ZONE 7 WATER AGENCY

CY 2025 UNTREATED WATER RATE UPDATE

FINAL REPORT
OCTOBER 2024

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Executive Summary

Agency Background

Zone 7 Water Agency (the "Agency") was established in 1957 to provide untreated water to support agriculture and provide treated wholesale water to the Livermore-Amador Valley. In 1961, the Agency contracted for State Water Project (SWP) water deliveries through the South Bay Aqueduct (the "SBA").

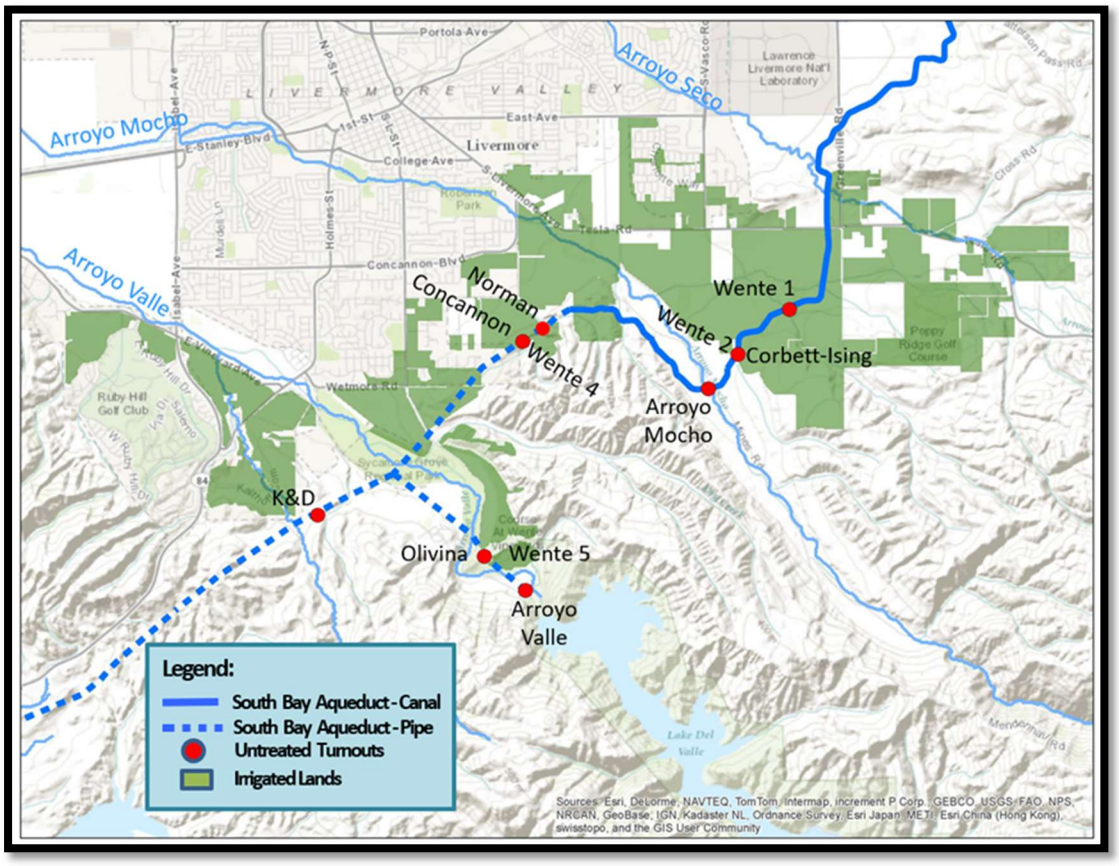
The Agency's water resources include imported water from the SWP, local groundwater storage, surface water captured in the Del Valle Reservoir, and offsite groundwater banking in Kern County. Historically, most of the Agency's water demand has been met by imported water from the SWP; approximately 70 percent of the current water demand is met through SWP water.

The Agency began delivering untreated water to its service area from the California Department of Water Resources (DWR) via the SBA in 1962. Over the years, deliveries increased with the agricultural development of South Livermore. The Agency provides untreated water service to 87 untreated water users that may collectively request water deliveries of up to 8,104 acre-feet (AF) per year. However, only seven of these contractors receive water from the Agency directly from a SBA turnout. These seven water users are referred to as "turnout water users." The remaining 80 "remote water users" receive their water deliveries through the turnout water users' respective conveyance facilities. The Agency's current practice is to invoice the seven turnout water users for all water delivered through the turnouts, which includes water wheeled, or delivered through their respective facilities, to remote water users. The turnout water users, in turn, invoice the respective individual remote water users. The Agency does not invoice remote water users and is not involved in setting remote water user rates.

