



**BOARD OF DIRECTORS
EAST BAY MUNICIPAL UTILITY DISTRICT**

375 11th Street, Oakland, CA 94607

Office of the Secretary: (510) 287-0440

Notice of Special Meeting

Budget Workshop No. 1

Tuesday, January 28, 2025

8:30 a.m.

Boardroom

375 11th Street

Oakland, CA 94607

At the call of President Marguerite Young, the Board of Directors has scheduled Budget Workshop No. 1 for 8:30 a.m. on Tuesday, January 28, 2025, in the Administration Building Boardroom at 375 11th Street, Oakland, California.

Staff will review the District's budget including major investments in Fiscal Year (FY) 2024 and FY 2025, the approach to developing the FY 2026 and FY 2027 Biennial Budget, preliminary budget proposals, operating and capital priorities, and staffing.

Dated: January 23, 2025



Rischa S. Cole

Secretary of the District

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AGENDA
Special Meeting

Budget Workshop No. 1

Tuesday, January 28, 2025

8:30 a.m.

Boardroom

375 11th Street

Oakland, CA 94607

***** Please see appendix for public participation instructions*****

ROLL CALL:

PUBLIC COMMENT: Members of the public shall have the opportunity to provide public comment on Agenda Item 1.

DISCUSSION:

1. Staff will review the District’s budget including major investments in Fiscal Year (FY) 2024 and FY 2025, the approach to developing the FY 2026 and FY 2027 Biennial Budget, preliminary budget proposals, operating and capital priorities, and staffing.

(Skoda)

ADJOURNMENT:

Disability Notice

If you require a disability-related modification or accommodation to participate in an EBMUD public meeting, please call the Office of the Secretary (510) 287-0404. We will make reasonable arrangements to ensure accessibility. Some special equipment arrangements may require 48 hours advance notice.

Document Availability

Materials related to an item on this Agenda that have been submitted to the EBMUD Board of Directors within 72 hours prior to this meeting are available for public inspection in EBMUD’s Office of the Secretary at 375 11th Street, Oakland, California, during normal business hours, and can be viewed on our website at www.ebmud.com.



APPENDIX

Budget Workshop No. 1 Tuesday, January 28, 2025 - 8:30 a.m.

*EBMUD public meetings of the Board will be conducted in person and via Zoom.
These meetings are recorded, live-streamed, and posted on the District's website.*

Online*

<https://ebmud.zoom.us/j/94804788254?pwd=Z2duWU9RZzVqb3RMd1RlNXVISjNsUT09>

Webinar ID: 948 0478 8254

Passcode: 467920

By Phone

Telephone: 1 669 900 6833

Webinar ID: 948 0478 8254

Passcode: 467920

International numbers available: <https://ebmud.zoom.us/u/kb5JZuQJvV>

*To familiarize yourself with Zoom, please visit <https://support.zoom.us/hc/en-us/articles/201362193-Joining-a-Meeting>

Providing public comment - *The EBMUD Board of Directors is limited by State law to providing a brief response, asking questions for clarification, or referring a matter to staff when responding to items that are not listed on the agenda.*

- Each speaker is allotted 3 minutes to speak; the Board President has the discretion to amend this time based on the number of speakers
- The Secretary will track time and inform each speaker when the allotted time has concluded
- Comments on **non-agenda items** will be heard at the beginning of the meeting
- Comments on **agenda items** will be heard when the item is up for consideration
- The Secretary will call each speaker in the order received

In person

- Fill out and submit a blue speaker card which is available in the meeting room

Via Zoom

- Use the raise hand feature in Zoom to indicate you wish to make a public comment
<https://support.zoom.us/hc/en-us/articles/205566129-Raising-your-hand-in-a-webinar>
 - If you participate by phone, press *9 to raise your hand
- When prompted by the Secretary, please state your name, affiliation if applicable, and topic

Submitting written comments or materials

- Email written comments or other materials for the Board of Directors to SecOffice@ebmud.com
- Please indicate the meeting date and agenda item number or non-agenda item in the subject of the email. Contact information is optional.
- **Please email by 4 p.m. the day prior to the scheduled regular meeting;** written comments and other materials submitted to the Board of Directors will be filed in the record.
-

To view the livestream of meetings of the Board, please visit:
<https://www.ebmud.com/about-us/board-directors/board-meetings/>

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: January 23, 2025

MEMO TO: Board of Directors

THROUGH: Clifford C. Chan, General Manager 

FROM: Sophia D. Skoda, Director of Finance 

SUBJECT: Fiscal Years 2026 & 2027 Budget Workshop No. 1 – January 28, 2025

SUMMARY

Budget Workshop No. 1, scheduled on January 28, 2025, will review the District's budget including major investments in Fiscal Year (FY) 2024 and FY 2025, the approach to developing the FY 2026 and FY 2027 Biennial Budget, preliminary budget proposals, operating and capital priorities, and staffing. A second budget workshop is scheduled for March 25, 2025. If needed, a third budget workshop is scheduled for April 8, 2025.

DISCUSSION

The Board-approved Strategic Plan guides key decisions and investments that will be proposed in the budget. Additionally, the budget is informed by Board decisions leading up to the first Budget Workshop in January. During Budget Workshop No. 1, staff will present a preliminary overview of sources of funds (i.e., revenues), uses of funds (i.e., expenses), and the major budget drivers, along with preliminary rate revenue increases.

The primary goals of the preliminary FY 2026 and FY 2027 Biennial Budget are to address long-term infrastructure investment needs, including renewing aging infrastructure; maintain reasonable rates and charges; and retain financial flexibility to allow for future investments to address challenges, both known and unknown. The preliminary budget meets those goals by balancing rate revenue increases and debt issuance to fund a 10-year Capital Improvement Program (CIP), as well as making continued investments in key strategic operating areas.

FY 2026 and FY 2027 Biennial Budget Addresses Key Challenges

The proposed budget reflects the District's continued efforts to address future challenges. These include aging infrastructure, climate change, limits on nutrients in San Francisco Bay, inflation, changing regulations, and emerging contaminants. The proposed budget also balances keeping rates reasonable in the near-term, issuing debt to pay for a portion of expenses, and ensuring future capacity.

Significant investments are planned for critical infrastructure projects in both the Water and Wastewater systems to enhance resiliency and reliability. These investments align with the

District's strategic priorities, such as ensuring a sustainable water supply, protecting water quality, ensuring healthy ecosystems from the watershed to the San Francisco Bay, meeting workforce needs, and providing exceptional customer service.

Aging infrastructure remains one of the District's most pressing challenges, with many elements of the Water and Wastewater systems requiring renewal or replacement to maintain service reliability. Climate change has created risks such as prolonged droughts, extreme weather events, and heightened wildfire threats. To address these challenges, the proposed budget prioritizes projects that enhance system resiliency and reliability. Regulatory compliance, particularly related to nutrient removal in wastewater treatment, also necessitates targeted investments and careful long-term planning.

Financial stability underpins the budget framework, with a focus on balancing expenses, debt, and rate increases. The District continues to employ a prudent mix of cash funding and debt issuance for capital projects, adhering to Board-approved policies that limit borrowing to 65 percent of capital expenses. The proposed budget, will over time, reduce the reliance on debt funding and shift towards more cash funding of capital projects. Recommended rate revenue increases have been structured to support these priorities while maintaining transparency and fairness.

The attached presentation provides detailed information on the preliminary budget, the major drivers, and recommended rate revenue increases.

NEXT STEPS

Staff is seeking Board feedback on strategic directions and funding scenarios at the January 28, 2025 Budget Workshop No. 1. The feedback will be incorporated and discussed at the second budget workshop currently schedule for March 25, 2025. As part of the budget process, there will be significant community engagement leading up to the final budget recommendation for the Board to consider in June 2025.

CCC:SDS:SAF

Attachment: FY 2026 & FY 2027 Biennial Budget Workshop #1 Presentation



FY 2026 & FY 2027 Biennial Budget Workshop #1

Board of Directors

January 28, 2025

FY = Fiscal Year

Presenters



Sophia Skoda

Director of
Finance



Sam Feldman

Manager of
Budget



Robert Hannay

Treasury
Manager

Agenda

- About the District's Budget
- Budget and Rates Process
- FY 2024 & FY 2025 Budget Review
- Budget Workshop #1 Goals
- Major Budget Drivers and Themes
- Funding Our Capital Plans
- Water System
- Wastewater System
- Other Notable Areas in the Biennial Budget
- Next Steps and Schedule

About the District's Budget

Grizzly Peak,
looking over the East Bay



About the District's Budget

- Two financially separate but connected systems
- Water System:
 - From Pardee to the tap, delivering clean and reliable potable and non-potable water at reasonable rates to over 1.4 million residents while protecting our watershed and natural resources
 - Direct operating departments: Operations & Maintenance, Engineering, and Water & Natural Resources
 - Support departments: Human Resources, Finance, Information Systems, Customer & Community Services, and Office of the General Manager and Office of General Counsel
- Wastewater System:
 - Collects wastewater from other local agencies and provides wastewater treatment to approximately 740,000 residents
 - Direct operating department: Wastewater
 - Pays the Water System to provide support services

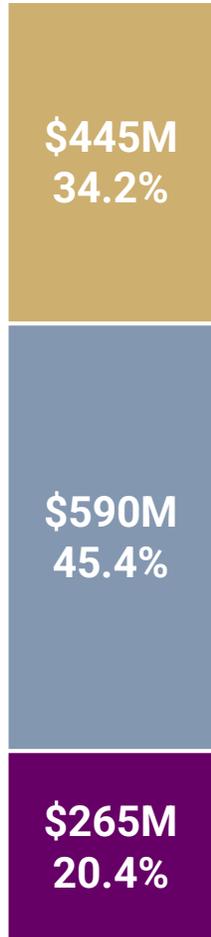
FY 2024
Expenses

Water
\$1,107.4M

Wastewater
\$192.5M

Key Components of the Budget

FY 2024
Expenses*



- Operating Expenses:
 - Daily expenses to operate, cannot be debt funded
 - Includes all support services and most direct services
 - 79% of costs = District staff
- Capital Improvement Program:
 - Long-term investments in infrastructure
 - Projects generally stretch over several years
 - Can be debt-funded
 - 22% of costs = District staff
- Debt Service:
 - Pays principal and interest on bonds that funded past capital

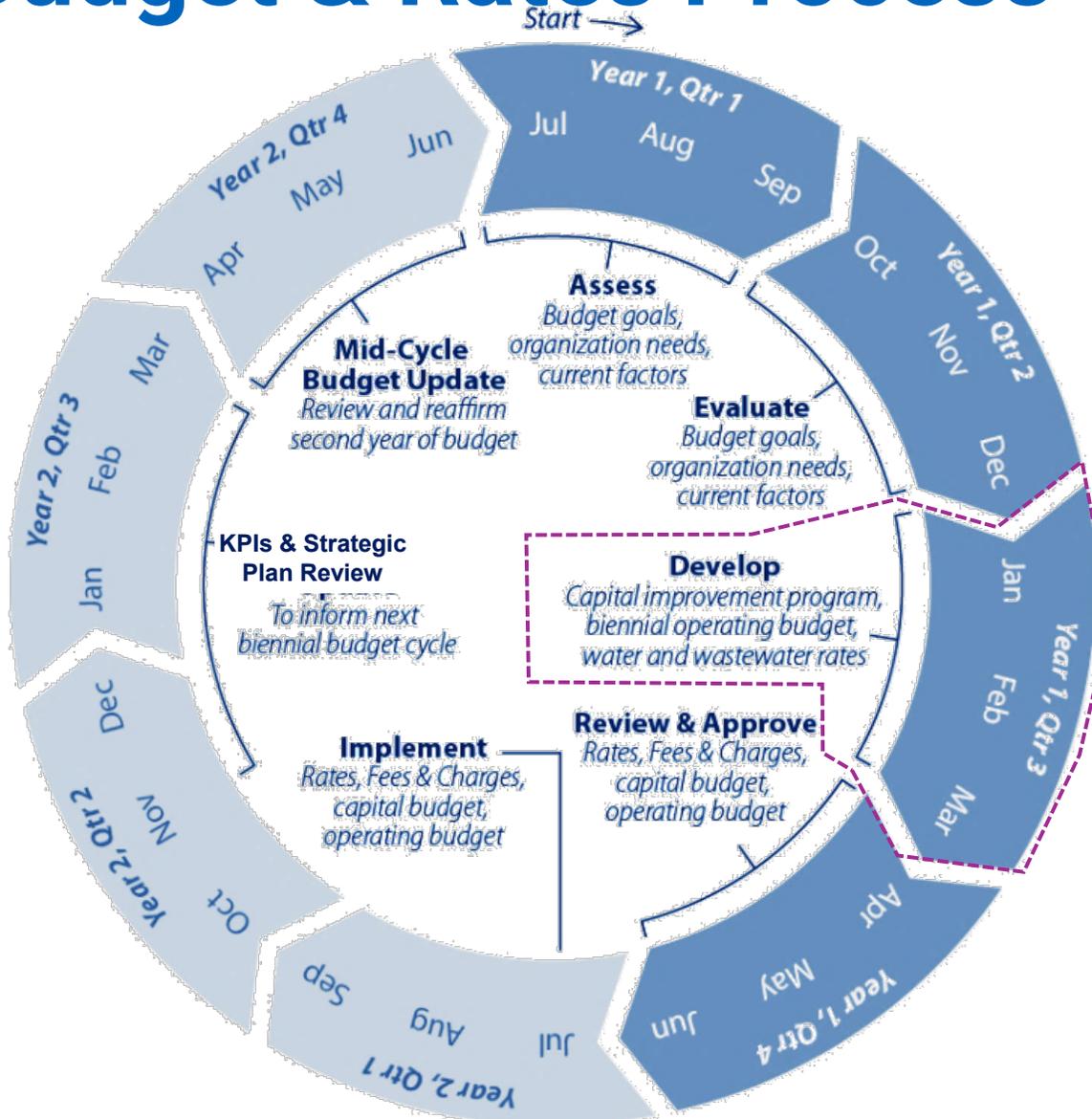
*Water & Wastewater Combined

Budget & Rates Process

An EBMUD machinist at work



Budget & Rates Process



- Biennial Budget
 - Approved in odd-numbered years
 - Covers two fiscal years
- Development phase:
 - CIP: refining project costs, scheduling projects, identifying resources
 - Operating: reviewing and refining to prepare for a proposed budget
 - Debt and Rates: developing a recommendation that balance expenses, rates, and debt

Budget & Rates Process

**Prior Board Meetings
and Decisions**
- - -
**Strategic Plan and
Key Performance
Indicators**



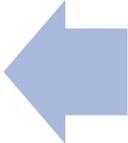
Budget Workshop #1
January 2025



**Budget Workshop #2
& Prop 218 Rates**
March 2025



Start of FY 2026
July 1, 2025



**Board Considers
Budget & Rates
Adoption**
June 2025



**Budget Workshop #3
(if needed)**
April 2025

EBMUD's Strategic Plan

Long-Term Water Supply

We ensure a reliable high-quality water supply for the future.

Water Quality and Environmental Protection

We meet or surpass environmental and public-health standards and protect public trust.

