



FISCAL YEAR 2026-27 TEN-YEAR WATER SYSTEM CAPITAL IMPROVEMENT PLAN

APRIL 2026

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June 10, 2026

Dear Directors,

On behalf of Zone 7 Water Agency, I am pleased to submit the Fiscal Year 2026-27 Ten-Year Water System Capital Improvement Plan (CIP). This document outlines the Agency's plan to prioritize and fund projects and programs necessary to uphold the Agency's mission to deliver safe, reliable, efficient, and sustainable water services to our community while fostering innovation and sustainability.

The CIP responds directly to several significant policy, regulatory, and economic challenges facing the Agency, with recommended investments to address each. Development of the CIP was guided by the following core priorities:

- Renew and replace existing water supply infrastructure;
- Enhance and optimize water system operations;
- Continue implementation of the Agency's Per- and Polyfluoroalkyl Substances (PFAS) management strategy; and
- Provide water supply reliability and infrastructure to meet existing and future municipal and industrial demands.

The CIP has a total estimated cost of approximately \$875 million over ten years, consisting of 50 projects and programs within three general categories:

- Renewal/replacement of existing facilities reaching the end of their useful life, totaling approximately \$150 million (17 percent, funded by water rates);
- System-wide enhancements to existing facilities to improve operations and other aspects for existing customers, totaling approximately \$258 million (30 percent, also funded by water rates); and
- Expansion projects to meet the needs of future customers, totaling approximately \$466 million (53 percent, funded by water connection fees).

Funding for some multi-benefit projects is split among these water capital funds to reflect the proportional benefits to existing and future customers.

The CIP reflects our commitment to fiscal responsibility and to addressing current needs while preparing for future challenges, ensuring the continued delivery of reliable water supply and infrastructure to our customers. The CIP was prepared through extensive analysis and collaboration and aligns with the Agency's 2025-2029 Five-Year Strategic Plan. In particular, the CIP 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 Goal H – Fiscal Responsibility, Initiative 21 – Continue to effectively manage financial resources.

Project priorities and funding levels are guided by the Agency's financial policies, including the Asset Management Plan funding framework and financial reserve policies. The CIP was prepared in accordance with generally accepted accounting principles. We are proud to present the CIP as part of our commitment to transparency, engagement, and efficiency.

I wish to thank the Board for your governance and Agency staff, who worked collaboratively to deliver a well-planned CIP.

Sincerely,



Valerie L. Pryor
General Manager

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

RESOLUTION NO. 26-30

INTRODUCED BY DIRECTOR GAMBS
SECONDED BY DIRECTOR BENSON

**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: DIRECTORS BENSON, BROWN, FIGUERS, GAMBS, GREEN, NARUM, PALMER

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 April 15, 2026.

By: Kathy Narum
President, Board of Directors

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

*Adopted by the Zone 7 Board of Directors
on April 15, 2026*

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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)

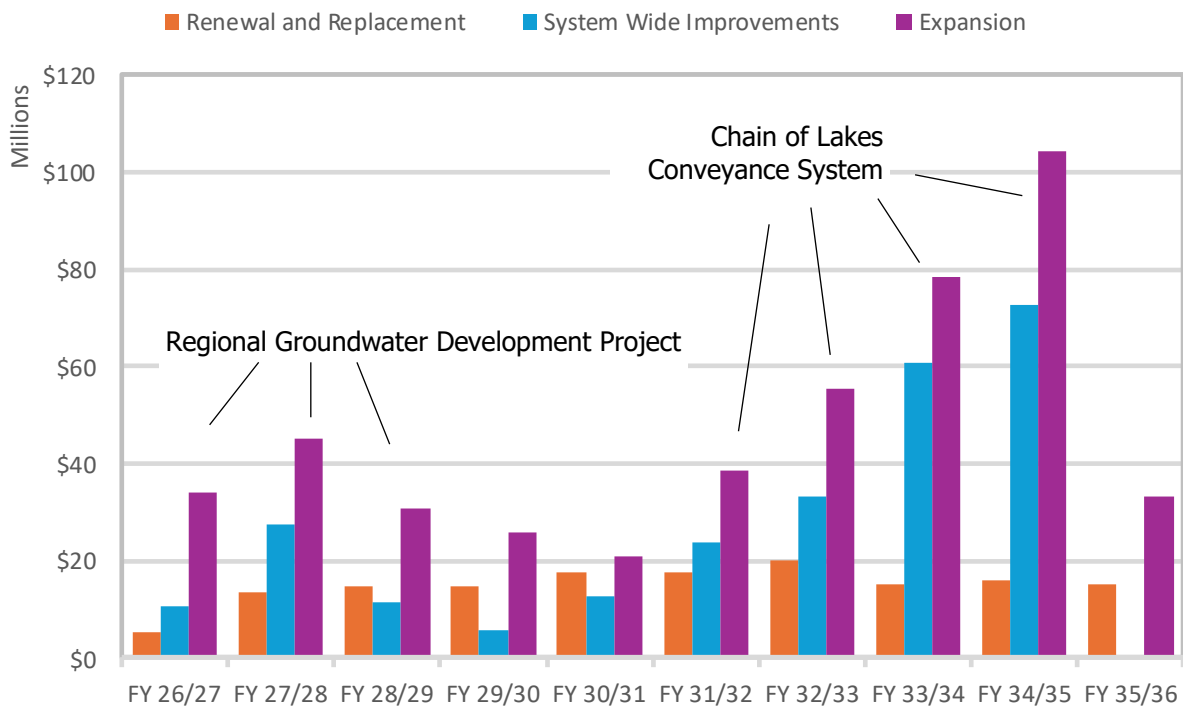


Table ES-1. FY 2026-27 Ten-Year CIP (FY 2026-27 – FY 2035-36) Breakdown by Funding Strategy and Fiscal Year (\$ millions, future dollars)

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)

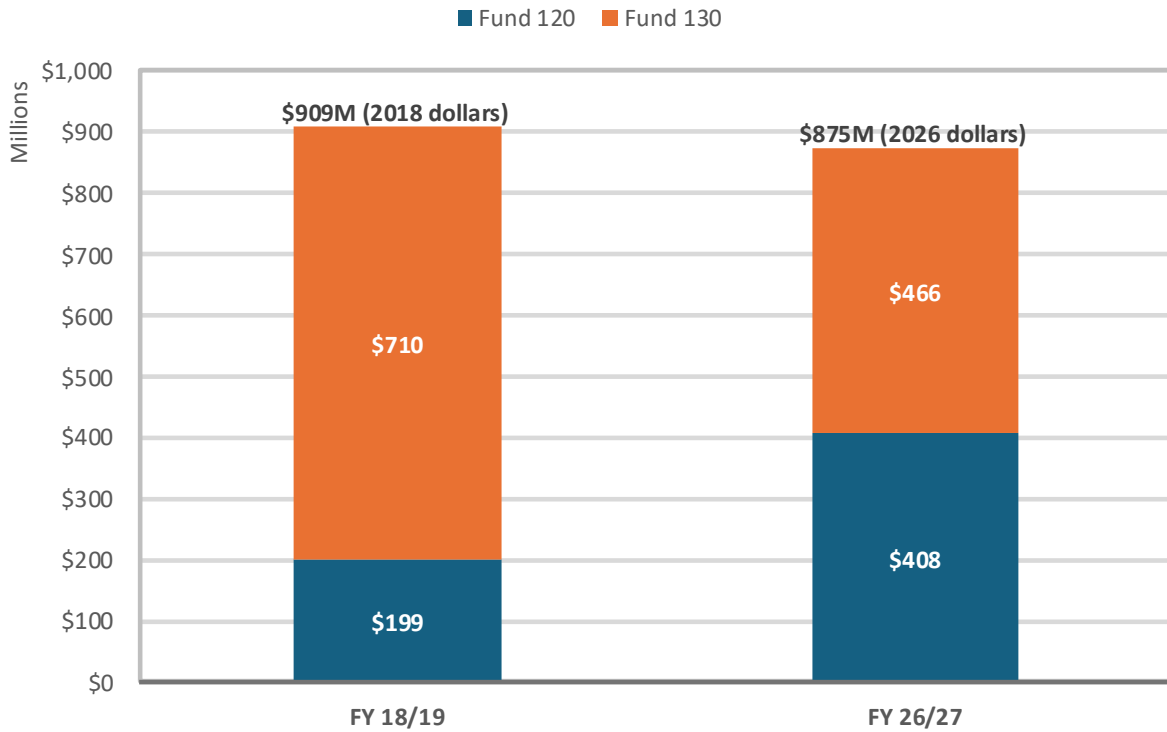
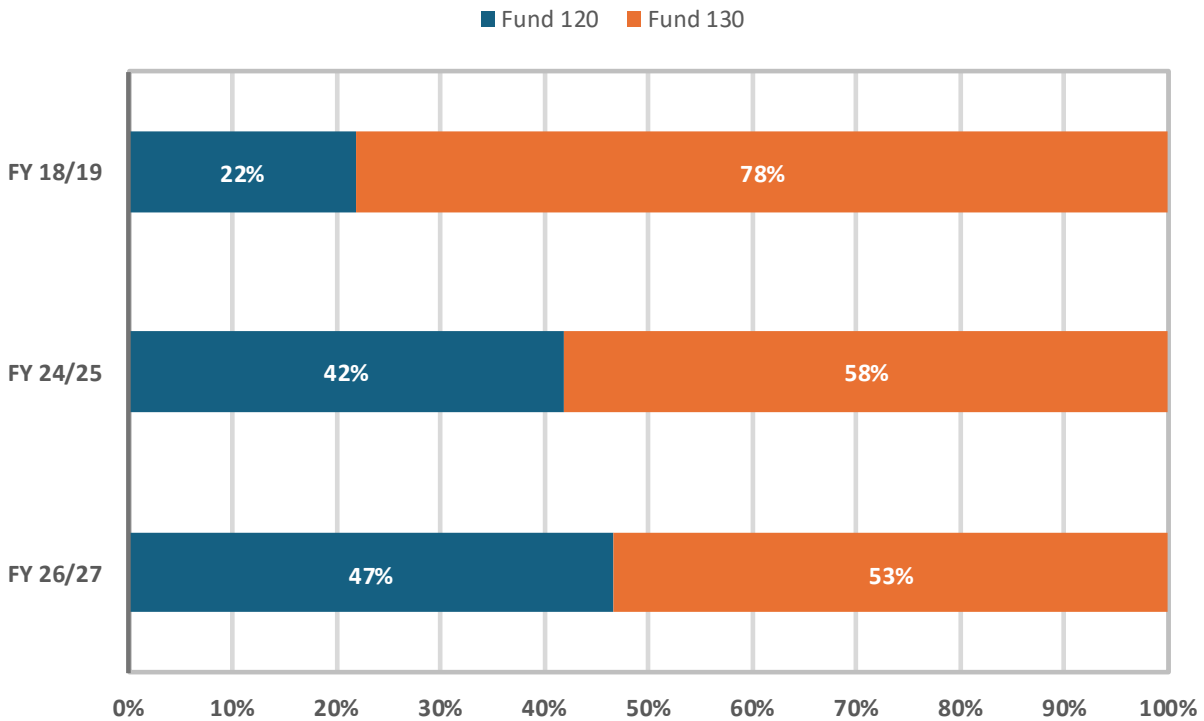


Figure ES-3. Comparison of the Fund Split for the FY 2018-19 Ten-Year CIP, FY 2024-25 Interim Five-Year CIP, and FY 2026-27 Ten-Year CIP



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.

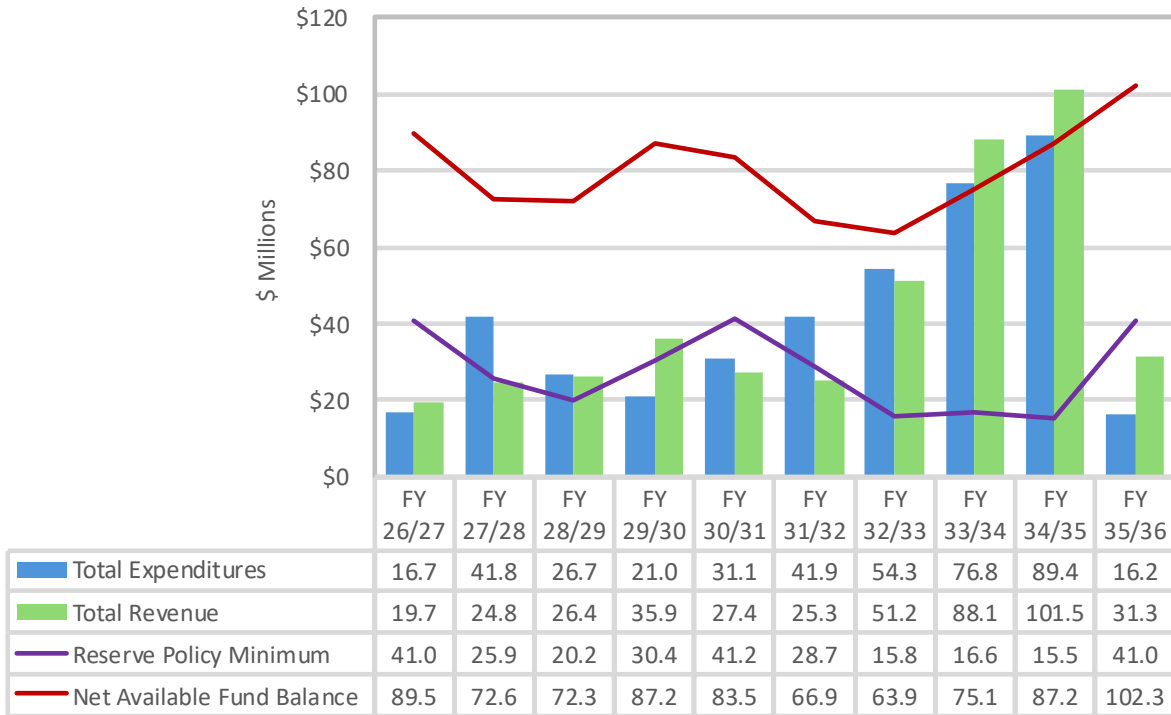
The 2026 AMP Update identifies projects for the ten-year CIP (i.e., FY 2026-27 through FY 2035-36, or “near-term”) and provides a funding forecast for the subsequent 30 years (i.e., FY 2036-37 through FY 2065-66, or “long-term”). The 2026 update aligns the asset database and long-term funding forecast 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)



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.