Prior to 2011, the Agency had contracts with the separate users. In 2011, the Agency transitioned from individual contracts to the Rules and Regulations Governing Water Service. The Rules and Regulations Governing Water Service reflect the actual relationship the Agency has with its untreated water customers. This transition allowed the Agency to administer the untreated water program more effectively by clearly documenting and maintaining a maximum annual allocation for each water user and providing a process for water transfers within the service area.

Figure 1 shows the map of the untreated water turnouts and delivery via the SBA.

Figure 1: Map of Untreated Water Turnouts



2024 Untreated Water Rate Update Background

The 2024 Untreated Water Rate Update (the "2024 Update") updated the untreated water rates for calendar year (CY) 2025 based on the Board principles for untreated water rates adopted via Resolution No. 21-77, dated October 20, 2021.

The major objectives of the 2024 Update include:

- Ensure financial sufficiency for the untreated water enterprise to meet water supply and program costs
- Develop untreated and temporary untreated water rates consistent with approved Board principles
- Maintain fairness and equitability of rates while minimizing customer impacts

General Report Assumptions

The 2024 Update acknowledges the volatility of water supply costs from year to year and the challenge of accurately predicting future water supply by smoothing projected water supply costs using a five-year historical average. This method helps avoid major rate shock to

untreated water customers when extreme weather patterns are anticipated. The following assumptions reflect five-year historical averages:

- Planned Water Deliveries
- Planned Water Supply Costs

Current Rates

The Agency's current untreated water rates include two components: an untreated water rate for normal water service and a temporary untreated water rate for customers that require temporary service and are unable to obtain water from other areas in the valley. **Table 1** shows the current untreated water rates (CY 2024), which the Agency adopted on October 18, 2023, via Resolution No. 23-77.

Table 1: Current Untreated Water Rates (CY 2024)

Current Untreated Water Rates ($/AF)	CY 2024
Untreated Water Rate	$263[1]
Temporary Untreated Water Rate	$916

Planned Water Deliveries

Table 2 shows the planned water deliveries for untreated and treated water customers in CY 2025, and the percent of total deliveries for each service. As mentioned above, planned untreated and treated water deliveries are based on the five-year historical average.

Table 2: Planned Water Deliveries (CY 2025)

Planned Water Deliveries	Total AF	% of Total
Untreated Water	5,275	13.14%
Treated Water	34,876	86.86%
Total	**40,151**	**100.0%**

Calculated Untreated Water Rates

Table 3 shows the calculated untreated water rate and the temporary untreated water rate for CY 2025. The calculated rate excludes any reconciliation charge or credit.

Table 3: Calculated Untreated Water Rates (CY 2025)

Calculated Untreated Water Rates ($/AF)	CY 2025
Untreated Water Rate	$239
Temporary Untreated Water Rate	$954

[1] Current rate includes a $43 reconciliation charge.

Water Service

This section outlines the Agency's water service costs and the associated costs & descriptions of the various staff programs that make up the water service costs.

Agency Staff Programs

The Agency is committed to providing a reliable supply of high-quality water for municipal, industrial, and agricultural customers and spends a considerable amount of time managing the water supply portfolio. These water service costs are calculated on actual hours worked by Agency staff and an hourly rate of pay.

The following section describes the various staff programs and their roles in the untreated water system. All the following Agency staff programs, except for the Untreated Water Program, serve both treated and untreated water customers. All other Agency staff programs that do not serve the untreated water customers (i.e. Water Treatment, Groundwater Administration, Local Water Rights, and Flood Protection) have been excluded.

State Water Project Program
Administration of the State Water Project water supply.

Untreated Water Program
Execution, management, and administration of the Untreated Water Program.

Water Supply and Storage Planning
Operational planning of the water utility and the water supply, day-to-day water supply management activities, administration and support related to water storage, water supply and conveyance, and other water supplies.

Cawelo Banked Water Program
Administration, operation, and maintenance of the Cawelo water supply, including recovery and storage.

Semitropic Banked Water Program
Administration, operation, and maintenance of the Semitropic water supply, including recovery and storage.

Water Service Costs

Agency staff provided estimated water service costs for each of the programs, which include projected hourly pay and hours worked per role for CY 2025. The detailed water service costs by program are included in the **Technical Appendix**.

Table 4 shows the water service cost summary for all Agency staff programs that serve the Untreated Water Customers and the allocation to the untreated water system. Untreated Water Program costs are only distributed to the untreated water system, while the remaining staff programs benefit both treated and untreated customers. The percent of costs allocated to untreated water customers (except for Untreated Water Program costs) is based on the proportion of planned water deliveries for CY 2025 from **Table 2**.

