

ORIGINATING SECTION: Administrative Services

CONTACT: Osborn Solitei, Treasurer/Assistant General Manager - Finance

AGENDA DATE: June 21, 2023

SUBJECT: Proposed FY 2023-24 Mid-Cycle Operating and Capital Budget Amendment

SUMMARY:

- The proposed action is in support of Strategic Plan Goal G – Fiscal Responsibility: Operate the Agency in a fiscally responsible manner and Strategic Plan Initiative 24 – Continue to effectively manage financial resources for the Agency. In carrying out these responsibilities, staff conducts a review of the second budget year (FY 2023-24) of the adopted Two-Year Budget for the following operating and capital funds:
 - Fund 100 – Water Enterprise Operations
 - Fund 110 – State Water Facilities
 - Fund 120 – Water Enterprise Renewal/Replacement & System-Wide Improvements
 - Fund 130 – Water Enterprise Capital Expansion
 - Fund 200 – Flood Protection Operations
 - Fund 210 – Flood Protection Development Impact Fee Fund (DIF)
- The Agency adopted the Two-Year Budget for Fiscal Years 2022-23 and 2023-24 on June 15, 2022. The purpose of the mid-cycle year review is to confirm the budget is aligned with the Board’s Strategic Planning priorities, economic and climate conditions, capital project plans, adopted salary schedules, adopted rates and fees, and reserve policy requirements.

Highlights of this proposed amended budget include:

- **Water Sales Revenue (Fund 100)**
 - Increase of \$4.7M for treated water sales revenue. This proposed amendment aligns budgeted revenue with the adopted rates and assumptions in the 2022 Wholesale Water Rate Study (Resolution 22-93).
 - Increase of \$2.9M to account for an estimated additional 3,000 AF of water sales to cover the city of Pleasanton’s Groundwater Pumping Quota (GPQ).
- **Grant Revenue (Fund 100)**
 - Increase of \$130K for anticipated Prop 1 IRWM Round 2 grant for the Water Supply Risk Model Enhancements and Optimization project.
- **Personnel (Fund 100)**
 - Proposed addition of \$225K for a new Emergency and Safety Supervisor position.
- **Energy Projects (Funds 100, 120 and 200)**
 - Proposed addition of \$120K for the Energy Master Plan.
 - Proposed addition of \$700K for EV chargers at North Canyons and Parkside.

- **Los Vaqueros Expansion Project (Funds 100 and 130)**
 - Proposed increase of \$240K for Multiparty Agreement #5.

As shown in Table 1 below, the proposed amended revenue budget is increasing by \$10.4M and the proposed amended expense budget is decreasing by \$5.1M. The main drivers are summarized by fund in the following pages.

**Table 1
Proposed Amended Budget (Agency-wide)**

	FY 2023-24 Adopted Budget	FY 2023-24 Proposed Amended Budget	Change (\$)	Change (%)
Operating Revenue	\$130,177,000	\$137,928,000	\$7,751,000	6%
Capital Funding ¹	14,602,000	17,214,000	2,612,000	18%
Total Revenue	\$144,779,000	\$155,142,000	\$10,363,000	7%
Personnel	21,361,000	22,410,000	1,049,000	5%
Operating Expenses	77,754,000	79,848,000	2,094,000	3%
Capital Projects	31,365,000	19,549,000	(11,816,000)	(38%)
Debt Service	4,216,000	5,216,000	1,000,000	24%
Capital Funding ¹	14,827,000	17,439,000	2,612,000	18%
Total Expenses	\$149,523,000	\$144,462,000	(\$5,061,000)	(3%)

Note: Values are rounded to the thousands.

¹Capital funding is made up of the annual AMP capital funding from Fund 100 to Fund 120 and additional funding of \$725K for the Stoneridge PFAS project which sunsets in FY 2025-26.

Fund 100 - Water Enterprise Operations

In the proposed budget amendment, Fund 100 revenue is increasing by \$7.8M and expenses are increasing by \$6M as shown in Table 2 below and further explained on pages 4-5.