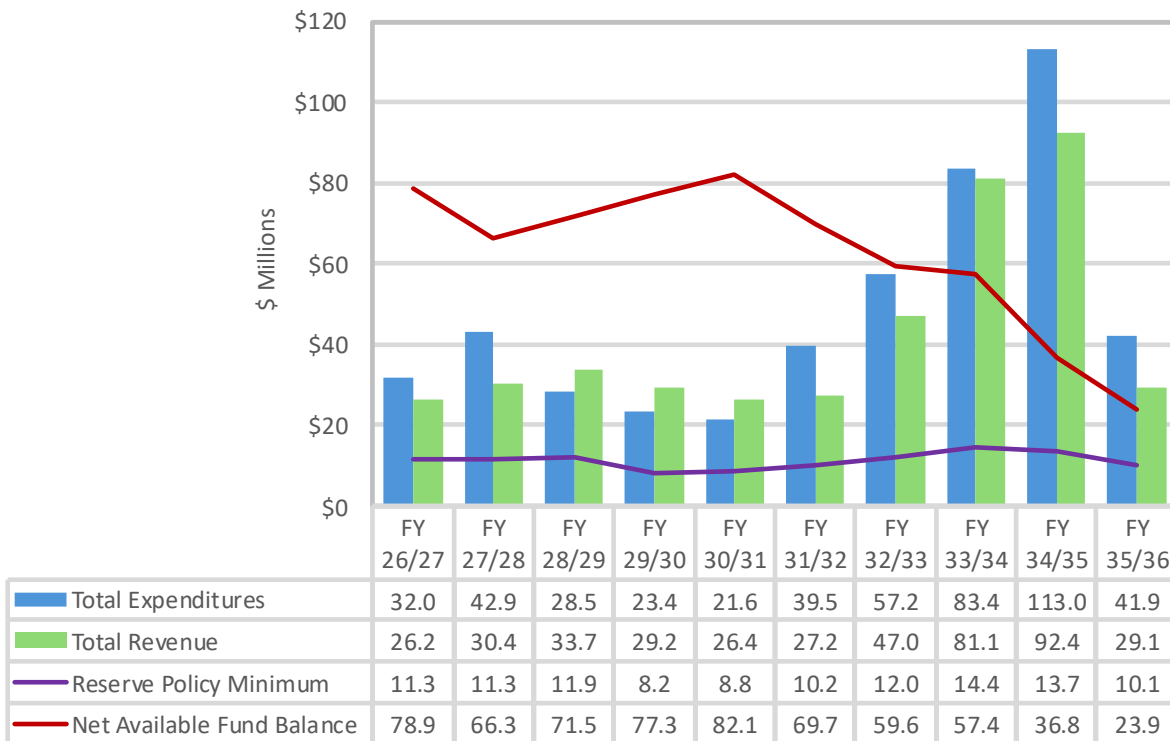
Derived from the most recent demands data, projected connections over the next five years (FY 2026-27 through FY 2030-31) average 613 DUEs annually. These projections are subject to further refinement based on the upcoming 2025 Water Demand Assessment (in preparation) and upcoming Water Connection Fee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



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

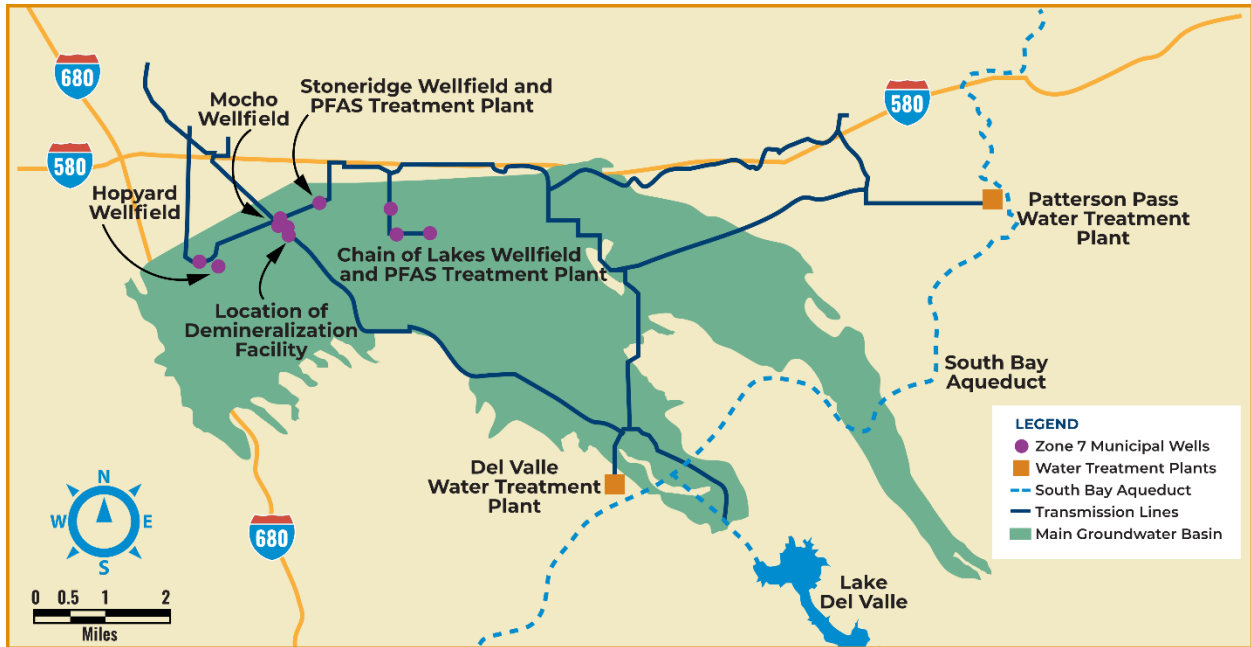
- **Team** – We collaborate and are inclusive, valuing all perspectives to improve our services, systems, and organization.
- **Service** – We are responsive, respectful, and professional.
- **Fiscal Responsibility** – We are committed to ensuring the responsible and transparent management of public 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 April 15, 2026.

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

<p>Fund 120 – Renewal/ Replacement and System- Wide Improvements</p>	<p>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.</p> <p>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).</p>
<p>Fund 130 – Expansion</p>	<p>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.</p>

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 April 15, 2026 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)

<p>Goal 1:</p>	<p>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:</p> <ul style="list-style-type: none"> • At least 85% of M&I water demands 99% of the time • 100% of M&I water demands 90% of the time
<p>Goal 2:</p>	<p>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.</p>

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)

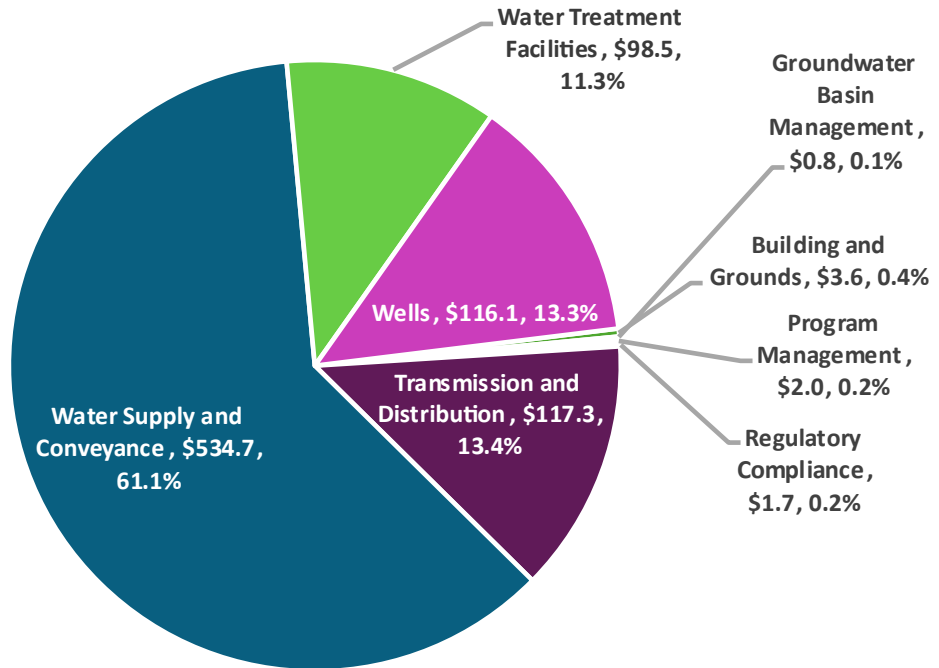


Table 5. FY 2026-27 Ten-Year CIP (FY 2026-27- FY 2035-36) Breakdown by Program (\$ millions, future dollars)

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)

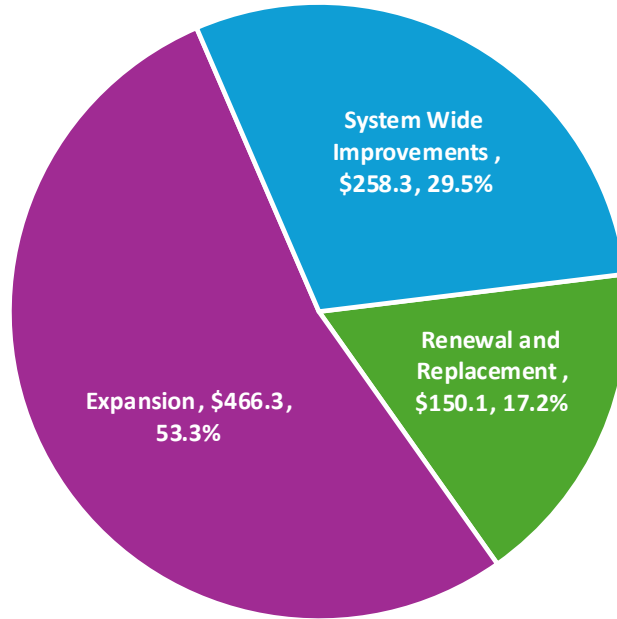


Table 6. FY 2026-27 Ten-Year CIP (FY 2026-27 - FY 2035-36) Breakdown by Funding Strategy

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)

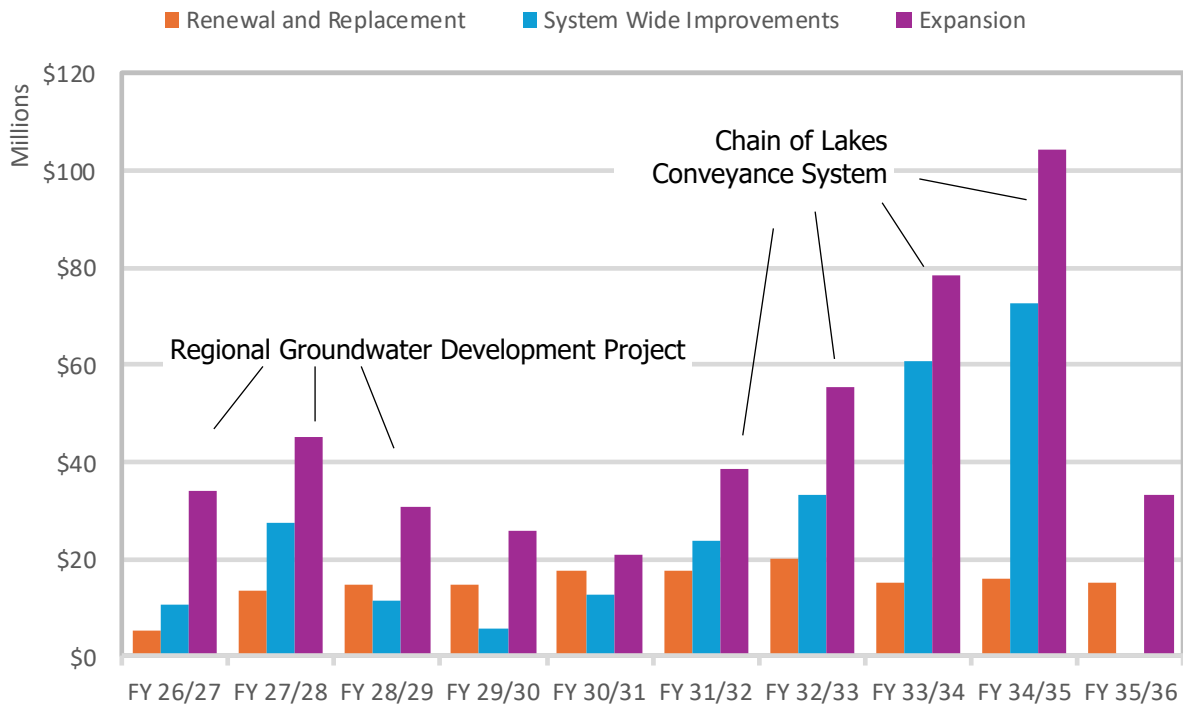


Table 7. FY 2026-27 Ten-Year CIP (FY 2026-27- FY 2035-36) Breakdown by Funding Strategy and Fiscal Year (\$ millions, future dollars)

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)

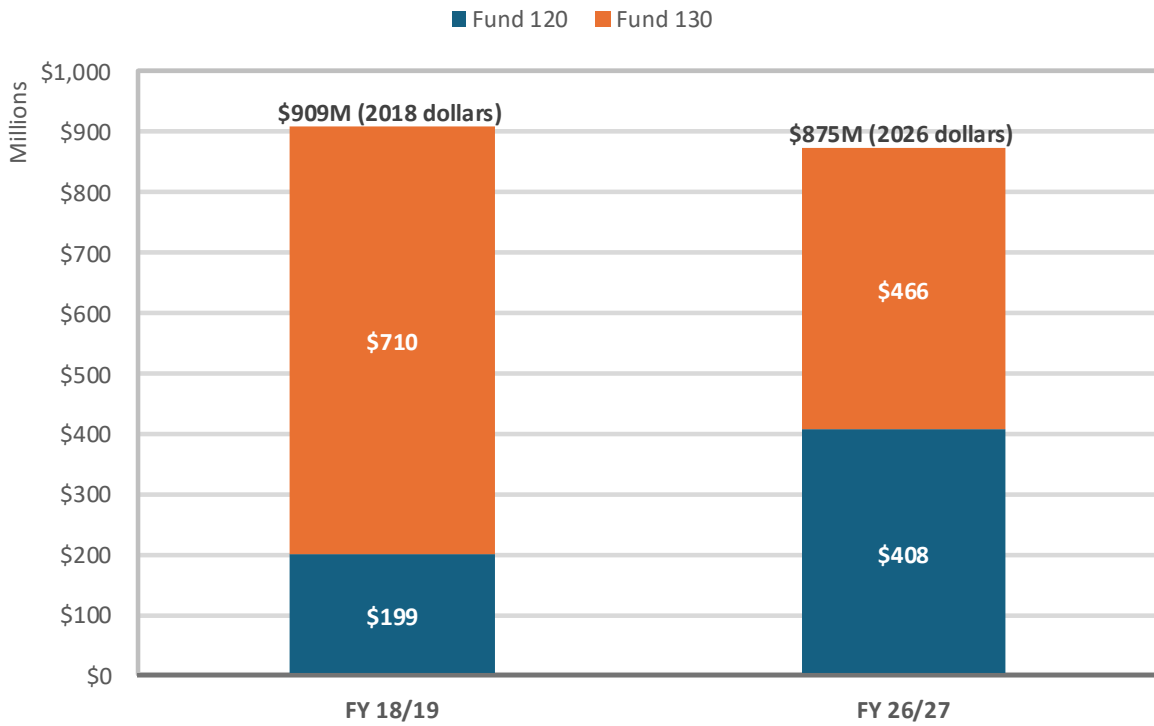
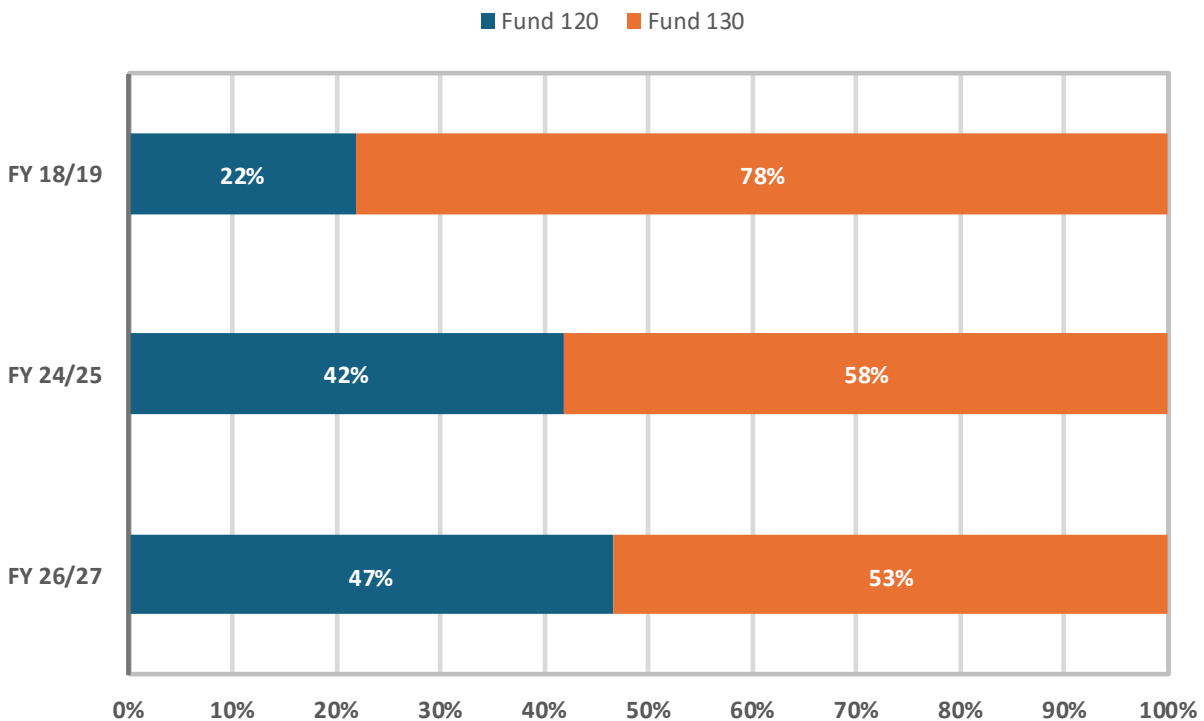


Figure 7. Comparison of the Fund Split for the FY 2018-19 Ten-Year CIP, FY 2024-25 Interim Five-Year CIP, and FY 2026-27 Ten-Year CIP (Percent)



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.

