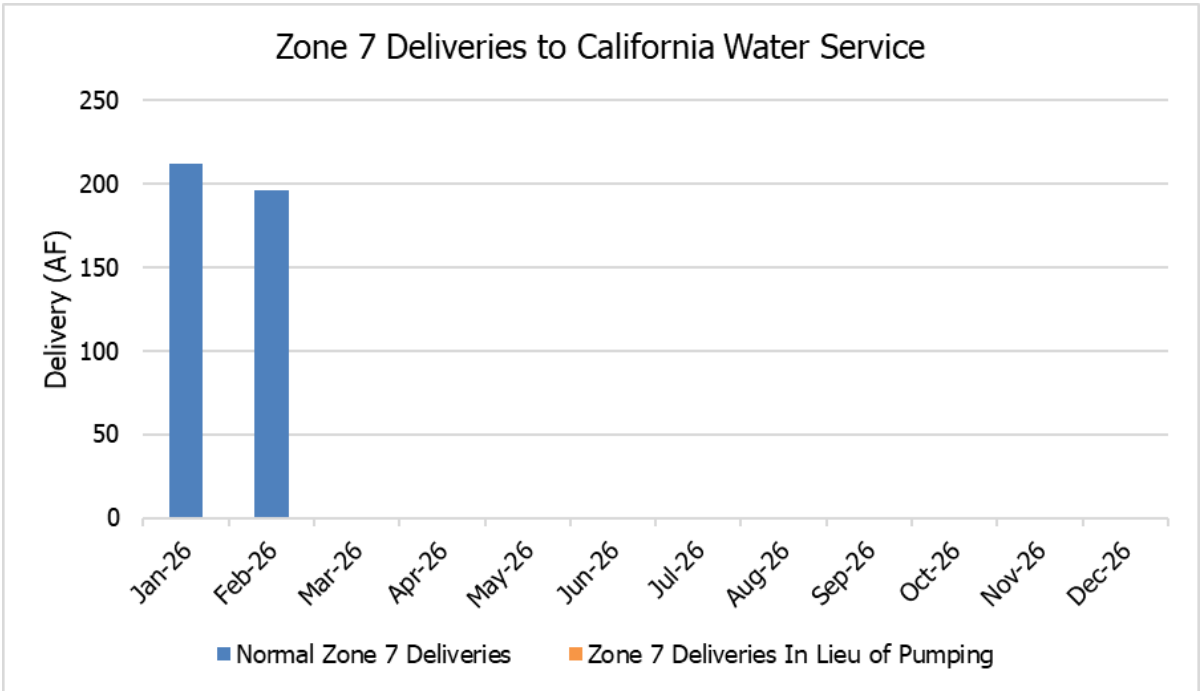


Figure 3: Pleasanton Estimated In-Lieu Demand (Based on 2020-2023 Pumping)



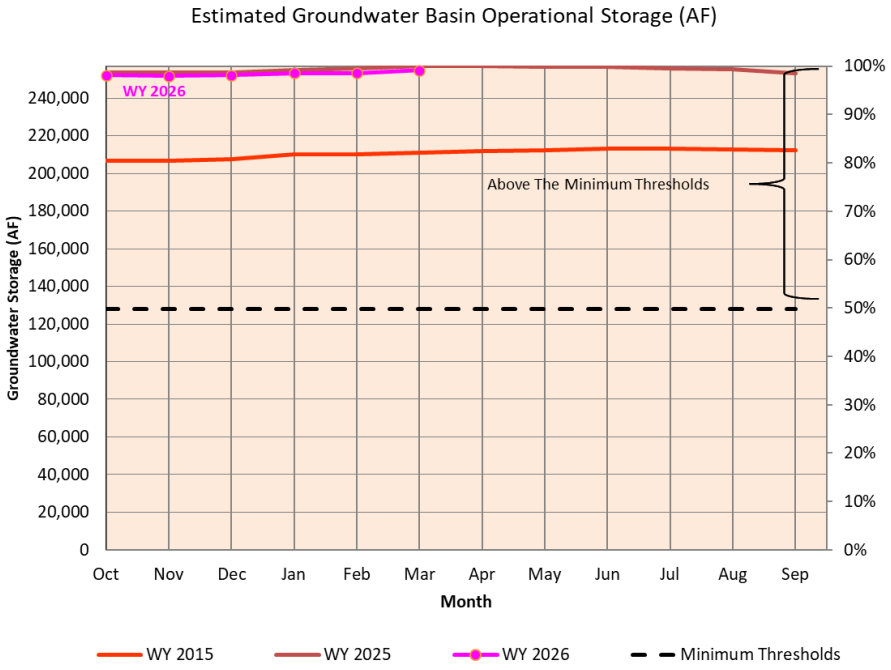
**Pleasanton's pumping data for March is not yet available and will be reflected in future inventories.*