Table 4: Water Service Cost Summary (CY 2025)[2]

Water Service Costs Summary	Total Agency	% To Untreated	Total Untreated
State Water Project Program	$98,564	13.14%	$12,949
Untreated Water Program	$32,018	100.0%	$32,018
Water Supply and Storage Planning	$417,049	13.14%	$54,792
Cawelo Banked Water Program	$20,797	13.14%	$2,732
Semitropic Banked Water Program	$16,685	13.14%	$2,192
Total - Water Service Costs	**$585,113**	**17.89%**	**$104,684**

[2] Values may not add due to rounding.

Agency Overhead

This section outlines the Agency's overhead costs and calculation. The resulting overhead percentage, determined in **Table 7**, is applied to the water service costs derived in the previous section.

Overhead Costs and Calculation

Overhead costs are the ongoing costs of running the Agency that are not directly tied to water production or water service. These include expenses like property management and utilities at the Agency's headquarters, Board and administration salaries, information technology, and insurance. The Agency needs to cover these costs to stay operational, so the customer indirectly pays for a portion of the overhead through the rate, ensuring the Agency can maintain operations and continue to deliver water.

For this report, these costs are referred to as Central Administration costs, or indirect costs and are shared across all Agency departments. Detailed central administration costs are included in the **Technical Appendix** at the end of this report.

The overhead calculation uses both direct labor costs and indirect costs for all Agency programs. Direct labor costs are Agency staff hours charged directly to the following programs: Water Utility Support Services, Supply Source and Conveyance, Water Storage, Water Treatment, Water Transmission, and Flood Protection. Indirect costs are charged to the Central Administration program. **Table 5** shows the total direct labor and indirect costs to each program.

Table 5: Agency Direct Labor and Indirect Costs (CY 2025)[3]

Programs	Direct Labor	Indirect Costs
Water Utility Support Services	$3,310,479	$0
Supply Source & Conveyance	$290,248	$0
Water Storage	$1,760,057	$0
Water Treatment	$7,231,061	$0
Water Transmission	$1,116,937	$0
Central Administration	$0	$7,342,557
Flood Protection	$1,641,345	$0
Total - Programs	**$15,350,127**	**$7,342,557**

Table 6 takes the total direct labor and indirect costs from **Table 5** and adds the allocation of indirect costs to each program based on the proportion of direct labor costs. For example, the following equation is used to calculate the allocated Central Administration indirect costs for the Water Utility Support Services program:

[3] Values may not add due to rounding.

$7,342,557 total Central Administration costs x ($3,310,479 Water Utility Support Services direct labor costs / $15,350,127 total direct labor costs) = $1,583,529

Table 6: Agency-wide Overhead Cost Allocations (CY 2025)[4]

Programs	Direct Labor Costs	Indirect Costs (Central Admin)	Central Admin Allocation
Water Utility Support Services	$3,310,479	$0	$1,583,529
Supply Source & Conveyance	$290,248	$0	$138,837
Water Storage	$1,760,057	$0	$841,903
Water Treatment	$7,231,061	$0	$3,458,895
Water Transmission	$1,116,937	$0	$534,274
Central Administration	$0	$7,342,557	$0
Flood Protection	$1,641,345	$0	$785,119
Total - Programs	**$15,350,127**	**$7,342,557**	**$7,342,557**

The relevant programs, applicable to the untreated water system, include Water Utility Support Services, Supply Source and Conveyance, and Water Storage (highlighted in light blue). **All other program costs do not directly apply to the untreated water system and are not included in the calculation.**

Table 7 shows the calculation of the untreated water overhead percentage. The Agency-wide overhead allocation is represented by the indirect costs associated with each dollar of direct labor costs. To calculate the untreated water overhead percentage, the central administration costs for the Water Utility Support Services, Supply Source and Conveyance, and Water Storage Programs are divided by the total direct labor costs for the same three programs. The resulting percentage of 47.8 percent represents approximately 48 cents of indirect costs for each dollar of applicable direct labor costs allocated to untreated water.

Table 7: Untreated Water Overhead Percentage Calculation (CY 2025)[4]

Untreated Water Programs	Direct Labor	Central Admin
Water Utility Support Services	$3,310,479	$1,583,529
Supply Source & Conveyance	$290,248	$138,837
Water Storage	$1,760,057	$841,903
Total - Untreated Water Programs	**$5,360,783**	**$2,564,269**
Overhead Percentage	47.8%	

Table 8 shows the untreated water program's portion of overhead, which is calculated by multiplying the overhead percentage in **Table 7** by the planned untreated water service costs for CY 2025 in **Table 4**.