Long-Term Infrastructure Investment

We maintain and improve the District's infrastructure in a cost-effective manner to ensure sustainable delivery of reliable, high-quality service now and in the future, addressing economic, environmental, and social concerns.

Long-Term Financial Stability

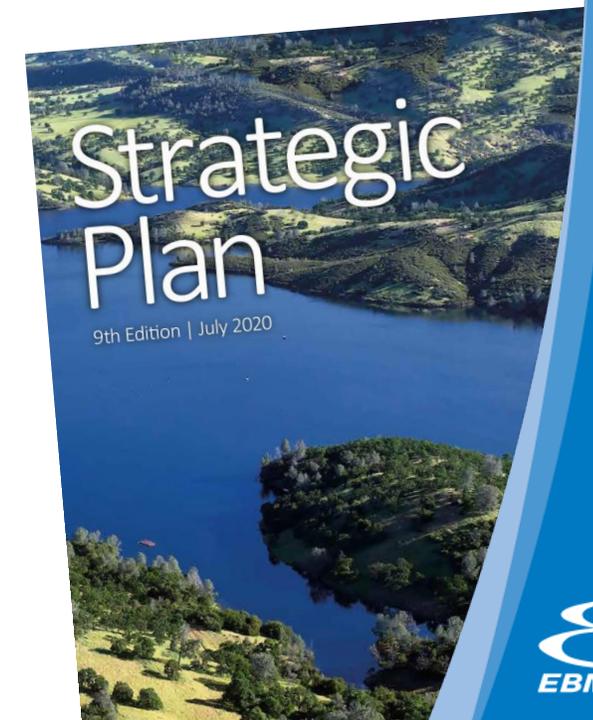
We manage the District's finances to meet funding needs and maintain fair and reasonable water and wastewater rates.

Customer & Community Services

We build stakeholder trust and long-term relationships through service excellence, proactive communication, and education.

Workforce Planning and Development

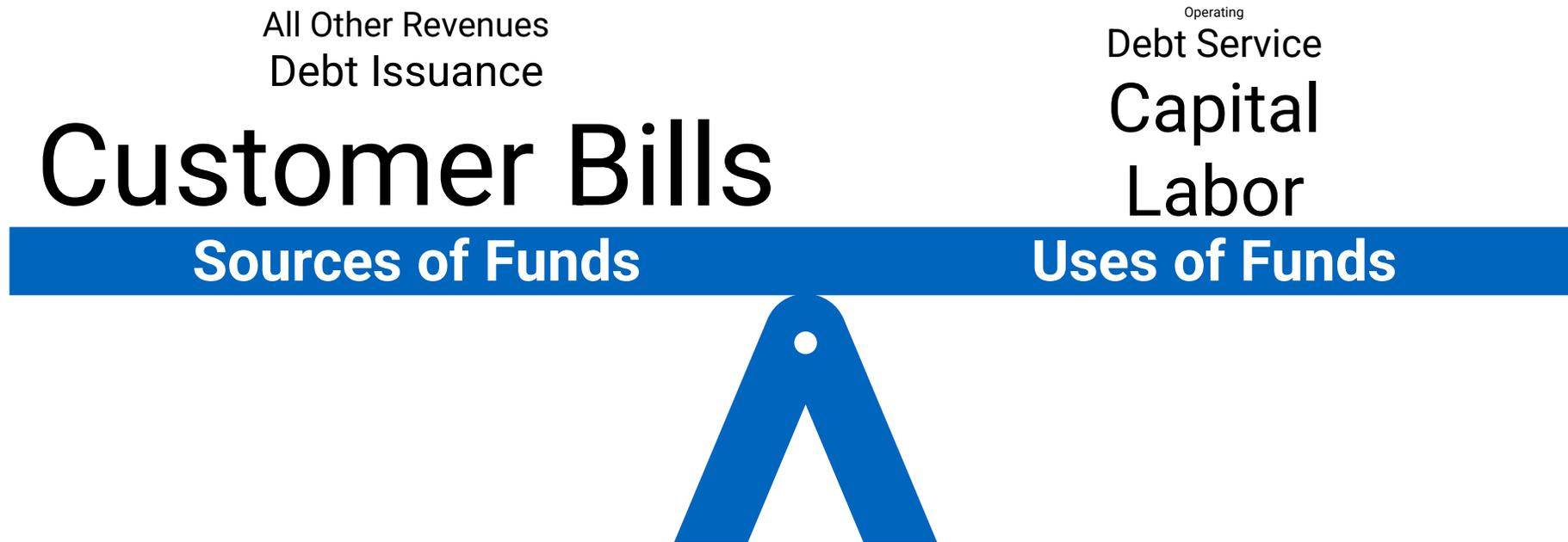
We create an environment that attracts, retains, and engages a high-performing, diverse, and inclusive workforce in support of the District's mission and core values.



Strategic Plan Drives Budget Priorities

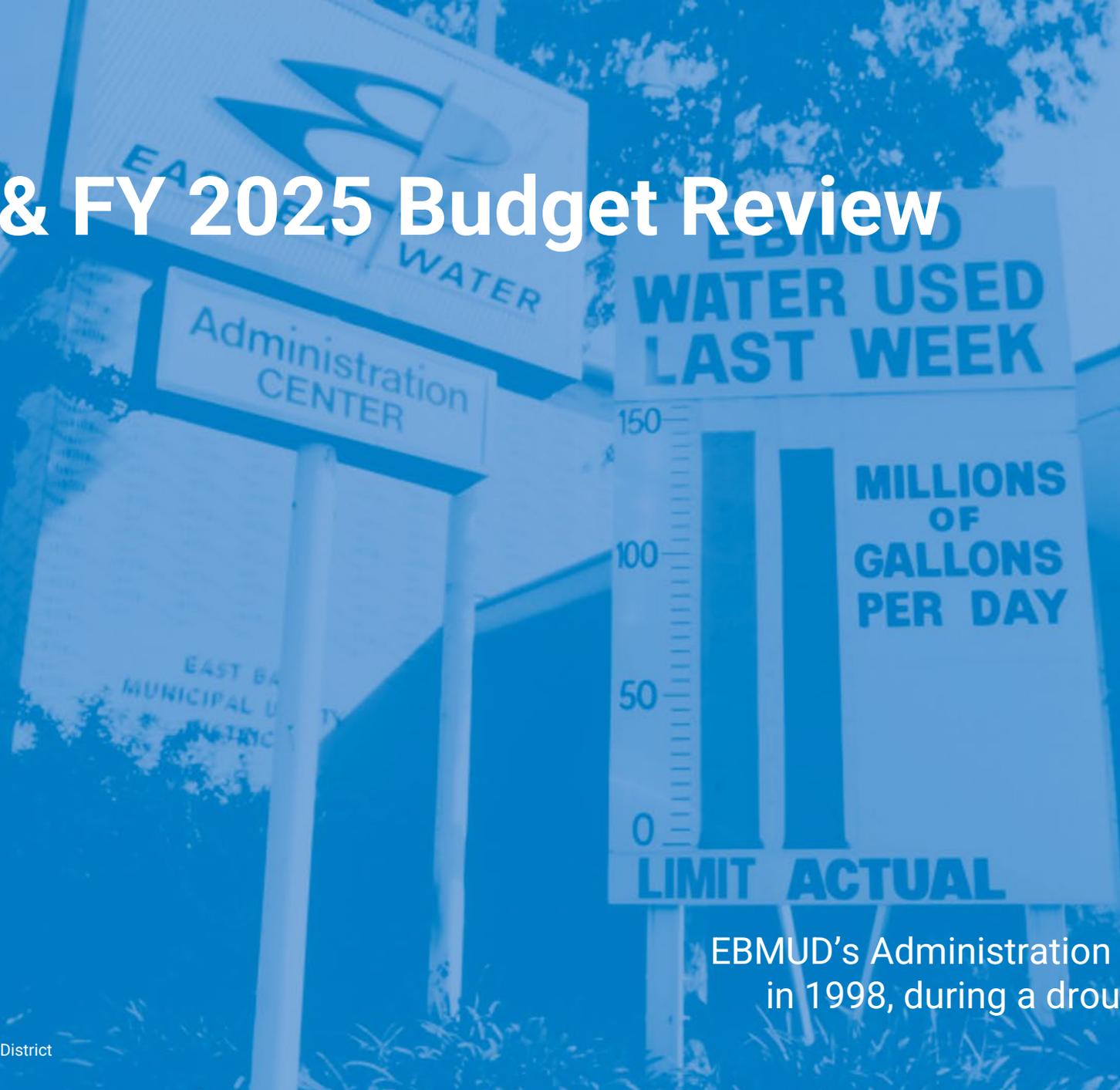
Strategic Plan Goal	Notable Budget Investments
Long-Term Water Supply	<ul style="list-style-type: none"> Continuing to support non-potable reuse projects, groundwater projects, and other smart investments
Water Quality & Environmental Protection	<ul style="list-style-type: none"> CIP will complete several large Water Treatment Plant Improvements Continuing to fund efforts to manage the watershed and healthy rivers and natural lands
Long-Term Infrastructure Investment	<ul style="list-style-type: none"> Continuing provide increased funding for aging infrastructure 10-Year CIP is funded using a mix of cash and debt, ensuring future flexibility for larger projects
Long-Term Financial Stability	<ul style="list-style-type: none"> Budget balances expenses, rates, and debt New 10-Year CIP reflects new Long-Range Financial Planning effort
Customer & Community Services	<ul style="list-style-type: none"> Increasing support for the Customer Assistance Program Continuing to fund education programs for schools
Workforce Planning & Development	<ul style="list-style-type: none"> Continuing to increase funding for training, with an increase focus on training and workforce development for the trades

Budgets are Balancing Acts



Note: Font size equivalent to the relative size of the source or use of funds.

FY 2024 & FY 2025 Budget Review



EBMUD's Administration Center
in 1998, during a drought



Adopted FY 2024 & FY 2025 Budget

By the Numbers: Water System

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Rate Revenue Increases	8.5%	8.5%	6%	6%	6%
Total Revenues	\$807 million	\$884 million	\$946 million	\$1,012 million	\$1,076 million
Total Expenses	\$1,114 million	\$1,190 million	\$1,215 million	\$1,200 million	\$1,236 million
New Debt Issuance to Fund Capital	\$269.5 million	\$269.5 million	\$269.5 million	\$171.5 million	\$147.0 million
Full-Time Equivalent (FTE) Positions	1,925.75	1,926.75	N/A	N/A	N/A

Adopted Budgets

Approved Projections

Adopted FY 2024 & FY 2025 Budget

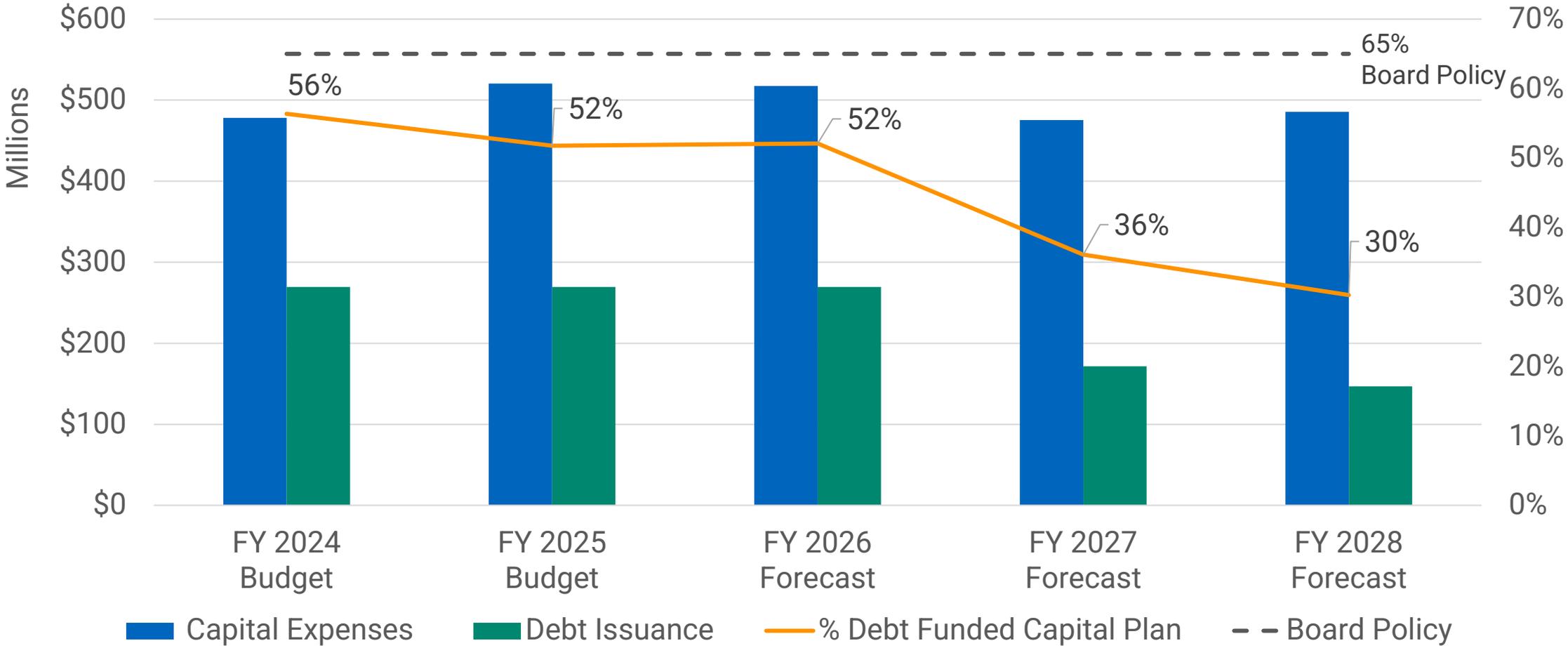
By the Numbers: Wastewater System

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Rate Revenue Increases	8.5%	8.5%	6%	6%	6%
Total Revenues	\$166 million	\$177 million	\$185 million	\$194 million	\$203 million
Total Expenses	\$187 million	\$202 million	\$210 million	\$224 million	\$254 million
New Debt Issuance to Fund Capital	\$24.5 million	\$29.4 million	\$29.4 million	\$34.3 million	\$53.9 million
Full-Time Equivalent (FTE) Positions	304.00	304.00	N/A	N/A	N/A

Adopted Budgets

Approved Projections

Debt Planned in FY 2024 & FY 2025 Budget



Note: Water & Wastewater Combined



Major Investments: Infrastructure

Water System

- Concluding in FY 2025
 - Wildcat Pipeline
 - Key Reservoirs: Castenada No. 1 and 2, Acorn No. 1, Derby, Scenic & Scenic East Rehabilitations
 - Orinda, Lafayette, & Walnut Creek Water Treatment Plant (WTP) Carbonic Acid Feed Systems
- Major spending in FY 2024 – FY 2025
 - Orinda and Upper San Leandro WTPs
 - Pipeline Rebuild
- Beginning in FY 2024 – FY 2025
 - Central Reservoir – Design
 - East of Hills Facilities Demolitions & Improvements
 - Critical Pumping Plants: Westside, Arroyo, Fay Hill, Rheem, & Scenic East
 - Mokelumne Aqueduct No. 1 Phase 13 Recoating

Wastewater

- Concluding in FY 2025:
 - Operations Center
 - Power Generating Station Reliability Improvements Phase 3
 - Dechlorination Improvements Phase 3
- Major spending in FY 2024 – FY 2025
 - Oxygen Plant Rehabilitation
 - North Interceptor Rehab Emeryville
 - Secondary Clarifier Phase 4
- Beginning in FY 2024 – FY 2025
 - Influent Pump Station Resiliency Project – Seismic
 - Dewatering Improvements Project
 - Grit Dewatering Equipment Replacement and Reactor Drain Improvements

Major Investments: Workforce Development

Direct-Hire Interns

- As of FY 2024, 44 positions for internships and other related programs (+37 funded in FY 2024)
- So far, 37 interns have been hired in departments throughout the District
- Recruitments are underway for Winter 2025

Sponsored Internships (2024)

- 26 High School Summer Interns in the East Bay
- 3 High School Summer Interns in Mokelumne Watershed pilot project
- 2 Toolworks Interns
- 4 BAYWORK Stackable Interns



High School Summer Interns visit Pardee in 2024

Major Investment: Education (Our Future!)