Table 2
Fund 100 Proposed Amended Budget

	FY 2023-24 Adopted Budget	FY 2023-24 Proposed Amended Budget	Change (\$)	Change (%)
Estimated Beginning Fund Balance	27,845,000	28,962,000	1,117,000	4%
Revenue				
Water Sales & Service ¹	58,142,000	65,763,000	7,621,000	13%
Investment Earnings	300,000	300,000	-	-
Other Revenue	202,000	202,000	-	-
Grants ²	-	130,000	130,000	100%
Total Revenue	58,644,000	66,395,000	7,751,000	13%
Expenses				
Personnel ³	16,445,000	17,005,000	560,000	3%
Professional Services ⁴	2,709,000	3,546,000	837,000	31%
County Services ⁵	1,813,000	1,909,000	96,000	5%
Insurance Services ⁴	575,000	735,000	160,000	28%
Legal Services	340,000	340,000	-	-
Water ⁶	8,180,000	8,180,000	-	-
Delta Conveyance Project	2,375,000	2,375,000	-	-
Chemicals ⁶	2,500,000	4,140,000	1,640,000	66%
Utilities ⁶	3,500,000	2,509,000	(991,000)	(28%)
Communications	215,000	215,000	-	-
Maintenance ⁷	2,500,000	2,162,000	(338,000)	(14%)
Cleaning Services	148,000	148,000	-	-
Rental Services	104,000	104,000	-	-
Office Supplies and Other Services ⁸	329,000	579,000	250,000	76%
Organizational Membership / Support & Program Participation	435,000	435,000	-	-
Los Vaqueros Expansion Project ⁹	800,000	992,000	192,000	24%
Training and Travel	160,000	160,000	-	-
Water Conservation Program	217,000	217,000	-	-
Equipment	91,000	91,000	-	-
Debt Service ¹⁰	3,127,000	4,127,000	1,000,000	32%
Capital Funding ¹¹	14,812,000	17,424,000	2,612,000	18%
Total Expenses	61,375,000	67,393,000	6,018,000	10%
Use of Reserves	(2,731,000)	(998,000)	1,733,000	63%
Est. Ending Fund Balance¹²	25,114,000	27,964,000	2,850,000	11%

Note: Values are rounded to the thousands.

Revenue

1. **Water Sales and Service** – Increase of \$7.6M for treated water sales revenue.
 - Increase of \$4.7M to align budgeted revenue with the adopted rates and assumptions in the 2022 Wholesale Water Rate Study.
 - Increase of \$2.9M to account for an estimated additional 3,000 AF of water sales to cover the city of Pleasanton’s GPQ.
2. **Grants** – Increase of \$130K for anticipated Prop 1 IRWM Round 2 grant for the Water Supply Risk Model Enhancements and Optimization project, which funds about 50% of the total project cost.

Expenses

3. **Personnel** – Increase of \$560K due to the adopted 5% Cost of Living Adjustment (COLA) effective June 25, 2023, and a proposed new Emergency and Safety Supervisor position.
4. **Professional and Insurance services** – Increase of \$995K. For details see Table 3 below.

**Table 3
Fund 100 Professional and Insurance Services Summary**

Professional Services	FY 2023-24 Adopted Budget	FY 2023-24 Proposed Amended Budget	Change (\$)
Communications (Communication Services, School & Outreach, Website)	\$466,000	\$466,000	-
Engineering (As-needed Engineering Services)	\$115,000	\$115,000	-
Finance (Rate Study, Grant/Loan Support, External Auditor)	\$238,000	\$238,000	-
Groundwater (<i>GW Model Update</i>)	\$481,000	\$806,000	\$325,000
Human Resources (HR Related Activities Support)	\$85,000	\$85,000	-
IT Services	\$275,000	\$275,000	-
Office of General Manager (Legislative Services, Strategic Planning)	\$187,000	\$187,000	-
Security Guard Services	\$225,000	\$225,000	-
Water Supply Planning (<i>Energy Strategic Plan, Water Supply Model – partially grant funded</i>)	\$196,000	\$573,000	\$377,000
Water Quality (PFAS Monitoring, Analytical Support)	\$118,000	\$118,000	-
Other (<i>SCADA Services, Safety Consultant</i>)	\$73,000	\$158,000	\$85,000
Legal Services	\$340,000	\$340,000	-
<i>Insurance Services</i>	\$575,000	\$735,000	\$160,000
Contingency	\$250,000	\$250,000	-
Total	\$3,624,000	\$4,619,000	\$995,000

Note: Services italicized in Table 3 are new or have been modified.