[4] Values may not add due to rounding.

Table 8: Untreated Water Overhead Costs (CY 2025)[5]

Overhead Costs	Total Untreated
Untreated Water Service Costs	$104,684
Overhead Percentage	47.8%
Untreated Water Overhead Costs	$50,074

[5] Values may not add due to rounding.

Water Supply

This section of the report outlines the Agency's water supply sources and planned water supply costs for CY 2025. Water supply costs make up approximately 85-90% of the untreated water rate and historically have been very volatile and challenging to predict.

Water Supply Portfolio

The Agency's water sources are used to meet treated and untreated water demand. Treated water demand comes from municipal (retailers) and industrial (direct) customers and untreated water demand comes from agricultural customers. When available, excess surface water supplies are placed into storage locally or remotely for future use. Total water supply costs are included in the rate calculation for both treated and untreated water deliveries.

State Water Project

- **Table A**
  Table A is the Agency's portion of the State Water Project annual allocation and represents the largest portion of Zone 7's "new" water supply each year. The Agency's maximum allocation is 80,619 AF annually. Each year, the Agency receives a "Table A allocation" representing a percentage of 80,619 AF.
- **Excess Supplies**
  This is officially referred to as "Article 21" water and is surplus water that is made available, in addition to Table A water, when the San Luis Reservoir is full. It is water that would otherwise flow to the Bay.
- **Carryover**
  This is officially referred to as "Article 56" water and is available when the Agency's Table A water rolls over as carryover for use in future years. In most years, this water remains in the San Luis Reservoir, but in wet years, such as 2023, the San Luis Reservoir can be at risk of spilling, which causes stored carryover to be lost. Each year, the Agency typically reserves 10,000 to 15,000 AF as a carryover to mitigate against fluctuating Table A allocations.
- **Delta Conveyance Project**
  This project offers alternative conveyance to the existing State Water Project system based on a new, single-tunnel option that could bypass the South Delta when it is unusable. The project has been developed by the Department of Water Resources to address challenges related to climate change/sea level rise, earthquakes, environmental impacts, and water quality degradation rendering the State Water Project conveyance system and Delta unreliable.

Water Transfers/Exchanges

This supply is comprised of imported water purchased by the Agency through both long-term and short-term (annual) agreements with another entity (e.g., water agency, farm).

- **Yuba Accord**
  Water from this source is available mainly in dry years through an agreement with the

DWR and Yuba County Water Agency. The Agency receives approximately 1 percent of available water.

- **Dry Year Transfer Program**
  During dry years, the State Water Contractors negotiate water purchases north of the Delta, which makes additional water available to interested SWP contractors.
  Other Transfers
  Water from this source is obtained through negotiations with other SWP contractors, typically in dry years when the Table A allocation is low.

Banked Water Programs

- **Cawelo and Semitropic Banked Water**
  The Agency has agreements with Semitropic Water Storage District and Cawelo Water District in Kern County for 78,000 AF and 120,000 AF of storage capacity, respectively. The Agency recovers water from these banks as needed during dry years (such as 2021 and 2022) and stores water in wet years (2023). Recovered water is delivered via exchange through the South Bay Aqueduct as surface water is conveyed through the Delta.

Water Supply Costs

Water supply costs are challenging to predict due to climate change and declining water supply reliability. In addition, anticipated water supply costs and the SWP's final allocation for CY 2025 is not available until mid-2025. Because of these challenges, the CY 2025 planned water supply costs are based on the five-year historical average of allocable water supply costs. This method generates projected water supply costs of $8,415,354 for CY 2025.

Table 9 shows five years of historical water supply costs. The water supply breakdown can be found in the **Technical Appendix.**

Table 9: Five-Year Historical Water Supply Costs[6]

	Total Water Supply Costs
FY 2019-20	$3,916,962
FY 2020-21	$5,672,701
FY 2021-22	$15,912,409
FY 2022-23	$9,107,429
FY 2023-24 (Unaudited)	$7,467,271
5-Year Average	**$8,415,354**

Table 10 shows the water supply cost summary and the allocation to the untreated water program. The percent of costs allocated to untreated water customers is based on the proportion of planned water deliveries in CY 2025 from **Table 2**.

Table 10: Planned Water Supply Cost Summary (CY 2025)[6]

Planned Water Supply Cost Summary	Total Agency	% To Untreated	Total Untreated
Water Supply Costs	$8,415,354	13.14%	$1,105,612
Temporary Water Supply Costs	$28,696,000	13.14%	$3,770,091

[6] Values may not add due to rounding.

Water Reconciliation Charge

This section of the report outlines the framework and calculations for the water reconciliation charge.