- Added Community Affairs Rep III position to coordinate education program.
- Focused on equity and accessibility. Offering multiple programs for diverse stakeholders across the service area.
- Successes include:
 - Developed Field Trips: 5th Grade Water and High School Wastewater (~1,300 students per year, ~65% Title I Schools)
 - Bus reimbursement (100% for Title I Schools, 50% for others)
 - School assemblies and classroom presentations (reached ~6,500 students per year, ~75% Title I Schools)
 - Continued supporting adult education programs: Water Walks, Water Wednesday Webinars, Community Water Academy
 - Strategic Community Partnerships: Oakland Zoo, Oakland Museum of California, East Bay Parks and Recreation District, and more.
 - Expanded Upcountry Education and Field Trips (~3,000 students per year)



5th Grade Field Trip at San Pablo Reservoir

Budget Workshop #1 Goals

EBMUD Employee at El Sobrante
Water Treatment Plant, 1999



Key Goals for Budget Workshop #1

- Budget Workshops are the next step in the biennial budget process to incorporate Board and public feedback
- Share a broad overview of all expenses and revenues
- Discuss major themes and issues in the budget process
- Requesting Board input on:
 - Strategic priorities and direction
 - Areas for further information or investments in the budget
 - Rates and funding scenarios
 - Trade-off between expenses, rates, and debt

Major Budget Drivers and Themes

EBMUD employees work collaboratively on major infrastructure projects



SAFETY FIRST

Challenges Ahead

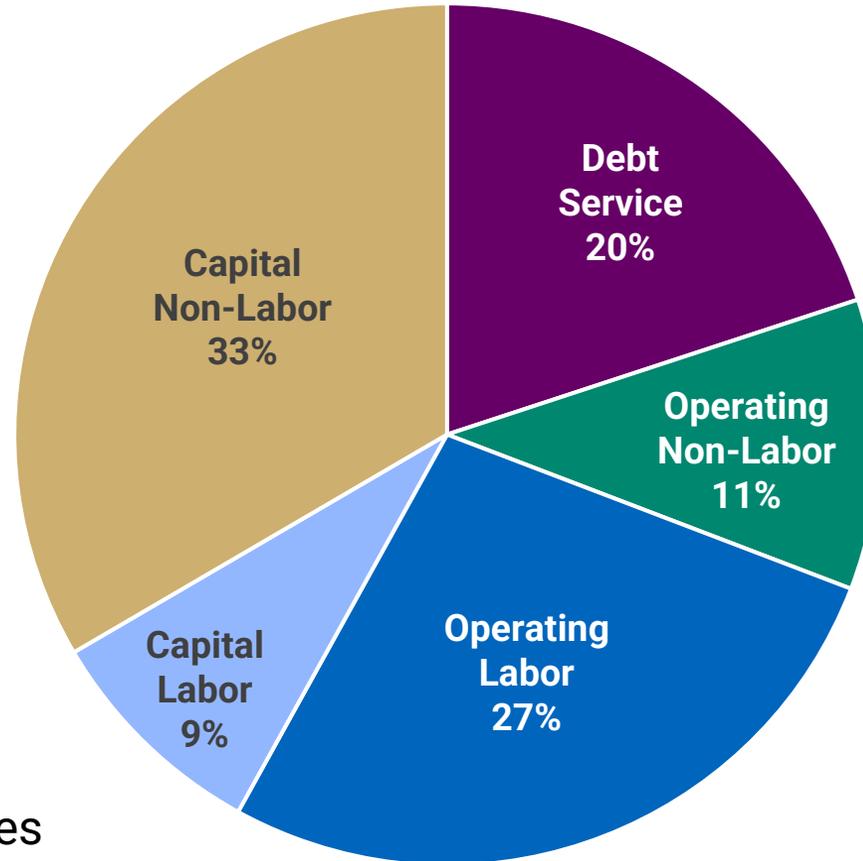
- Aging infrastructure
- Climate change resulting in increased:
 - Severity and frequency of droughts
 - Weather extremes
 - Wildfire risks
- Nutrients
- Continued water conservation and inflation
- Changing regulations
- Emerging contaminants

FY 2026 & FY 2027 Budget Focuses On:

- Adapting to climate change through infrastructure investments
- Investing in and renewing aging infrastructure to maintain reliability and increase resiliency
- Preserving high water quality & meeting or surpassing regulations
- Ensuring environmental stewardship for the watershed and the SF Bay
- Balancing expenses, debt, and rates for long-term fiscal health
- Investing in innovation to increase effectiveness at reasonable costs
- Engaging the community, developing a strong workforce, and delivering services equitably and in ways that reflect our community

Major Expense Categories

Water & Wastewater Budget
FY 2026 & FY 2027



Note: Based on preliminary figures

Budget Increases: Labor

Driver	Increase in FY 2026**	Increase in FY 2027***
Increases in wages* and additional pay types (overtime, standby pay, holiday premium pay, etc.)	+5.3% +\$26.6 million	+4.3% +\$23.3 million
Increased costs for fringe benefits*	+2.7% +\$13.7 million	+0.4% +2.4 million
Proposed new positions and updates to existing positions	+0.8% +\$4.2 million	--
Total Increases	+8.9% +\$44.5 million	+4.7% +25.7 million

*Does not include cost increases that may arise from labor negotiations; only includes estimates of wage increases equal to historical inflation.

*Compared to FY 2025's total labor costs and based on preliminary figures.

**Compared to FY 2026's preliminary labor costs.

Budget Increases: Addressing Challenges Through Prudent Infrastructure Investments

Water System Examples:

- Aging Infrastructure
 - Pipeline Rebuild & Large Diameter Pipelines
 - Upper San Leandro Water Treatment Plant (WTP)
 - Central Reservoir Replacement
 - Mokelumne Aqueduct No. 2 Relining
 - Lafayette Aqueduct No. 1 Relining
- Climate Change & Resiliency
 - Walnut Creek WTP Pretreatment Improvements
 - Recycled Water Improvements
- Water Quality
 - Pardee Chemical Plant Improvements
 - Lafayette WTP Disinfection & Residual Improvements

Wastewater System Examples:

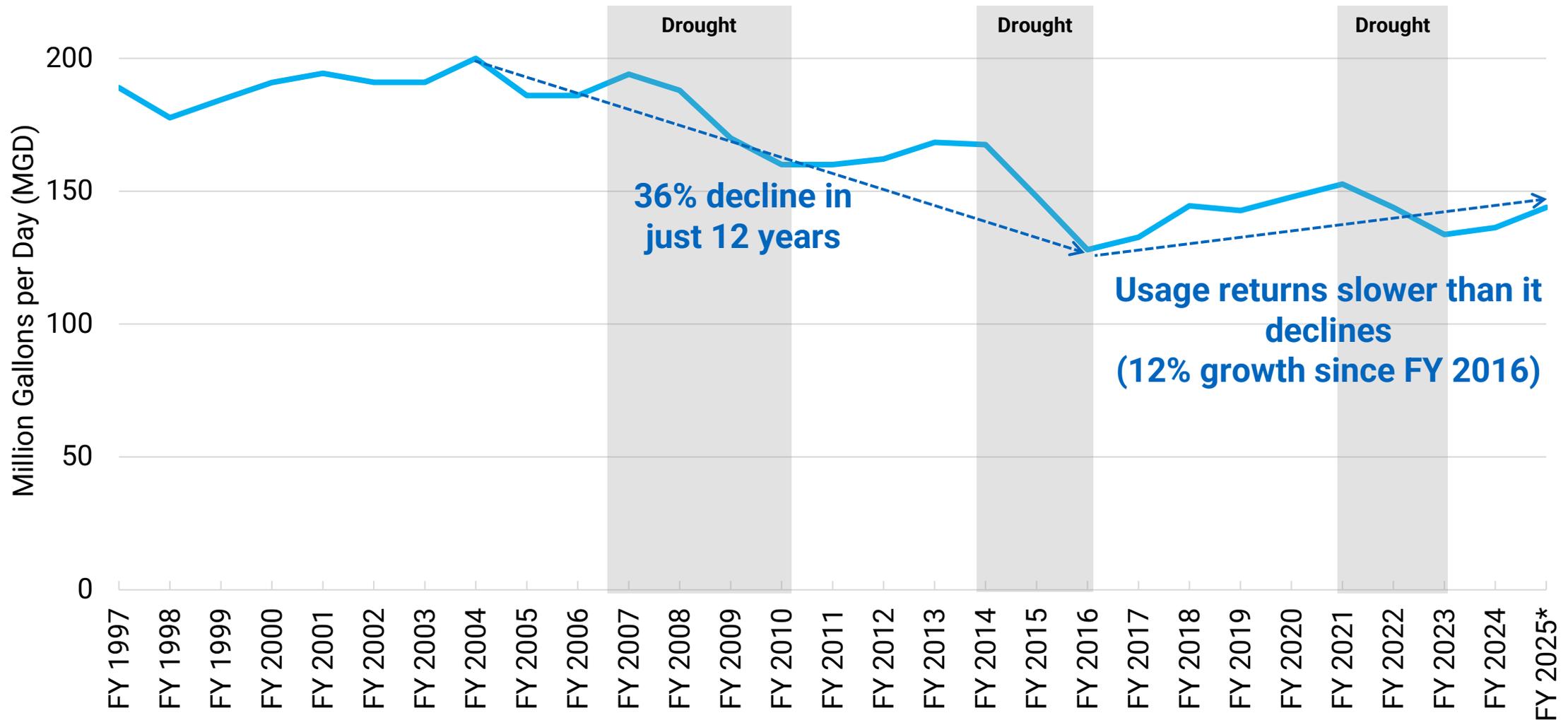
- Aging Infrastructure
 - New Dewatering Building
 - Secondary Reactors & Clarifiers Rehabs
- Nutrients
 - Side Stream Treatment
 - Secondary Reactor Deck Expansion
- Seismic Preparation
 - Lab Building Seismic Retrofit and HVAC
 - Maintenance Center Seismic Retrofit
 - Influent Pump Station (IPS) Resiliency
 - Field Services Building

Budget Increases: Operating

Driver	Increase in FY 2026*	Increase in FY 2027**
Security contracts	+99.7% +\$5.1 million	+3.4% +\$350,000
Chemicals and energy	+9.3% +\$4.2 million	+4.0% +\$2.0 million
Computer software	+49.1% +\$3.4 million	+3.8% +396,000
Insurance and liability claims	+18.6% +2.4 million	+13.6% \$2.1 million

*Compared to FY 2024 actual expenses for the same item; based on preliminary budget figures.

Consumption Trends Impact Revenues



*Budgeted consumption

Funding Our Capital Plans

Construction of Pardee Dam



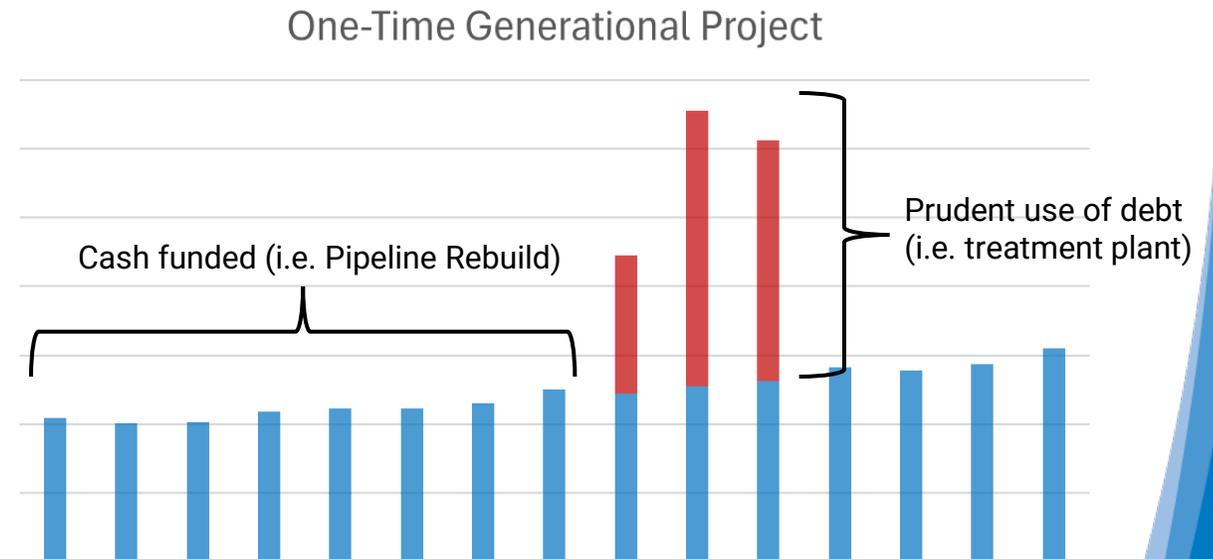
Funding the Capital Improvement Program

- The District will be continuing its long-standing practice of funding its capital plan with a mix of cash and borrowing
- Borrowing is largely in the form of Revenue Bonds
- Under Board-approved Policy 4.27 – Debt Management, the District can borrow for a maximum of 65% of its capital expenses
- The preliminary 10-year capital program implements a prudent level of borrowing that is below the policy maximum
- **Note: staff will be bringing bond issues to the Board in the Spring, which are part of the already-approved FY 2024 & FY 2025 Budget**

Strategic Use of Debt in Capital Planning

- Many District projects represent perpetual reinvestment in the system
 - Pipeline Rebuild, pumping plants, reservoirs
- Cash funding ongoing renewal work rather than issuing debt is a more sustainable approach
 - The capital needs are annual
 - Interest costs and fees are avoided
 - No reliance on capital markets (market access, interest rates, etc.)
- This financial plan moves the District toward greater cash funding of ongoing capital