5. **County Services** – Increase of \$96K for the Agency’s share of Countywide indirect costs.
6. **Water Production Costs** – Increase of \$650K for water, chemicals, and utilities based on the Agency’s updated water operations plan that includes more surface water and less groundwater production. Water costs remain unchanged as the funds originally budgeted for water transfers will be reallocated to sending water to the Kern County Banks to replenish the Agency’s depleted storage. Details of the water budget are shown in Table 4 below:

**Table 4
Water Budget Details**

Source	FY 2023-24 Adopted	FY 2023-24 Proposed Amended Budget	Change (\$)
State Water Project – Table A	\$2,668,000	\$4,669,000	\$2,001,000
Kern Storage and Recovery Programs	1,621,000	3,305,000	1,684,000
Water Transfers/Exchanges	3,685,000	-	(3,685,000)
Other Water Costs	206,000	206,000	-
Total	\$8,180,000	\$8,180,000	-

7. **Maintenance** – Decrease of \$338K in maintenance costs due to recent operational & capital improvements.
8. **Office Supplies and Other Services** – Increase of \$250K for SCADA tools and tech supplies.
9. **Los Vaqueros Expansion Project** – Increase of \$192K increase for Multiparty Agreement #5.
10. **Debt Service** – Increase of \$1M for the Chain of Lakes PFAS estimated debt service payment.
11. **Capital Funding** – Increase of \$2.6M:
 - \$1.9M increase in AMP funding based on an assumed 5% inflationary adjustment to the FY 2022-23 actual AMP funding.
 - \$725K increase, per Resolution No. 23-23, for the Stoneridge PFAS project which sunsets in FY 2025 26.
12. **Fund Balance** – Increase of \$2.9M. A breakdown of Fund 100 reserves is shown in Table 5 below.

**Table 5
Fund 100 Reserves Breakdown**

Reserves	FY 2023-24 Adopted Budget	FY 2023-24 Proposed Amended Budget	Change (\$)
Operating	\$10,710,000	\$12,321,000	\$1,611,000
Emergency	7,880,000	7,880,000	-
Reserve for Economic Uncertainties	4,488,000	5,432,000	944,000
Section 115 Trust	1,755,000	1,613,000	(142,000)
Unallocated Fund Balance	281,000	718,000	437,000
Total Reserves	\$25,114,000	\$27,964,000	\$2,850,000

Note: Values are rounded to the thousands.

Fund 110 – State Water Facilities

No proposed amendments.

Fund 120 – Water Enterprise Renewal/Replacement & System-Wide Improvements

The proposed amended capital funding is increasing by \$2.6M:

- \$1.9M increase in AMP funding based on an assumed 5% inflationary adjustment to the FY 2022-23 actual AMP funding.
- \$725K increase, per Resolution No. 23-23, for the Stoneridge PFAS project which sunsets in FY 2025 26.

The Proposed Capital Budget Amendment is decreasing by \$8.6M to reflect proposed project deferrals and new capital projects/adjustments. New projects include:

- Computerized Maintenance Management System Project
- North Canyons and Parkside EV Chargers

See Exhibit B for the Fund 120 proposed amended project listing and project descriptions.

Fund 130 – Water Enterprise Capital Expansion

The Proposed Capital Budget Amendment is decreasing by \$3.9M to reflect proposed project deferrals and capital project additions/adjustments. See Exhibit B for the Fund 130 proposed amended project listing and project descriptions.

Fund 200 – Flood Protection Operations

The proposed amended personnel budget is increasing by \$426K due to the approved 5% COLA. The proposed Capital Budget Amendment is increasing by \$1.0M for the Alamo Creek Bank Stabilization Project and \$49K for the North Canyons EV Chargers Project. See Exhibit B for the Fund 200 proposed amended project listing and project descriptions.

Fund 210 – Flood Protection DIF

No proposed amendments.

Reserves

Table 6 compares the FY 2023-24 Adopted Budget and FY 2023-24 Proposed Amended Budget beginning and ending Agency-wide Reserves.

Based on the Proposed Budget Amendment, Agency-wide reserves are projected to be \$267M on 06/30/2024. All reserves are compliant with the Board Reserve Policy except Fund 110 which is funded above the maximum level. See Exhibit A for a breakdown of Agency-wide reserves.

**Table 6
Agency-wide Reserves**

	FY 2023-24 Adopted Budget	FY 2023-24 Proposed Amended Budget	Change (\$)	Change (%)
Estimated Beginning Reserves at 7/1/2023	\$274,750,000	\$256,831,000	(\$17,919,000)	(7%)
Estimated Ending Reserves at 06/30/2024	\$270,006,000	\$267,511,000	(\$2,495,000)	(1%)
Net Change	(\$4,744,000)	\$10,680,000		

Note: Values are rounded to the thousands.

FUNDING:

N/A

RECOMMENDED ACTION:

Adopt the attached Resolution approving the FY 2023-24 Mid-Cycle Operating and Capital Budget Amendment.

