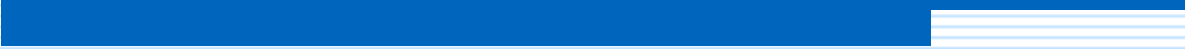


Proposed Biennial Budget

Fiscal Years 2026 & 2027



Volume 1:
*Overview
Water System
Wastewater System*

*East Bay Municipal Utility District
Oakland, California*

East Bay Municipal Utility District Biennial Budget Fiscal Years 2026 & 2027

**Volume 1: Water & Wastewater Systems
Operating and Capital**

Volume 2: Capital Award Summaries

**Presented to the Board of Directors
March 25, 2025**

EBMUD Fun Fact:

EBMUD meter readers walk as many as 1,400 miles per year. That's equivalent to walking to Portland, Oregon and back.

Biennial Budget Fiscal Years 2026 and 2027

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General Manager's Message

July 1, 2025

Honorable Members of the Board of Directors:

I am pleased to present the water and wastewater budgets for Fiscal Year 2026 (FY 2026) and Fiscal Year 2027 (FY 2027) in support of our mission to provide reliable, high-quality water and wastewater services for the people of the East Bay.

BUDGET OVERVIEW

For more than a century, the East Bay Municipal Utility District (EBMUD) has managed the critical water and wastewater infrastructure that allows our community to thrive. EBMUD employees are dedicated to serving our more-than 1.4 million water customers and 740,000 wastewater customers in Alameda and Contra Costa counties.

From our watershed in the Sierra Nevada foothills to our customers in the East Bay, EBMUD ensures that water is delivered to taps reliably, safely, and adhering to high water-quality standards. For approximately half of our customers, we treat the wastewater generated by residences, businesses, and other entities before it is released into the San Francisco Bay. A small portion of this treated discharge is recycled for non-potable uses.

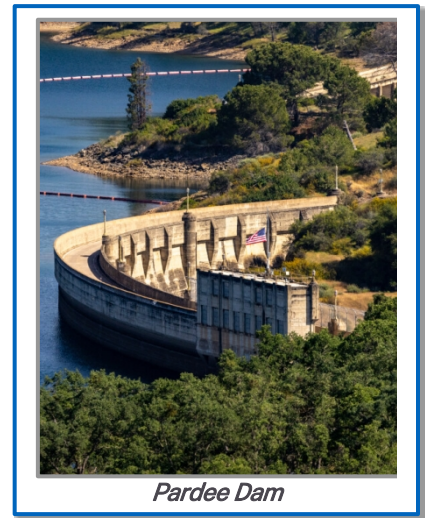
EBMUD is dedicated to fulfilling its mission while maintaining reasonable rates. We prioritize efficiency and innovation, and adopt a strategic, long-term perspective on our systems and finances to effectively serve current customers and future generations.

Even with planning and foresight, EBMUD faces many challenges that require increased residential and commercial rates to prepare for the future. We work to preserve high water quality as we confront adverse impacts from climate change. Aging infrastructure requires renewal to ensure continued reliability. We must meet changing regulations to protect our environment. As we go about our work, we develop new and better ways to engage our customers and cultivate the workforce we need to meet our challenges.

EBMUD's significant investments in our infrastructure include modernizing water treatment plants, relining aqueducts, and replacing aging pipelines to ensure continued reliability. Seismic improvements and facility renewal will enhance safety and better protect the bay. These and other essential investments are accompanied by rising costs in equipment, materials, and labor.

Fulfilling our community's needs requires financial strength. EBMUD navigates its long-term fiscal health by balancing expenses, the use of debt financing, and customer rates to maintain our effectiveness at a reasonable price. Our drinking water remains a good value at about 2 cents per gallon. And for those who need it, EBMUD also offers an industry-leading Customer Assistance Program.

Customer rate increases are necessary to invest in building resilient and reliable water and wastewater systems of the future. Under the proposed average rate increases, pending Board approval, in FY 2026, the typical customer will see monthly increases of \$3.79 in their water bills (or 12 cents per day) and \$2.17 in wastewater bills (or 7 cents per day) after new rates take effect July 1, 2025. For the Water System, these rate changes additionally reflect the results of the 2025 Cost of Service Study, described further below. The increases for FY 2027 result in an additional increase of \$4.31 per month for water (or 14 cents per day) and \$2.35 per month for wastewater (or 8 cents per day) for the same typical customer,



East Bay Municipal Utility District
General Manager's Message

effective July 1, 2026. For Water, this represents a 6.5 percent average rate increases in each of these two fiscal years; for Wastewater, the average rate increases are 8.5 percent in each year.

This year, the District updated its Cost of Service (COS) study for the Water System, leading to changes in the structure of some Water rates and charges. COS studies allocate costs among customer classes based on usage characteristics. State law requires basing rates and charges on the cost of providing service. The effort to update the Water COS was thorough and comprehensive and is published separately from the Biennial Budget. The rates and charges for the Wastewater System continue to reflect the 2019 Wastewater COS study.

Resources have been prioritized to achieve Strategic Plan goals and expand new initiatives while maintaining fair and reasonable water and wastewater rates. The FY 2026 and FY 2027 biennial budget supports our Strategic Plan in a wide range of ways:

- **Long-Term Water Supply:** Continuing to support non-potable reuse projects, groundwater projects, and other smart investments.
- **Water Quality & Environmental Protection:** Completing several large Water Treatment Plant Improvements in the 10-year Capital Improvement Program (CIP) will support continued delivery of high-quality water. Additionally, we are continuing to fund efforts to manage the watershed and support healthy rivers and natural lands.
- **Long-Term Infrastructure Investment:** Increasing funding for aging infrastructure and upgrades to major facilities. Additionally, the 10-year CIP is funded using a mix of cash and debt, ensuring future flexibility for significant projects.
- **Long-Term Financial Stability:** Balancing expenses, rate increases, and the use of debt to fund the system's capital investments and operations. Additionally, the new 10-year CIP reflects new Long-Range Financial Planning efforts that has the District on a path to more flexible and resilient finances.
- **Customer and Community Services:** Continuing to increase support for the Customer Assistance Program and increasing resources for education programs for schools.
- **Workforce Planning and Development:** Increasing funding for training with an enhanced focus on training and workforce development for the trades.

