

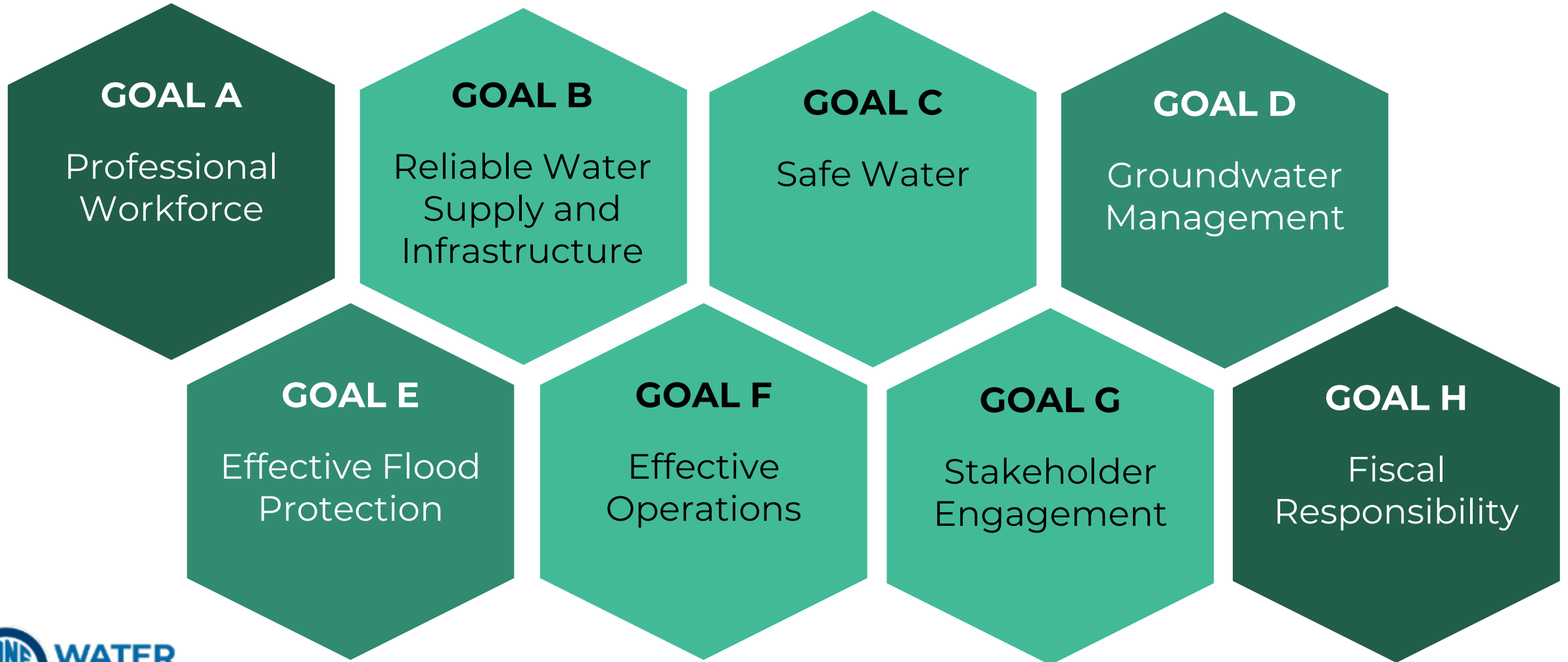


**WATER  
AGENCY**

**PROPOSED TWO-YEAR BUDGET  
FY 2026-27 AND FY 2027-28**

Zone 7 Special Board Meeting  
May 12, 2026

# Proposed Budget Supports Agency's 2025-2029 Strategic Plan



# Purpose of the Budget



Two-year financial plan to implement the Board's adopted strategic goals, initiatives and Capital Improvement Plan



Inform the upcoming Wholesale Treated Water Rate and Untreated Water Rate Study



Maintain reserves in compliance with Agency's Reserve Policy and 'AAA' credit rating



Maintain a strong financial position, ensuring the Agency is well positioned for upcoming water reliability investments



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# FY 2024-26 Accomplishments



**Implementation of Employee-Led Initiatives Program**



**Completion of COL PFAS Treatment Plant**



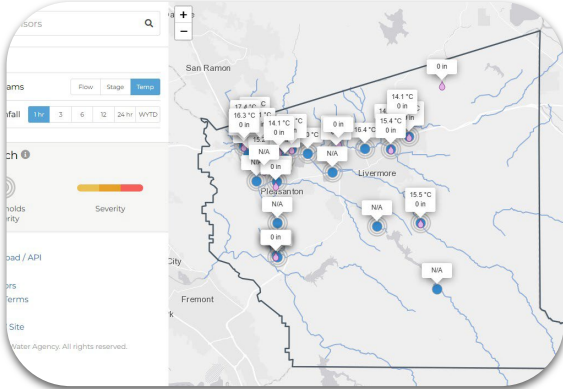
**Well Telemetry Implementation**



**Implementation of the Computerized Maintenance Management System (CMMS)**



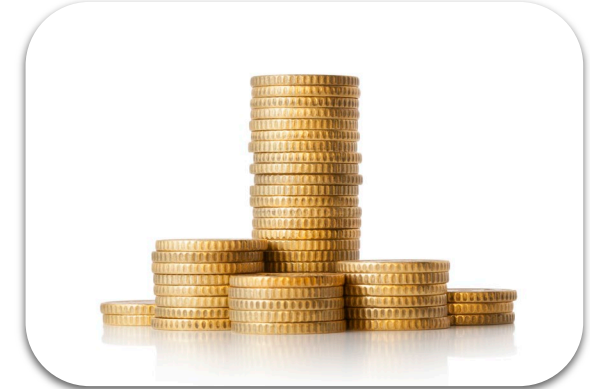
**Over 700 Rebates Issued**



**Implementation of Stream Tracker Portal**



**'AAA' Rating Upgrade and Various Financial Awards**



**\$26.7M in Federal Assistance Secured for Storm Damage Rehabilitation**

# Budget-in- Brief Revenue Assumptions

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**Water Rates:** 4.5% budgeted treated water rate increases

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**Grants:** \$9.8M for Mocho PFAS Plant and Flood projects and repairs

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**Property Tax Override:** Funds State Water Project fixed costs. No increase, held at \$22M each year.

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**Investment Earnings:** Assumed 2.5% annual return for all funds

# Budget-in- Brief Expense Assumptions

**2023 Storm Repair Projects:** \$32.2M for multiple sites - permits and construction contracts in place

**Personnel:** Board approved cost of living adjustments (5%-June 2026, 4%-June 2027) and longevity pay for 5- and 10-year milestones

**Inflationary Assumptions:** Utilities (10% annually) and chemical costs (6%-46% annually)

**Water Treatment:** \$1.8M for ion exchange resin removal at Stoneridge and COL PFAS Plants

**Worker's Compensation:** Increase from \$600K to \$1.1M (84% jump)

**Water System Capital Budget:** Reflects first two years of adopted 10-Year CIP

# Two-Year Budget Outcome

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**Reserve Policy:** All reserves are fully funded and compliant with Board policy

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**Section 115 Pension Trust:** Annual contributions of \$125K assumed each year

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**Water Reliability Reserve:** Preserved for future water reliability investment (e.g., Sites payments starting in FY 28-29)

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**'AAA' Credit Rating:** Maintain Agency's strong financial position

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# Agenda

1. Two-Year Budget Overview
2. Budget Highlights by Fund
  - › Fund 100
  - › Fund 200
  - › Other Funds
3. Next Steps



# Acronyms

**CIP** – Capital Improvement Plan

**CMMS** - Computerized Maintenance Management System

**COL** – Chain of Lakes

**COLA** – Cost of Living Adjustment

**DCP** – Delta Conveyance Project

**DVWTP** – Del Valle Water Treatment Plant

**DWR** – Department of Water Resources

**FEMA** – Federal Emergency Management Agency

**FMP** – Flood Management Plan

**FTE** – Full-Time Equivalent

**FY** – Fiscal Year

**O&M** – Operations and Maintenance

**PFAS** – per- and polyfluoroalkyl substances

**PPWTP** – Patterson Pass Water Treatment Plant

**UWMP** – Urban Water Management Plan

# Two-Year Budget Overview



# Budget Development Process



# Budgeted Funds

## Fund 100

Water Enterprise  
Operations

## Fund 110

State Water Facilities

## Fund 120

Water System  
Renewal/Replacement  
and System-wide  
Improvements

## Fund 130

Water System Capital  
Expansion

## Fund 200

Flood Protection  
Operations

## Fund 210

Flood Protection  
Development Impact  
Fee

# Key Investments



### **Commitment to maintaining a high-quality workforce**

- 132.5 FTE Positions; new Construction Maintenance Laborer in Flood Protection
- COLAs: 5% - 2026, 4% - 2027
- Longevity pay for 5- and 10-year milestones
- Pension Trust contributions of \$125K/yr