ATTACHMENT(S):

1. Resolution
2. Exhibit A – FY 2023-24 Proposed Amended Budget - Summary of Budget by Account Classification
3. Exhibit B – Capital Improvement Plan – Capital Projects by Fund

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 23-49

INTRODUCED BY DIRECTOR GAMBS
SECONDED BY DIRECTOR GREEN

FY 2023-24 MID-CYCLE OPERATING AND CAPITAL BUDGET AMENDMENT

WHEREAS, the proposed action is in support of Strategic Plan Goal G – Fiscal Responsibility: Operate the Agency in a fiscally responsible manner and Strategic Plan Initiative 24 – Continue to effectively manage financial resources for the Agency.

BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby approve the budget amendment including revenues, expenses, and the use of fund balances (reserves) for Fiscal 2023-24 for the following budgeted funds as detailed in Exhibit A:

1. Fund 100 - Water Enterprise Operations;
2. Fund 110 - State Water Facilities;
3. Fund 120 - Water Enterprise Renewal & Replacement, System-Wide Improvements;
4. Fund 130 - Water Enterprise Capital Expansion;
5. Fund 200 - Flood Protection Operations;
6. Fund 210 - Flood Protection Development Impact Fee (DIF); 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 proposed capital projects as listed in Exhibit B for Fiscal Year 2023-24 and authorize the General Manager to implement such projects; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District, does hereby request the Board of Supervisors of the Alameda County Flood Control and Water Conservation District to incorporate said budgets of Zone 7, where applicable; and

BE IT FURTHER RESOLVED that Section 1 (b) of Article XIII A of the California Constitution exempts ad valorem property tax levies to make payments upon indebtedness approved by voters prior to July 1, 1978, from the limitations set forth in Section 1 (a) of Article XIII A; and

BE IT FURTHER RESOLVED that the Agency's indebtedness from its contract with the State of California Department of Water Resources for Water Supply falls within such exemption; and

BE IT FURTHER RESOLVED, that consistent with the requirements of law and specifically within the limitations imposed by Article XIII A of the Constitution of the State of California there shall be levied a property tax within the District sufficient to raise the sum of \$22,000,000 for Fiscal Year 2023-24 to meet that portion of the Agency's State Water Supply contract obligation. All funds received by the District pursuant to the aforementioned property tax levy shall be placed in Fund 110 – State Water Facilities Fund, a separate fund identified for the indebtedness set forth above; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 does hereby request the Board of Supervisors of said District to levy a tax on all property of Zone 7 sufficient to assure payment of sums due under the District's State Water Supply Contract for the State Water Facilities Fund to make payments; 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 personnel actions, if any, as contained in the Alameda County Flood Control and Water Conservation District, Zone 7, Amended Budget for Fiscal Year 2023-24 and authorize the General Manager to implement such personnel actions; and

BE IT FURTHER RESOLVED that the General Manager is authorized and directed to adjust accounts as the General Manager may deem necessary to account for any changes in available fund balances, revenues, or expenses.

ADOPTED BY THE FOLLOWING VOTE:

AYES: DIRECTORS FIGUERS, GAMBS, GREEN, NARUM, PALMER

NOES: DIRECTORS BENSON, RAMIREZ HOLMES

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 June 21, 2023.

DocuSigned by:



By: _____
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President, Board of Directors

Exhibit A

FY 2023-24 Proposed Amended Budget - Summary of Budget by Account Classification

The fund schedule below summarizes Zone7's overall financial outlook by individual fund. It includes revenue and expenses as well as projected reserve balances at 6/30/2024. The fund schedules are grouped by type of fund: Enterprise (Water Enterprise Fund, State Water Facilities Fund, Renewal & Replacement/System Wide Improvement Fund and the Expansion Fund) and Governmental Funds (Flood Protection and Flood Protection/Development Impact Fee Fund).