Capital spending that favors some debt funding

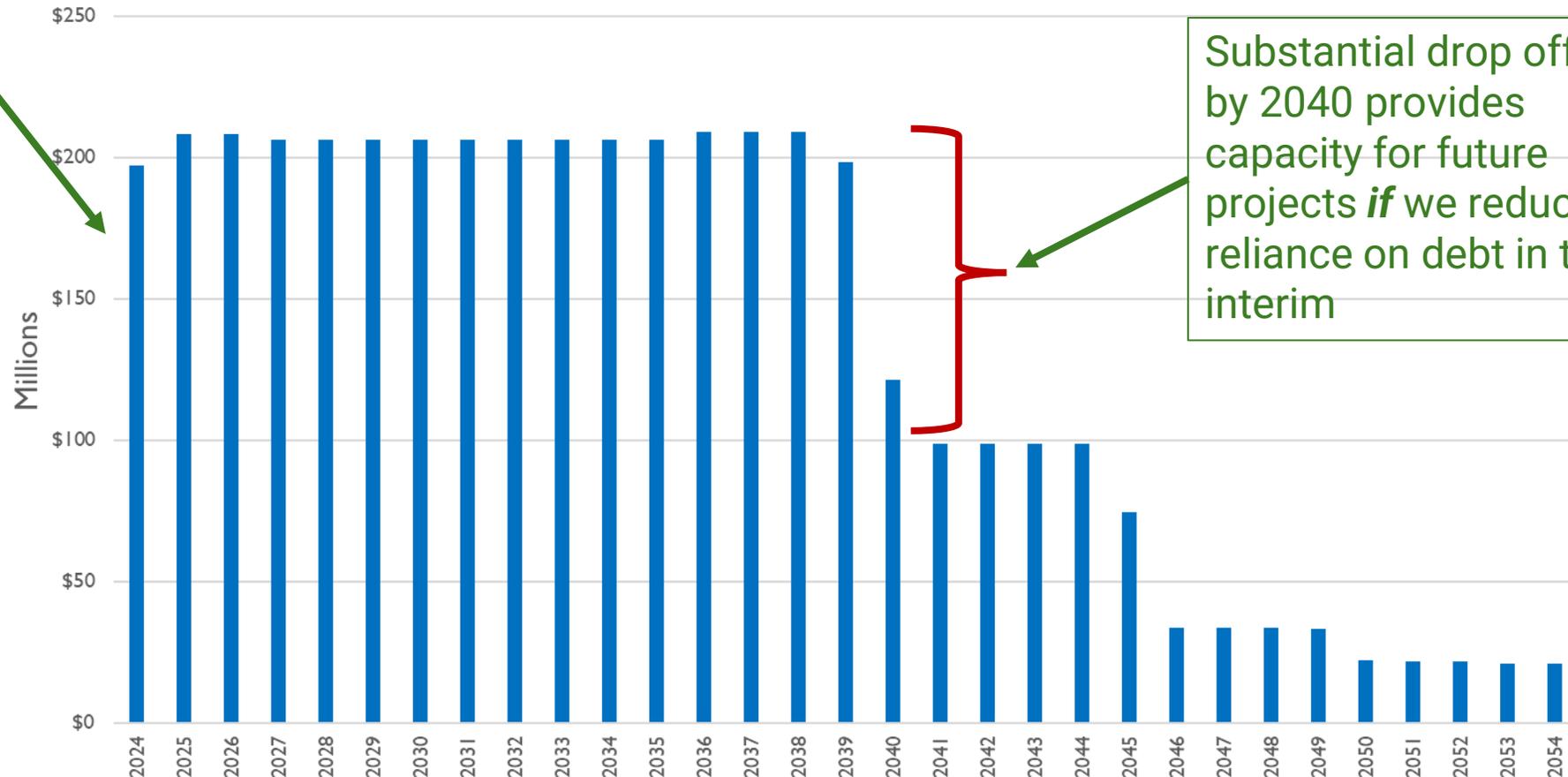


Example for illustrative purposes and not based on actual capital plans

Debt Capacity Increases in 15 Years Without Additional Debt Issuance

Water System Debt Service Schedule

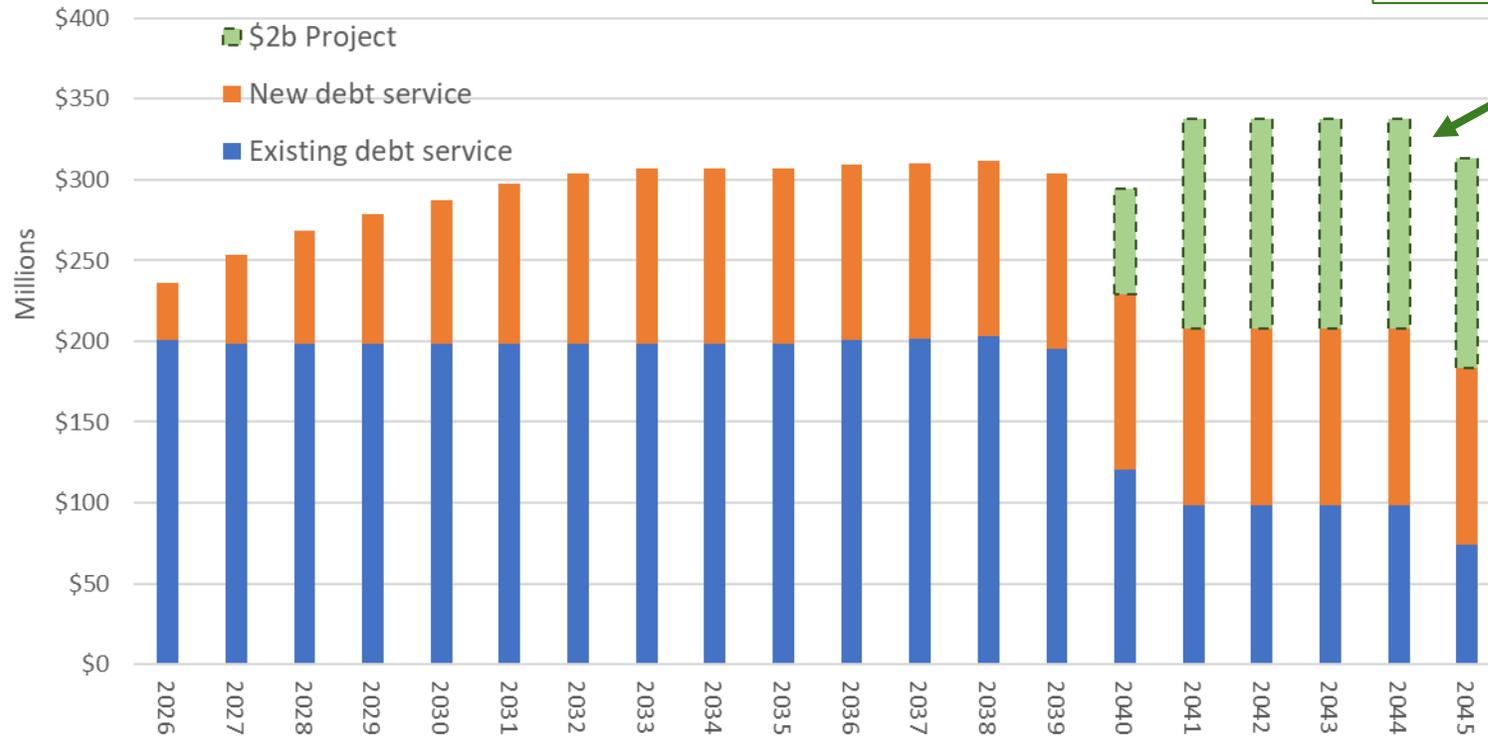
Debt service is a large portion of our budget today



Substantial drop off by 2040 provides capacity for future projects *if* we reduce reliance on debt in the interim

Leaving Debt Capacity Provides Room for Large Future Projects

Example: \$2b Project in 2040



Capacity provided to debt-fund future generational project

Examples are for illustrative purposes and not based on actual scenario planning

Both Cash & Debt Will Be Used to Fund Capital

- Annual bond issues are planned to fund a portion of the CIP
- Both Water and Wastewater financing plans take a prudent approach to debt
- Careful and limited use of borrowing:
 - **Increases** future financial flexibility
 - **Lowers** interest costs
 - **Reduces** exposure to capital markets
 - **Enhances** financial and systemic resiliency to natural disasters
 - **Provides capacity** to debt-fund large projects in the future

Over time, this strategy saves ratepayers money while delivering capital investments and high-quality services and environmental protection.



Measured Use of Debt in the Capital Plan



Invest in capital infrastructure



Keep rates reasonable



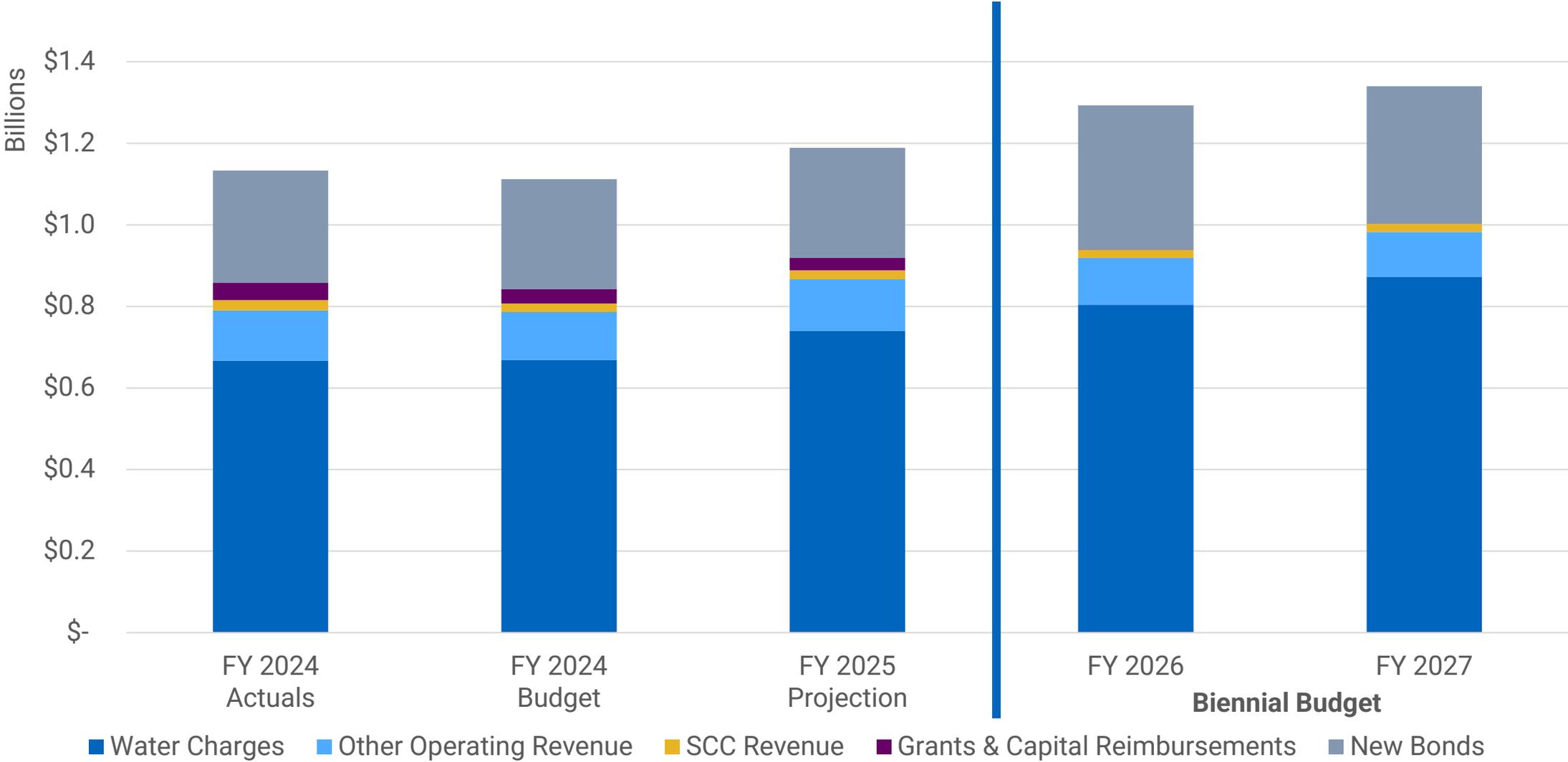
Leave financial capacity for larger projects in the future (known and unknown)

Water System

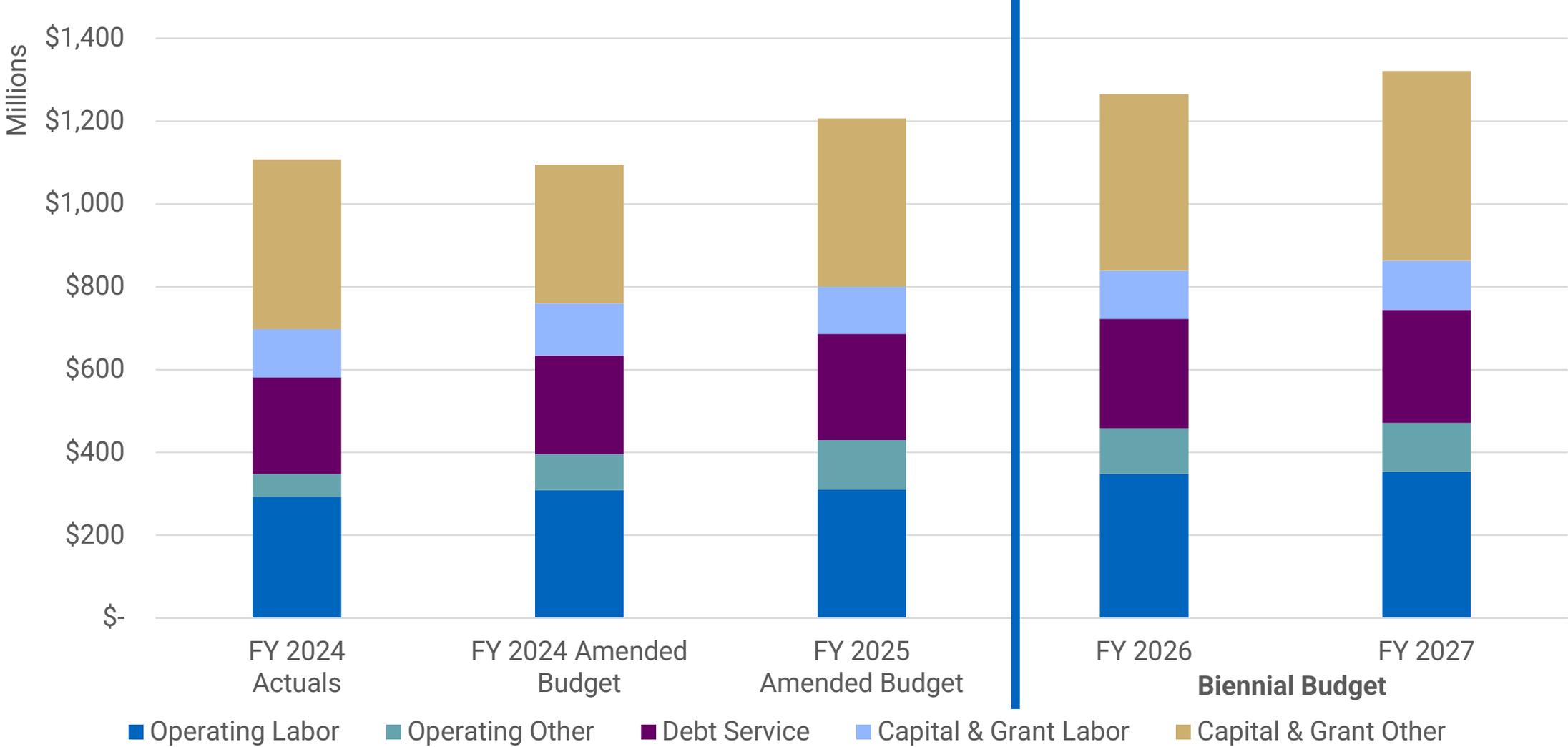
Orinda Water Treatment Plant
(Photo from 2019)