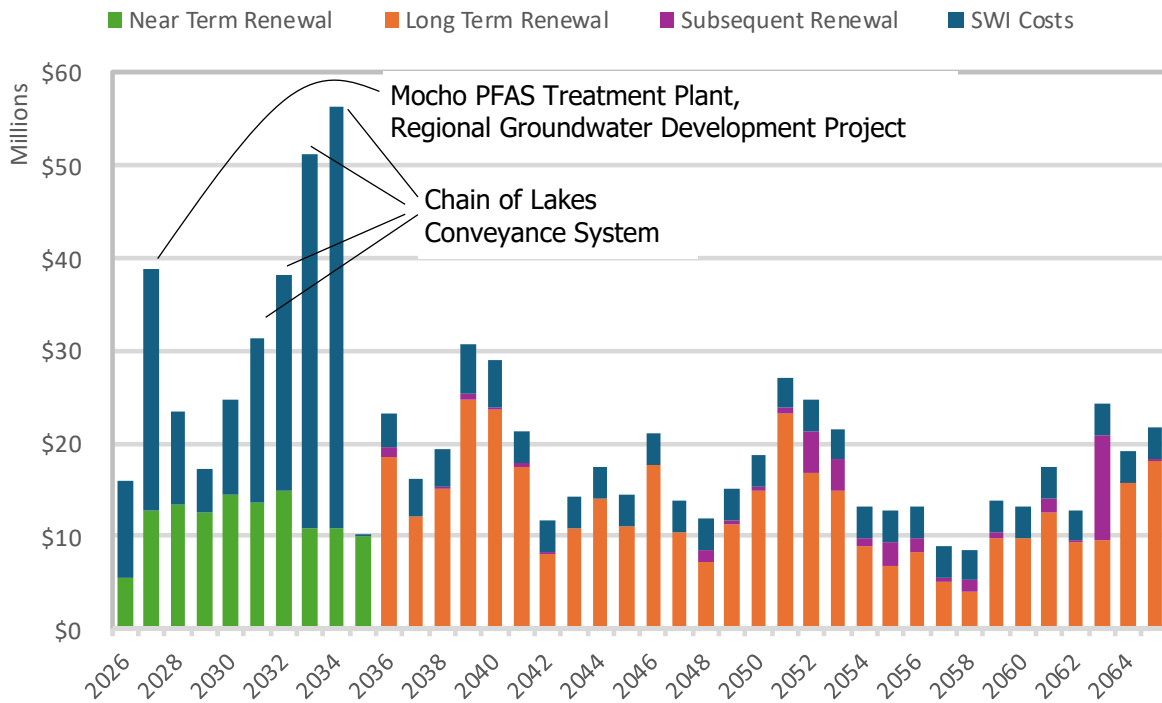
The current (FY 2025-26) annual funding level is \$16.3 million per year (2026 dollars), based on the 2017 AMP Update adjusted annually for inflation. In order to develop a practical funding strategy for the current AMP and ensure that the funding level would be sufficient to meet the capital funding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

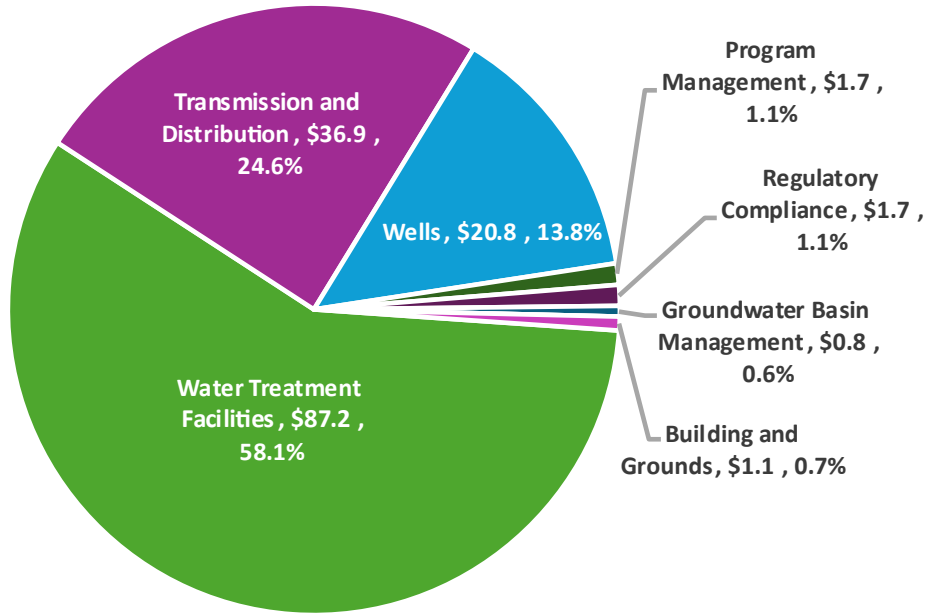


Table 11. Ten-Year Renewal/Replacement Strategy: Summary by Program

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)

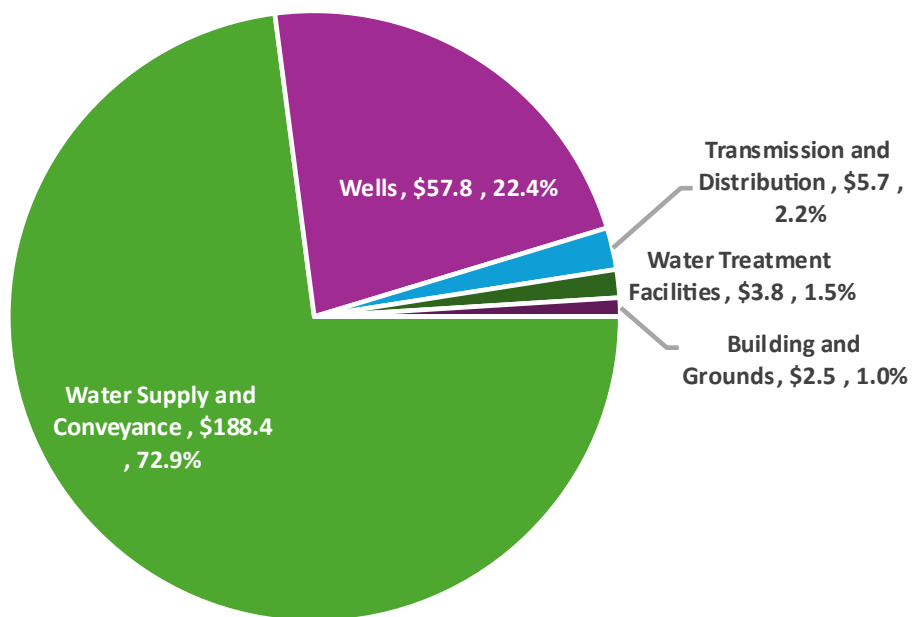


Table 13. Ten-Year System-Wide Improvements Strategy: Summary by Program

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)

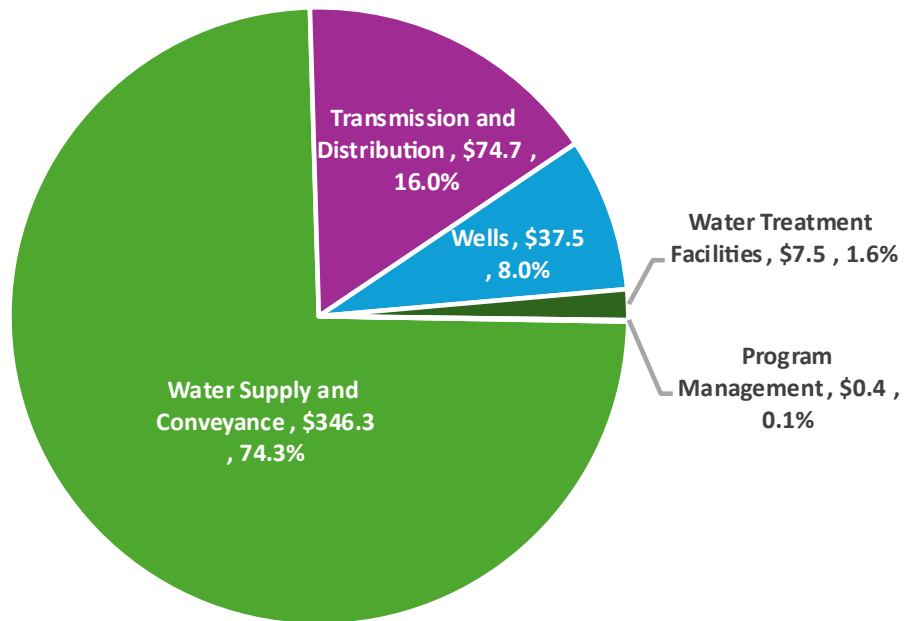


Table 15. Ten-Year Expansion Strategy: Summary by Program

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.

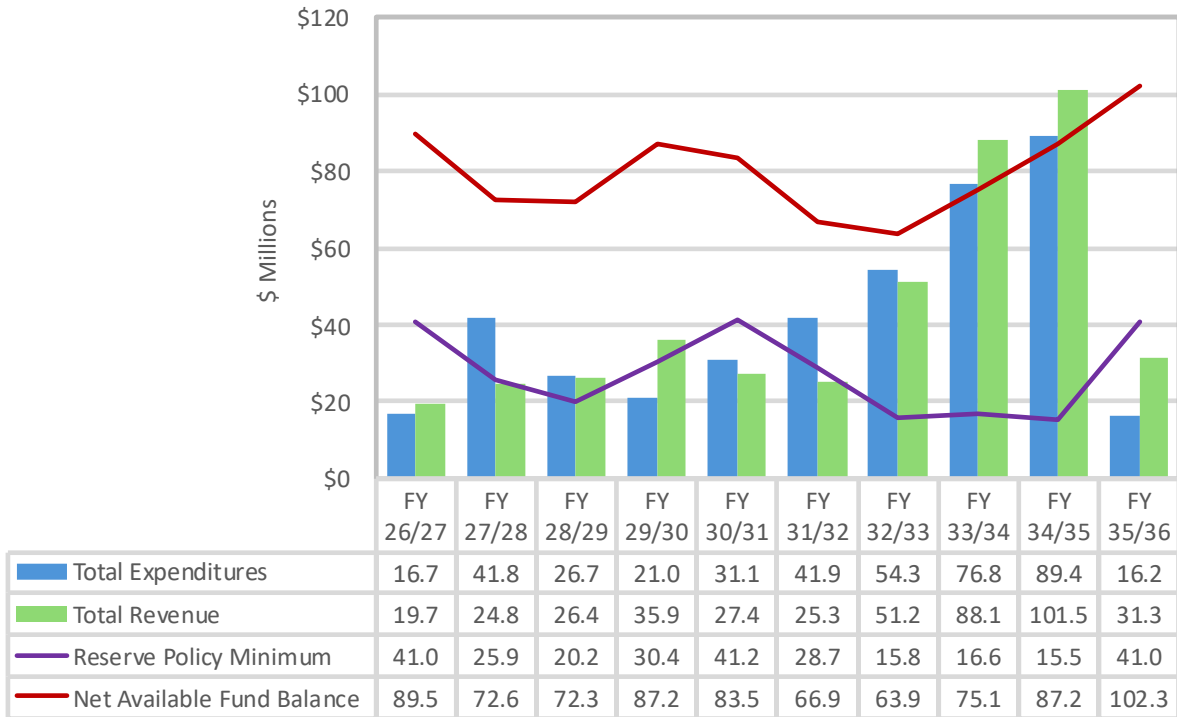
The total estimated capital cost for renewal and system-wide improvement (SWI) projects from FY 2026-27 through FY 2065-66 (e.g., 40-year planning horizon) is approximately \$837.5 million (2026 dollars). For the 40-year planning period, the average annual funding requirement is \$16.3 million (2026 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)