FY 2023-24 Proposed Amended Budget - Summary of Budget by Account Classification

FY 2023-24 PROPOSED AMENDED BUDGET	Fund 100 Water Enterprise Operations	Fund 110 State Water Facilities	Fund 120 Water Enterprise Capital	Fund 130 Water Enterprise Capital Expansion	Fund 200 Flood Protection Operations	Fund 210 Flood Protection Development Impact Fees	Total
Estimated Beginning Fund Balance	\$28,962,000	\$46,229,000	\$21,833,000	\$69,143,000	\$16,125,000	\$74,539,000	\$256,831,000
Revenue							
Water Sales & Service	\$65,763,000	\$2,350,000					\$68,113,000
Property Taxes		22,201,000			11,344,000		33,545,000
Connection/Development Fees				24,812,000		2,500,000	27,312,000
Investment Earnings	300,000	180,000	100,000	140,000	215,000	553,000	1,488,000
Other Revenue & Grants	332,000	3,675,000	2,000	3,000,000	436,000	25,000	7,470,000
<i>Subtotal (before capital funding)</i>	<i>66,395,000</i>	<i>28,406,000</i>	<i>102,000</i>	<i>27,952,000</i>	<i>11,995,000</i>	<i>3,078,000</i>	<i>137,928,000</i>
Capital Funding			17,214,000				17,214,000
Total Revenue	\$66,395,000	\$28,406,000	\$17,316,000	\$27,952,000	\$11,995,000	\$3,078,000	\$155,142,000
Expenses							
Personnel	\$17,005,000		\$1,706,000	\$349,000	\$3,075,000	\$275,000	\$22,410,000
Professional Services	3,546,000	8,000	24,000	48,000	1,105,000	8,000	4,739,000
County Services	1,909,000						1,909,000
Insurance Services	735,000						735,000
Legal Services	340,000						340,000
Water	8,180,000	27,915,000		16,850,000			52,945,000
Delta Conveyance Project	2,375,000						2,375,000
Chemicals	4,140,000						4,140,000
Utilities	2,509,000						2,509,000
Communications	215,000				2,000		217,000
Maintenance	2,162,000				3,687,000		5,849,000
Cleaning Services	148,000				15,000		163,000
Rental Services	104,000				50,000		154,000
Office Supplies & Other Services	329,000				928,000		1,257,000
SCADA Services & Supplies	250,000						250,000
Organizational Membership / Support & Program Participation	435,000				73,000		508,000
Los Vaqueros Expansion Project	992,000			248,000			1,240,000
Training and Travel	160,000				15,000		175,000
Water Conservation Program	217,000						217,000
Capital Projects			11,003,000	3,155,000	3,988,000	1,403,000	19,549,000
Equipment	91,000				35,000		126,000
Debt Service	4,127,000			1,089,000			5,216,000
<i>Subtotal (before capital funding)</i>	<i>49,969,000</i>	<i>27,923,000</i>	<i>12,733,000</i>	<i>21,739,000</i>	<i>12,973,000</i>	<i>1,686,000</i>	<i>127,023,000</i>
Capital Funding	17,424,000				15,000		17,439,000
Total Expenses	\$67,393,000	\$27,923,000	\$12,733,000	\$21,739,000	\$12,988,000	\$1,686,000	\$144,462,000
Estimated Ending Fund Balance 6/30/2024	\$27,964,000	\$46,712,000	\$26,416,000	\$75,356,000	\$15,132,000	\$75,931,000	\$267,511,000
Reserve Balances							
Operating	12,321,000	46,712,000			1,800,000		60,833,000
Debt Rate Stabilization			6,300,000	2,300,000			8,600,000
Emergency	7,880,000						7,880,000
Reserve for Economic Uncertainties	5,432,000						5,432,000
Capital Projects			20,070,000	46,107,000	13,150,000	75,931,000	155,258,000
Section 115 Trust	1,613,000		46,000	16,000	182,000		1,857,000
Sinking Fund Contributions							
<i>Future Contractor's Share of SBA</i>				720,000			720,000
<i>SBA Enlargement</i>				1,470,000			1,470,000
Sinking Funds Balance				26,933,000			26,933,000
Unallocated Fund Balance	718,000						718,000
Total Fund Balance	\$27,964,000	\$46,712,000	\$26,416,000	\$75,356,000	\$15,132,000	\$75,931,000	\$267,511,000
Change in Fund Balance (use of reserves)	(\$998,000)	\$483,000	\$4,583,000	\$6,213,000	(\$993,000)	\$1,392,000	\$10,680,000

Note: Values are rounded to the thousands.

Exhibit B
Capital Improvement Plan
Capital Projects by Fund

Water Enterprise

**Fund 120 – Water Renewal/Replacement & System-wide Improvements
FY 2023-24 Proposed Amended Capital Project Listing**

	FY 23-24 Proposed Amended Budget (\$)
Asset Management Program Management	360,000
Capital Improvement Program Management (Cost Adjustment)	150,000
Chain of Lakes Facilities and Improvements - Water Supply	300,000
Chain of Lakes Master Planning	3,000
Chain of Lakes Conveyance System (Cost Adjustment)	265,000
Computerized Maintenance Management System (New Project)	500,000
Contingency	750,000
DWTP Booster Pump Station VFDs and Sludge Bed Underdrain Pump Station Replacement (Cost Adjustment/Partial Deferral)	1,250,000
Laboratory Equipment Replacement	165,000
Minor Renewal/Replacement Projects	750,000
Monitoring Well Replacements and Abandonments	200,000
North Canyons Renewal/Replacement and Improvements	46,000
North Canyons and Parkside Electric Vehicle (EV) Chargers (New Project)	651,000
On-Call Design and Construction Services	800,000
SCADA Upgrades and Replacements (Cost Adjustment)	1,620,000
Wells & MGDP Electrical Upgrades/Replacement Project (Rescoped)	4,900,000
Total	\$12,710,000

Capital Improvement Program Management – Cost Adjustment (+\$110K)

Capital Improvement Program Management was funded as 20% Fund 120, 75% Fund 130, 3% Fund 200, and 2% Fund 210. The funding split has been adjusted to 50% Fund 120 and 50% Fund 130 to better reflect projected expenditures on planned capital projects and the associated management of the Water System Capital Improvement Program.