Reconciliation Framework

As part of the 2021 Untreated Water Rate Study, Raftelis Financial Consultants, Inc. collaborated with Agency staff to develop the following framework for calculating the annual water reconciliation charge, which is detailed in this subsection of the report. The proposed water reconciliation charge framework meets the Agency's objectives for the following reasons:

- Truing up water supply and water service costs from prior years will ensure that the Agency is collecting sufficient revenues to meet its costs.
- The water reconciliation charge, which can be an additional charge or a credit, ensures the Agency is not over- or under-collecting revenues from its untreated water customers.
- The water reconciliation charge also establishes equity between treated and untreated water customers by ensuring that untreated water customers are paying for their fair share of costs.

Step 1: Determine the implementation schedule for the water reconciliation charge.
Actual calendar year cost information is available to the Agency six months after the year ends. Therefore, the water reconciliation charge trues up costs at least two years prior to the year that it is implemented. For example, actual costs for CY 2023 are available in mid-2024; the water reconciliation charge, which is calculated to true up CY 2023 costs, is then implemented in the CY 2025 untreated water rate. The Agency's Board can determine the number of years to phase-in the reconciliation charge based on relevant policy objectives, such as minimizing customer impacts. Generally, the water reconciliation charge is applied to the next year's rate. However, if the true-up of costs in a particular year are significantly higher than planned, the Board can opt to phase-in the water reconciliation charge over multiple years to minimize impacts to customers.

Step 2: Allocate actual costs for the entire Agency between treated and untreated water based on planned or actual deliveries.
Agency costs include water supply costs, water service costs, and overhead for both treated and untreated water customers. Once actual costs are available for the reconciliation year, the proposed framework allocates each cost category based on the following:

- Water supply costs are allocated between treated and untreated customers based on each user group's proportion of actual deliveries. Since most water supply costs are variable (meaning that the more water delivered, the higher the costs), it is most equitable to allocate these costs between the two customer types based on the amount of actual water delivered to each.

- Untreated water program costs are allocated entirely to untreated water customers.
- The remaining water service costs are allocated between treated and untreated customers based on each user group's proportion of planned deliveries. Since water service costs are fixed (meaning that these costs are incurred regardless of how much water is delivered), it is most equitable to allocate these costs based on the planned deliveries that were used to calculate that year's rate.
- Overhead costs are determined by multiplying the planned overhead percentage for that year's rate by the water service costs allocated to untreated water customers.
- It is important to note that all costs included in the original untreated water rate should be included in the reconciliation, and vice versa.

Step 3: Calculate the reconciliation amount using a cash flow analysis.
Historically, untreated water usage has been relatively steady year-to-year. However, in years where actual untreated water usage exceeds planned untreated water usage (which is used to determine the rate), increased revenue is received from the untreated water program. The cash flow analysis not only incorporates the actual costs incurred by the Agency but also isolates the untreated water customers' economies of scale generated from increased water usage. The cash flow analysis to determine the amount that is reconciled includes two components:

- Actual untreated water rate revenues for the reconciliation year
- Actual untreated water costs for the reconciliation year.

Actual untreated water rate revenues are compiled for the reconciliation year and actual untreated water costs were determined in Step 2. The cash flow analysis is equal to the actual untreated water rate revenues less actual untreated water costs.

If a reconciliation balance is outstanding, the credit/charge resulting from the cash flow analysis will be applied to the outstanding reconciliation balance.

Step 4: Determine the water reconciliation charge.
To determine the reconciliation charge, the reconciliation amount, calculated in Step 3, is divided by the planned deliveries for the implementation year. The reconciliation charge is then divided by the number of phase-in years determined in Step 1. The resulting number is the reconciliation charge to apply to each future year.

Step 5: Repeat the same process for future years.
This framework can be used to determine the water reconciliation charge for any future year. The Agency's Board can elect to phase-in the water reconciliation charge as determined in Step 1. However, the reconciliation charge implementation schedule determined in Step 1, must be incorporated each year to ensure Agency staff can fully understand the financial impacts of the implemented rates, especially rates that are lower than what is necessary to fully reconcile all costs and revenues for the untreated water system.

CY 2023 Reconciliation Calculation

This subsection will detail the calculation for the CY 2023 water reconciliation amount following the steps outlined in the framework.

Step 1: Determine the implementation schedule for the water reconciliation charge.
As a result of the CY 2022 reconciliation calculation, the Board approved a five-year implementation schedule of the outstanding reconciliation balance (Resolution No. 23-77, dated October 18, 2023). The first year of the phase-in was applied to the CY 2024 untreated water rate.