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

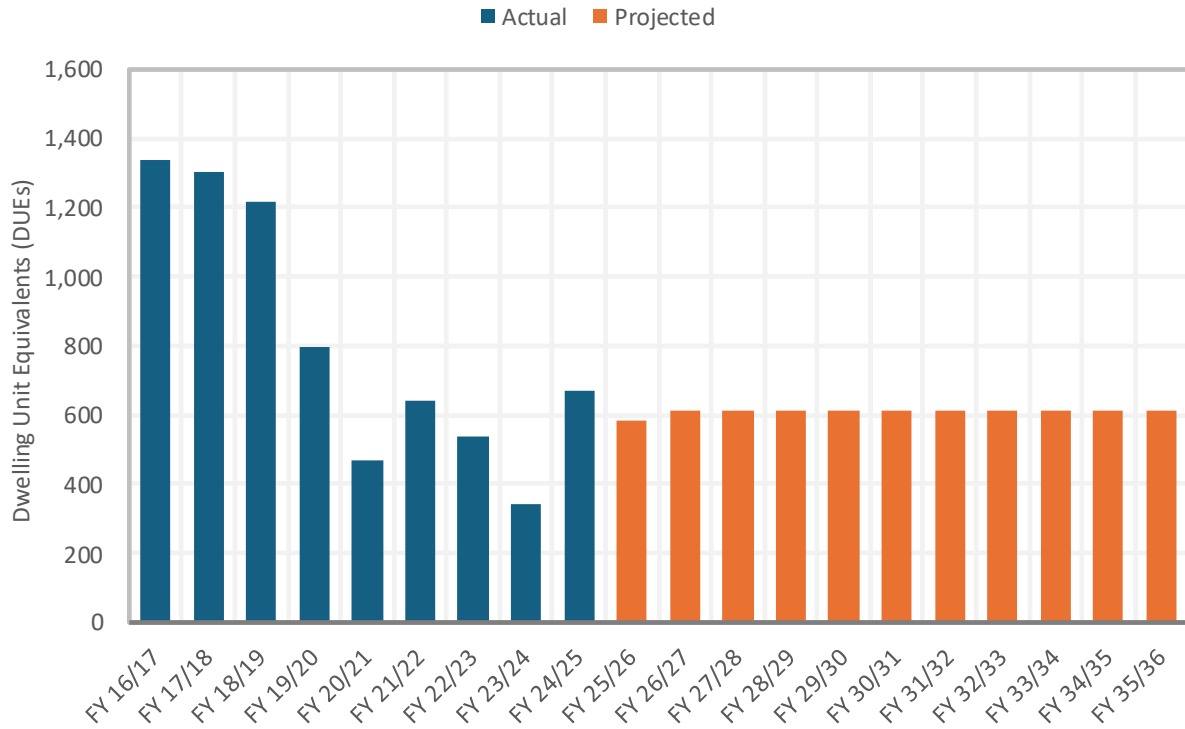
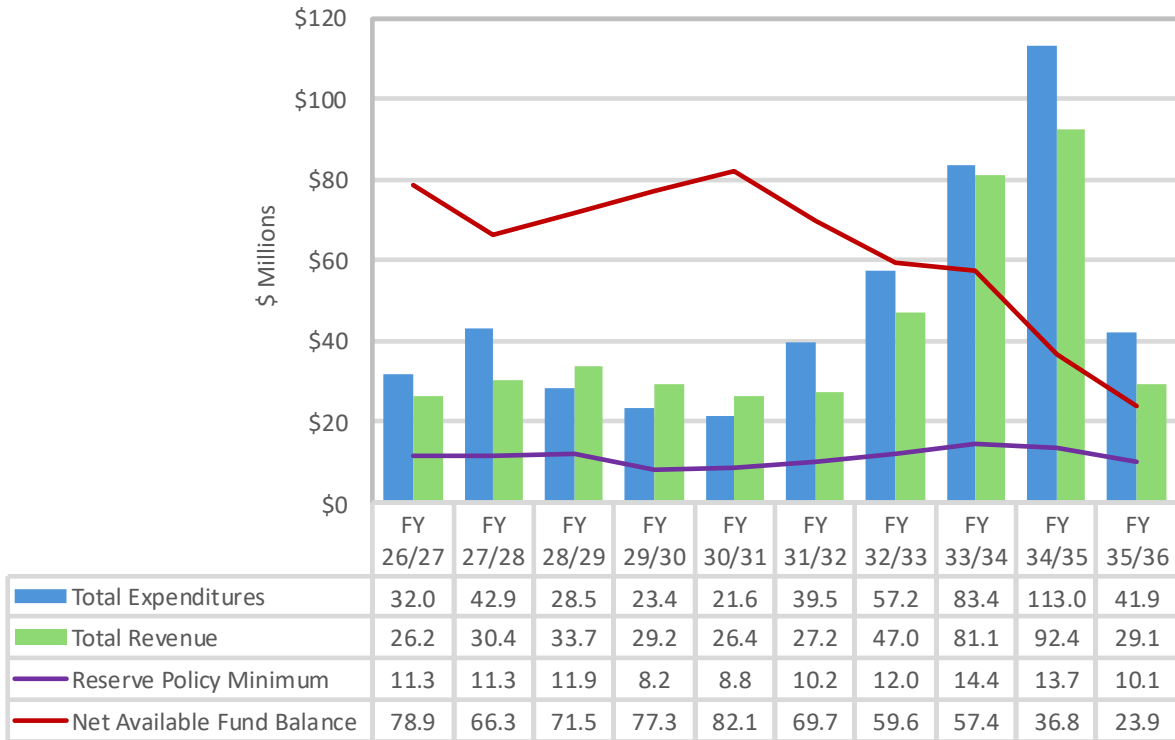


Figure 14. Fund 130 (Expansion) Preliminary Funding Outlook (\$ millions, future dollars)



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 <i>Reserve Policy Minimum (60% of the following year's non-discretionary expenses)</i>	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

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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

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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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

Justification

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

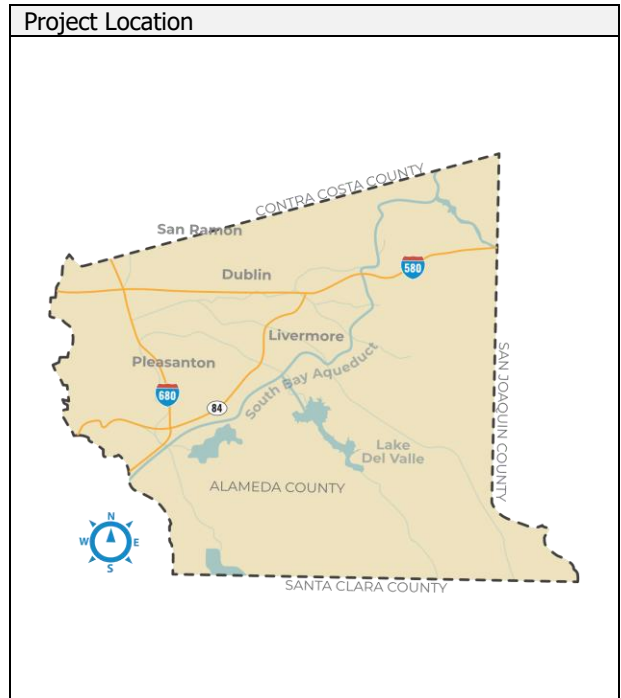
Origin

Asset Management Program

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.

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

Origin

Capital Improvement Program

Justification

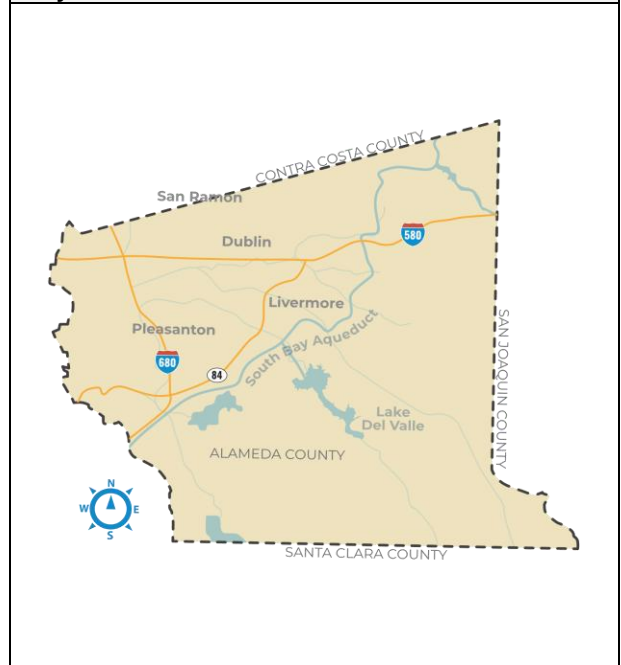
Ongoing management and periodic updates are essential for monitoring historical and projected costs and ensuring accurate budgetary forecasting.

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

Project Location



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.

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.

Justification

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

Source of Funds	
Fund 120	Fund 130
0%	100%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

Origin
1999 Water Supply Plan

Operating Impact
Increased operational reliability.

Project Location



	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.

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.

Source of Funds	
Fund 120	Fund 130
53%	47%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

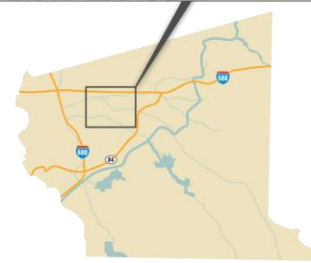
Operating Impact

Increases water supply reliability and operational flexibility.

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.

Project Location



	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.

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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.

Project Location



	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.

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

Justification

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

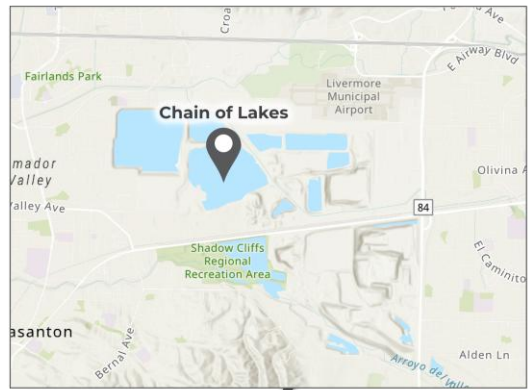
Origin

Capital Improvement Program

Operating Impact

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

Project Location



	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.

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.

Source of Funds	
Fund 120	Fund 130
0%	100%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

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.

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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.

Project Location



	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.

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.

Source of Funds	
Fund 120	Fund 130
100%	0%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

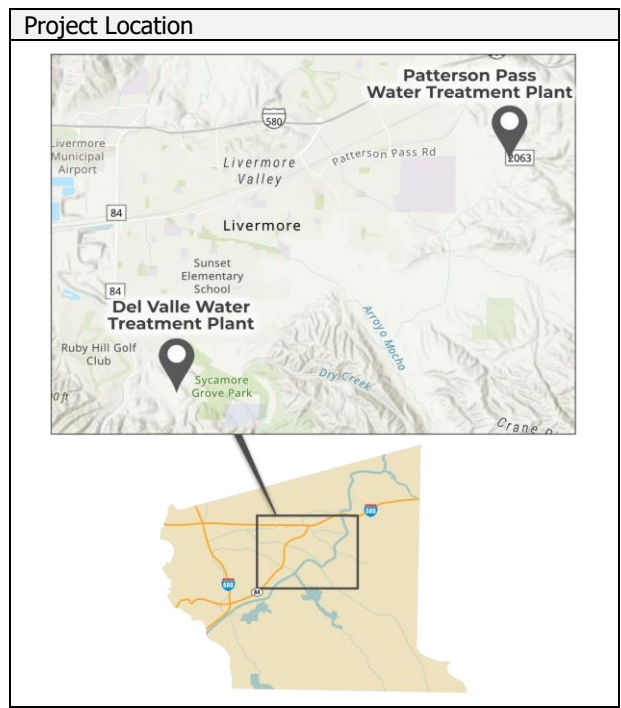
Justification

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.

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.

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

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.

Origin

Asset Management Program

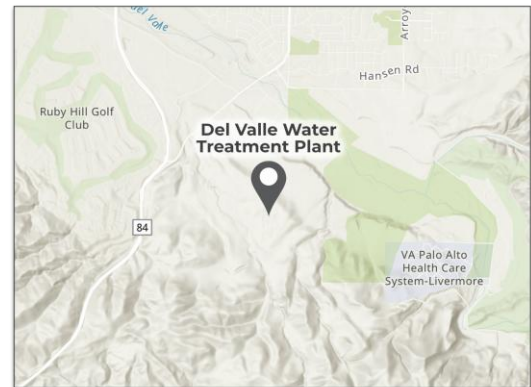
Operating Impact

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

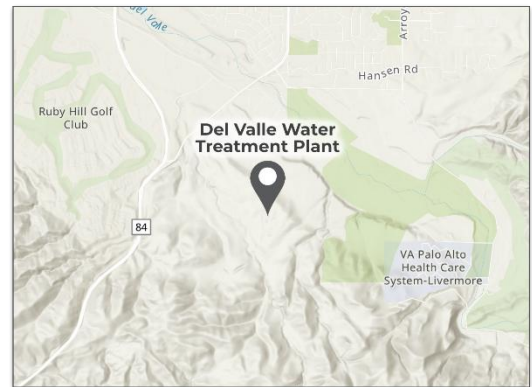
Justification

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

Origin
Capital Improvement Program

Operating Impact
Increases operational reliability.

Project Location



	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.

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

Justification

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

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	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.

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

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.

Origin

Capital Improvement Program

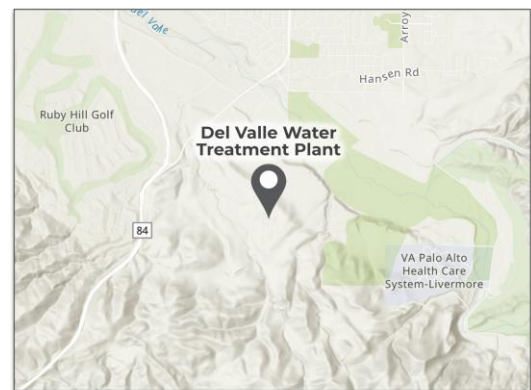
Operating Impact

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

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.

Origin

Capital Improvement Program

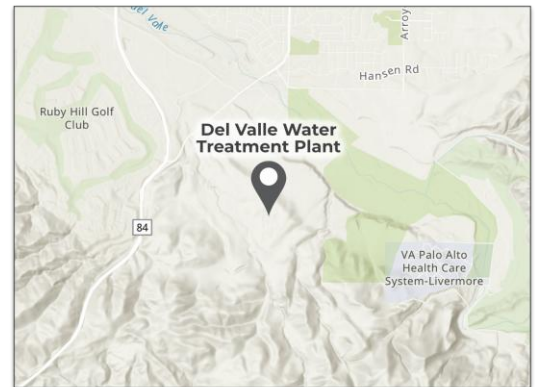
Operating Impact

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

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.

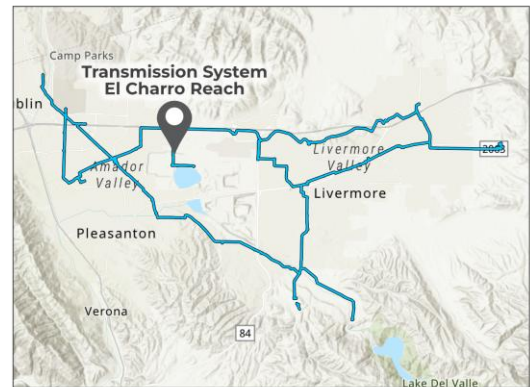
Origin

2016 Transmission System Planning Update

Operating Impact

Improves treated water conveyance reliability and capacity.

Project Location



	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.

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

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.

Origin

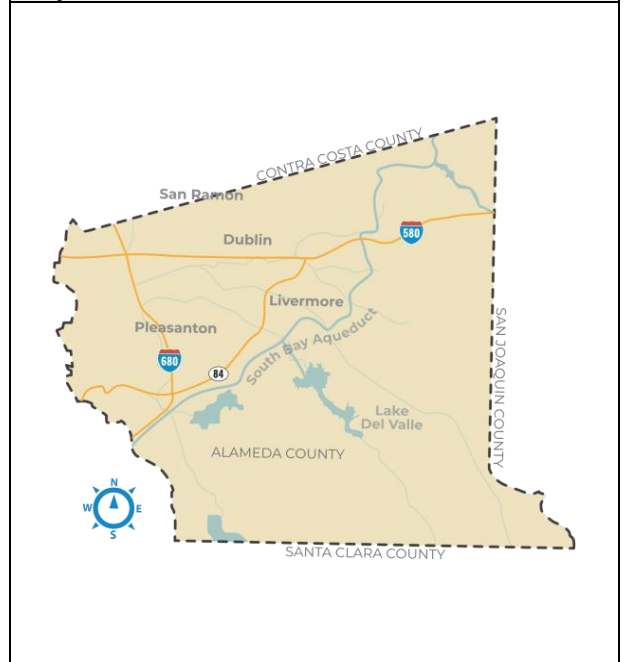
Energy Master Plan

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

Project Location



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.

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

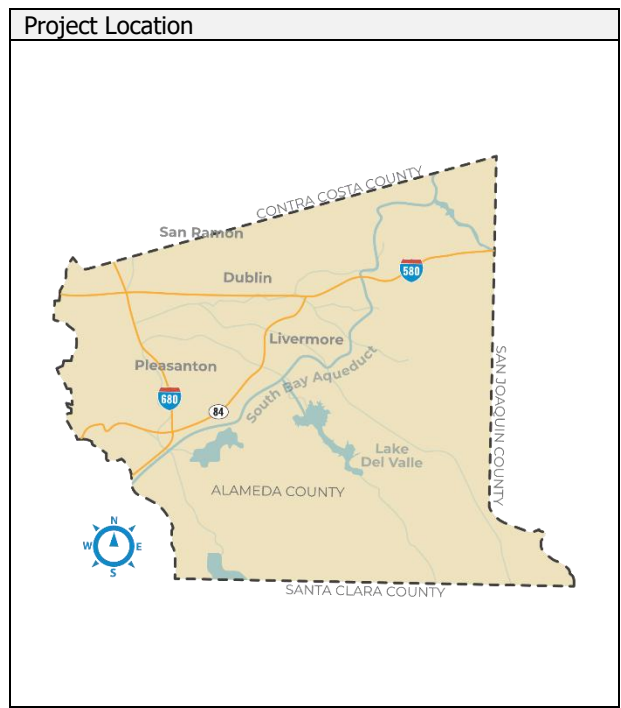
Justification

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.