Chain of Lakes (COL) Conveyance System – Cost Adjustment (-\$3.3M)

The initial Phase of the COL Conveyance System study identified the preferred alignment for the pipeline. A follow-up study is scheduled for FY 2023-24 and is intended to explore potential modes of operation and design features using the preferred alignment. Based on the modes of operation and configurations, a cost-benefit analysis will be conducted to identify the optimum pipe size and develop a phased approach.

Exhibit B
Capital Improvement Plan
Capital Projects by Fund

Computerized Maintenance Management System (CMMS) – New Project (+\$500K)

In December 2022, the Board awarded a contract for a CMMS needs assessment and procurement process assistance. The scope of work includes a review of current maintenance workflow and business practices, project management and CMMS procurement and implementation assistance. The proposed amended budget for FY 2023-24 includes the purchase and implementation of a new CMMS system. This project was originally planned for FY 24-25. Based on the CMMS needs assessment underway; the project schedule can be accelerated with a contract for a new system awarded in FY 2023-24.

DVWTP Booster Pump Station VFDs and Sludge Bed Underdrain Pump Station Replacement – Cost Adjustment/Partial Deferral (-\$2.75M)

DVWTP Coagulant System and Recovery System Pump Station Replacement was partially deferred to provide funding for the Stoneridge Well PFAS Treatment Facility Project. The remaining funding is maintained in the budget for implementation in FY 2023-24 as DVWTP Booster Pump Station VFDs and Sludge Bed Underdrain Pump Station Replacement and the remaining scope is proposed as DVWTP Coagulation System Replacement in the interim draft Five-Year CIP.

North Canyons and Parkside Electric Vehicle (EV) Chargers – New Project (+\$651K)

In 2023, the California Air Resources Board approved the Advanced Clean Fleets regulation. Beginning in 2024, Zone 7 must begin transitioning to zero-emission vehicles and plans to electrify the Zone 7 fleet. To support fleet electrification, staff have identified installation of electric vehicle (EV) charging stations at North Canyons and Parkside as the priority among Zone 7 facilities. At North Canyons, chargers will be installed both behind the gate (fleet-only) and in the public/employee parking area. At Parkside, chargers will be installed behind the gate (fleet-only).

This project supports a transition to an EV fleet in compliance with the CARB Advanced Clean Fleets regulation and provides EV chargers in the public/employee parking area. This project includes completion of design, plans, specification for the charging equipment, and construction of EV chargers at the North Canyons building and Parkside facility.

SCADA Upgrades and Replacements – Cost Adjustment (+\$910K)

The cost adjustment includes funding to develop a SCADA master plan, upgrade the Agency's SCADA server hardware, and replace programmable logic controller (PLC) hardware at DVWTP. The Agency's PLC hardware is 20 years old and should be replaced every 15-20 years.

Exhibit B
Capital Improvement Plan
Capital Projects by Fund

Wells & MGD Electrical Upgrades/Replacement Project – Rescoped (+/- \$0)

The Board awarded the design-build contract for construction of the Wells and MGD Electrical Upgrades/Replacement Project via Resolution No. 22-79. The project combined the funding for the Hopyard 6 Rehabilitation Project, the MGD Emergency Generator and VFD Replacement Project, and the Chain of Lakes Wells 1 & 2 VFDs Replacement Project that were budgeted in the FY 2022-24 Two-Year Adopted Budget. The scope of the project was refined based on current assessment to make groundwater production more reliable.

Proposed Deferred Projects (not included in the proposed Amended Budget)

DVWTP HVAC Project – Deferred (-\$300K)

DVWTP HVAC Project was budgeted for implementation in FY 2023-24 and FY 2024-25. As part of the development of the Five-Year CIP update, DVWTP HVAC Project was combined with PPWTP HVAC Replacement (new proposed project named DVWTP and PPWTP HVAC Replacement) for implementation in FY 2024-25 and FY 2025-26. PPWTP HVAC Replacement was previously a CIP project that had been combined with PPWTP Post-Ozone Project.