### **Continued investment in long-term water reliability**

- COL Conveyance System Planning
- Design and construction of the Regional Groundwater Development Project
- DCP – Board approved costs through FY 2027-28



### **Continued efforts to proactively address and treat PFAS**

- Construction of Mocho PFAS Treatment Plant
- Removal and replacement of ion exchange resin at COL and Stoneridge PFAS Treatment Plants



### **Continued progress of 2023 Storm Repair Projects**

- 99 damaged site repairs planned through 2028

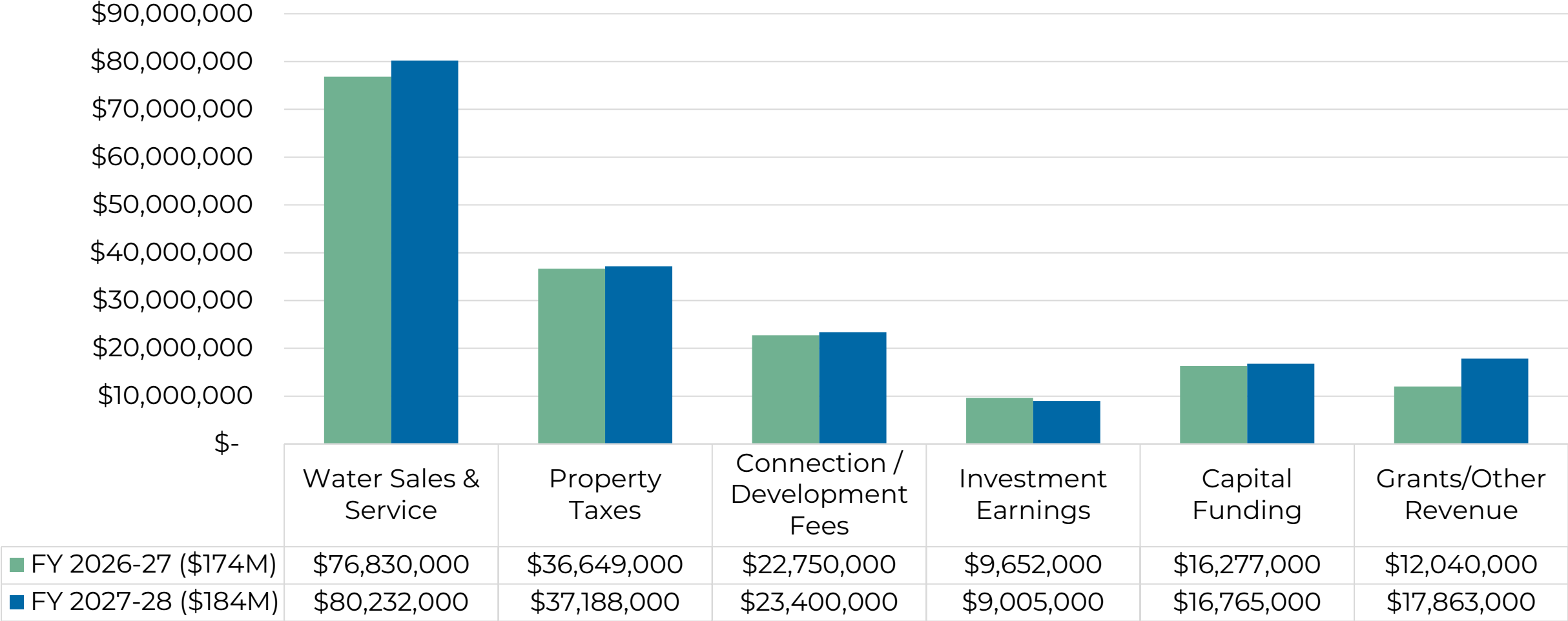


# Community Programs and Outreach



# Budgeted Revenue Overview

## Agency-wide Revenue by Category

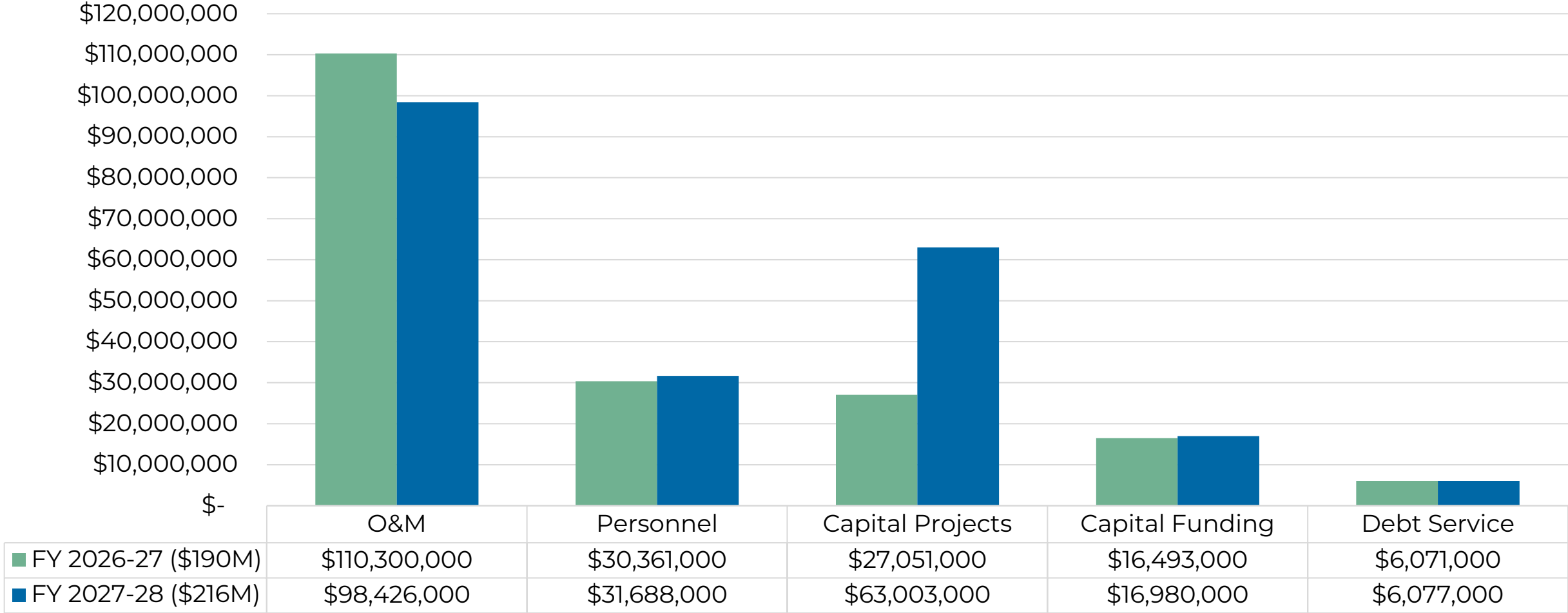


■ FY 2026-27 (\$174M)    ■ FY 2027-28 (\$184M)



# Budgeted Expenditures Overview

Agency-wide Expenses by Category



■ FY 2026-27 (\$190M)   ■ FY 2027-28 (\$216M)