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).

Source of Funds	
Fund 120	Fund 130
100%	0%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

Origin

Energy Master Plan; Energy Policy

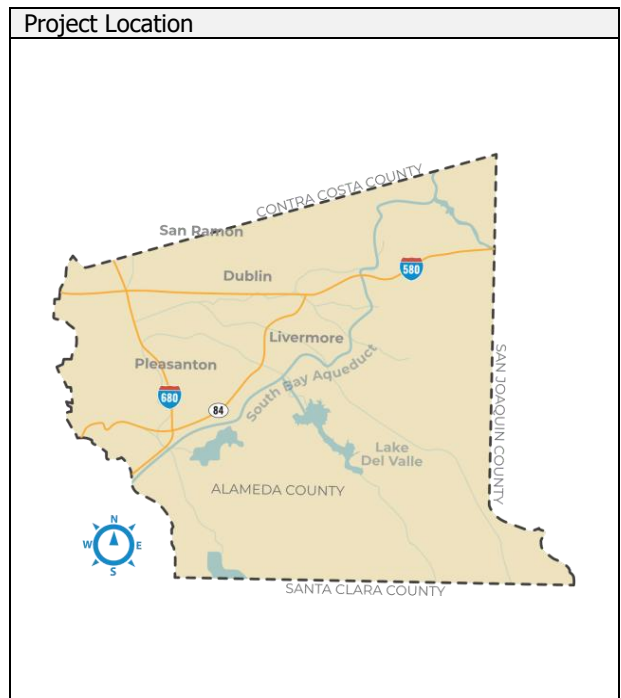
Justification

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.

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.

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

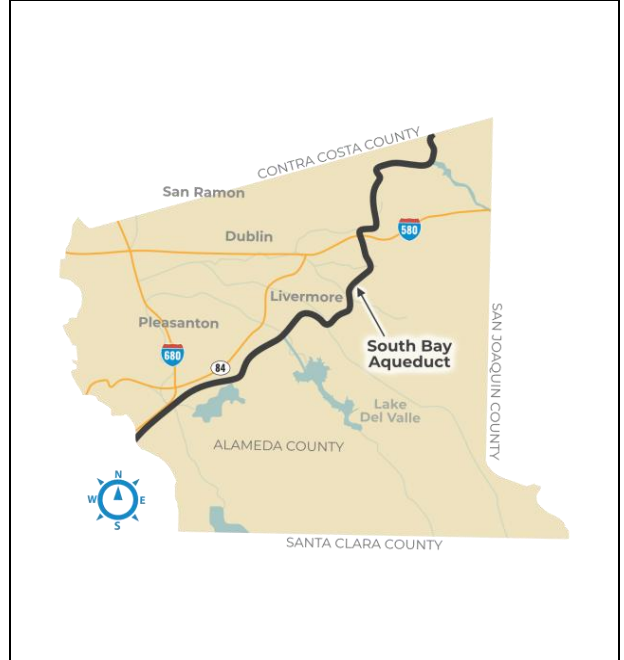
Amendments 19 and 20 to Zone 7's water supply contract with DWR

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

Project Location



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.

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

Origin

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

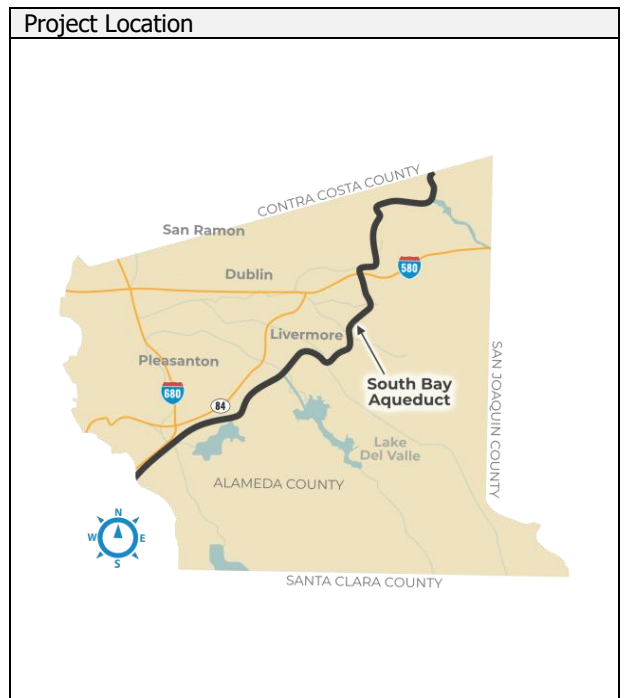
Justification

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.

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.

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

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

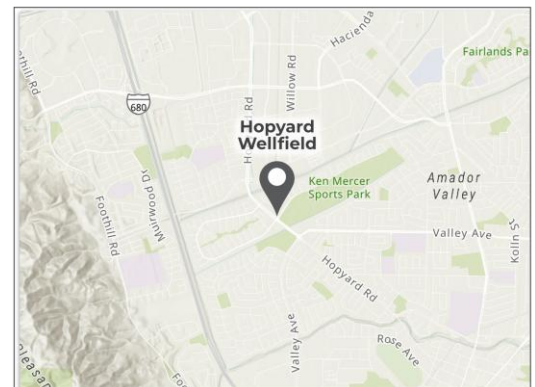
Origin
 Capital Improvement Program

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, MGD, and Mocho wells. Regular replacement helps ensure continued accuracy and reliability. The expected useful life of these instruments is approximately ten years.

Source of Funds	
Fund 120	Fund 130
100%	0%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

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.

Origin

Capital Improvement Program

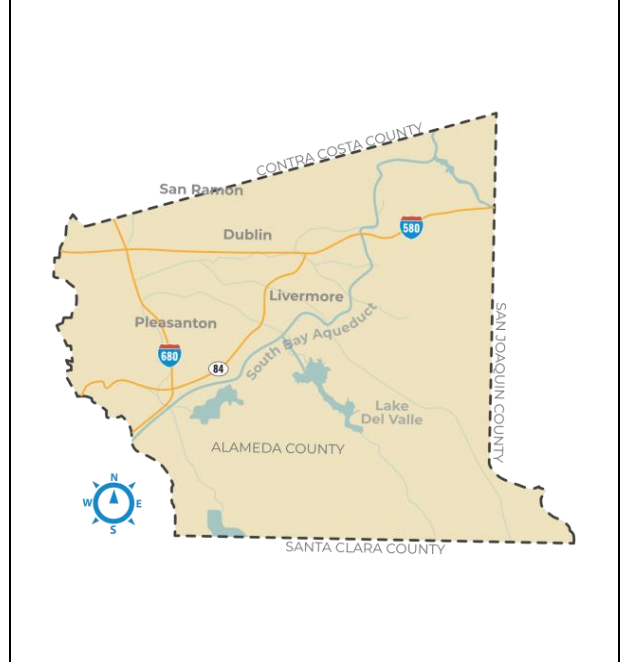
Operating Impact

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

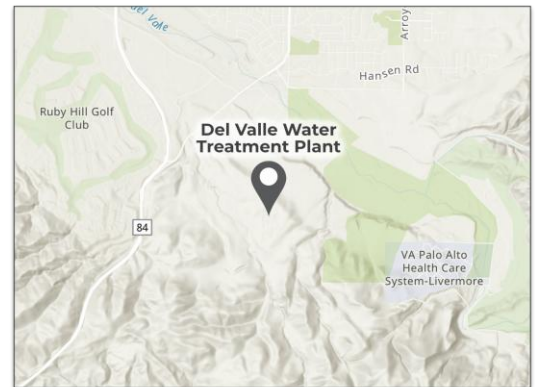
Justification

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.

Origin
Capital Improvement Program

Operating Impact
Ensures regulatory compliance.

Project Location



	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.

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 DWWT 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 DWWT Master Plan.

Source of Funds	
Fund 120	Fund 130
100%	0%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

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.

Origin
Capital Improvement Program

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.



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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

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.

Origin

Asset Management Program

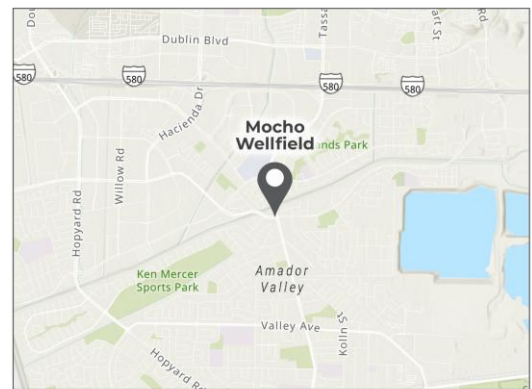
Operating Impact

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.

Source of Funds	
Fund 120	Fund 130
100%	0%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

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.

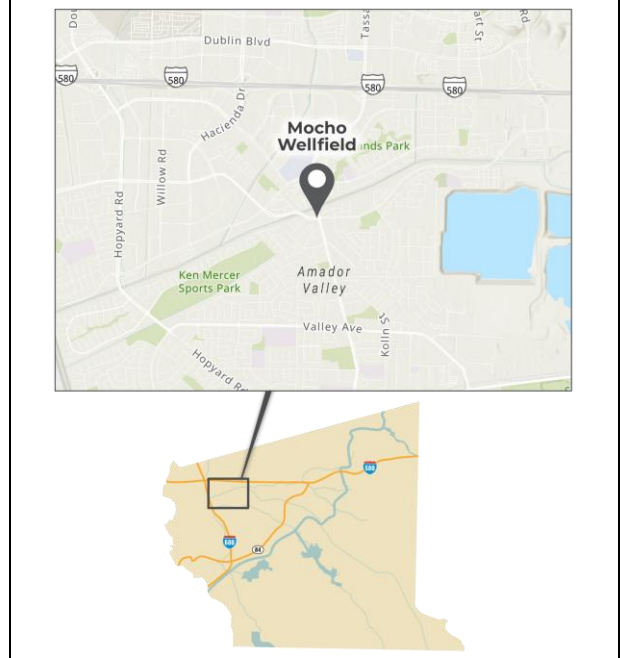
Origin
Asset Management Program

Operating Impact
Increase operating reliability 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	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.

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.

Source of Funds	
Fund 120	Fund 130
100%	0%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

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.

Origin

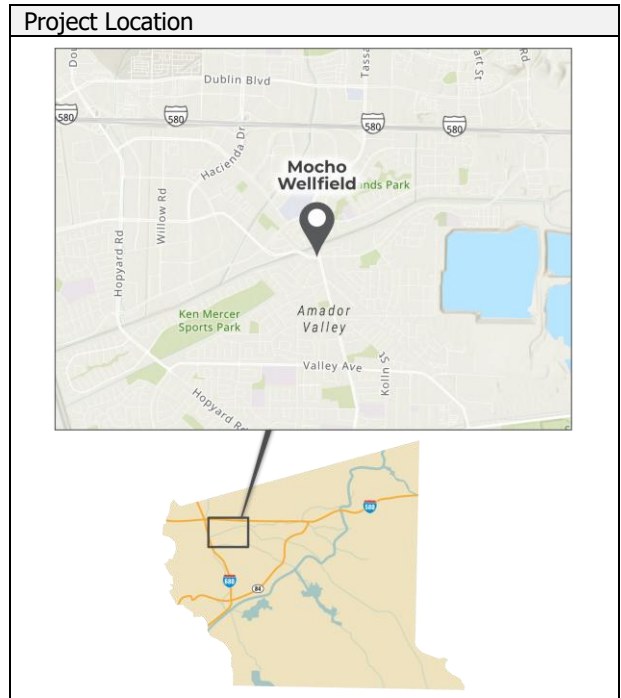
Draft PFAS and Hexavalent Chromium Treatment Feasibility Study, June 2020; Mocho Groundwater Demineralization Plant and Mocho Wellfield PFAS Compliance Conceptual Design, December 2024; Asset Management Program

Operating Impact

Provides regulatory compliance and maintains operational and water supply reliability.

	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.



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.

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.

Source of Funds	
Fund 120	Fund 130
100%	0%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

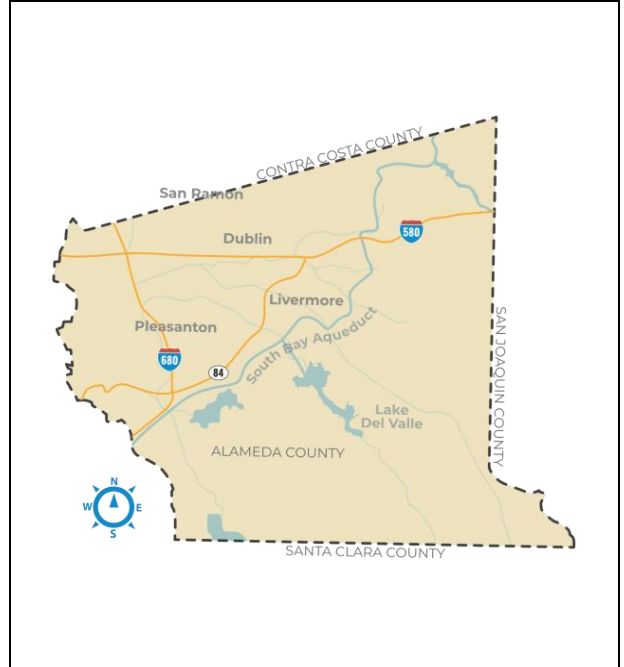
Origin

Capital Improvement Program

Operating Impact

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

Project Location



	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.

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.

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

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

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.

Origin

2016 Transmission System Planning Update

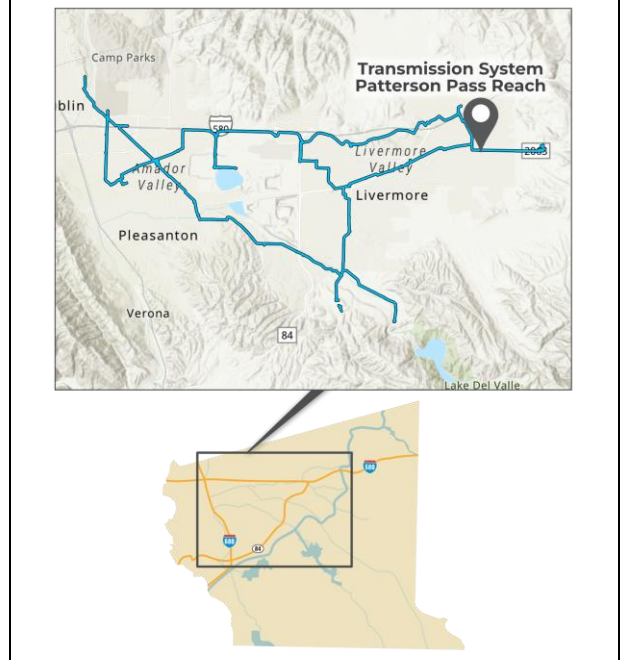
Operating Impact

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

Project Location

	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.