PPWTP Post-Ozone Project – Deferred (-\$3.2M)

PPWTP Post-Ozone Project was budgeted for implementation in FY 2022-23 and FY 2023-24. Most of the project scope was deferred to provide funding for the Stoneridge Well PFAS Treatment Facility Project. The deferred scope will be combined with other projects (e.g., DVWTP and PPWTP HVAC Project) or incorporated into the proposed PPWTP Improvements and Replacements Project as part of the Five-Year CIP update.

PPWTP Sludge Handling Rehabilitation – Deferred (-\$540K)

PPWTP Sludge Handling Rehabilitation was budgeted for implementation in FY 2022-23 and FY 2023-24. The project was deferred to FY 2024-25 to provide funding for the Stoneridge Well PFAS Treatment Facility Project.

Cross Valley Rate Control Station Replacement – Removed (-\$700K)

The project is no longer needed due to the PFAS project modifications being implemented at Stoneridge.

Exhibit B
Capital Improvement Plan
Capital Projects by Fund

Water Enterprise
Fund 130 – Water Enterprise Capital Expansion
FY 2023-24 Proposed Amended Capital Project Listing

	FY 2023-24 Proposed Amended Budget (\$)
Capital Improvement Program Management (Cost Adjustment)	150,000
Cawelo Groundwater Banking Program Debt Service	1,089,000
Chain of Lakes Facilities and Improvements - Water Supply	700,000
Chain of Lakes Master Planning	7,000
Chain of Lakes Conveyance System (Cost Adjustment)	235,000
Contingency	500,000
Desktop Groundwater Contaminant Mobilization Study - Phase II Potable Reuse (New Project)	30,000
Fourth Contractor's Share of the SBA - Capital Costs	3,000,000
North Canyons Renewal/Replacement and Improvements	2,000
SBA Enlargement Project	13,850,000
SWP Peaking Payment (Lost Hills & Belridge Water Districts)	30,000
Water Supply Replacement Projects (Cost Adjustment)	1,248,000
Well Master Plan Update (Cost Adjustment)	800,000
Total	\$21,641,000

Capital Improvement Program Management – Cost Adjustment (+\$40K)

Capital Improvement Program Management was funded as 20% Fund 120, 75% Fund 130, 3% Fund 200, and 2% Fund 210. The funding split has been adjusted to 50% Fund 120 and 50% Fund 130 to better reflect projected expenditures on planned capital projects and the associated management of the Water System Capital Improvement Program.

Chain of Lakes (COL) Conveyance System – Cost Adjustment (-\$2.9M)

The initial Phase of the COL Conveyance System study identified the preferred alignment for the pipeline. A follow-up study is scheduled for FY 2023-24 and is intended to explore potential modes of operation and design features using the preferred alignment. Based on the modes of operation and configurations, a cost-benefit analysis will be conducted to identify the optimum pipe size and develop a phased approach.

Exhibit B
Capital Improvement Plan
Capital Projects by Fund

Desktop Groundwater Contaminant Mobilization Study (Phase II) – New Project (+\$30K)

Staff has been conducting the Desktop Groundwater Contaminant Mobilization Study on the Livermore Valley Groundwater Basin to meet the following goals:

1. Evaluate the potential for groundwater contaminant mobilization if purified water is introduced to groundwater.
2. Identify potential mitigation strategies.
3. Identify potential issues, if any, of potable reuse via groundwater recharge.

The Study was identified as one of the next steps in the Joint Tri-Valley Potable Reuse Technical Feasibility Study completed in May 2018 to support the technical evaluation of potable reuse in the Tri-Valley.

Phase I of the Study investigated PFAS mobilization potential in the Livermore Valley groundwater basin. During Phase I, the consultant identified the Agency's existing MODFLOW model will need a higher resolution to provide more accurate simulation results. The Phase II study will apply the upgraded groundwater model currently under development to further evaluate potable reuse in the Tri-Valley.

Water Supply Reliability/Replacement Projects – Cost Adjustment (+48K)

This project includes the Sites Reservoir and Los Vaqueros Reservoir Expansion projects. The project pays for the Agency's continued participation in the pre-construction phases of each project. The FY 2023-24 Adopted Budget included a placeholder for the anticipated payments. The cost adjustment is based on the actual payment due as part of the Los Vaqueros Multiparty Agreement No. 5, of which Fund 130 is responsible for 20%.