Step 2: Allocate actual costs for the entire Agency between treated and untreated water based on planned or actual deliveries.
Table 11 shows the planned and actual water deliveries between untreated and treated water in CY 2023. The planned deliveries for CY 2023 are the same as those used to calculate the CY 2023 untreated water rate. The resulting percentage allocations are then used to divide actual water supply and water service costs to untreated water customers.

Table 11: Water Deliveries and Allocations (CY 2023)

Water Deliveries	Untreated Water	Treated Water	Total
Planned Deliveries (AF)	6,000	36,361	**42,361**
Percent Allocation	14.16%	85.84%	**100%**
Actual Deliveries (AF)	4,726	33,850	**38,576**
Percent Allocation	12.25%	87.75%	**100%**

Table 12 shows the CY 2023 actual costs allocated to untreated water. Water supply costs are allocated based on the percent of actual deliveries, untreated water program costs are allocated entirely to untreated water and the remaining water service costs are allocated based on the percent of planned deliveries from **Table 11**. Untreated overhead costs are allocated based on the planned overhead allocation from **Table 7**.

Table 12: Actual Untreated Water Supply and Service Costs (CY 2023)[7]

Actual Costs (CY 2023)	Agency Total	Allocation Method	% to Untreated	Total Untreated
Water Supply Costs[8]				
Delta Conveyance Project	$2,375,000	Actual Deliveries	12.25%	$290,965
SWP Transportation[9]	$2,683,975	Actual Deliveries	12.25%	$328,818
Yuba Accord	$0	Actual Deliveries	12.25%	$0
Dry Year Transfer Program	$0	Actual Deliveries	12.25%	$0
Other Water Transfers	$0	Actual Deliveries	12.25%	$0
Semitropic Banked Water	$442,492	Actual Deliveries	12.25%	$54,210
Semitropic Banked Water O&M	$547,300	Actual Deliveries	12.25%	$67,050
Cawelo Banked Water	$0	Actual Deliveries	12.25%	$0
Total - Water Supply Costs	**$6,048,767**			**$741,043**
Water Service Costs				
State Water Project Administration	$92,090	Planned Deliveries	14.16%	$13,044
Untreated Water Administration	$19,308	Untreated Water	100%	$19,308
Water Supply and Storage Planning	$535,085	Planned Deliveries	14.16%	$75,789
Water Banking Programs	$22,942	Planned Deliveries	14.16%	$3,249
Total - Water Supply Management Staff Costs	**$669,425**			**$111,390**
Overhead				
Total Overhead Costs	N/A	Planned	43.37%	**$48,305**
Total Costs	**$6,718,192**			**$900,738**

Step 3: Calculate the reconciliation amount using a cash flow analysis.
The cash flow analysis calculates whether the untreated water sales revenue, collected in CY 2023, was sufficient to cover the actual untreated water program costs. Where revenues exceed costs, a credit is applied to the reconciliation balance. Where costs exceed revenue, a charge is applied.

[7] Values may not add due to rounding.
[8] CY 2023 water supply costs reflect a State Water Project Allocation of 100%.
[9] SWP Transportation costs exclude 7,900 AF of SWP water conveyed to recharge the groundwater basin and 842 AF of Article 21 (SWP surplus water) sold directly to customers.

Table 13 shows the cash flow analysis used to determine whether CY 2023 resulted in a credit or charge against the untreated water program reconciliation balance.

Table 13: Cash Flow Analysis (CY 2023)

Water Reconciliation Charge	CY 2023
Actual Untreated Water Rate Revenue[10]	$1,205,130
(Less) Actual Untreated Water Costs[11]	$900,738
CY 2023 Reconciliation Amount (Credit)	**$304,392**

The CY 2023 credit of $304,392 was a result of the following:

- $36/AF reconciliation charge applied to the rate generating approximately $170K of revenue.
- Approximately $134K of water supply cost savings due to a 100% State Water Project allocation.

Step 4: Determine the water reconciliation charge.
The CY 2023 reconciliation resulted in a credit which has been applied to the outstanding reconciliation balance. Per Resolution No. 23-77, dated October 18, 2023, the remaining outstanding reconciliation balance will be collected over the succeeding four years.

Based on the Finance Committee's recommendation, the CY 2025 reconciliation charge has been modified to $24/AF and the difference has been applied to the final year of the reconciliation schedule. **Table 14** compares the originally approved schedule to the recommended schedule based on the Committee's recommendation.