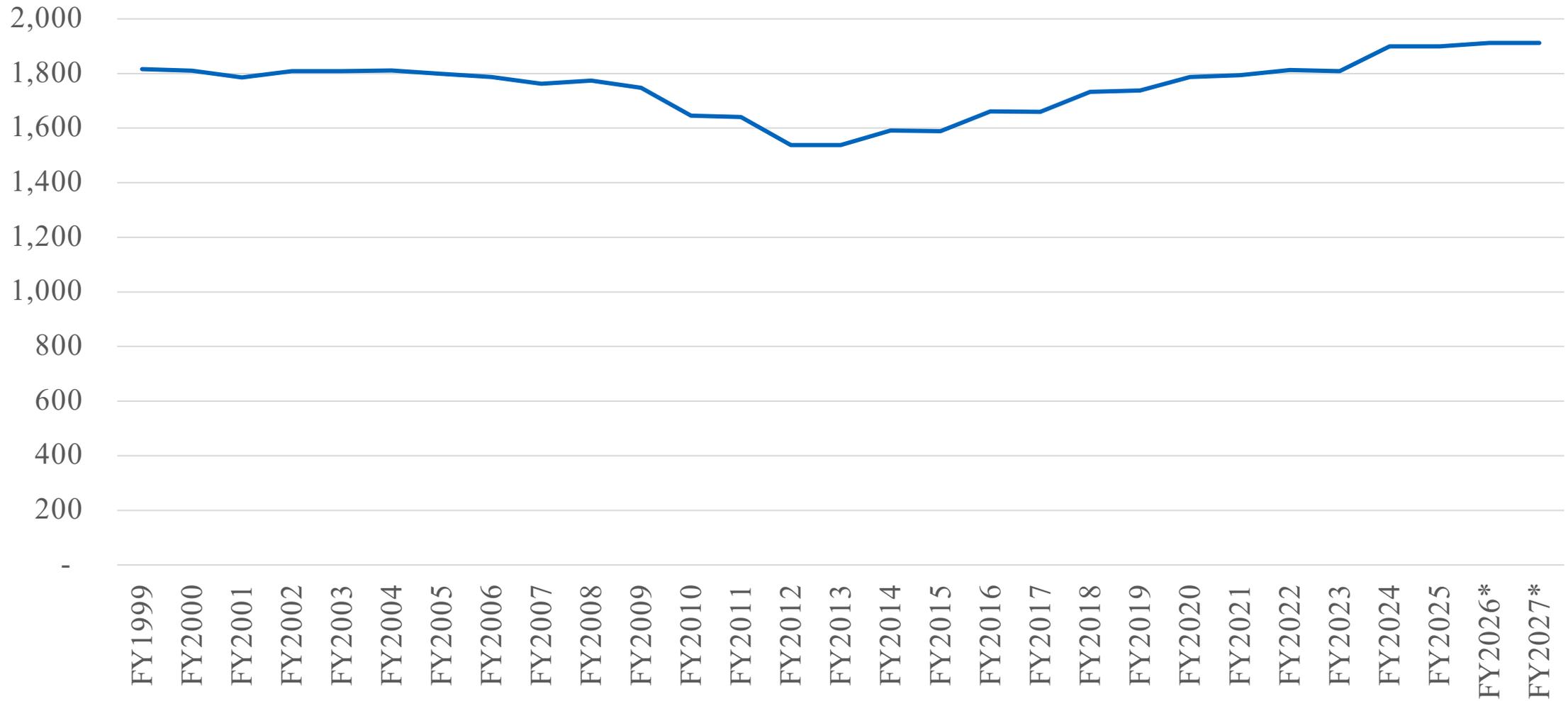
Sources of Funds (Revenues)



Uses of Funds (Expenses)



Water System Staffing History



*Preliminary figures.

Preliminary Staffing Changes

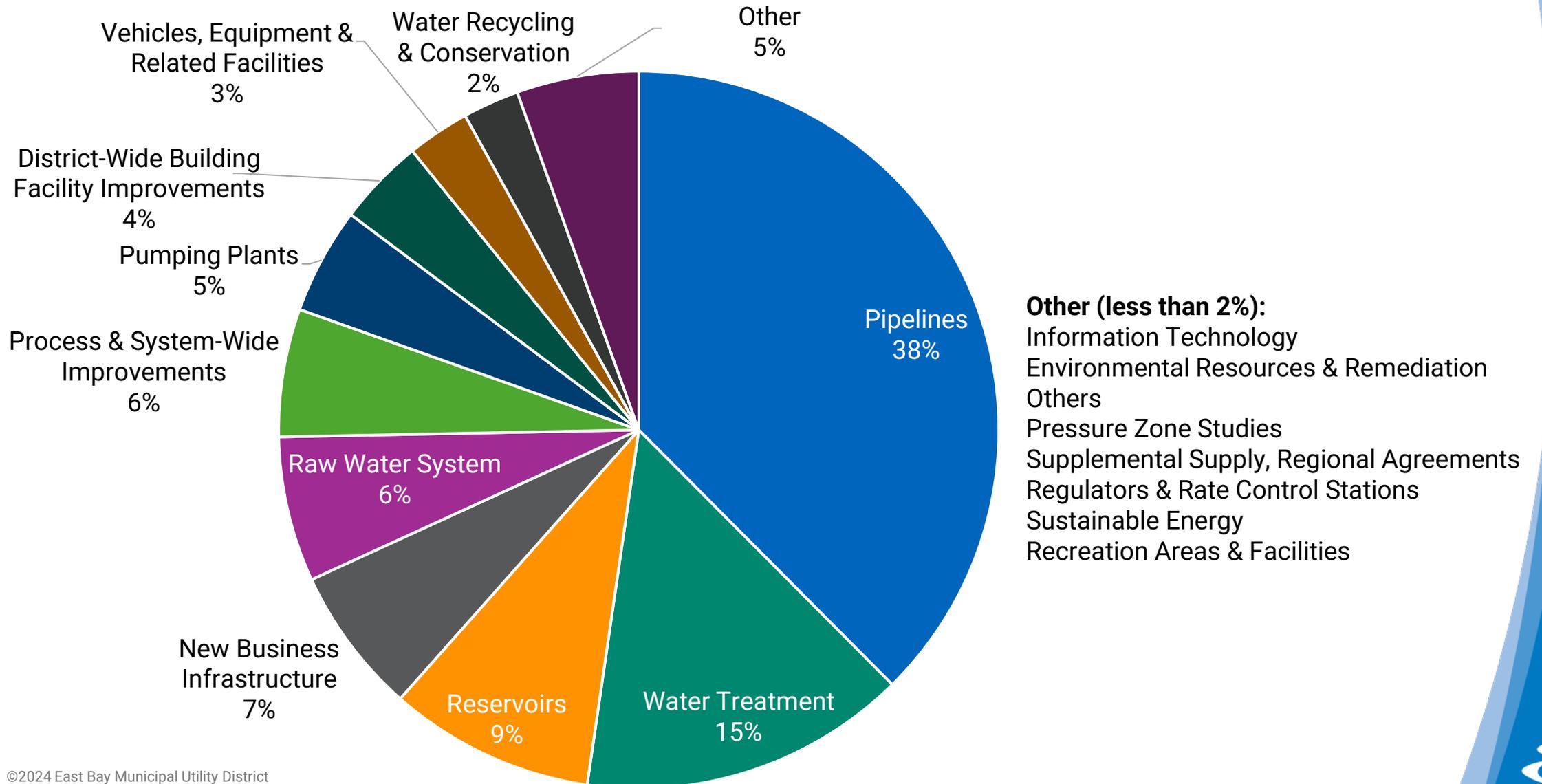
Preliminary staffing changes include:

- Positions for data science, improving our approach to data-backed decision-making using experts in data work
- Limited Term (L/T) positions for Camanche Recreation Area safety enhancements and patrols
- Temporary Construction (T/C) positions to support implementation of new asset management software



Preliminary staffing changes include positions supporting data science, recreation, and asset management

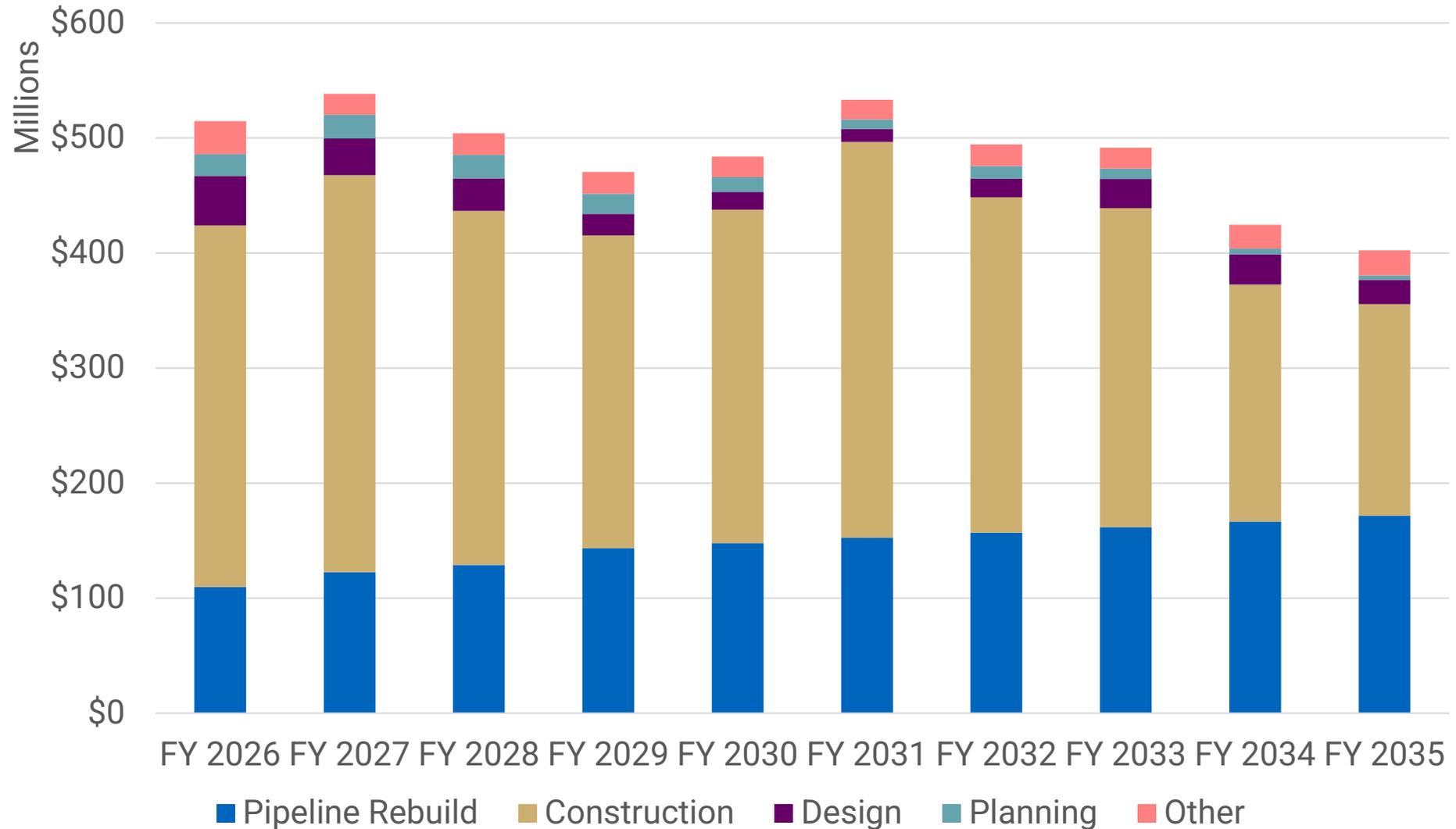
Water System CIP by Asset Class



Water System CIP – Major Projects

- 290 miles of replaced pipeline over the next ten years
- Pardee Chemical Plant and Lafayette Tower Seismic Safety Improvements
- Relining of Mokelumne Aqueduct No. 2 and Lafayette Aqueduct No. 1
- Orinda Water Treatment (WTP) Improvements
- Upper San Leandro (USL) WTP Reliability Improvements
- Additional WTP Improvements
 - USL, Sobrante, Orinda, Lafayette, and Walnut Creek WTP Chemical Systems Safety
 - Lafayette WTP Control System Upgrades
 - Lafayette WTP Disinfection and Residuals Improvements
 - Walnut Creek WTP Pretreatment Improvements
- Alameda Crossing #2, Montana, Summit PZ, and South 54 Large Diameter Replacements
- Central Reservoir Replacement
- Reservoir and Pumping Plant Replacements and Rehabilitations
- Recycled Water Improvements

Water System CIP by Phase



Water System CIP Refinements

Almond Reservoir

- Open cut reservoir in Castro Valley; shared site with Cull Creek Reservoir
- **Project Refinements:**
 - Design: FY 2026 – FY 2027 as planned
 - Construction: deferred to FY 2032 – FY 2035
- **Risk Mitigation:**
 - Cull Creek Reservoir rehabbed in 2021; can be placed in service in case of unexpected outage.
 - Proctor Pumping Plant will be upsized before required per increased demand projections.
 - Rate control station improvements recently approved by Board are already underway.
- **Instead:** Earlier start and completion of higher priority Central Reservoir in the 10-year plan