# Budget Highlights by Fund

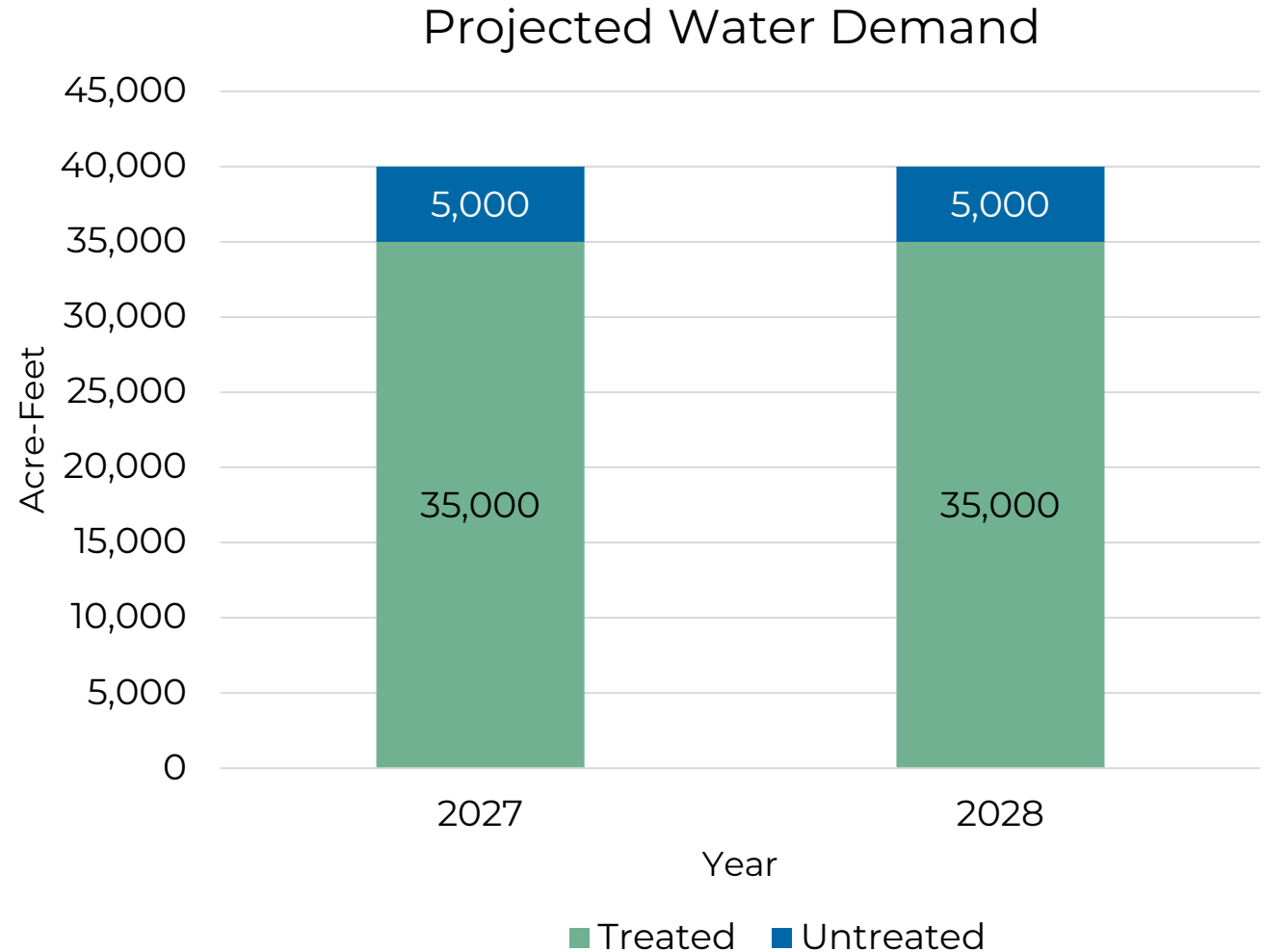
## Fund 100



# Fund 100 – Water Enterprise Operations

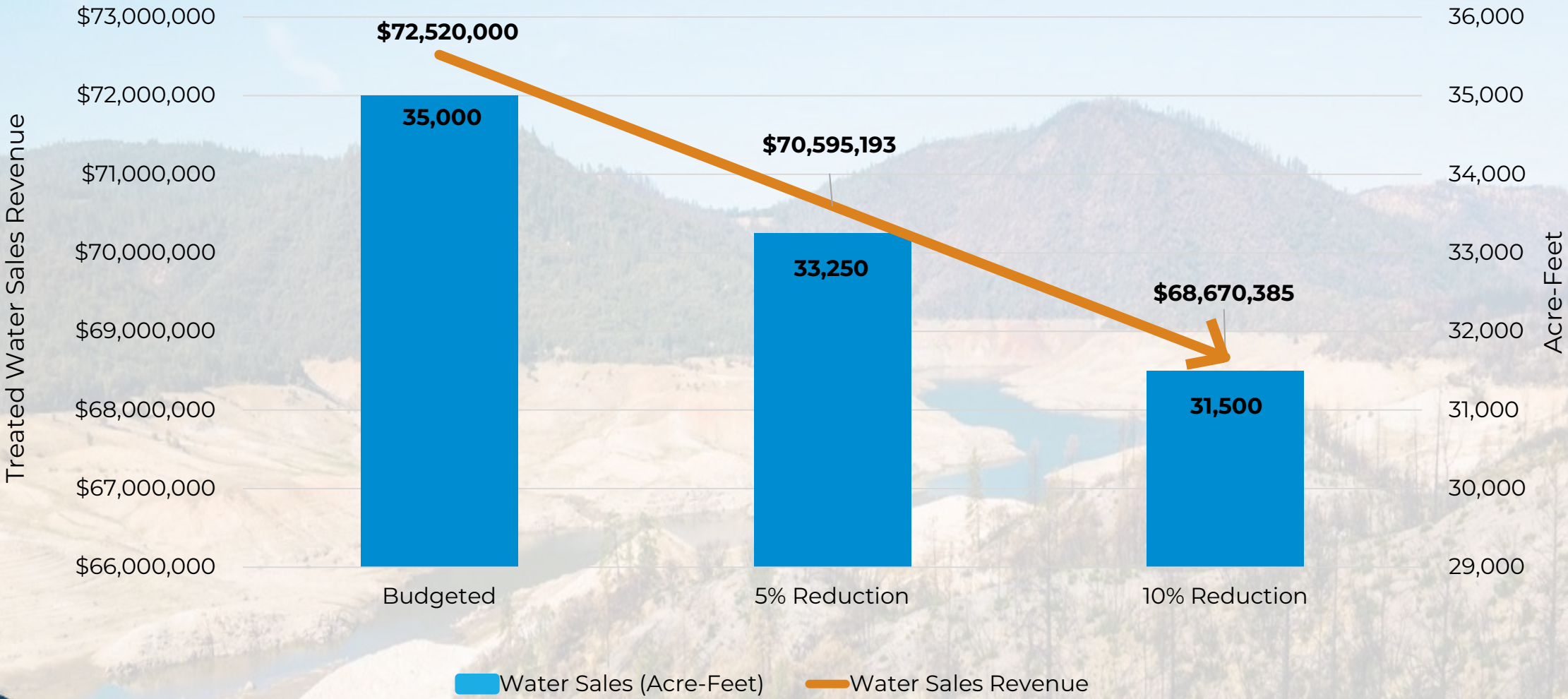
## Revenue Highlights

- FY 2026-27: \$75.5M
- FY 2027-28: \$78.7M
- Water sales revenue = 98% of Fund 100 total revenue
- 4.5% budgeted treated water rate increases (2027 and 2028)



# Water Sales Revenue Sensitivity

## Treated Water Revenue vs. Treated Water Demand



# Fund 100 – Water Enterprise Operations

## Expense Highlights



### **Personnel**

5% (June 2026)  
4% (June 2027)  
COLAs

### **Delta Conveyance Project**

\$5.3M in participation costs through FY 2027-28

### **PFAS Treatment**

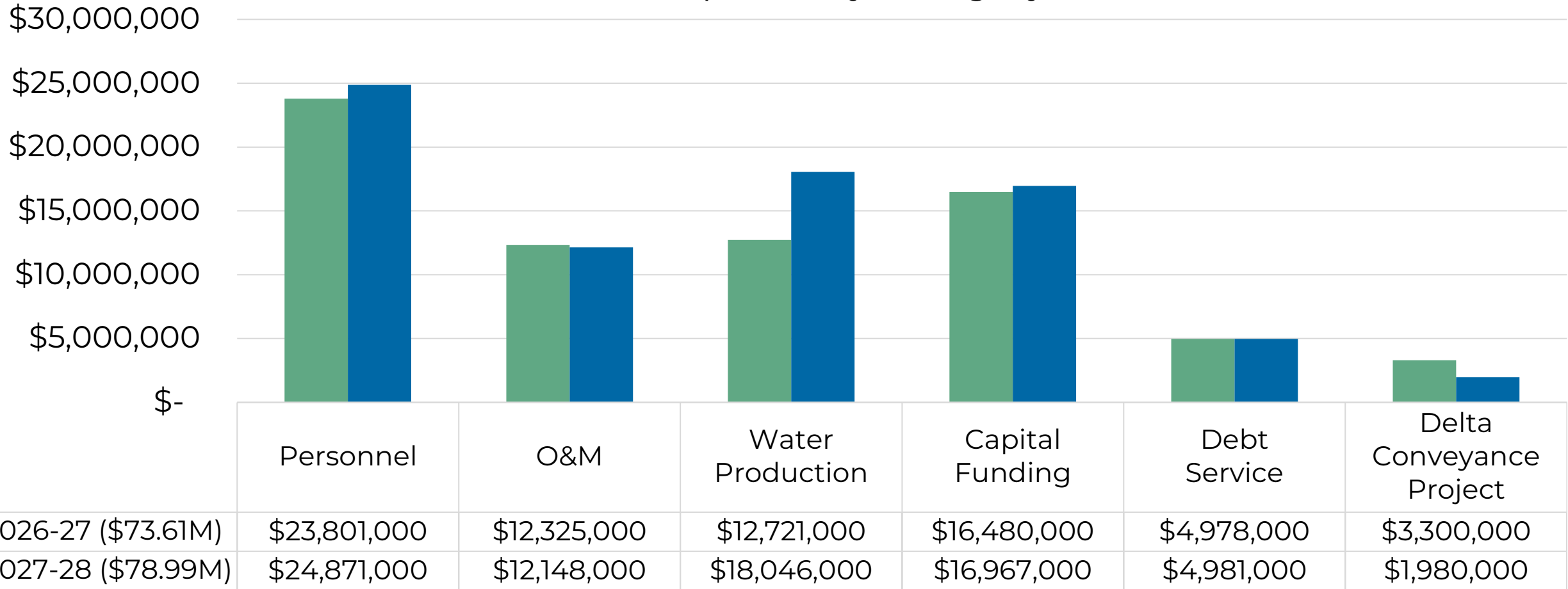
\$1.8M for removal and replacement of ion exchange resin at PFAS Treatment Plants (FY 2027-28)