Figure 4: California Water Service Estimated In-Lieu Demand (Based on 2020-2023 Pumping)



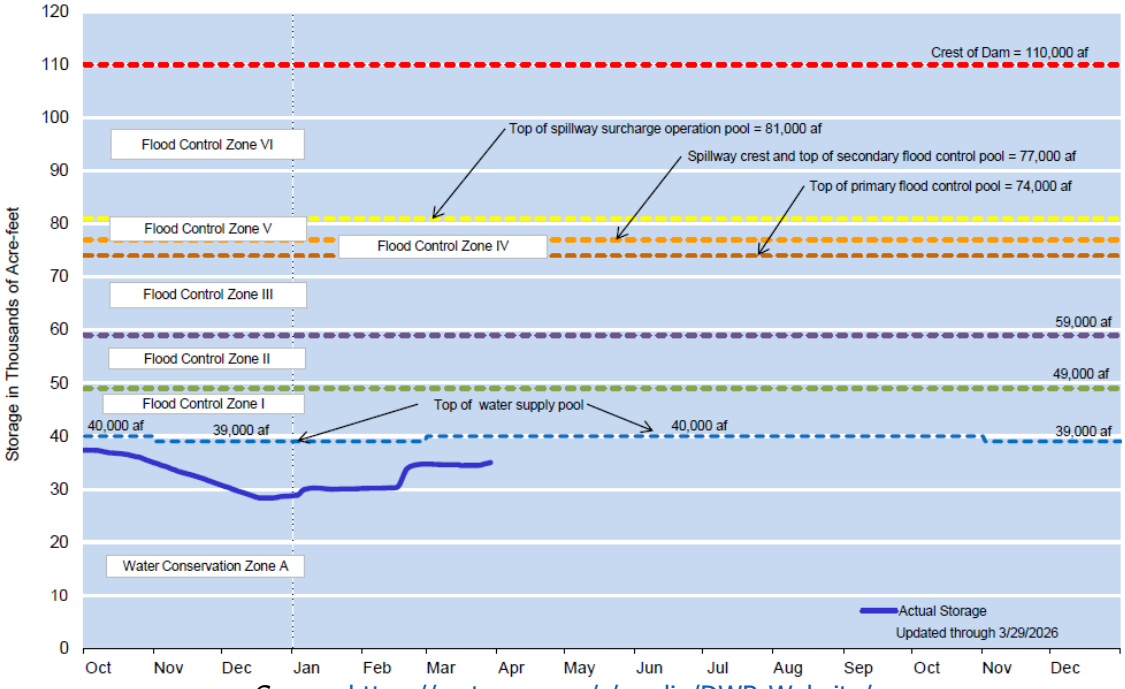
**Cal Water's pumping data for March is not yet available and will be reflected in future inventories.*