Almond Reservoir Replacement Site Plan

Water System CIP Refinements

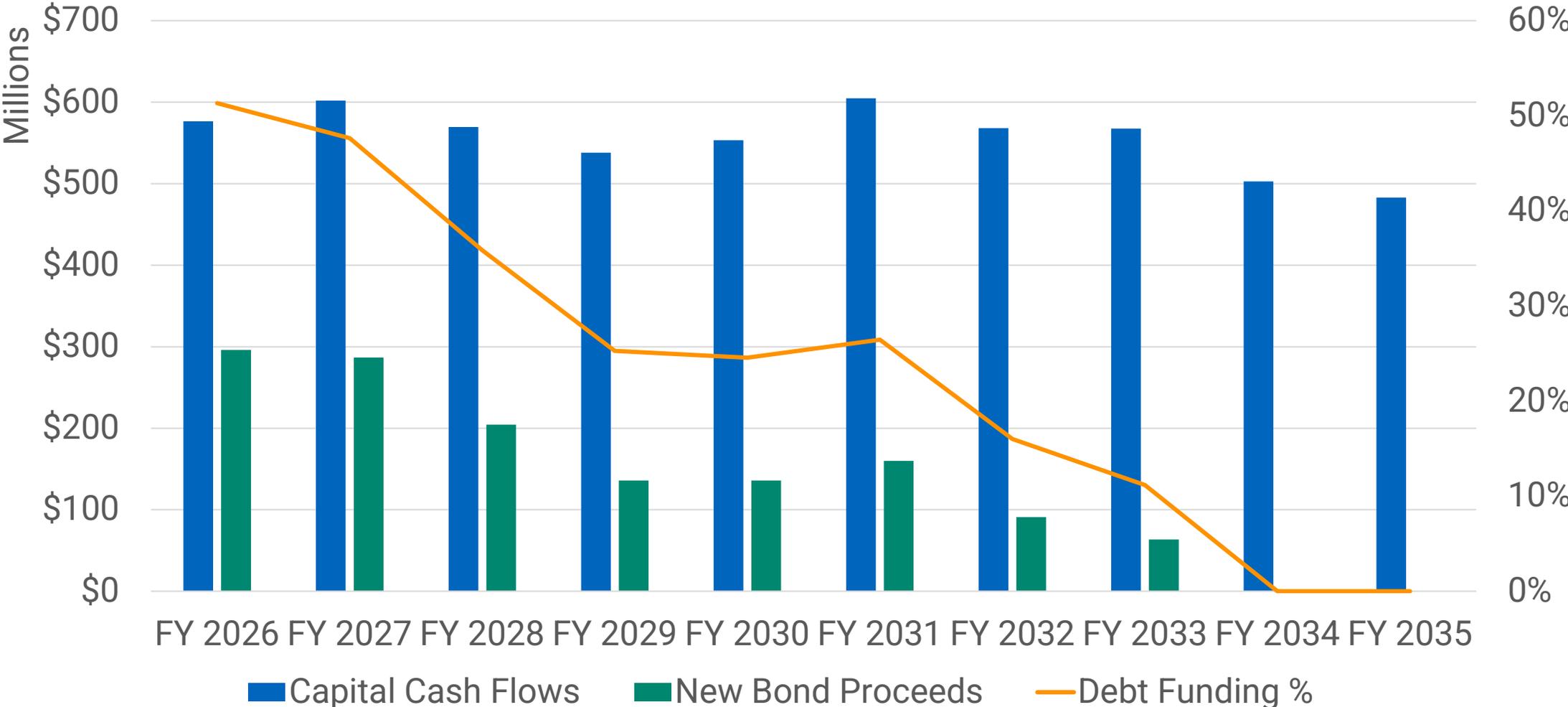
Mokelumne Aqueducts Resiliency Project (MARP)

- New 16.5-mile tunnel from Stockton to Bixler; redundancy will protect aqueducts against flood and seismic events in the Delta
- **Project Refinements:**
 - Design moved to FY 2036
 - Construction moved to FY 2039
- **Risk Mitigation:**
 - Mokelumne Aqueducts No. 1 & 2 aging but in adequate condition
 - Mokelumne Aqueduct No. 3 seismically retrofitted
 - All aqueducts now interconnected on either side of vulnerable Delta region, minimizing operational impacts in the event of a single aqueduct's failure
 - Delta Conveyance Project (state access agreement) will be below MARP and will not interfere with operations or construction
- **Instead:** Mokelumne Aqueduct No. 2 Relining, Lafayette Aqueduct No. 1 Relining, Jones Tract Scour Protection



An above-ground portion of Mokelumne Aqueduct

10-Year CIP Reaches Cash-Funding by Year 8



Recommendations and Projections

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
Rate Revenue Increases	6.5%	6.5%	6.5%	6.5%	5%	5%	5%	5%	5%	5%
Budgeted Debt Issuance*	\$300M	\$290M	\$200M	\$136M	\$136M	\$160M	\$95M	\$63M	\$0	\$0
Debt Funding %	51%	48%	36%	25%	25%	26%	16%	11%	0%	0%
Action in June 2025	Adopt	Adopt	Project	Project	Project	Plan	Plan	Plan	Plan	Plan

*Preliminary figures. These will change in the Proposed Budget in March 2025.

Reducing Costs While Maintaining High-Quality Services, Environmental Protection, and Long-Term Resiliency

- Develop methods to target the highest-risk pipes for Pipeline Rebuild
- Find new ways to do our work – innovation and efficiency improvements
- Explore different construction methods, such as design-build
- Plan long-term trends conservatively, spend even more conservatively
- Prioritize capital projects to ensure prudent investments in the future
- Use long-range financial planning to ensure a financially resilient system

Focus on our core business and meeting our community's needs for safe and reliable water services and the protection of the natural environment at reasonable rates.



Preliminary Budget Proposal



Invest in capital infrastructure



Keep rates reasonable



Leave financial capacity for larger projects in the future (known and unknown)

Workshop Break

Walking dogs at Albany Beach is more pleasant with a clean San Francisco Bay, protected by the Wastewater System

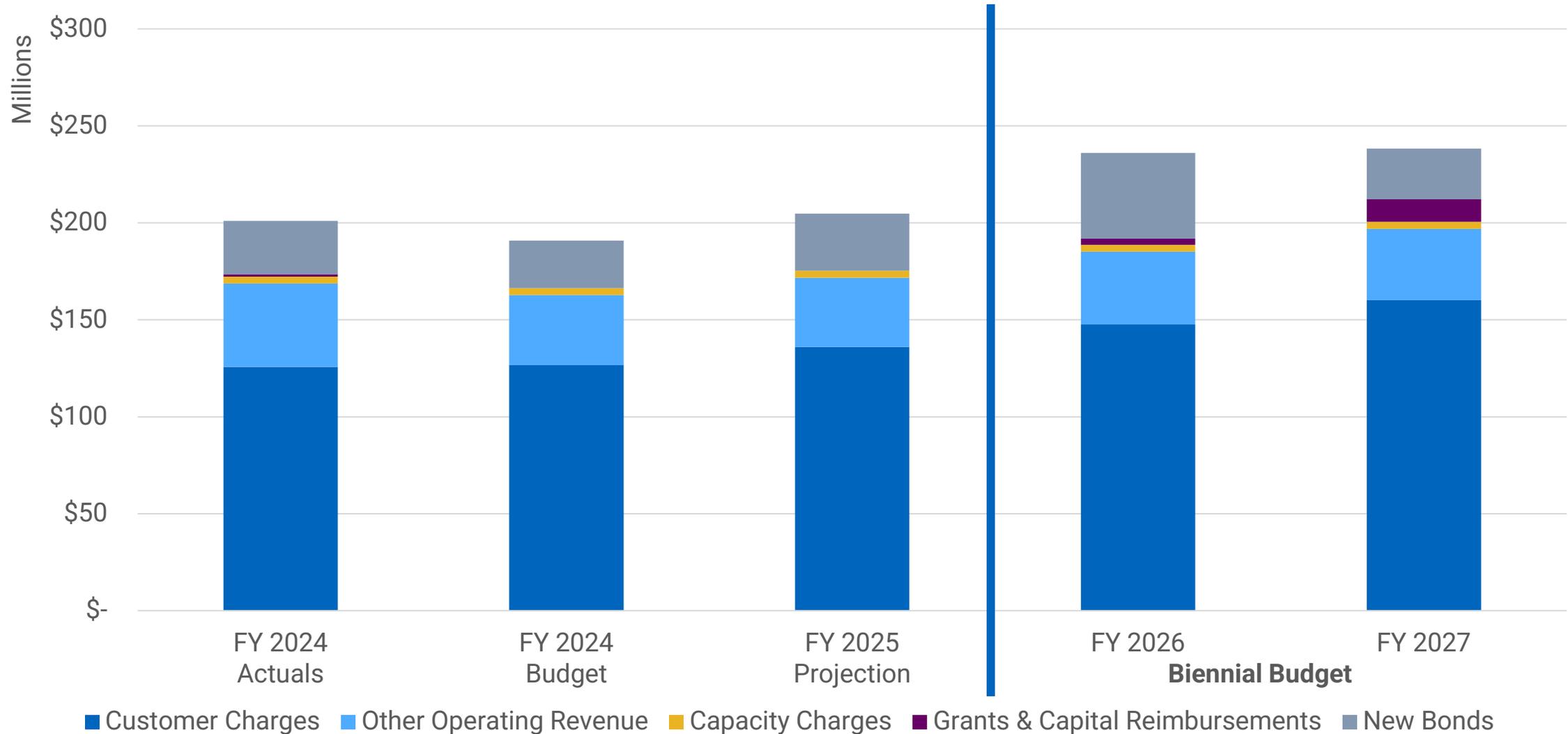


Wastewater System

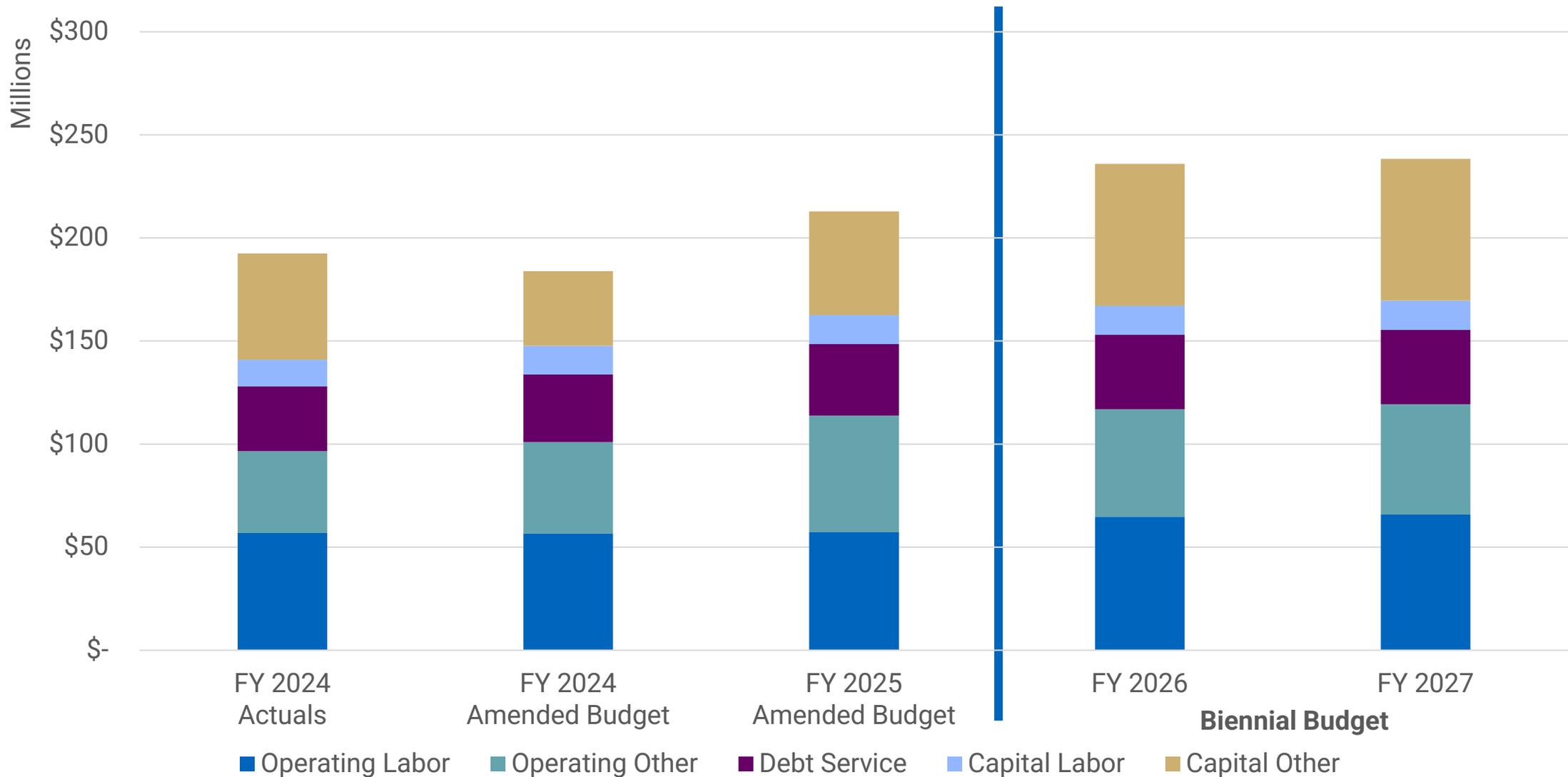
Clarifiers at the Main Wastewater Treatment Plant, overlooking the San Francisco Bay



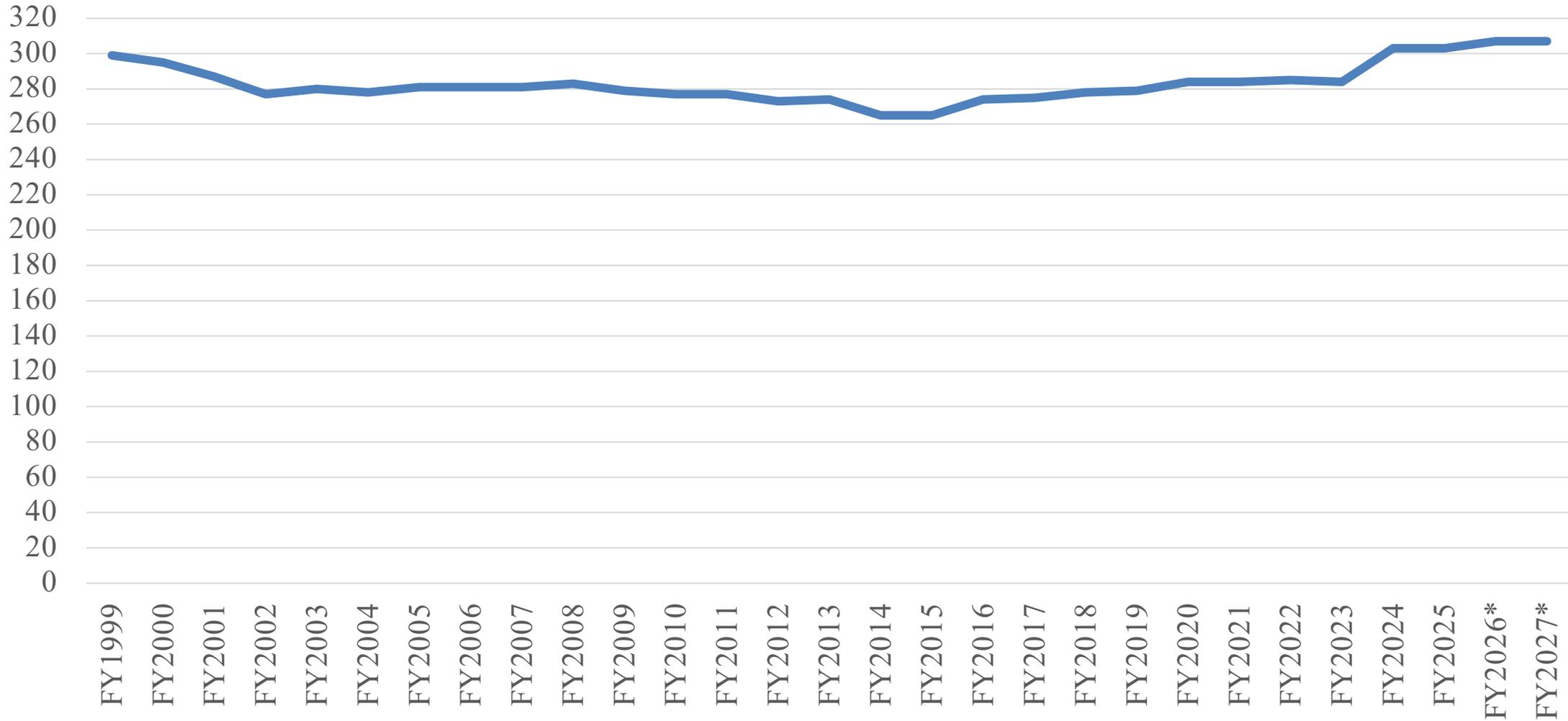
Sources of Funds (Revenues)



Uses of Funds (Expenses)



Wastewater System Staffing History



*Preliminary figures.