### **Water Production** (water, chemicals, utilities)

\$3.5M increase (FY 2027-28)  
Assuming dry-year conditions

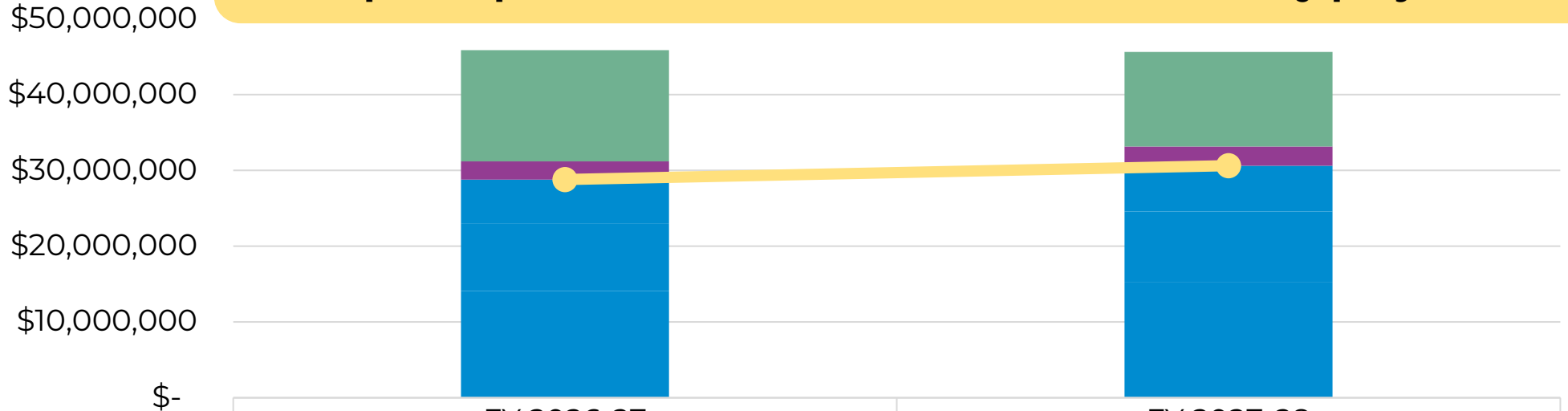
# Fund 100 – Water Enterprise Operations

Expense by Category



# Fund 100 – Reserves

**Reserves are fully funded, positioning the Agency to meet obligations, manage risk, and maintain a strong financial position to participate and invest in future water reliability projects.**



**Total: \$45,871,000**

**Total: \$45,606,000**

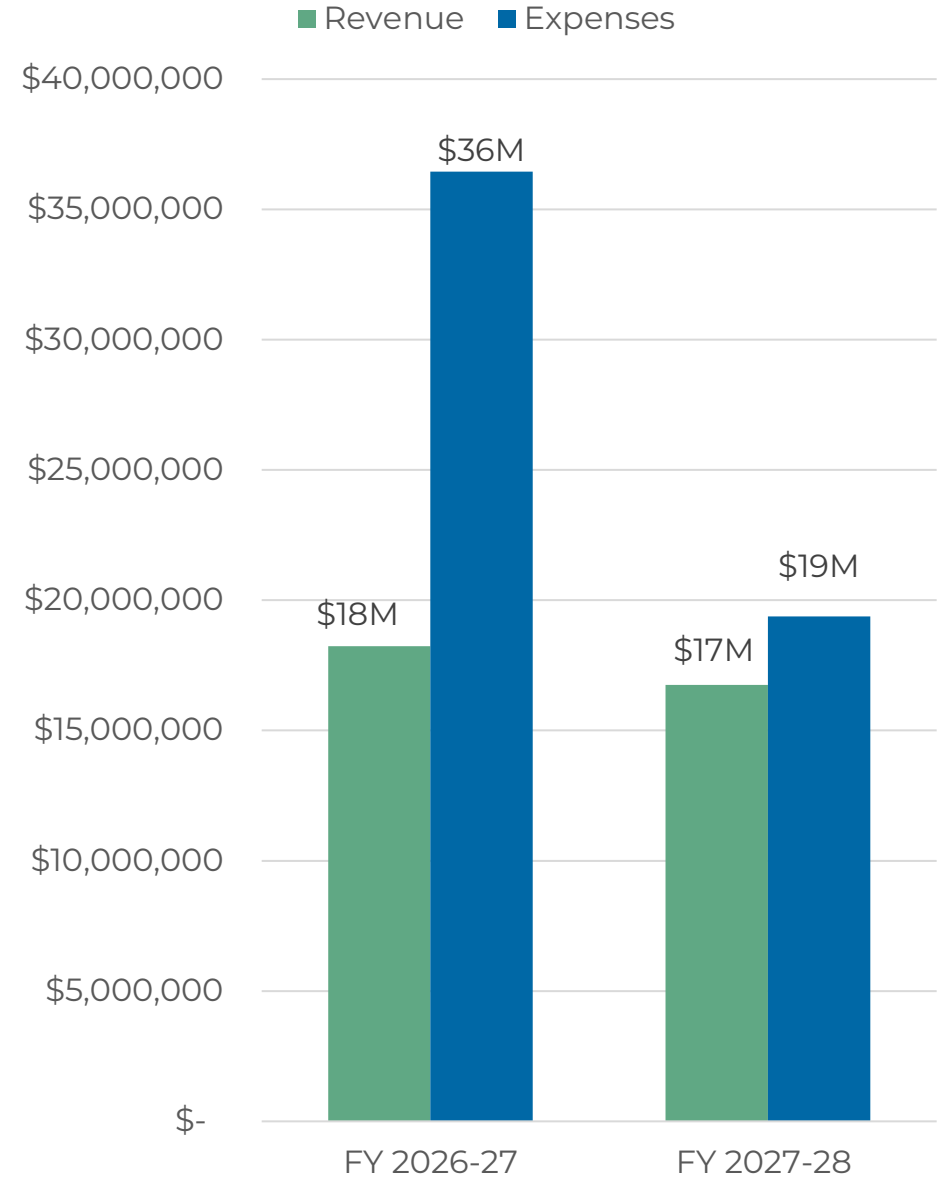
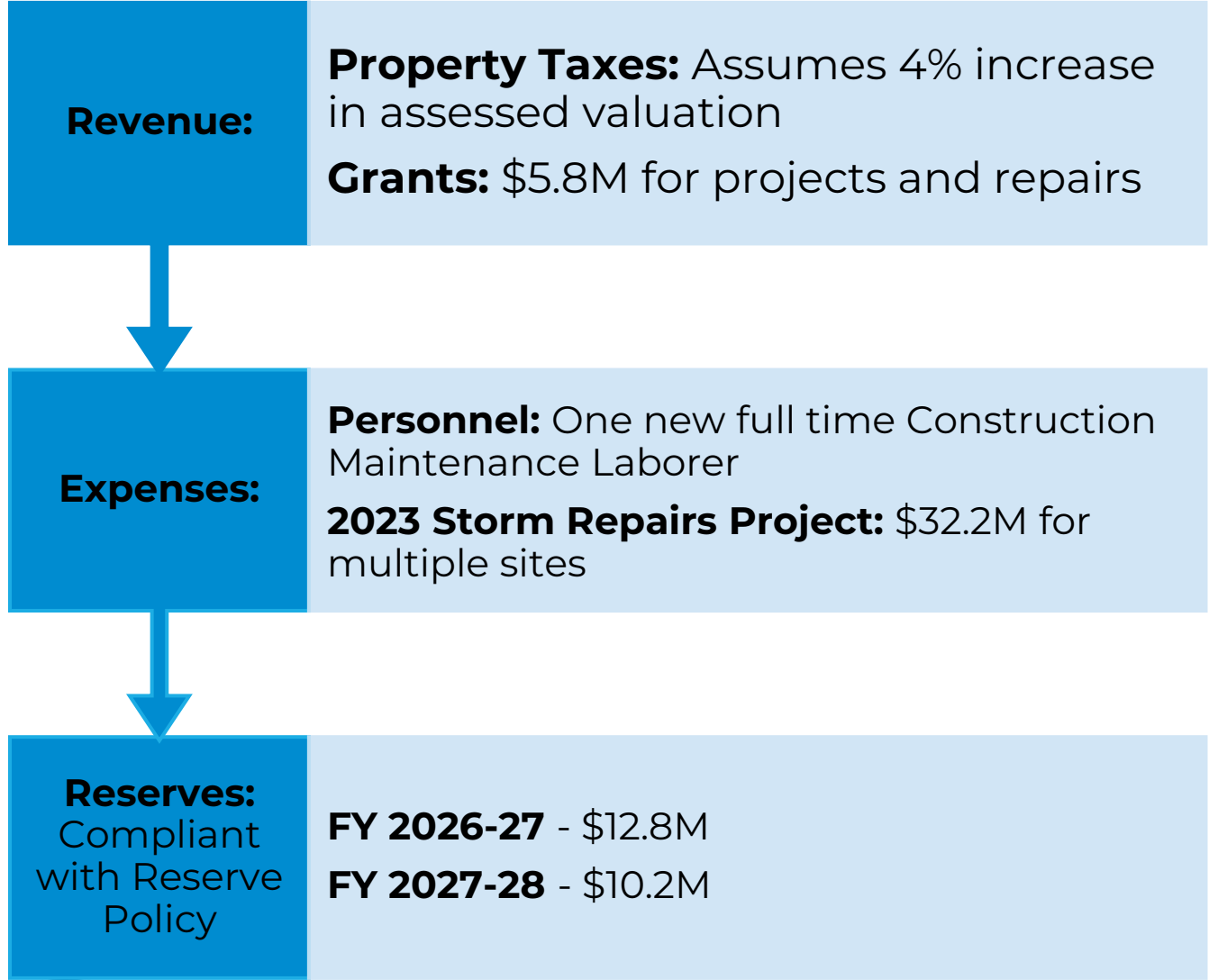