Table 14: Five-Year Implementation Schedule Comparison

	Year 1 CY 2024	Year 2 CY 2025	Year 3 CY 2026	Year 4 CY 2027	Year 5 CY 2028
Approved 5-Year Phase-in	$43	$42	$42	$41	$41
Recommended Phase-in	$43	$24	$42	$41	$59
Change	$-	($18)	$-	$-	$18

Outstanding Reconciliation Balance

The outstanding reconciliation balance as of December 2023 is ($1,108,165).

[10] Excludes revenue generated from the sale of 842 AF of Article 21 (SWP surplus water) in May and June 2023.
[11] SWP Transportation costs exclude 7,900 AF of SWP water conveyed to recharge the groundwater basin and 842 AF of Article 21 (SWP surplus water) sold directly to customers.

Proposed Untreated Water Rates

This section of the report combines the water service costs, overhead costs, and water supply costs to calculate the preliminary untreated water rates and incorporates year two of the five-year implementation schedule in **Table 16**.

CY 2025 Proposed Untreated Water Rates

The proposed untreated water rate includes the untreated water system's portion of water service costs (from **Table 4**), overhead costs (from **Table 8**), water supply costs (from **Table 10**), and reconciliation charge, if applicable. The temporary untreated water rate includes all untreated water costs and the temporary water supply costs (from **Table 10**). The reconciliation charge is not applied to the temporary untreated water rate. The untreated costs are divided by the planned untreated water deliveries for CY 2025 (from **Table 2**) to derive the rate per AF of water.

At the September 12, 2024, Finance Committee meeting, the Committee recommended the untreated rate be held at $263/AF for CY 2025. The recommendation maintains the five-year implementation schedule but modifies the scheduled reconciliation charge for CY 2025 from $42/AF to $24/AF and applies the difference to the final year of the five-year schedule. The Committee's recommendation supports the Reconciliation Framework, allowing the Board to phase-in the reconciliation charge to minimize customer impact. **Table 15** shows the proposed untreated water rate calculation for CY 2025 incorporating the recommended reconciliation charge for CY 2025.

Table 15: Proposed Untreated Water Rates Calculation (CY 2025)[12]

Untreated Water Rate Calculation	Total Planned Untreated Costs	Planned Untreated Deliveries (AF)	Unit Rate ($/AF)
Water Service Costs	$104,684	5,275	$20
Overhead Costs	$50,074	5,275	$9
Water Supply Costs	1,105,612	5,275	$210
Calculated Untreated Water Rate			*$239*
CY 2025 Reconciliation Charge			$24
Total Untreated Water Rate	**$1,260,370**		**$263**
Untreated Water Costs	$1,260,370	5,275	$239
Temporary Water Supply Costs[13]	$3,770,091	5,275	$715
Total Temporary Untreated Water Rate	**$5,030,461**		**$954**

[12] Values may not add due to rounding.
[13] Temporary costs include the State Water Project fixed costs collected through the property tax override.

Technical Appendix

Table 16: Water Service Cost Detail[14]

Water Service Costs	Hourly Rate ($/hr)[15]	Hours Worked	Total Cost
Untreated Water Administration			
Finance Analyst	$149.00	85	$12,665
Senior Planner	$150.00	8	$1,200
Associate Engineer	$170.00	95	$16,150
Associate Planner	$140.00	4	$560
Assistant Planner	$111.00	13	$1,443
Total- Untreated Water Administration			**$32,018**
Water Utility Planning Administration			
Water Resources Manager	$190.00	9	$1,710
Water Resources Tech II	$122.00	35	$4,270
Engineering Manager	$197.00	30	$5,910
Associate Engineer	$170.00	234	$39,780
Senior Planner	$150.00	7	$1,050
Assistant Engineer	$147.00	862	$126,714
Senior Planner	$140.00	54	$7,560
Principal Engineer	$188.00	65	$12,220
Assistant Planner	$111.00	815	$90,465
Assistant Engineer	$130.00	9	$1,170
Assistant Engineer	$122.00	488	$59,536
Total - Water Utility Planning Administration			**$350,385**
State Water Project Administration			
Associate Engineer	$170.00	285	$48,450
Assistant Planner	$111.00	400	$44,400
Finance Analyst	$163.00	8	$1,304
Assistant Engineer	$147.00	30	$4,410
Total - State Water Project Administration			**$98,564**
Water Storage Administration			
Water Resources Manager	$190.00	9	$1,710
Associate Engineer	$170.00	4	$680
Total - Water Storage Administration			**$2,390**
Other Water Supplies			
Associate Engineer	$170.00	138	$23,460
Senior Planner	$140.00	1	$140

[14] Values may not add due to rounding.
[15] Includes salaries, wages, and benefits.