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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

Justification

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

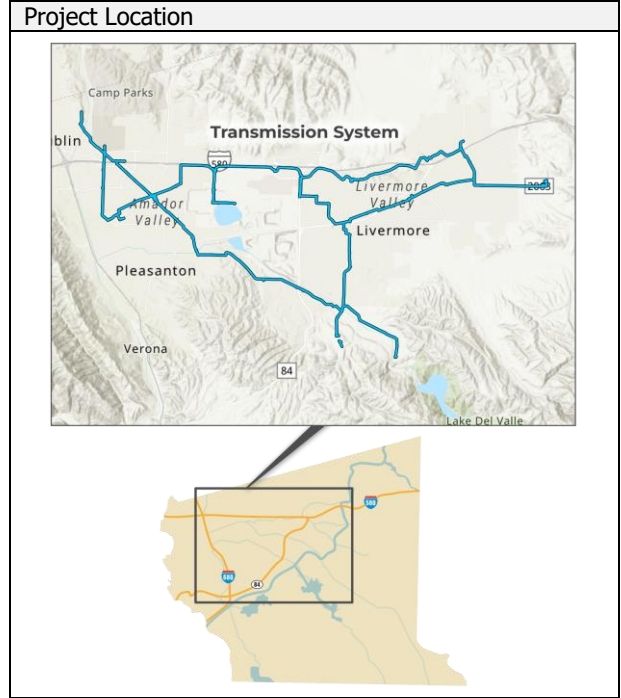
Origin

Asset Management 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	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.

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

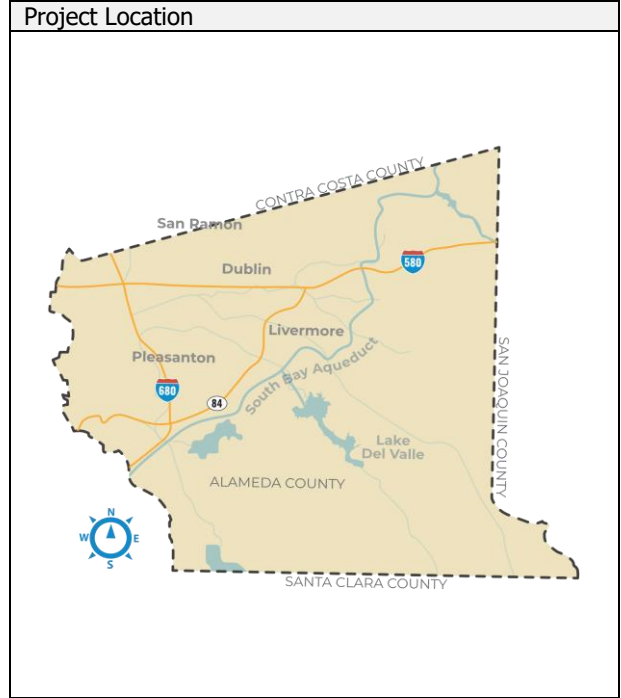
Justification

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.

Origin
2019 Water Supply Evaluation Update, 2022 Water Supply Evaluation Update

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.

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

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.

Origin

Asset Management Program

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

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.

Origin
Capital Improvement Program

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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 DWTP 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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

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.

Origin

Asset Management Program

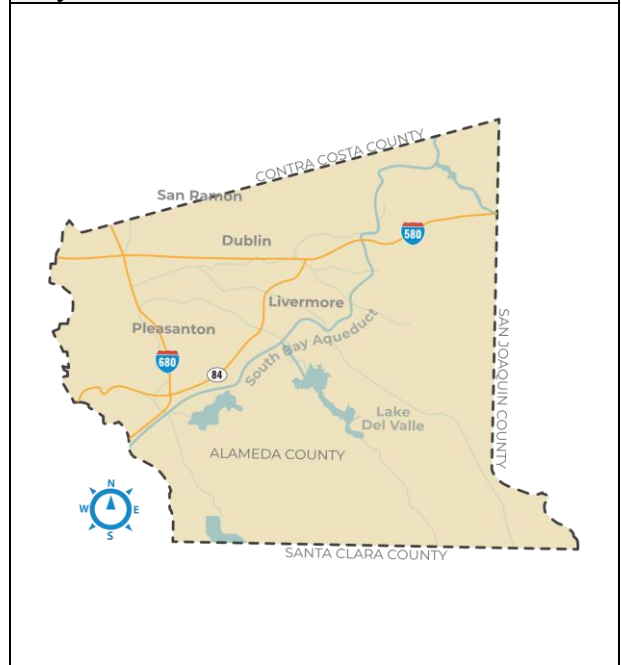
Operating Impact

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

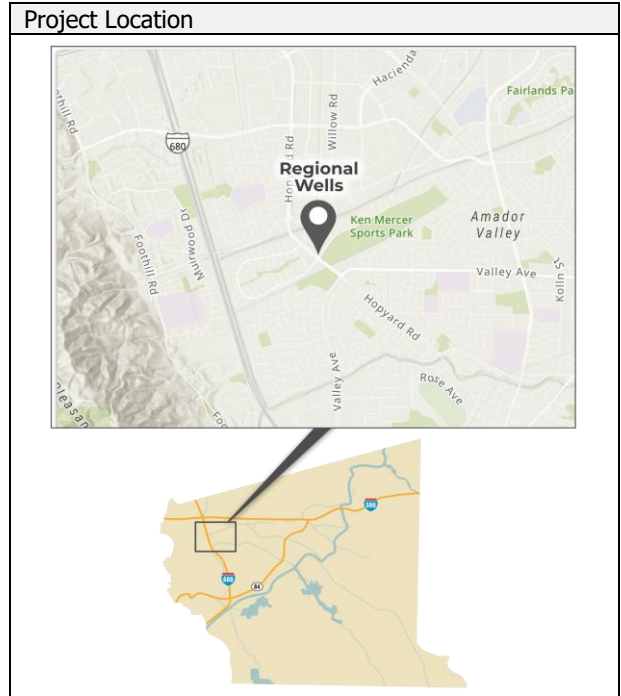
Justification

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.

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
<p>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.</p>

Source of Funds	
Fund 120	Fund 130
100%	0%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

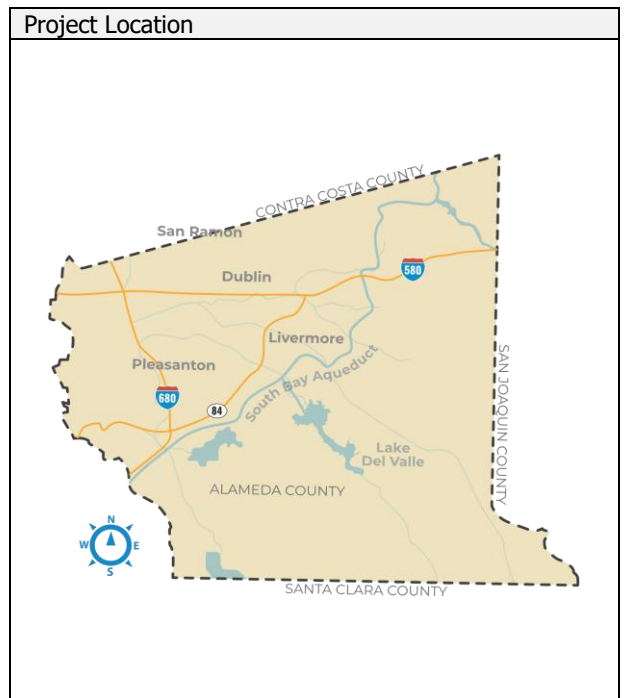
Strategic Plan Goal	B - Reliable Water Supply and Infrastructure, Initiative 6
In Service Date	Ongoing
Escalated Project Cost (\$)	\$18,450,000

Justification
<p>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.</p>

Origin	Capital Improvement Program
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Operating Impact	Increases system operational reliability.
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	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.

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

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.

Origin

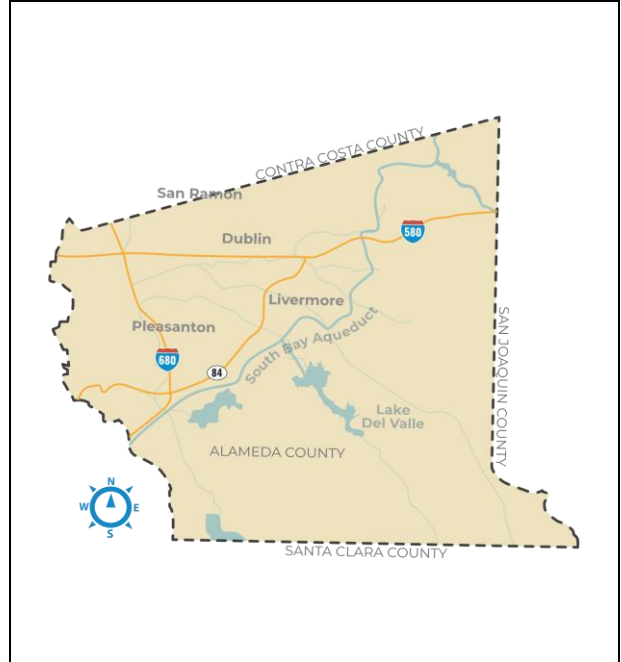
Capital Improvement Program

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

Project Location



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.

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

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.

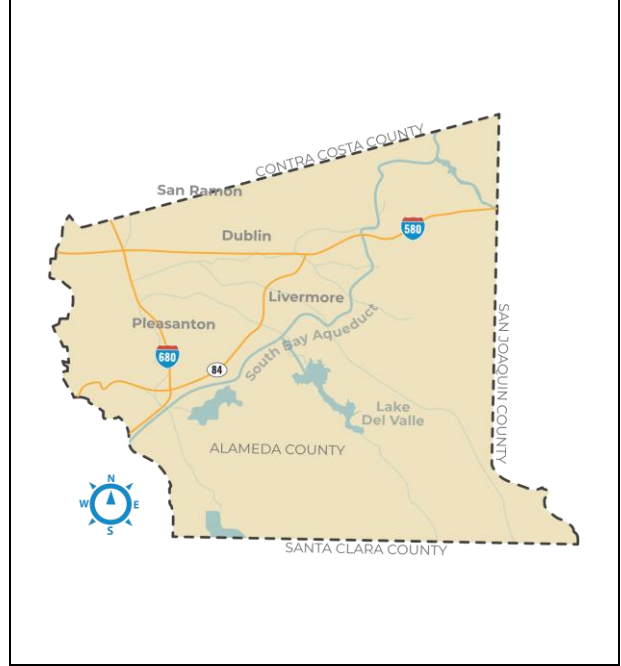
Origin

SCADA Master Plan

Operating Impact

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

Project Location



	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.

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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.

Source of Funds	
Fund 100	Fund 130
34%	66%
<i>Fund 100 is the Water Enterprise Operations Fund. Fund 130 is for Expansion.</i>	

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

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.

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.

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
<p>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.</p> <p>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.</p>
Justification
<p>Provides for long-term Zone 7 raw water conveyance capacity through planned service-area build-out.</p>

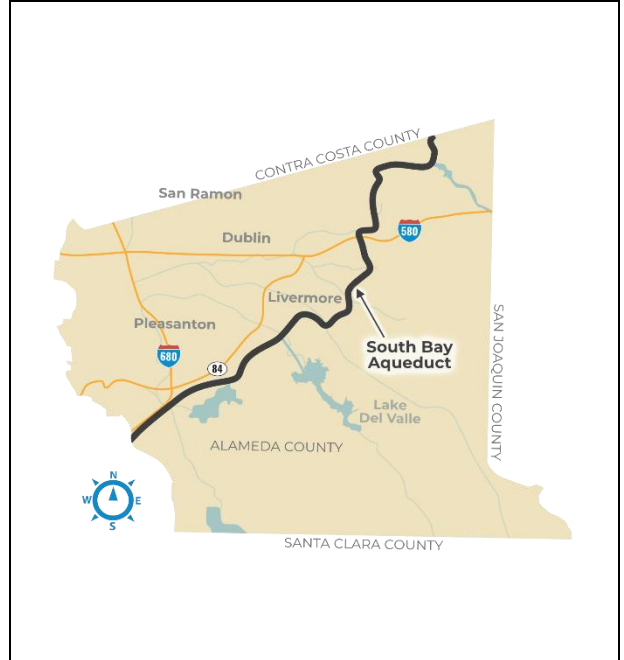
Source of Funds	
Fund 120	Fund 130
0%	100%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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.

Project Location



	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.

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.

Source of Funds	
Fund 120	Fund 130
0%	100%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

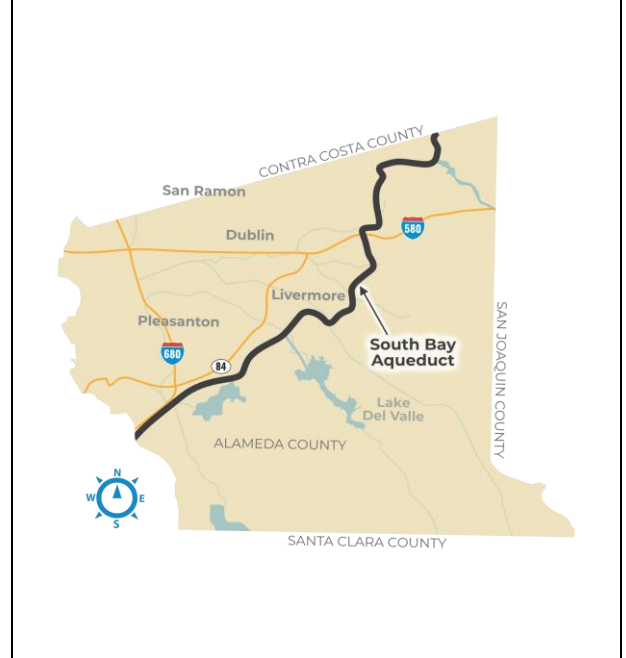
Operating Impact
None.

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.

Project Location

	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.

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

Justification

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

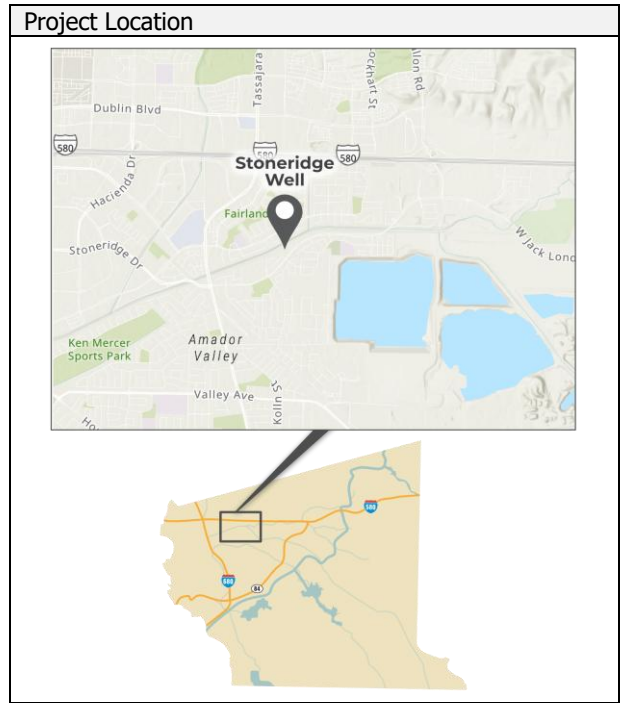
Origin

Asset Management Program

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.

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.

Source of Funds	
Fund 120	Fund 130
100%	0%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

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.