# Budget Highlights by Fund

## Fund 200



# Fund 200 – Flood Protection Operations



# Fund 200 – Flood Protection Operations Maintenance Services Budget Details



Arroyo de Laguna



Alamo Canal



Arroyo Mocho



Alamo Creek



Stanley Reach @ Arroyo Mocho



Goat grazing

**High Priority  
Storm  
Damage  
Repairs**  
3 sites  
\$1.9M

**2023 Storm  
Repair  
Project**  
50 sites  
\$22.3M

**US Army  
Corps of  
Engineers  
Rehabilitation**  
41 Sites  
\$5.5M

**Alamo Creek  
Bank Repair**  
3 sites  
\$1M

**Mitigation of  
Repaired  
Sites**  
\$1.5M

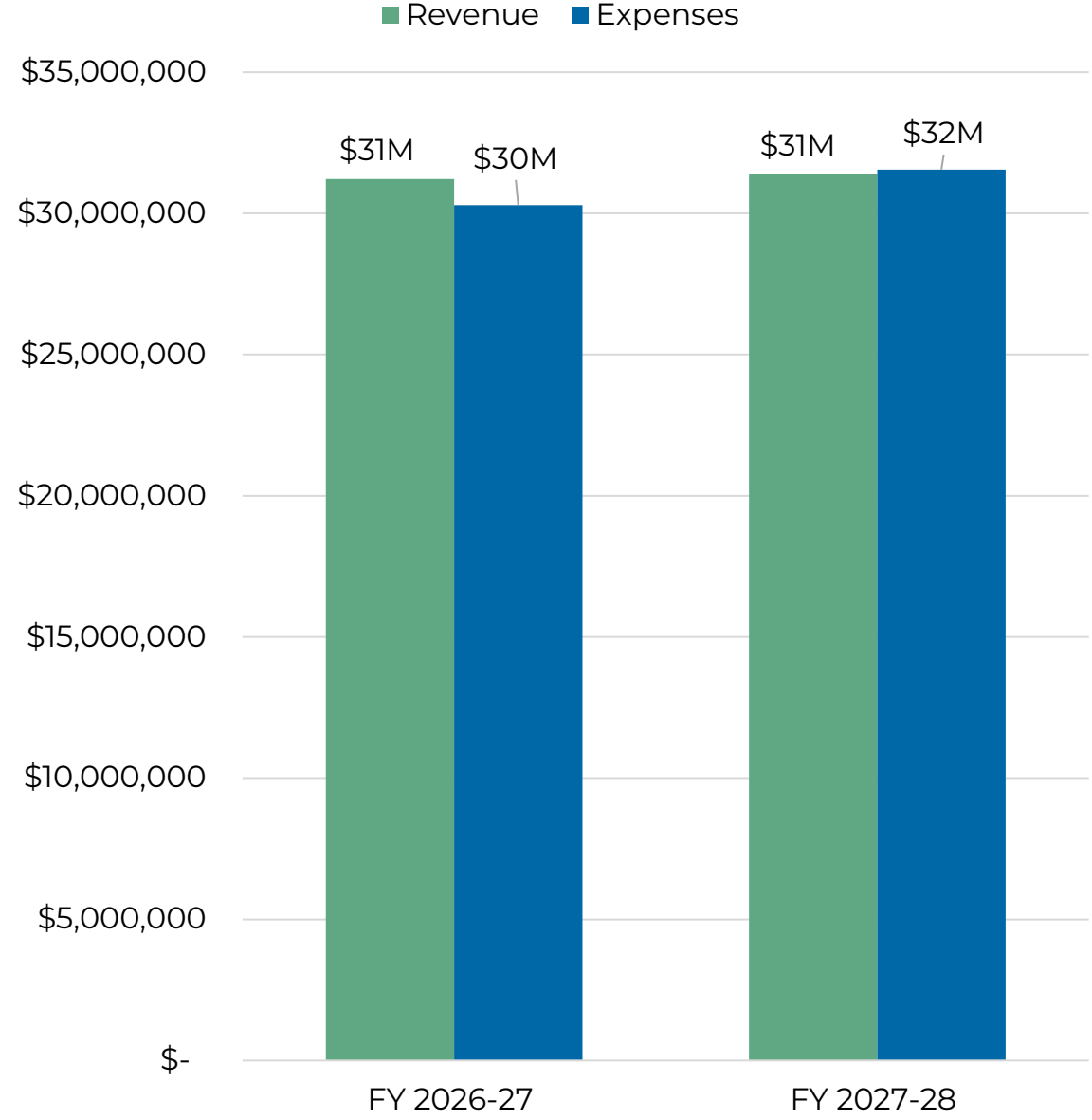
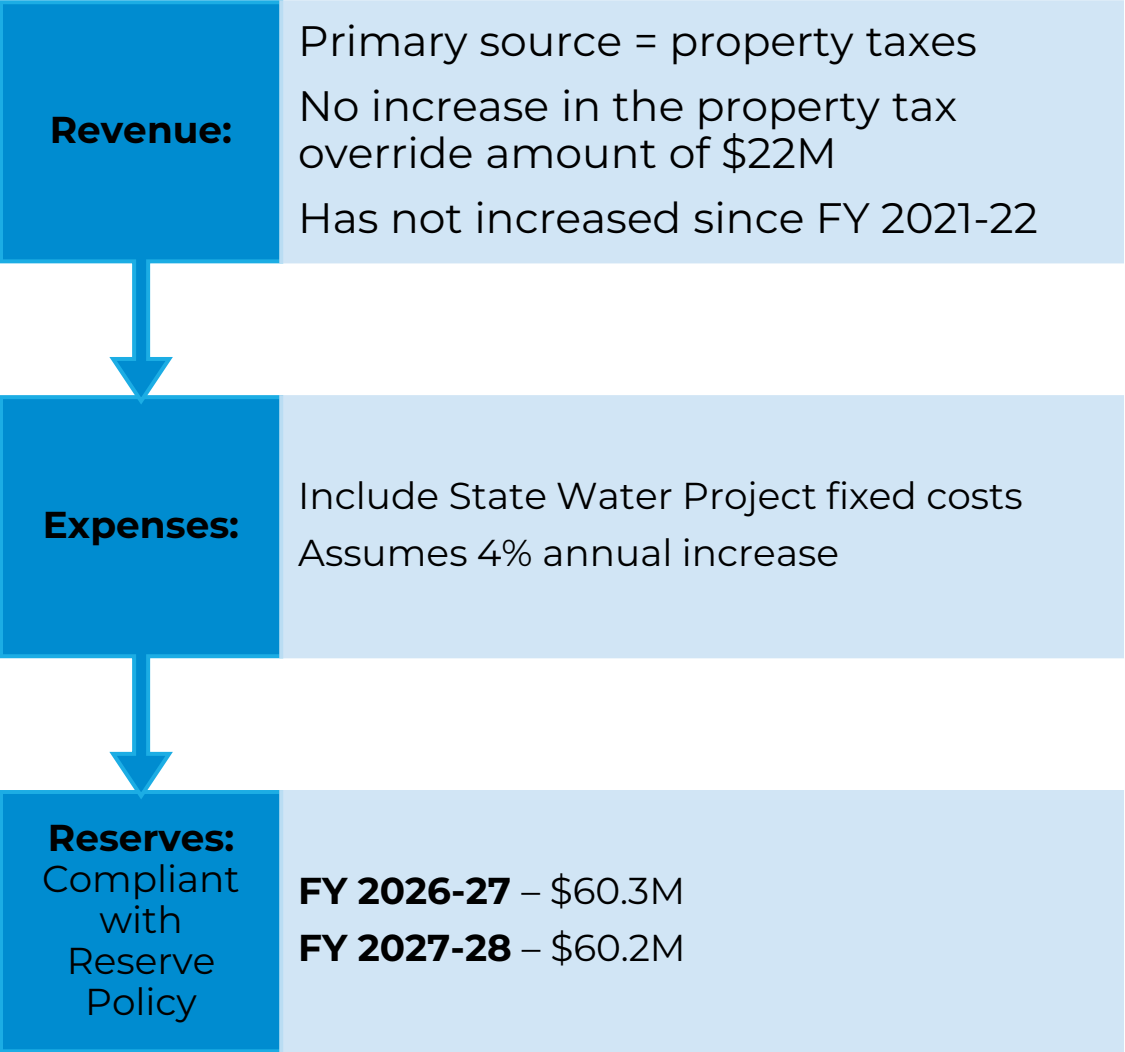
**Routine  
Maintenance  
and other  
Maintenance  
Activities**  
\$8.5M