Assistant Planner	$111.00	114	$12,654
Total - Other Water Supplies			**$36,254**
Supply Source & Conveyance Administration			
Water Resources Manager	$190.00	81	$15,390
Associate Engineer	$170.00	71	$12,070
Senior Planner	$140.00	4	$560
Total - Supply Source & Conveyance Administration			**$28,020**
Semitropic			
Intern	$39.00	7	$273
Associate Engineer	$170.00	43	$7,310
Associate Planner	$111.00	82	$9,102
Total - Semitropic			**$16,685**
Cawelo			
Associate Engineer	$170.00	59	$10,030
Assistant Planner	$111.00	97	$10,767
Total - Cawelo			**$20,797**

Table 17: Central Administration (Indirect Cost) Detail (CY 2025)[16]

Account Description - Central Administration	Total Indirect Costs	Flood Protection Operations	Water Operations	
			Treated Water Customers	Untreated Water Customers[17]
Salaries and Wages (Board of Directors, OGM, Finance, HR and Admin)	$3,489,584	$373,131	$3,092,655	$23,798
Professional and Technical Services (Website, Communication, North Canyons (NC) Property Management, etc.)	$1,258,907	$134,611	$1,115,710	$8,585
County Services (Payroll and Vendor checks etc.)	$1,236,970	$132,266	$1,096,268	$8,436
Insurance Services (Property & liability)	$597,518	$63,891	$529,552	$4,075
Gas and Electricity for North Canyons	$138,400	$14,799	$122,658	$944
Sewer Discharge Fees	$569	$61	$504	$4
Water Service for NC	$5,218	$558	$4,624	$36
Communications (Telecommunication services for NC)	$55,812	$5,968	$49,464	$381
Garbage Disposal Services for NC	$11,384	$1,217	$10,089	$78
Janitorial Services/Supplies for NC	$457	$49	$405	$3
Repairs/Service of Equipment (Back up Generator repairs etc.)	$9,071	$970	$8,039	$62
Repairs/Service of Buildings & Property (Commercial property Mgmt., ADT security services etc.)	$198,736	$21,250	$176,131	$1,355
Maintenance Parts & Supplies (Irrigation parts, electrical parts and misc. supplies)	$3,763	$402	$3,335	$26
Rents & Leases - Equipment (Copier machine, postage meter etc.)	$20,216	$2,162	$17,916	$138
General Office Supplies & Expenses (IT services, software, paper, pens, files etc.)	$194,197	$20,765	$172,108	$1,324
Reproduction and Printing (Budget book etc.)	$3,401	$364	$3,014	$23
Subscriptions (News papers, CA Dept of Fish and Wildlife)	$1,225	$131	$1,085	$8
Postage, Delivery & Shipping (Payments to US Postal Services, FedEx etc.)	$4,037	$432	$3,578	$28
Organization Memberships (Membership for Board Members, GM, Admin Staff etc.)	$6,715	$718	$5,951	$46
Support and Program Participation (Sponsorships - Association of Bay Area Governments (ABAG)	$5,000	$535	$4,431	$34
Advertising and Legal Notices (Job postings)	$7,831	$838	$6,940	$53
State and Local Fees (City of Livermore Tri-Valley Tech Park CFD No. 99-1 Series 2015 Bonds)	$31,689	$3,389	$28,084	$216
Emergency & Safety Supplies & Services	$7,522	$804	$6,667	$51
Training Materials and Services (ACWA Training, Water Education, CSMFO and GFOA)	$40,220	$4,301	$35,645	$274
Educational Stipend - Zone 7	$8,085	$865	$7,165	$55
Travel/Transportation (Board Members travel expense reimbursement)	$2,728	$292	$2,417	$19
Mileage	$3,302	$353	$2,926	$23
Total	**$7,342,557**	**$785,119**	**$6,507,364**	**$50,074**

[16] Values may not add due to rounding.
[17] Untreated Customers pay approximately 0.68% of total Agency overhead.

Table 18: Water Supply Breakdown (CY 2025)[18]

Water Supply Cost Breakdown	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24 (Unaudited)	5-Year Average
State Water Project	$2,547,436	$1,643,971	$2,040,223	$1,114,630	$3,779,334	$2,225,119
Water Transfers/Exchanges	90,000	2,153,562	8,192,572	3,880,464	128,000	2,888,920
Banked Water Programs	1,279,526	1,179,750	4,305,743	2,246,378	1,184,937	2,039,266
Delta Conveyance Project	-	695,418	1,373,871	1,865,957	2,375,000	1,262,049
Total Water Supply Costs	**$3,916,962**	**$5,672,701**	**$15,912,409**	**$9,107,429**	**$7,467,271**	**$8,415,354**

[18] Values may not add due to rounding.