Preliminary Staffing Changes

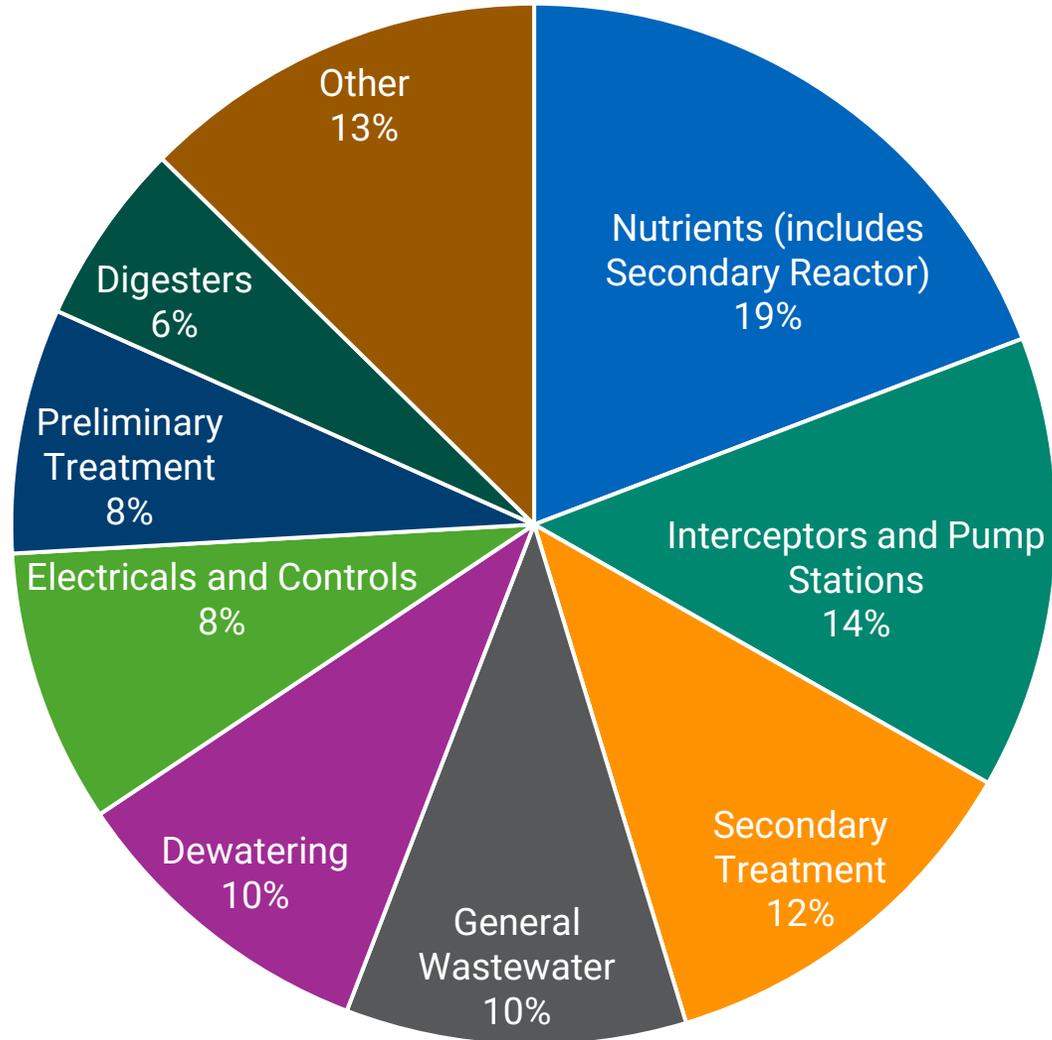
Preliminary staffing changes include:

- An additional Limited Term (L/T) Technical Trades Apprentice, to promote workforce development for critical trade positions in operations
- An electrical technician to support continued improvement on the backlog of electrical work



Wastewater staff work together to protect the ecosystem of the San Francisco Bay

Wastewater System CIP by Asset Class



Other (less than 5%):

- Utilities and Sitework
- Power Generation and Biogas
- Wet Weather Facilities
- Effluent Discharge
- North Richmond Water Recycling Plant
- Resource Recovery
- Primary Treatment

Wastewater System CIP – Major Projects

- New Dewatering Building
- Lab Building Seismic Retrofit and HVAC Improvements
- Maintenance Center Seismic Retrofit
- Secondary Reactors Rehab Phase 2
- Influent Pump Station (IPS) Resiliency
- O2 Plant Improvements
- Emergency Generator

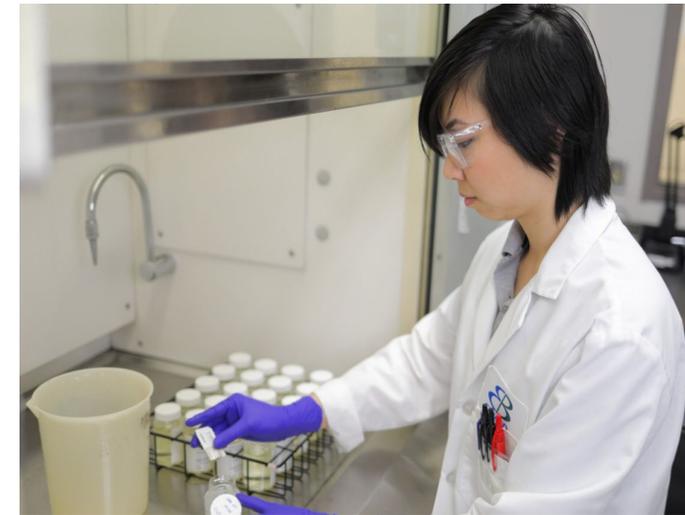


Overlooking the Main Wastewater Treatment Plant,
looking southeast towards Downtown Oakland

Wastewater System CIP Refinements

Laboratory Seismic and HVAC Improvements

- The Lab serves a critical function for both Water and Wastewater
- Project Refinements:
 - Scope split into two phases with Phase 1 including the most critical lab HVAC and retrofit work
 - Schedule updated to implement the project over two phases
 - Phase 1 targeted for completion in FY 2029
 - Phase 2 will start in FY 2030 and complete in FY 2032
- **Risk Mitigation:**
 - Phase 1 scope elements will reduce risk most cost effectively
 - Phase 2 scope elements are lower risk and can be deferred
- **Instead:** Phasing the project allowed the most critical scope to be implemented in the near term – without phasing, the full project would have been deferred.



The lab provides critical services to both the Water and Wastewater Systems

Wastewater System CIP Refinements

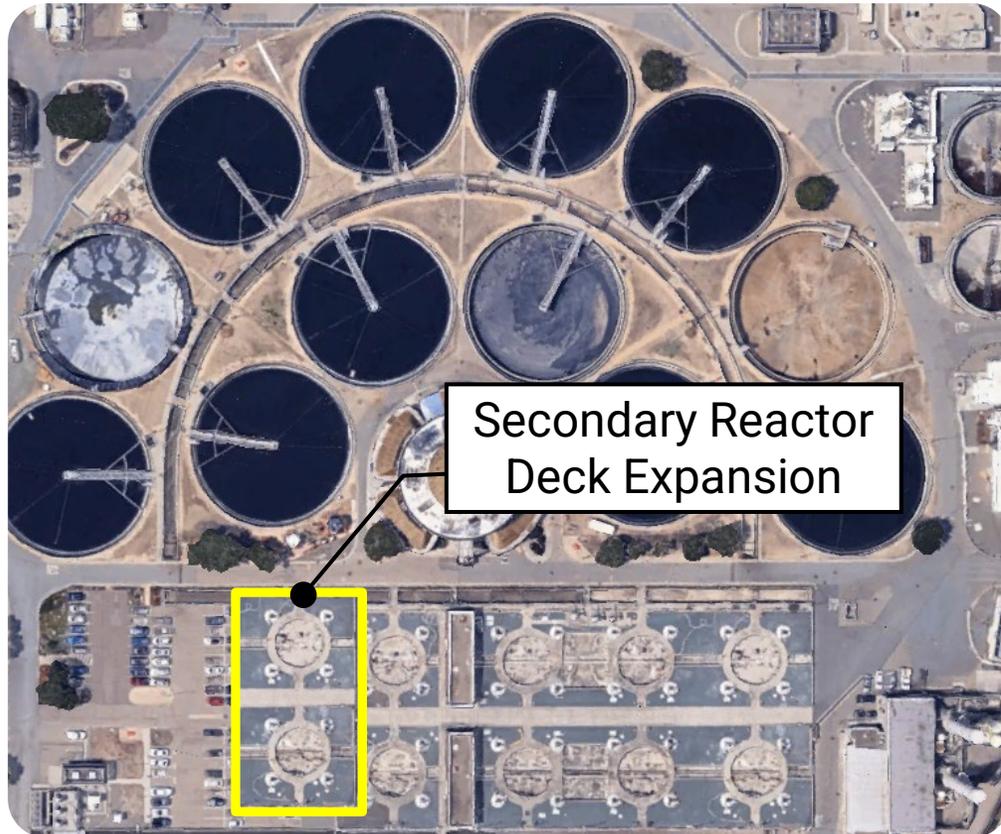
Remote Wet Weather Facilities Improvements Project

- This project will renew infrastructure at the Wet Weather Facilities to ensure reliable operations during peak wet weather events, reducing the likelihood of a regulatory violation
- **Project Refinements:**
 - Urgency of the project improvements scrutinized
 - Schedule updated to phase implementation over multiple construction contracts (FY 2027 to FY 2034)
- **Risk Mitigation:** A more thorough condition assessment and risk assessment will start in FY 2025 to identify the truly essential improvements necessary in the earlier construction phases
- **Instead:** More urgent Interceptor Rehab projects on the North Interceptor and Alameda Interceptor



Wet Weather Facilities ensure reliability during peak atmospheric events for regulatory compliance

Nutrients and the Secondary Reactor



A visual mock-up of the location of the potential additional secondary reactors

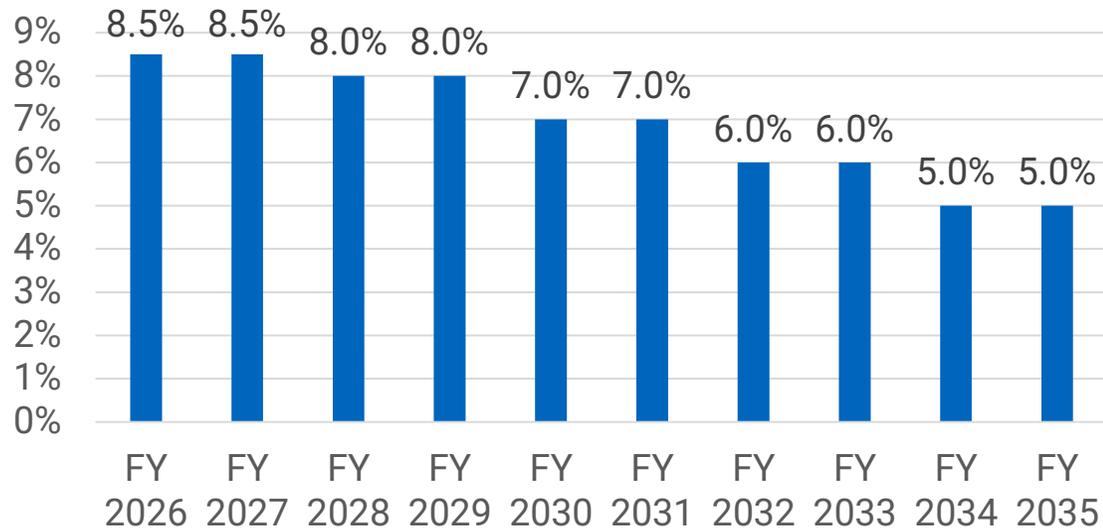


Key Takeaways

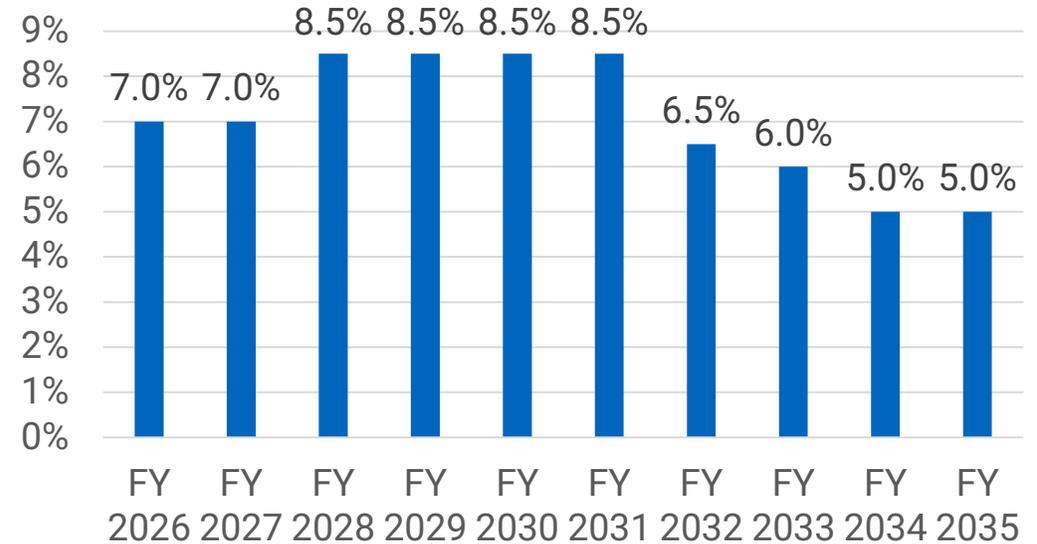
- New nutrient regulations are a Bay Area region-wide issue – out of the District’s control.
- Innovative testing of nutrient-removal using existing infrastructure avoided a multi-billion-dollar project.
- However, our infrastructure has limitations, so some capital investment is needed—the CIP has a \$200M project to prepare for that need.
- Next step is a thorough engineering evaluation of the complete capital investment solution to comply with future nutrient removal requirements