# Budget Highlights by Fund

## Other Funds



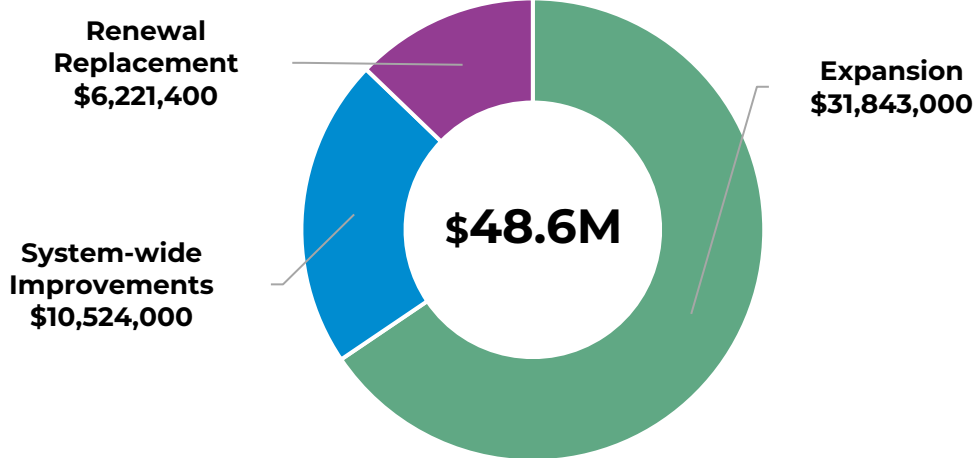
# Fund 110 – State Water Facilities



# Water System Capital Funds Overview

## Fund 120 & Fund 130

FY 2026-27



DVWTP and PPWTP HVAC and Improvements

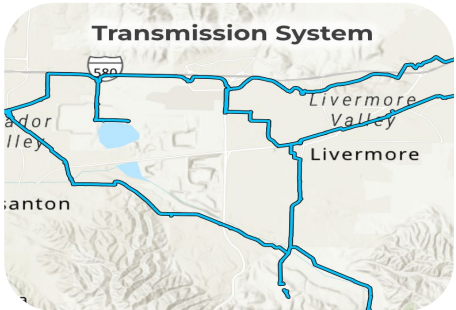
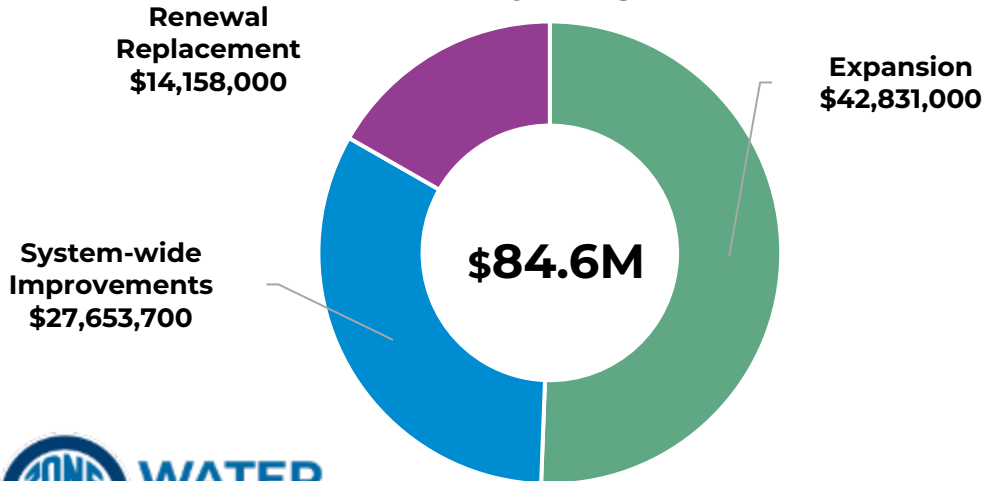