Figure 5: Livermore Valley Groundwater Basin Storage*



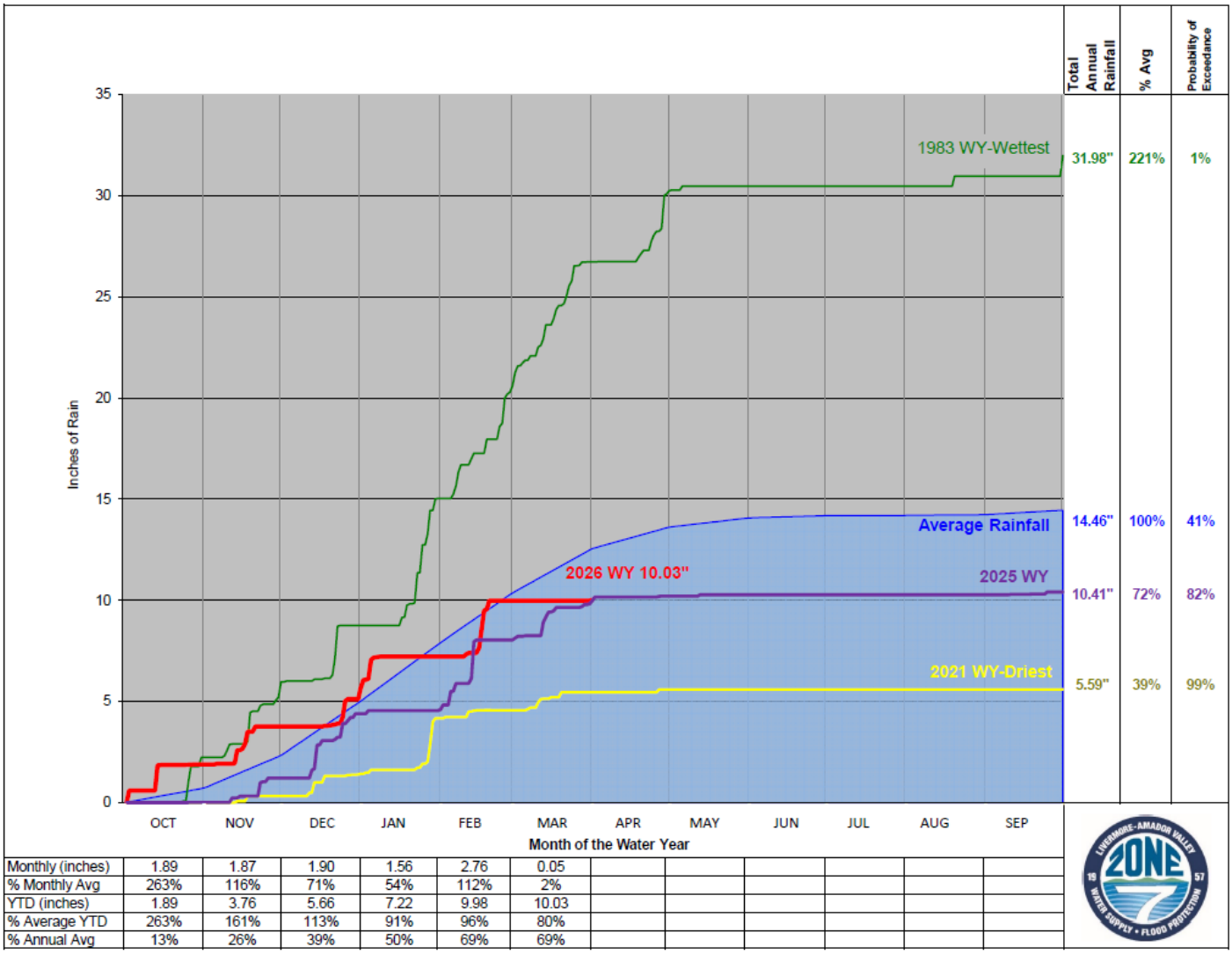
**The estimated groundwater basin storage represents the combined total storage from all four subbasins.*

Figure 6: Lake Del Valle Storage



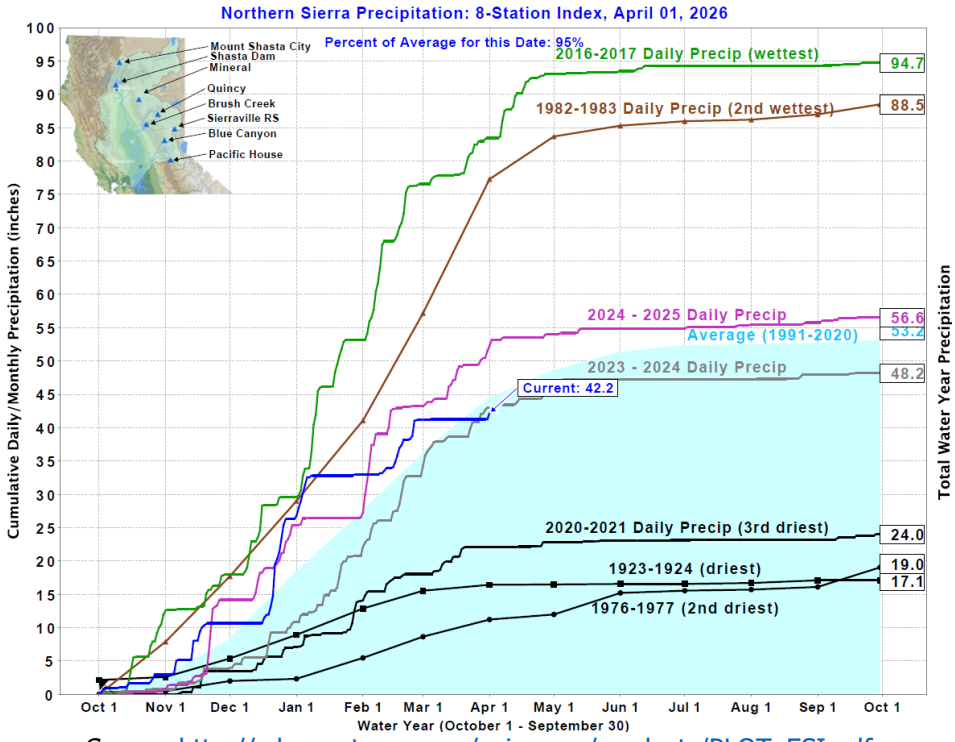
Source: https://water.ca.gov/-/media/DWR-Website/