Wastewater Funding Options

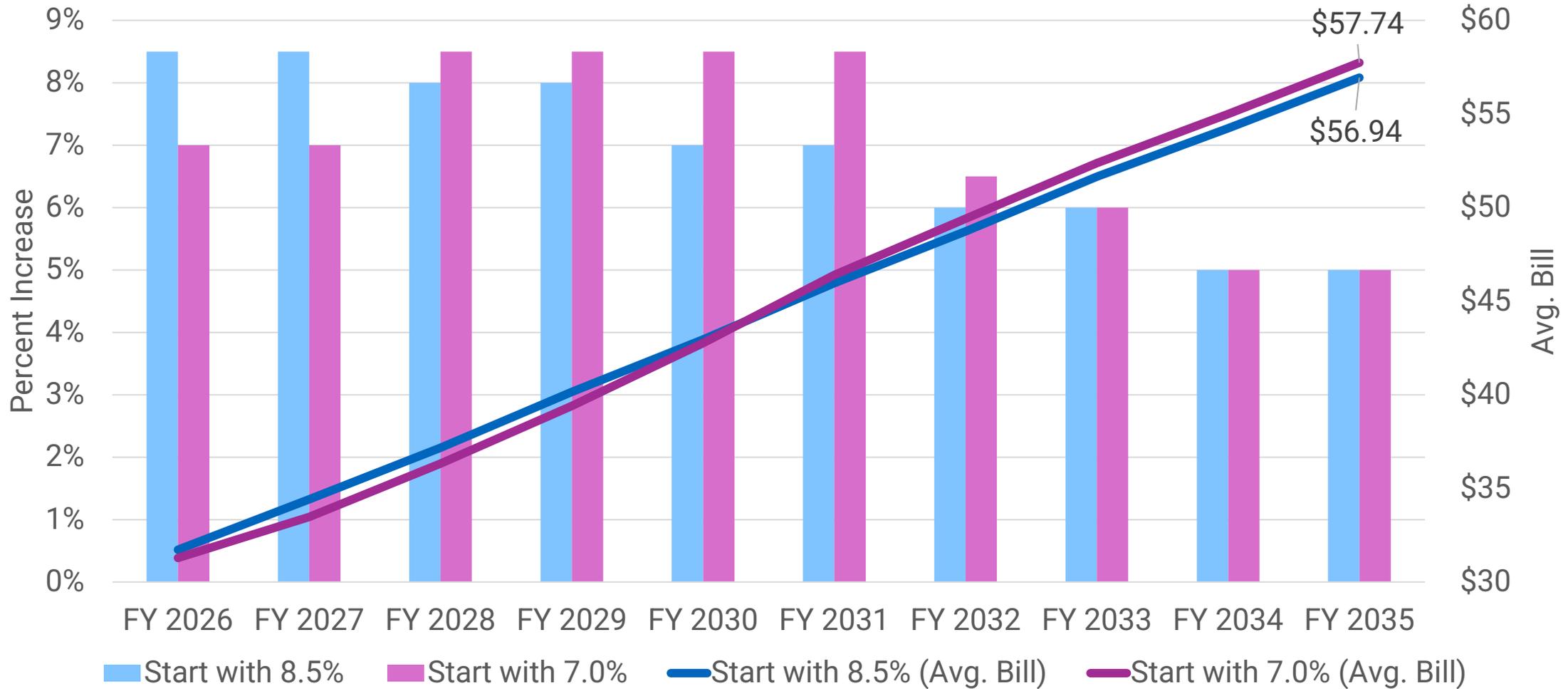
Start with 8.5% Rate Revenue Increases



Start with 7.0% Rate Revenue Increases

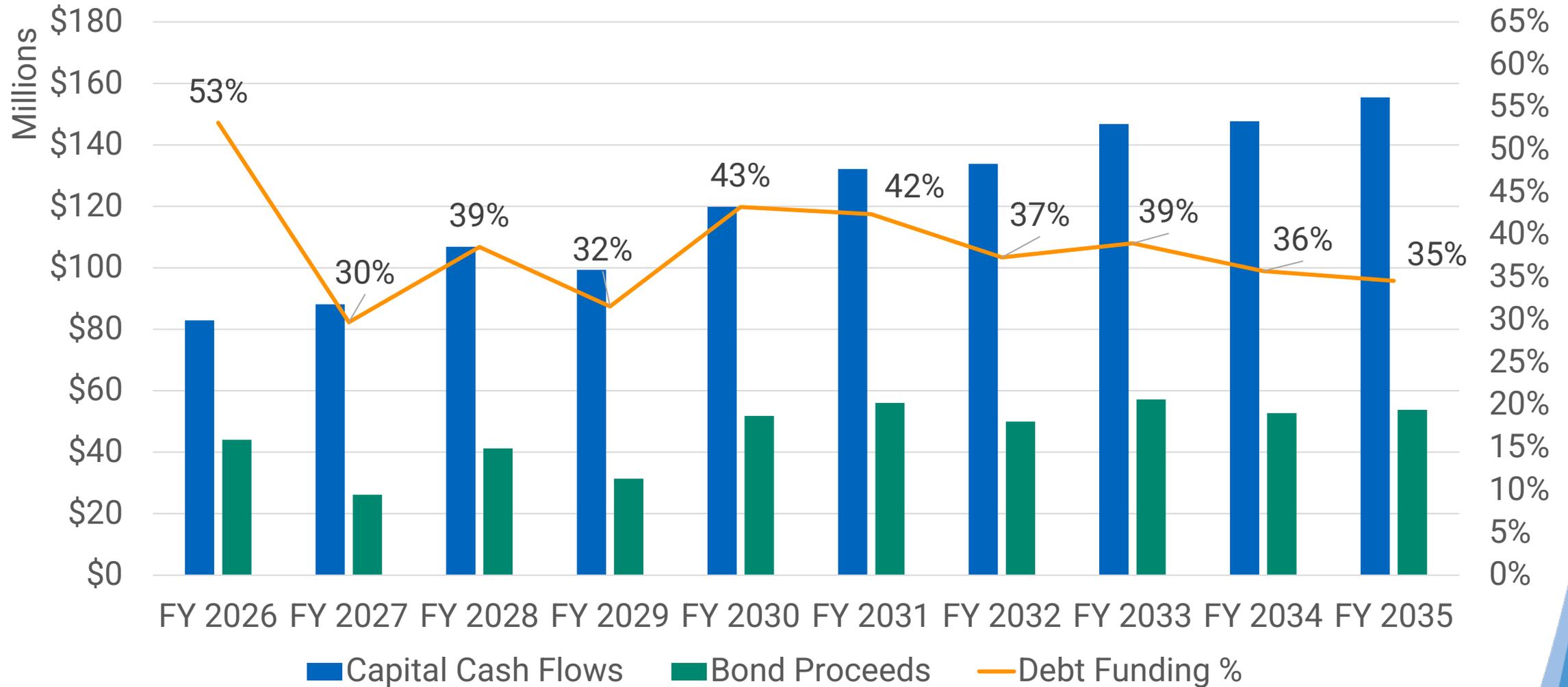


Same CIP Size & Same Debt – Two Options



*Average monthly bill for a Single-Family Residence with 5/8" meter and 6 centum cubic feet (CCF) per month, or about 4,500 gallons per month.

Wastewater CIP: 8.5% Start & \$218M Project



Revenue Recommendations and Projections

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
Rate Revenue Increases	8.5%	8.5%	6.5%	6.5%	5%	5%	5%	5%	5%	5%
Budgeted Debt Issuance*	\$44M	\$26M	\$41M	\$31M	\$52M	\$56M	\$50M	\$57M	\$53M	\$54M
Debt Funding %	53%	30%	39%	32%	43%	42%	37%	39%	36%	35%
Action in June 2025	Adopt	Adopt	Project	Project	Project	Plan	Plan	Plan	Plan	Plan

*Preliminary figures. These will change in the Proposed Budget in March 2025.



Preliminary Budget Proposal



Invest in capital infrastructure

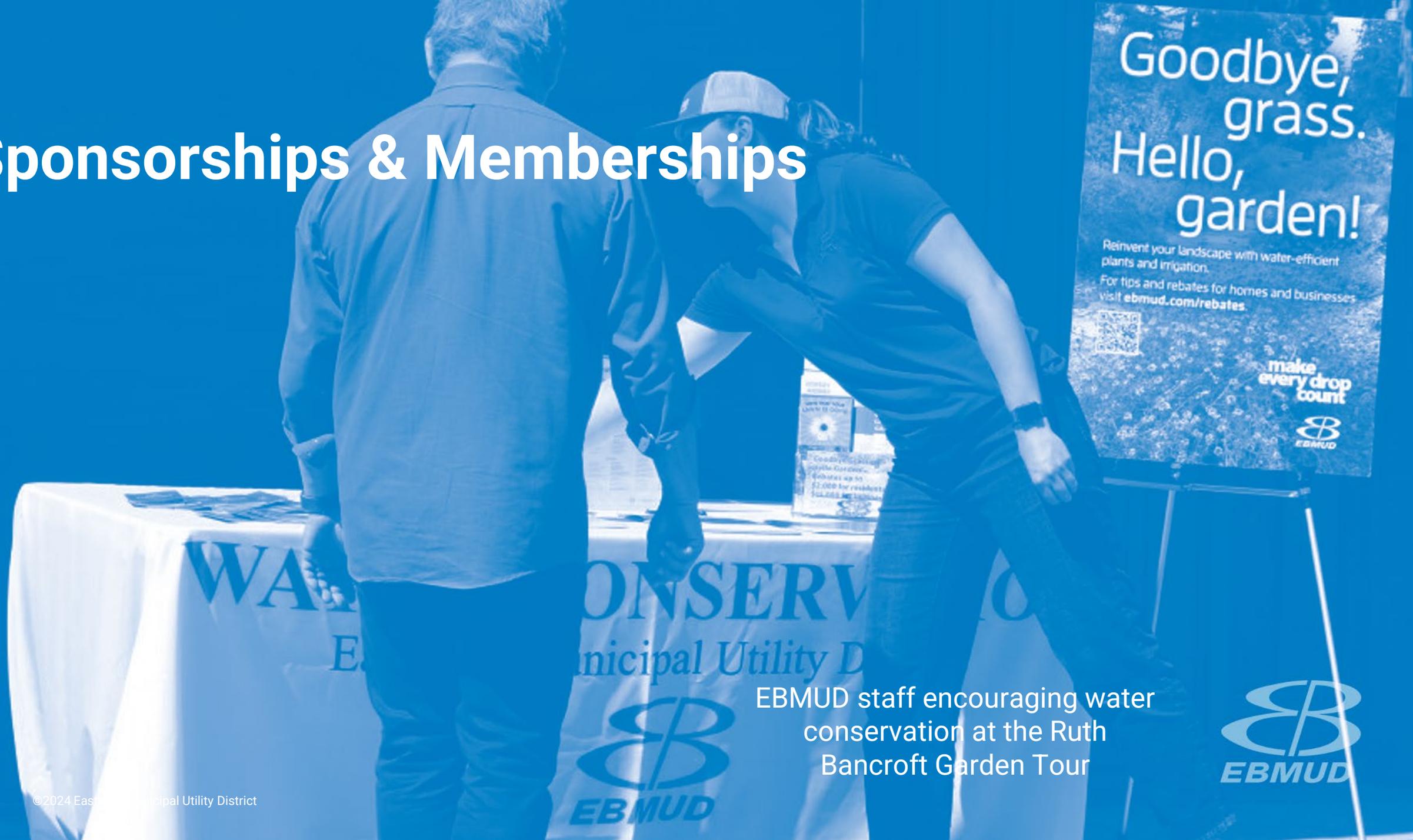


Keep rates reasonable



Leave financial capacity for larger projects in the future (known and unknown)

Sponsorships & Memberships



EBMUD staff encouraging water conservation at the Ruth Bancroft Garden Tour

Sponsorships

- FY 2026 & FY 2027 proposed sponsorship of 157 organizations and events that support the District's mission
- Proposed Sponsorship Budget:
 - FY 2026: \$277,910
 - FY 2027: \$278,410
- Sponsorship benefits include:
 - ✓ District advertising and messaging
 - ✓ Community engagement through events and tabling reaching over 1.2 million customers
 - ✓ Educational outreach and partnerships
 - ✓ Opportunity of Board participation at events



Event brochures for events sponsored in 2024

Community Memberships

- 32 community memberships proposed in FY 2026 & FY 2027 Budget
- Proposed budget:
 - FY 2026: \$25,137
 - FY 2027: \$25,137
- Community membership benefits:
 - ✓ Provides a conduit to local business and community organizations not otherwise available as inexpensively
 - ✓ Supports EBMUD messaging on Contract Equity, Customer Assistance Programs, Conservation Incentives, and other major public campaigns
 - ✓ Promotes job openings and events



Cost of Service Study

An employee looking over documents and a map



Cost of Service Study & Rates

- In California, rates for Water and Wastewater service must be compliant with requirements in Proposition 218, a constitutional amendment approved by the voters in 1996
 - Rates must be proportional to the cost of providing services
- Cost of Service (COS) studies allocate the cost for providing services
- Water System's COS study is ongoing with an independent consultant
- COS for Water System expected to be complete this spring
- Changes expected to cost allocations, including adjustments to the service charge (based on meter size) and volumetric rates (based on usage)
- Starting July 1, 2025, customer bills would be, pending Board approval, affected both by COS study results and the increased revenue requirement

Deferment of Wastewater COS Study

- Existing Wastewater COS Study completed in 2019
- Not yet at the 10-year deadline to complete a new COS Study for Wastewater per Board-approved Policy 4.13
- Significant upcoming decisions to address nutrient regulations may warrant new Wastewater COS considerations in the next two years
- Wastewater COS Study will be deferred, and timing will be evaluated before the next budget cycle

Schedule & Next Steps

Rower preparing to go out on
the SF Bay



Community Engagement

Budget and Rates Roadshow (March – June 2025)

- Alameda and Contra Costa Mayors Conferences
- Community and Civic Group presentations
- Internal: Unions and staff communications

Community & City Newsletters (March – June 2025)



Prop 218 Notice Mailing (March – April 2025)

Media Engagement (May – June 2025)

- Press releases & interviews

Additional Outreach

- Update ebmud.com/rates
- Water Wednesday Webinar
- Videos and social media

Next Steps & Schedule

Milestone	Date(s)
<input checked="" type="checkbox"/> Board Workshops on Climate Action Plan, Recycled Water, COS, Strategic Plan & KPIs	January – September 2024
<input checked="" type="checkbox"/> Infrastructure Workshop	November 26, 2024
<input type="checkbox"/> Board Workshop #1	January 28, 2025
<input type="checkbox"/> Board Workshop #2 & Prop-218 Rates	March 25, 2025
<input type="checkbox"/> Board Workshop #3 (if needed)	April 8, 2025
<input type="checkbox"/> GM Report on Rates & Charges	May 13, 2025
<input type="checkbox"/> Public Hearing on Prop 218 Rates Board Considers Adopting Budget & Rates	June 10, 2025

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