Well Master Plan – Cost Adjustment (+\$200K)

The Well Master Plan update will define the strategic roadmap to achieve the Agency's water supply reliability goals. Significant changes have taken place in the last ten years including the global climate, regulatory environment, hydrologic conditions, State Water project allocations, and water quality threats from emerging contaminants such as PFAS compounds and Chromium 6. These changes include the passage of the Sustainable Groundwater Management Act (SGMA) in 2014 and near-zero percent allocations from the State Water Project (SWP), which had not been seen before 2014. These changes warrant re-evaluating available groundwater supply, increasing demand, water quality threats, SGMA compliance, and climate change and updating the Well Master Plan to achieve the water supply reliability policy's goals for the coming decades. The increase in costs is a revised estimate based on the scope of the proposed work.

Exhibit B
Capital Improvement Plan
Capital Projects by Fund

Proposed Deferred Projects (not included in the proposed Amended Budget)

Busch Valley Well – Deferred Project (-\$1.0M)

The Agency is currently planning to prepare a well master plan in FY 2023-24. The well master plan will identify future groundwater development needs and potential well locations considering sustainable groundwater management. The Busch Valley well development is deferred until the Well Master Plan is complete, and needs are identified.

El Charro Pipeline Design Phase 2 – Deferred Project (-\$310K)

The implementation schedule for El Charro Pipeline Design Phase 2 has been moved to 2029. The implementation schedule for the pipeline may depend either on development in east Pleasanton to install the pipeline during construction of new roads or to install the pipeline during installation of Chain of Lakes Conveyance System due to similar alignment.

Exhibit B
Capital Improvement Plan
Capital Projects by Fund

Flood Protection
Fund 200 – Flood Protection Operations
FY 2023-24 Proposed Amended Capital Project Listing

	FY 2023-24 Proposed Amended Budget (\$)
Alamo Creek Bank Stabilization (Flood Management Pilot Project) (Cost Adjustment)	1,000,000
Stream and Rainfall Gauges Installation and Maintenance	89,000
Bank Stabilization (Biotechnical Alternatives)	100,000
Chain of Lakes Master Planning	4,000
Chain of Lakes Facilities and Improvements	430,000
Contingency	500,000
Engineering Repair Services	1,000,000
Flood Protection Studies	585,000
Hydrology & Hydraulic Modeling Update	118,000
North Canyons Renewal/Replacement Improvements	12,000
North Canyons Electric Vehicle (EV) Chargers (New Project)	49,000
USGS Stream Gauge Installation/Operation/Maintenance	101,000
Total	\$3,988,000

Alamo Creek Bank Stabilization (Flood Management Pilot Project) – Cost Adjustment (+\$1.0M)

The Alamo Creek Bank Stabilization project costs have been increased by \$1M bringing the total project cost to \$5.8M. The project was awarded through the Department of Water Resources (DWR) Floodplain Management, Protection, and Risk Awareness (FMPRA) Grant Program, a \$4.6M grant to implement the test bank stabilization project in the City of Dublin. As part of the DWR grant requirements, Zone 7 must provide matching proceeds of approximately \$1.2M to implement the project. The additional \$1M will satisfy DWR's grant requirement.

North Canyons Electric Vehicle (EV) Chargers Design – New Project (+\$49K)

In 2023, the California Air Resources Board approved the Advanced Clean Fleets regulation. Beginning in 2024, Zone 7 must begin transitioning to zero-emission vehicles and plans to electrify the Zone 7 fleet. To support fleet electrification, staff have identified installation of electric vehicle (EV) charging stations at North Canyons and

Exhibit B
Capital Improvement Plan
Capital Projects by Fund

Parkside as the priority among Zone 7 facilities. At North Canyons, chargers will be installed both behind the gate (fleet-only) and in the public/employee parking area.

This project supports a transition to an EV fleet in compliance with the CARB Advanced Clean Fleets regulation and provides EV chargers in the public/employee parking area. This project includes completion of design, plans, specification for the charging equipment, and construction of EV chargers at the North Canyons building.

Exhibit B
Capital Improvement Plan
Capital Projects by Fund

Flood Protection
Fund 210 – Flood Protection Development Impact Fee
FY 2023-24 Adopted Capital Project Listing

	FY 2023-24 Adopted Budget (\$)
Balance Hydrologics Contract Extension - Install/Operate/Maintain Stream and Rainfall Gauges	62,000
Chain of Lakes Master Planning	6,000
Chain of Lakes Facilities and Improvements	570,000
Contingency	500,000
Flood Protection Services	386,000
Hydrologic and Hydraulic Modeling Update	82,000
North Canyons Renewal/Replacement Improvements	1,000
USGS Stream Gauge Installation/Operation/Maintenance	71,000
Total	\$1,678,000

There are no proposed changes to the Fund 210 capital project listing.