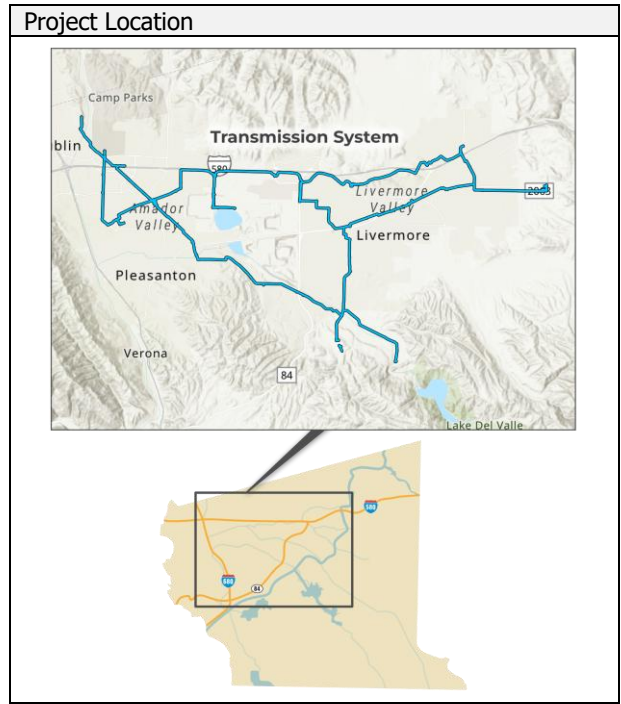
Origin

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.

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

Origin

Capital Improvement Program

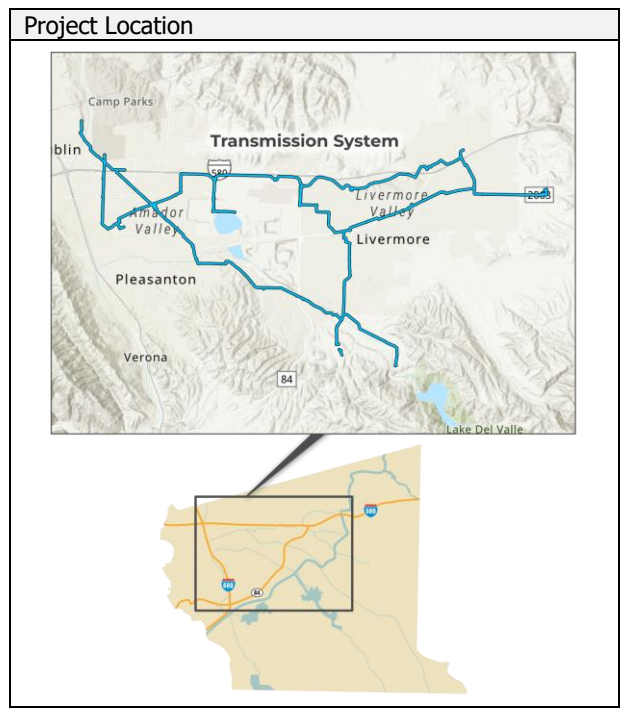
Justification

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.

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.

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
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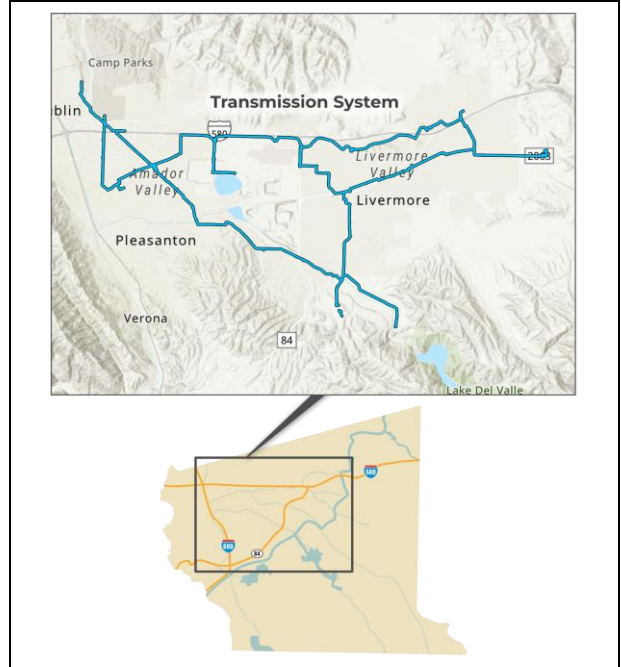
Operating Impact

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

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.

Origin

Asset Management Program

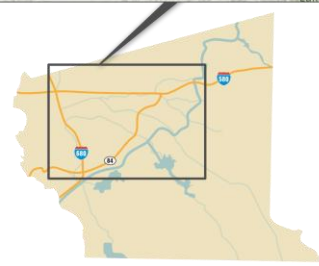
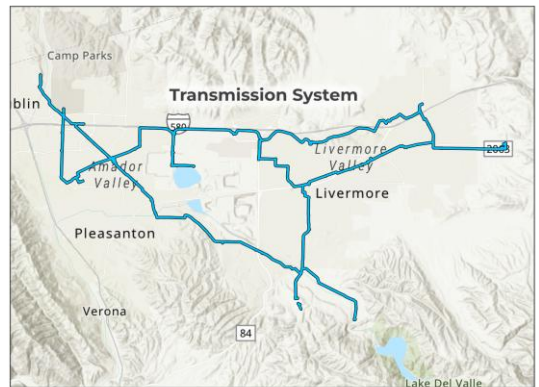
Operating Impact

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

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.

Origin

2016 Transmission System Planning Update

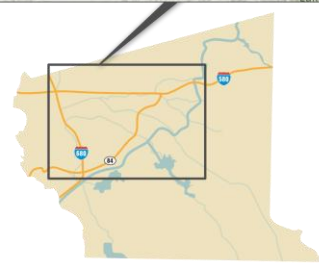
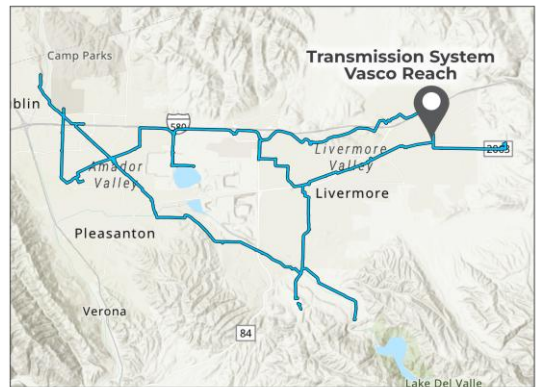
Operating Impact

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%
<i>Fund 120 is for System-Wide Improvements, and Renewal and Replacements. Fund 130 is for Expansion.</i>	

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

Justification

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

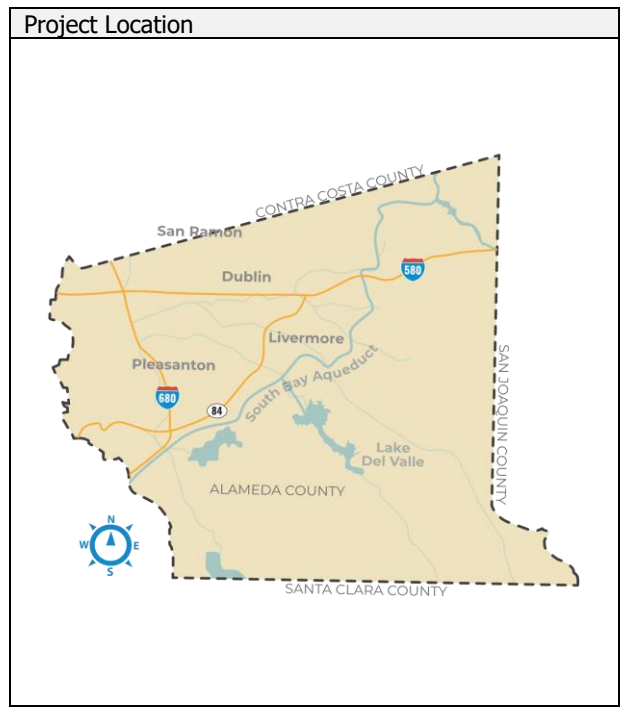
Origin

Capital Improvement Program

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.

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 were presented at the Board workshop on March 4, 2026, and adopted at the April 15, 2026, 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

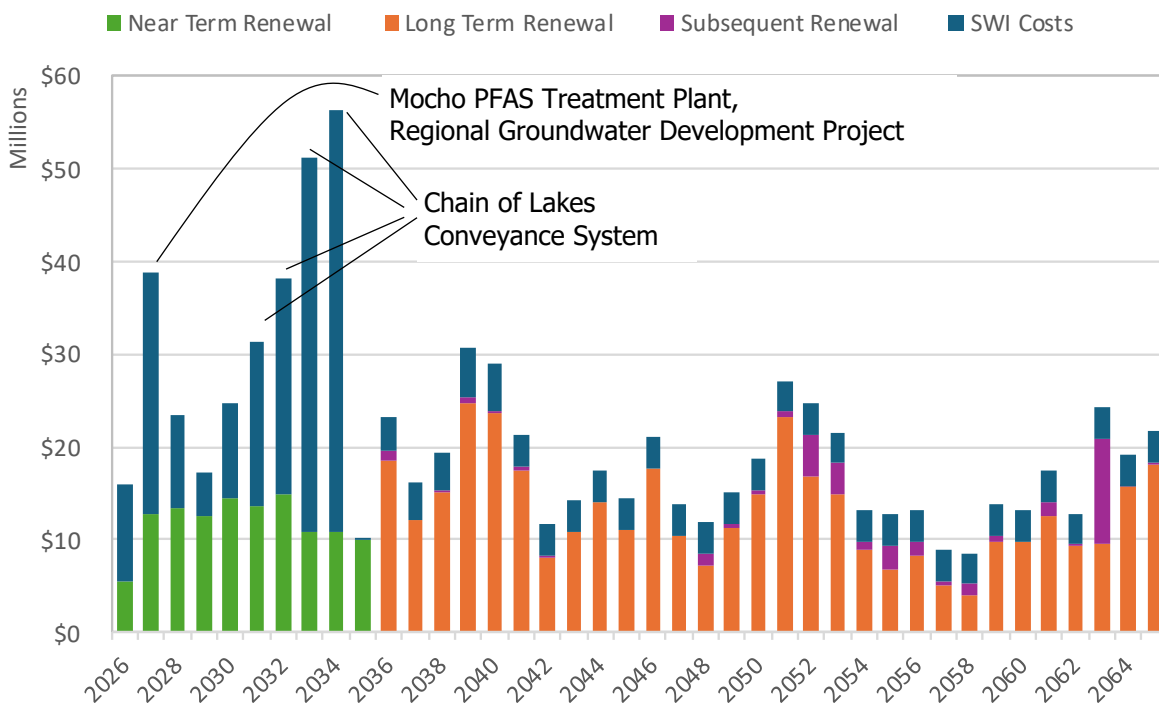
replacement to a condition-based life extension program. This approach provides a more proactive asset management strategy that increases reliability and the useful life of assets and reduces unscheduled repairs.

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.

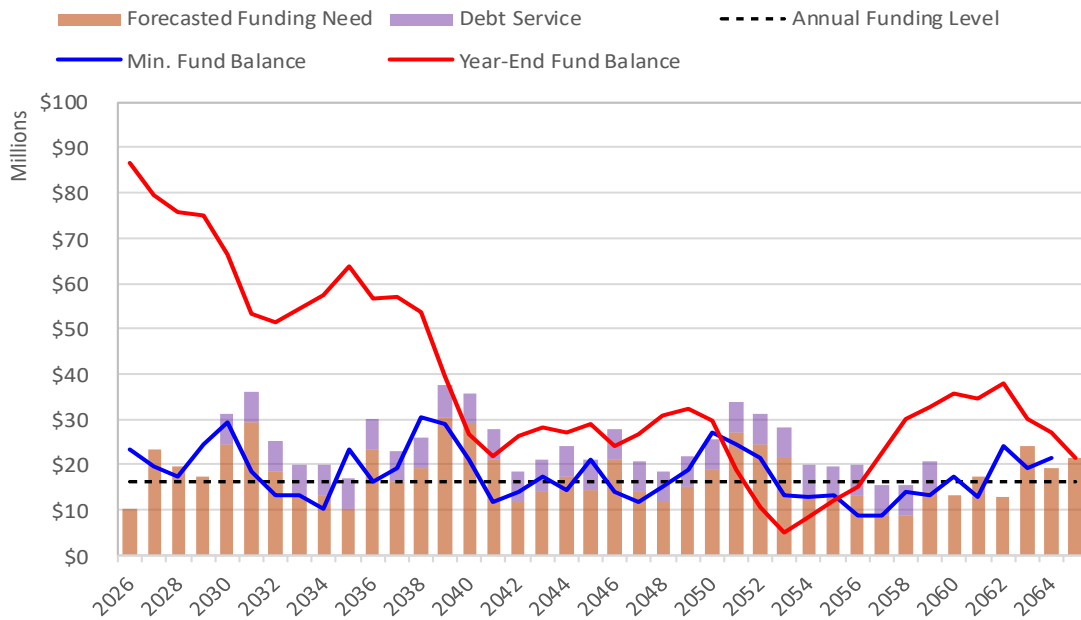
e. Assumes an average debt service payment of \$9.1 million per year based on a 4% interest rate and escalated project costs. Actual costs will depend on the type of financing received, interest rates, and the duration of the borrowing. Project that is assumed to be partially funded by debt is the Chain 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, and adopted at the April 15, 2026, 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, MGD 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

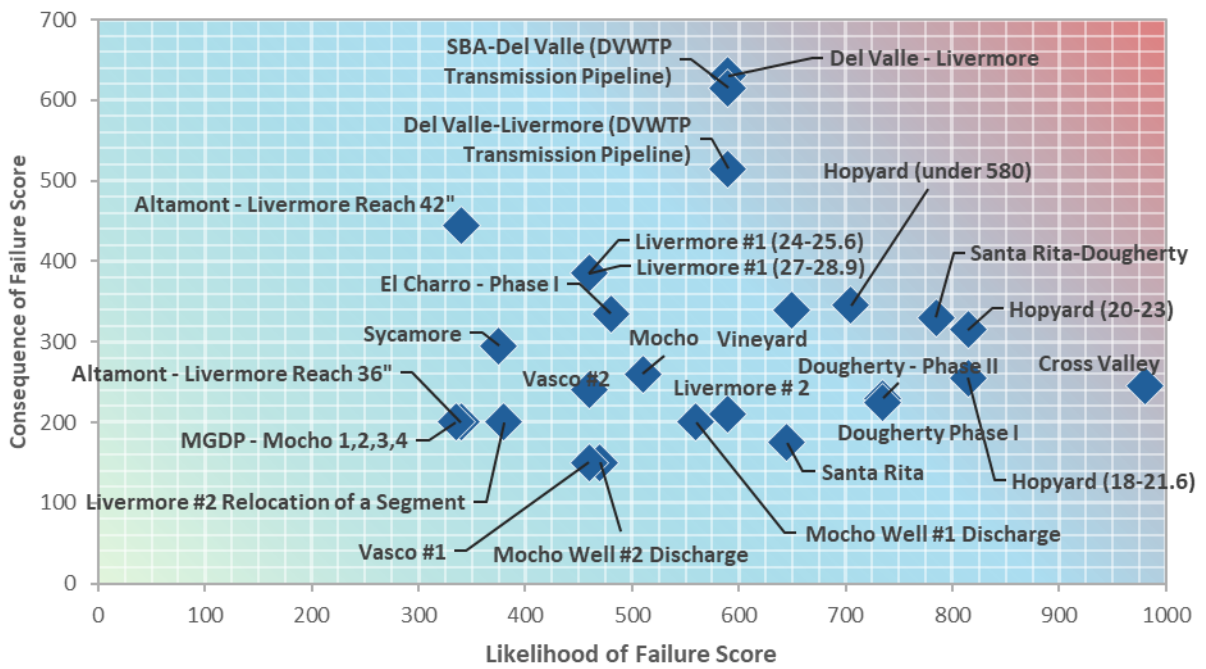


Table 3. Pipeline Risk Analysis Results

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 (DWWTP Transmission Pipeline)	615	590	362,850
Del Valle-Livermore (DWWTP 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.