Figure 7: Local Precipitation



Monthly (inches)	1.89	1.87	1.90	1.56	2.76	0.05						
% Monthly Avg	263%	116%	71%	54%	112%	2%						
YTD (inches)	1.89	3.76	5.66	7.22	9.98	10.03						
% Average YTD	263%	161%	113%	91%	96%	80%						
% Annual Avg	13%	26%	39%	50%	69%	69%						

Figure 8: Cumulative Precipitation in the North Sierra



Source: http://cdec.water.ca.gov/cgi-progs/products/PLOT_ESI.pdf

Figure 9: Sierra Snowpack

CURRENT REGIONAL SNOWPACK FROM AUTOMATED SNOW SENSORS

NORTH	
Data as of April 1, 2026	
Number of Stations Reporting	33
Average snow water equivalent (Inches)	1.5
Percent of April 1 Average (%)	6
Percent of normal for this date (%)	6

CENTRAL	
Data as of April 1, 2026	
Number of Stations Reporting	53
Average snow water equivalent (Inches)	5.8
Percent of April 1 Average (%)	21
Percent of normal for this date (%)	21

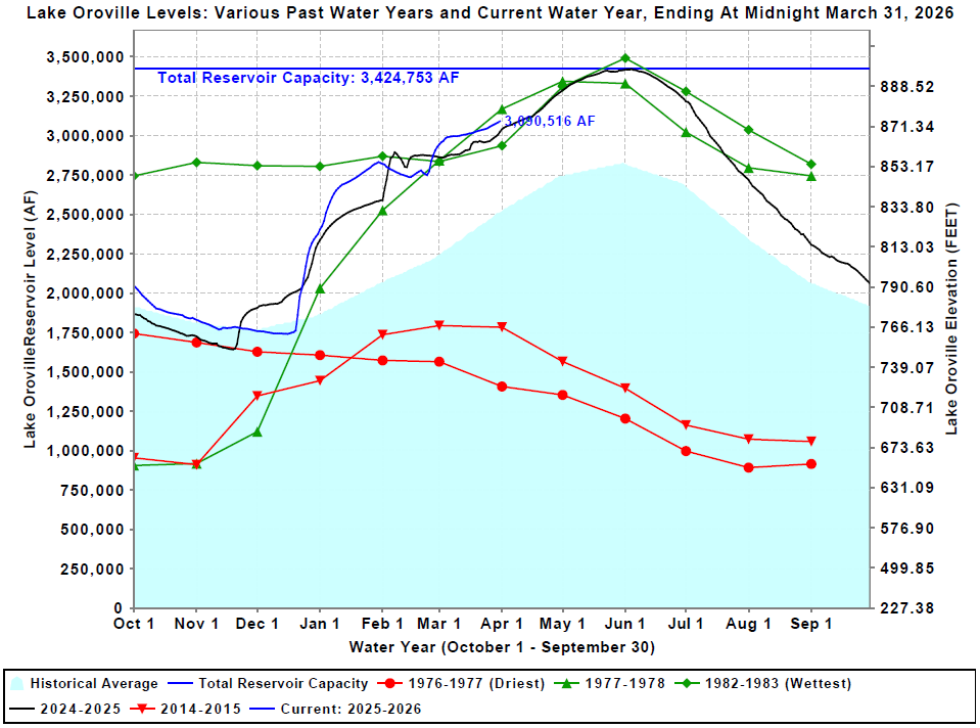
SOUTH	
Data as of April 1, 2026	
Number of Stations Reporting	24
Average snow water equivalent (Inches)	7.6
Percent of April 1 Average (%)	32
Percent of normal for this date (%)	32

STATE	
Data as of April 1, 2026	
Number of Stations Reporting	110
Average snow water equivalent (Inches)	4.9
Percent of April 1 Average (%)	18
Percent of normal for this date (%)	18