Maintenance Yard and Building

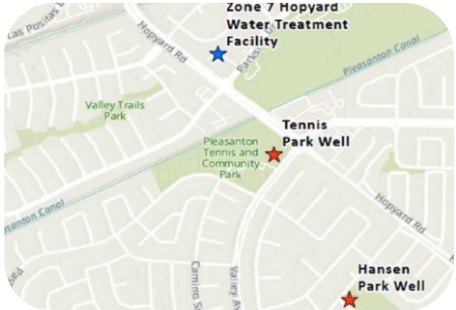


Mocho PFAS

FY 2027-28



Transmission System Plan and Hydraulic Model Update

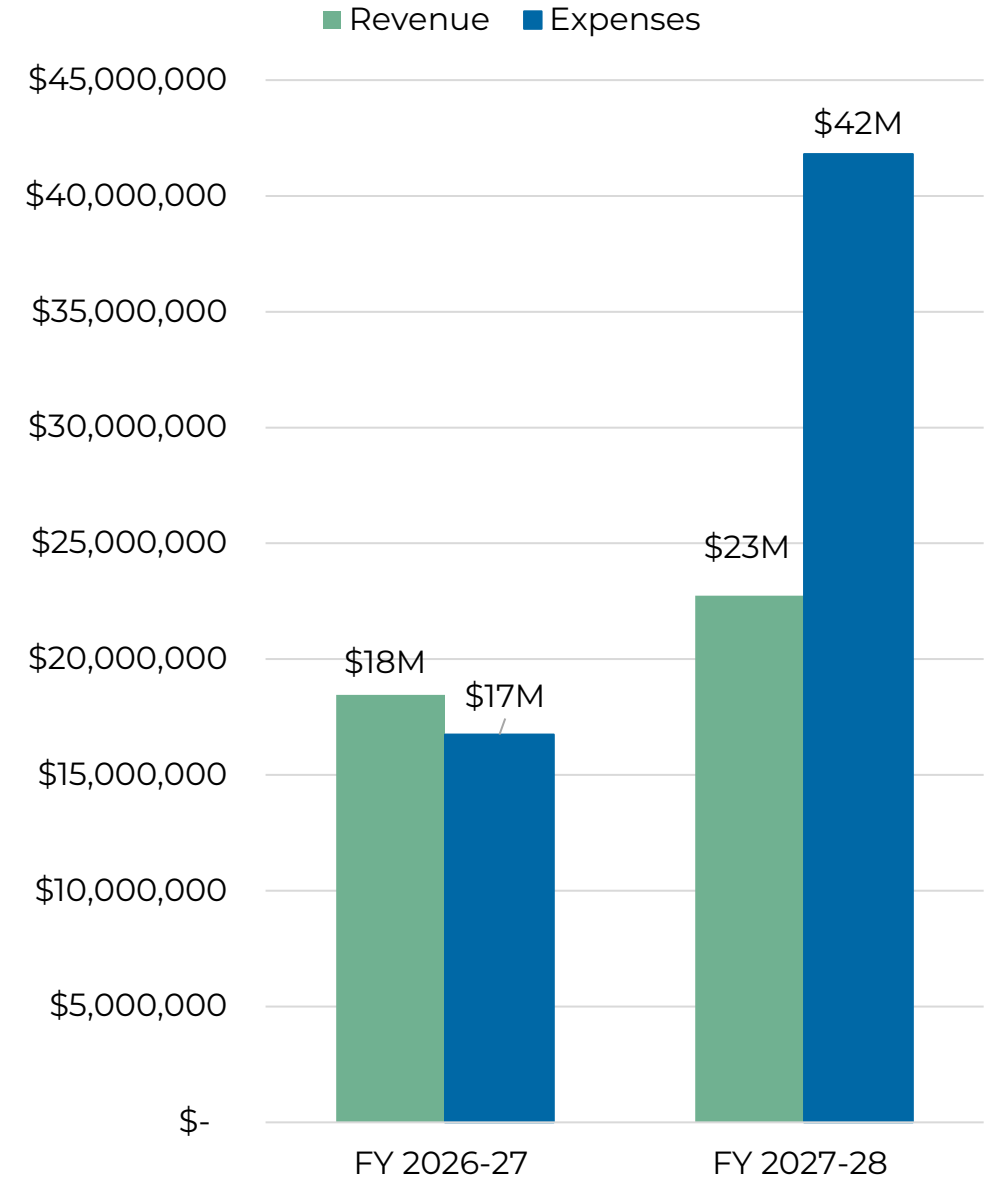
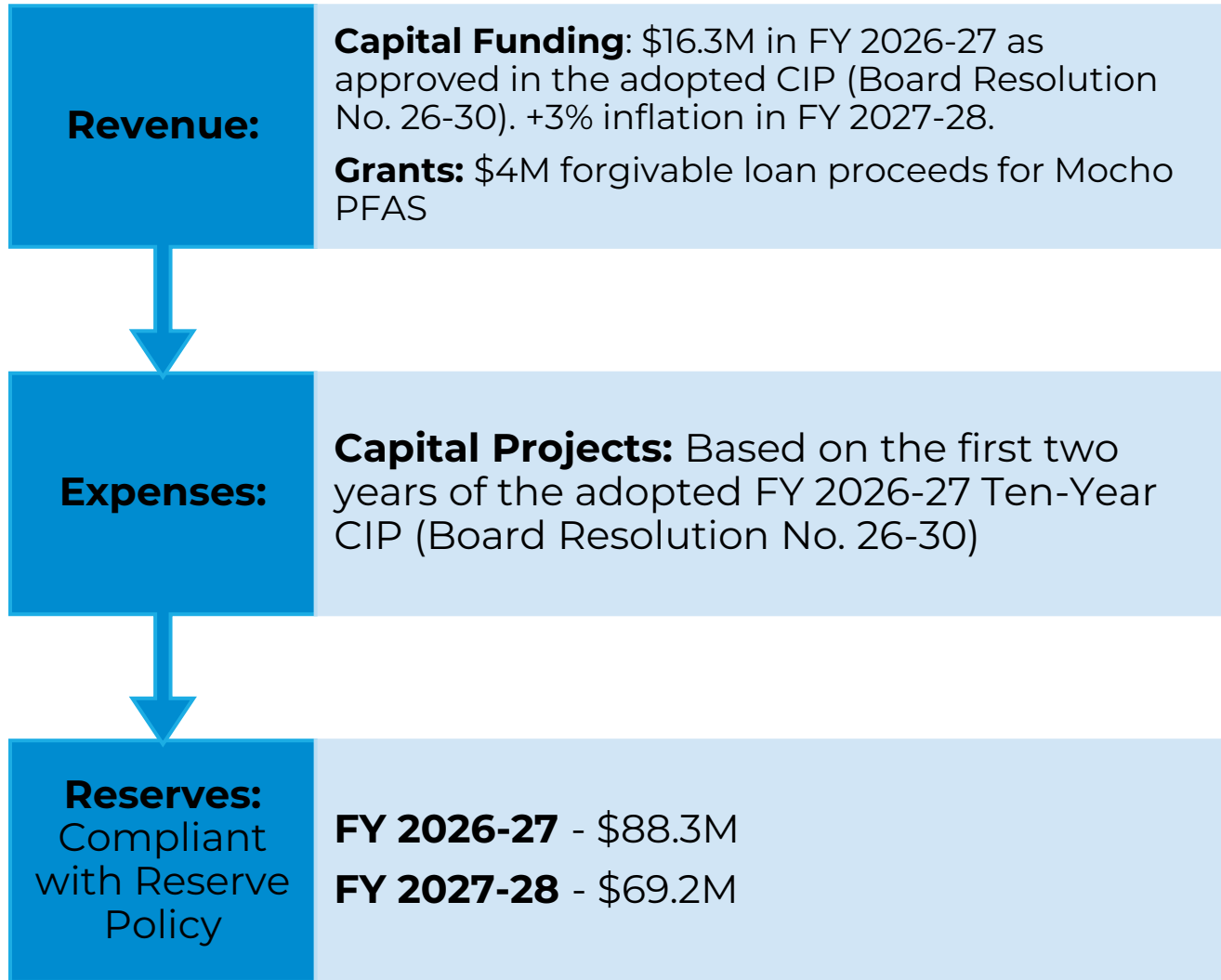