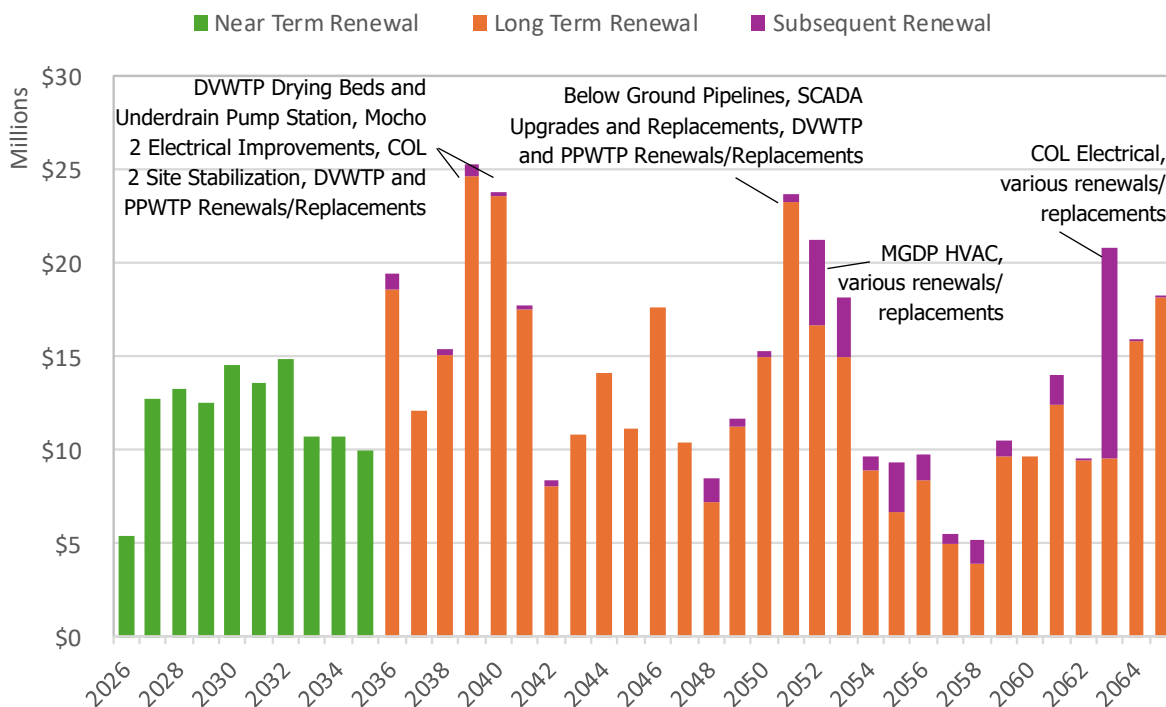
Long-Term Renewal Forecast

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.

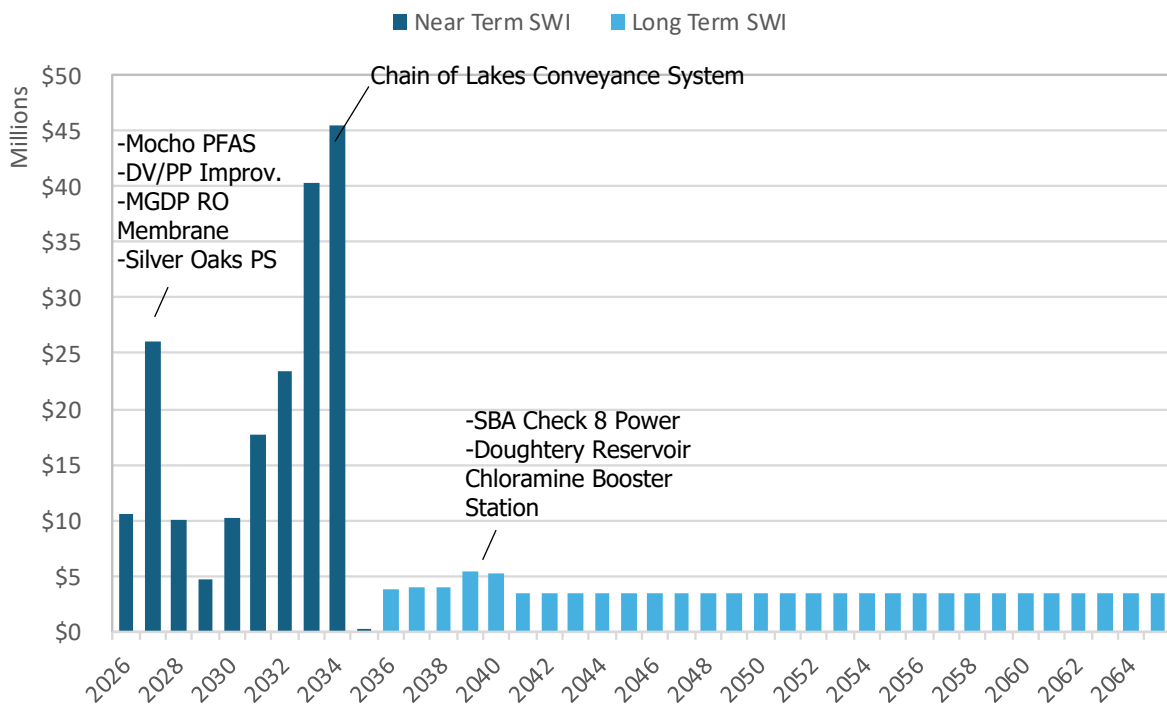
4.2. LONG-TERM SYSTEM-WIDE IMPROVEMENTS FUNDING FORECAST

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)



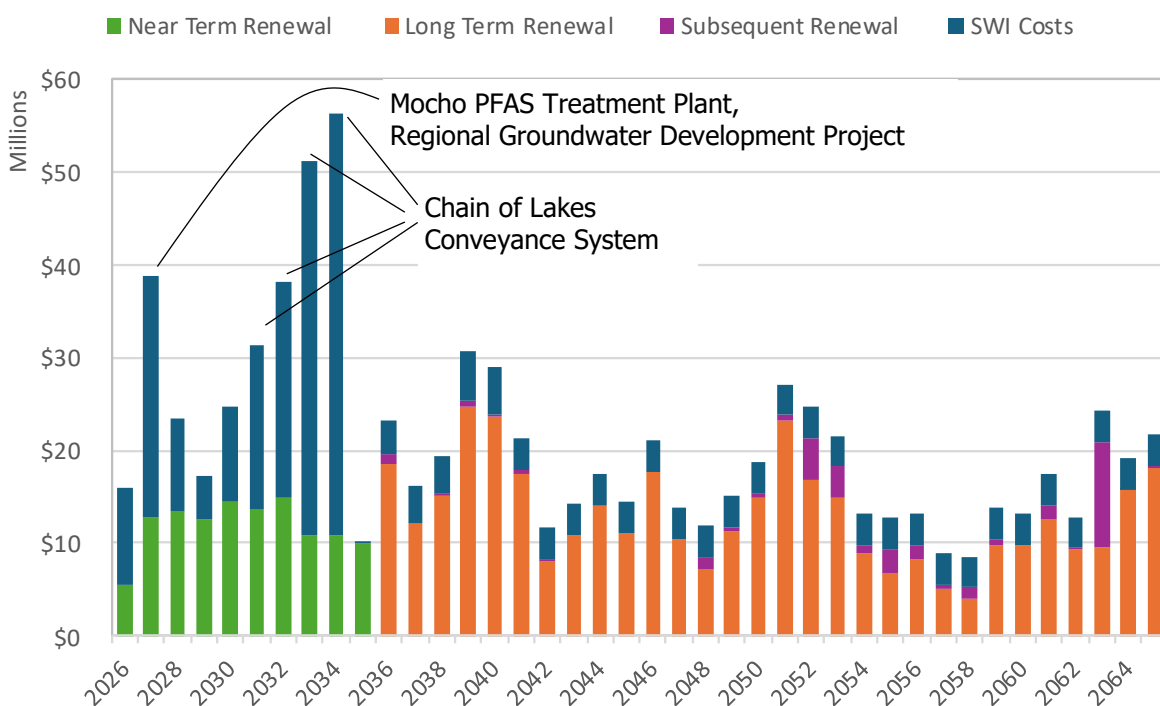
5. FUNDING ANALYSIS AND RECOMMENDED ANNUAL FUNDING LEVEL

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.

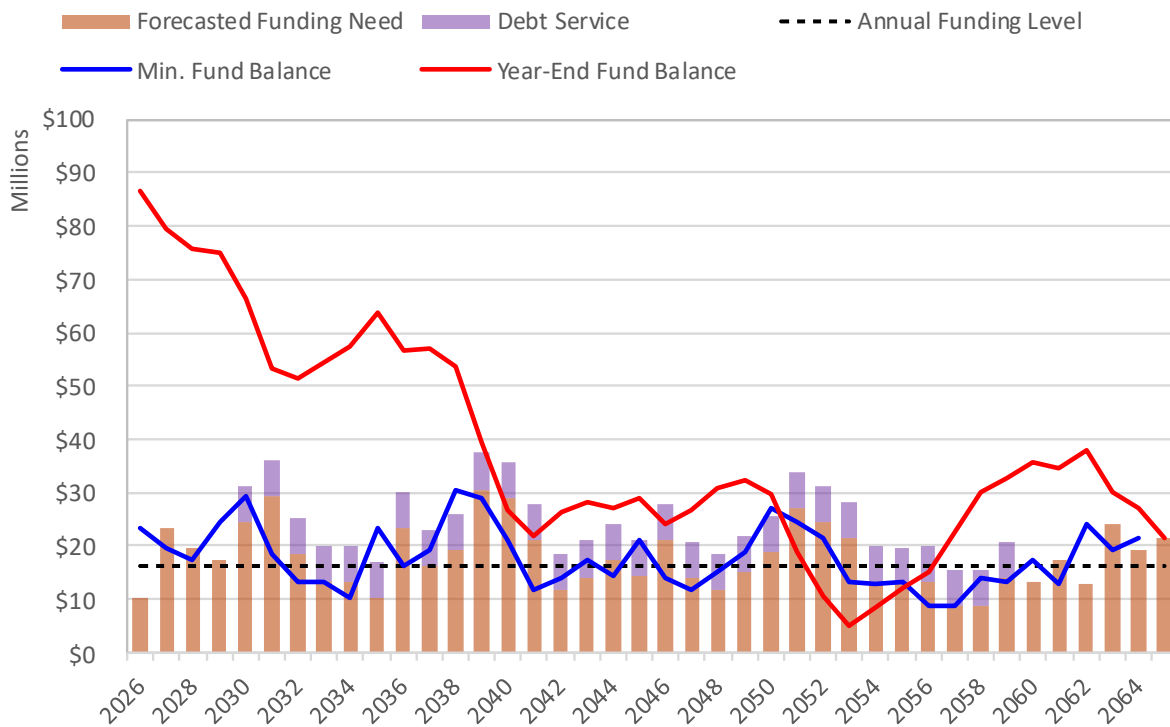
e. Assumes an average debt service payment of \$9.1 million per year based on a 4% interest rate and escalated project costs. Actual costs will depend on the type of financing received, interest rates, and the duration of the borrowing. Project that is assumed to be partially funded by debt is the Chain 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



**WATER
AGENCY**



2025–2029

5-YEAR STRATEGIC PLAN

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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

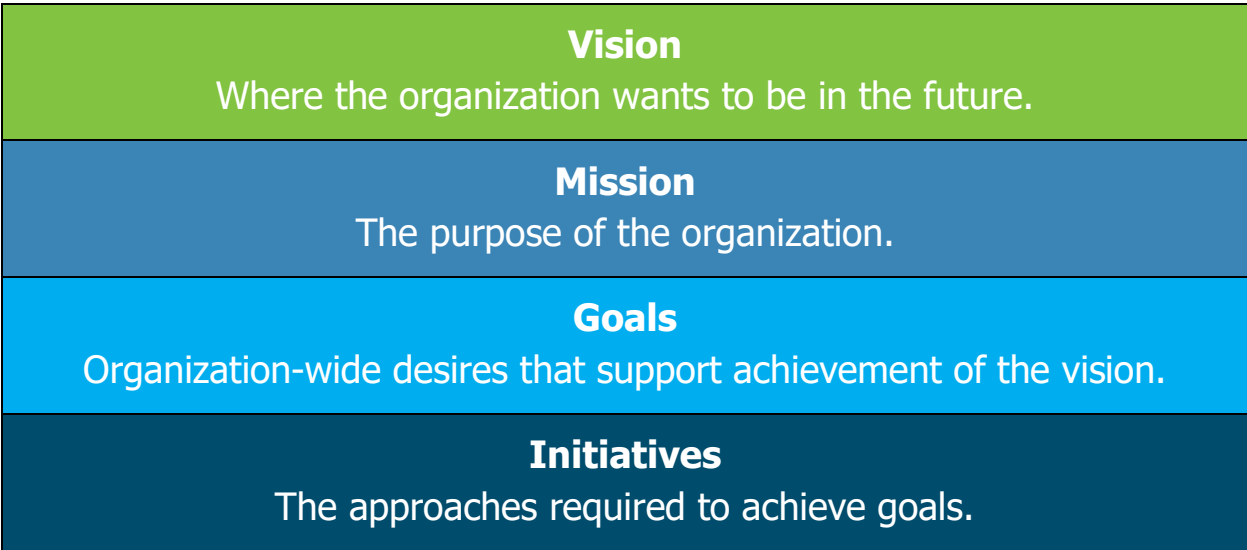
STRATEGIC PLAN INTRODUCTION AND PROCESS

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



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*

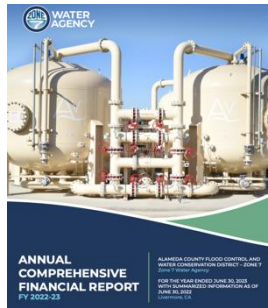


Team

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.

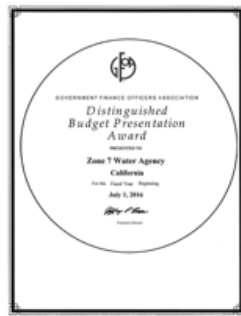


Safety

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



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



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



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



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.



EFFECTIVE OPERATIONS

PROVIDE THE AGENCY WITH EFFECTIVE LEADERSHIP, ADMINISTRATION, AND GOVERNANCE

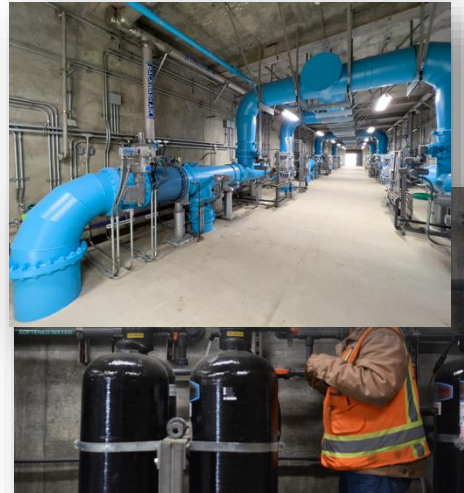
Initiative #14 – Implement Computerized Maintenance Management System (CMMS) and Establish a Proactive Maintenance Program

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





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



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 Zone 7'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 Levels¹ (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 Goals² (PHGs) and/or Maximum Contaminant Level Goals³ (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 MCLs¹ 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 events⁴ 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.

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 *W. N. P. [Signature]*
President, Board of Directors