Statewide Average: 18% / 18%

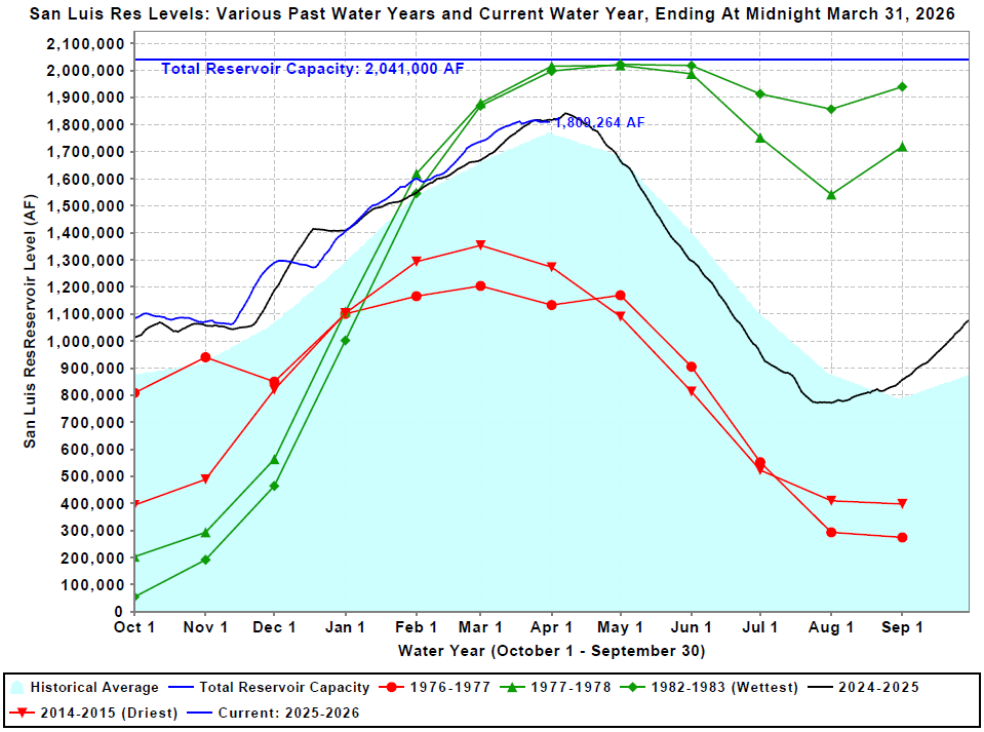
Source: https://cdec.water.ca.gov/reportapp/javareports?name=swccond.pdf

Figure 10: Lake Oroville Storage



Source: https://cdec.water.ca.gov/resapp/ResDetail.action?resid=ORO

Figure 11: San Luis Reservoir Storage



Source: https://cdec.water.ca.gov/resapp/ResDetail.action?resid=SNL

ZONE 7 WATER AGENCY
Delivering Quality, Reliability and Safety

100 North Canyons Parkway
Livermore, CA 94551
(925) 454-5000

ITEM NO. 15e

ORIGINATING SECTION: Groundwater
CONTACT: Jacob Danielsen/Colleen Winey

AGENDA DATE: April 15, 2026

SUBJECT: Livermore Valley Groundwater Basin Sustainable Groundwater Management Annual Report for Water Year 2025 (October 2024 – September 2025)

SUMMARY:

- To support Zone 7's mission to deliver safe, reliable, efficient, and sustainable water, the Agency manages the Livermore Valley Groundwater basin as the designated exclusive Groundwater Sustainability Agency (GSA) and implements the Alternative Groundwater Sustainability Plan (Alternative GSP). This action supports the Strategic Plan, Goal D – Groundwater Management, and aligns with the Strategic Plan Initiative #11 – Manage the Groundwater Sustainability Agency and implement the Groundwater Sustainability Plan.

- California Code of Regulations Title 23 (CCR §356.2) requires GSAs to submit annual reports by April 1 of each year. In compliance with these regulations, Zone 7 prepared and submitted the Livermore Valley Groundwater Basin Sustainable Groundwater Management Annual Report for Water Year 2025 on March 27, 2026.

- The annual report provides information on groundwater conditions and implementation of the Alternative GSP for the prior water year. It also serves as the mechanism for Zone 7 to inform the Zone 7 Board, local stakeholders, interested parties, the public, and the Department of Water Resources on current groundwater conditions, ongoing groundwater management activities, and provides updates on GSP implementation.

- Undesirable Results were not observed within the Livermore Valley Groundwater Basin during Water Year 2025 for all five applicable Sustainability Indicators: (1) Chronic Lowering of Groundwater Levels, (2) Reduction of Groundwater Storage, (3) Degraded Water Quality, (4) Land Subsidence, and (5) Depletion of Interconnected Surface Waters, as defined in the 2021 Alternative GSP. This indicates that Zone 7's ongoing groundwater management is effective and that the basin remained sustainable and in compliance with SGMA during Water Year 2025.

- The Annual Report for Water Year 2025 is available on Zone 7's website at https://www.zone7waterca.gov/sites/main/files/file-attachments/2-010_wy_2025.pdf?1774635392.