Regional Wells

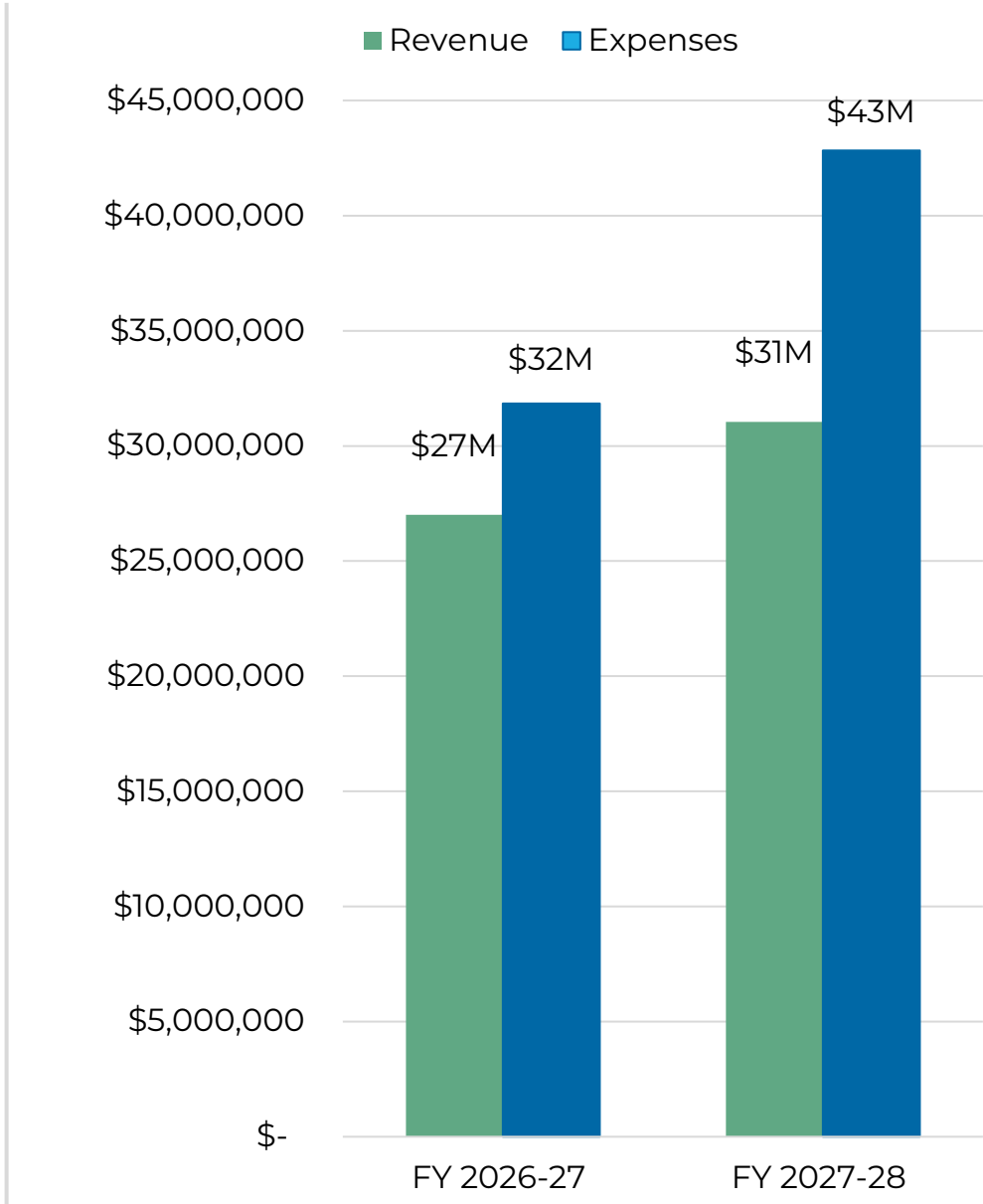
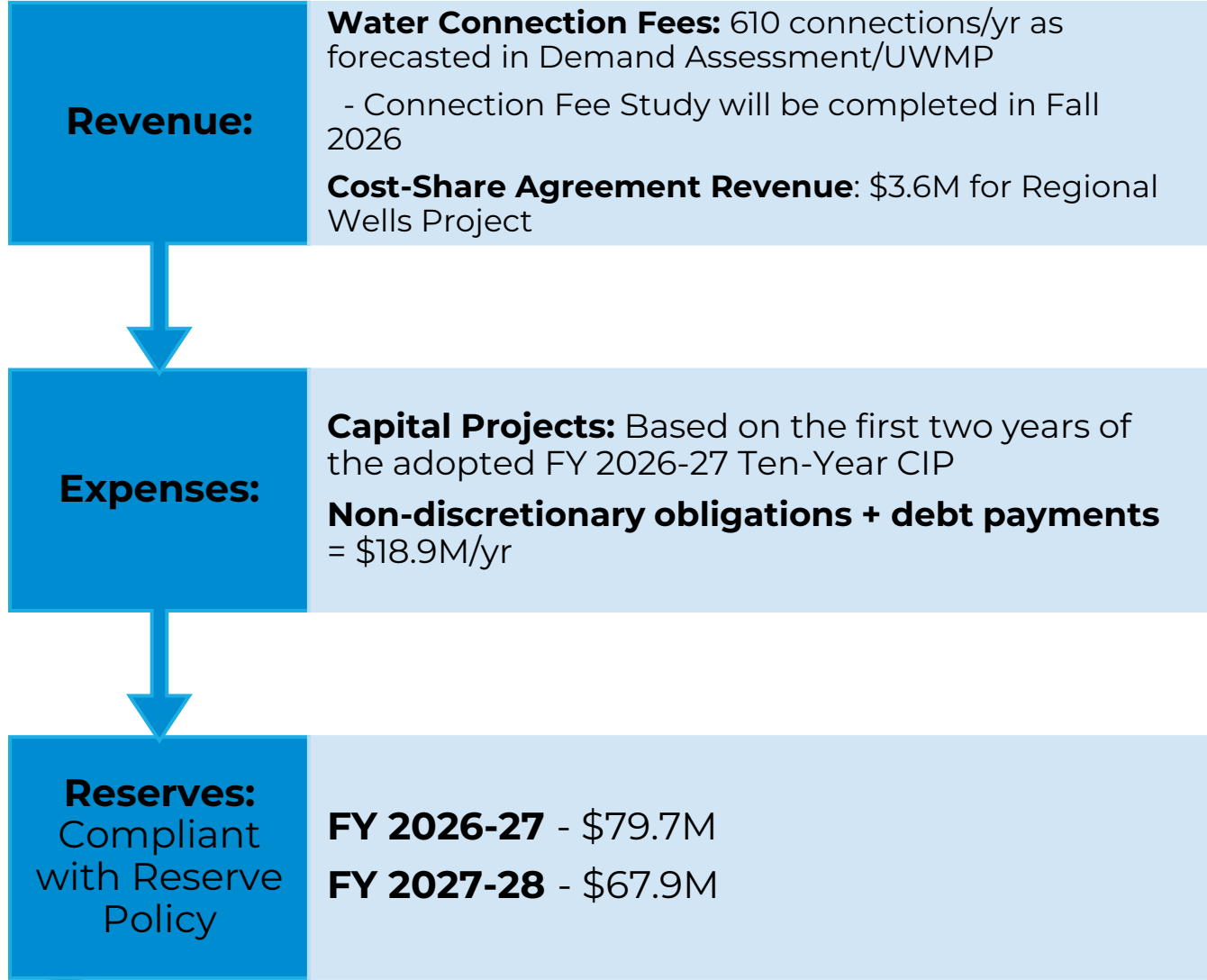


COL Conveyance

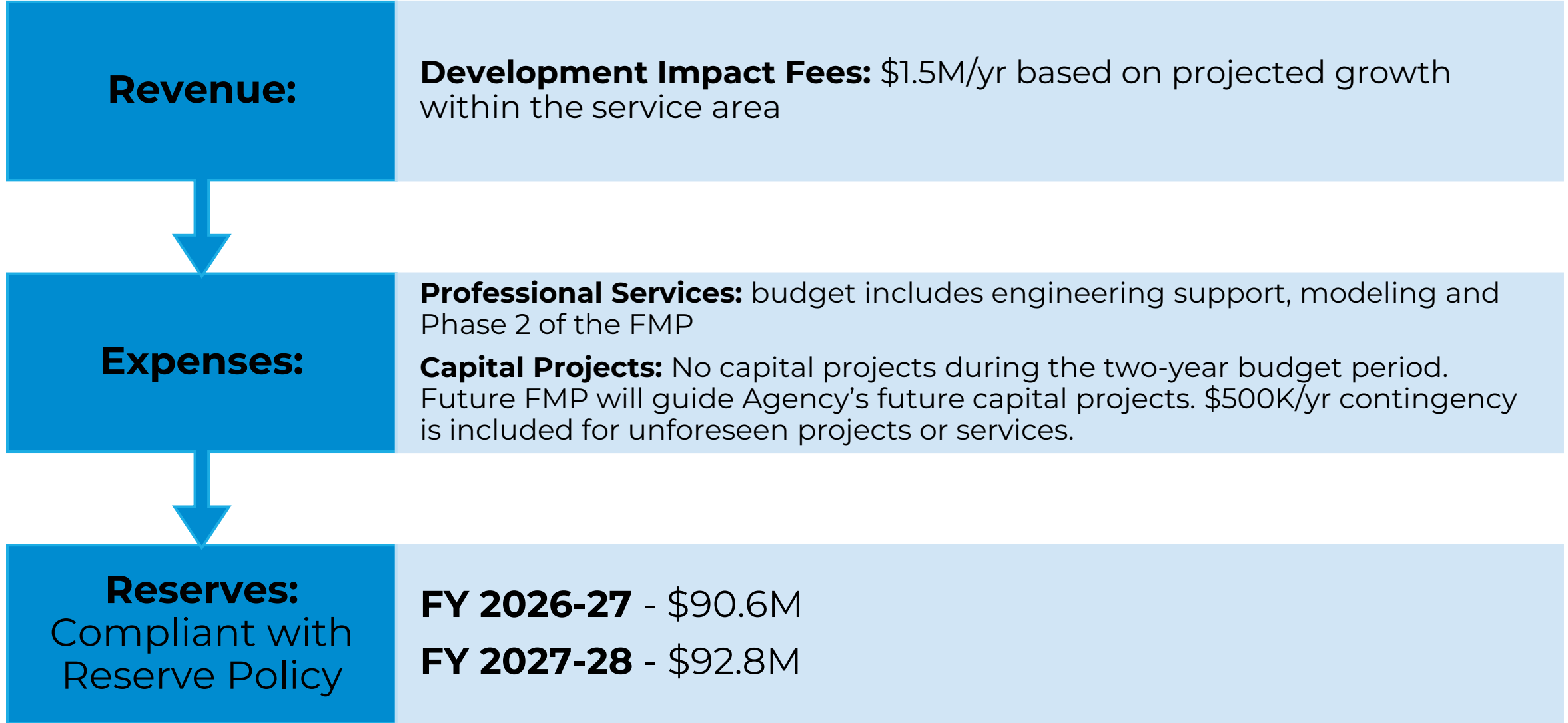
# Fund 120 – Water System Renewal/Replacement and System-wide Improvements



# Fund 130 – Water System Expansion



## Fund 210 – Flood Protection Development Impact Fee Fund



# Recommended Action/Next Steps

- Discuss and provide direction
- Staff will incorporate Board changes and present the Final proposed budget for adoption at the June 2026 Board meeting
- Final budget will be submitted to Alameda County for inclusion on the County-wide Budget



# WATER AGENCY

## Questions?