CUSTOMER BILL IMPACTS

The FY 2026 and FY 2027 average rate increases and customer bill impacts are shown below. The median single-family residential (SFR) customer uses 5 Units of water per month (about 123 gallons per day) – meaning half of our SFR customers use more water and half use less. We also provide wastewater treatment services for about half of the same service area, and median usage is 4 Units per month.

Summary of Proposed Average Rate Increases and Average Bill Impacts for SFR Customers

FY 2026 & FY 2027 Proposed Overall Rate & Average Monthly Bill Increase				
	Water System*		Wastewater System**	
	FY 2026	FY 2027	FY 2026	FY 2027
Typical Bill Increase*/**	\$3.79	\$4.31	\$2.17	\$2.35
Overall Average Rate Increase***	6.5%	6.5%	8.5%	8.5%

*For Water, typical bill increases are based on 5 Units of usage, or about 123 gallons per day, which is the median usage for Water SFR customers.

**For Wastewater, typical bill increases are based on 4 Units of water usage, which determines billing for wastewater, and is the median for Wastewater customers.

***Overall average rate increases are based on all customers' average bill increases.

The attachment to this message shows the bill impact for a range of use levels. Wastewater customers also pay an annual Wet Weather Facilities Charge collected on the property tax bill. The annual charge is based on lot size and will increase 8.5 percent in FY 2026, or \$12.52 for the smallest lots to \$44.70 for the largest lots. In FY 2027, the charge will increase an additional 8.5 percent, an increase that ranges from \$13.58 to \$48.50 per year.

LABOR AGREEMENTS

District employees are represented by four bargaining groups. American Federation of State, County and Municipal Employees (AFSCME) Local 444, International Federation of Professional and Technical Engineers Local 21, and International Union of Operating Engineers Local 39 all have labor agreements expiring in April 2025, before the beginning of the FY 2026 budget year, which begins July 1, 2025. The fourth bargaining group, AFSCME Local 2019, has a contract that extends to July 13, 2025. The District is currently in negotiations with all four groups.

BUDGET OVERVIEW

The District operates and maintains a vast network of pipelines, storage reservoirs, and treatment facilities to deliver clean, high-quality water to customers and provide wastewater service. Maintaining high-quality service requires ongoing investments in this infrastructure.

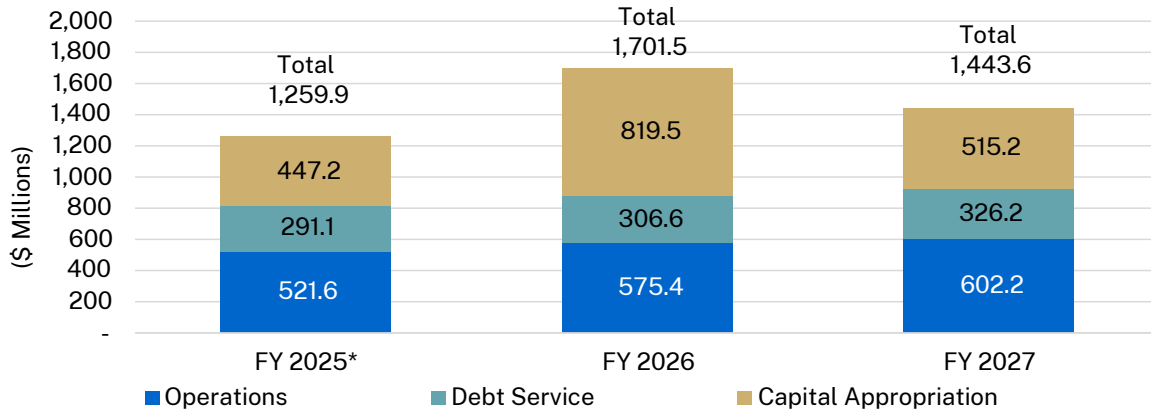
The development of this biennial budget and the 10-year CIP was guided by our Strategic Plan. Our main budget priorities are to continue investments in and maintenance of aging infrastructure and provide for long-term financial stability. The budget was developed after determining the highest-priority projects based on these priorities and Board direction.

The following chart and table show the budget appropriations for FY 2026 and FY 2027 for the Water System and Wastewater System operations, debt service, and capital appropriation compared to FY 2025.

- The operations budget reflects the day-to-day costs to provide water and wastewater services, including most of the District's labor costs and other necessary expenses, such as energy, chemicals, and software.
- The debt service budget includes the interest and principal on bonds and notes issued to pay for capital investments in infrastructure along with other related costs.
- The capital appropriation budget includes funding for planned capital projects such as replacing pipes, upgrading water treatment plants for the next century of service, and rehabilitating our wastewater treatment plant and major interceptors. Note that appropriations reflect the authority to spend funds. For the capital budget, those funds may be spent over the life of the project. This is why the appropriations may vary year-over-year, despite relatively steady growth in planned capital expenses.

East Bay Municipal Utility District
General Manager's Message

FY 2026 & FY 2027 Appropriations Summary and Comparison to FY 2025



*As approved on June 11, 2024.

FY 2026 & FY 2027 Appropriations Summary and Comparison to FY 2025

Appropriations Summary (\$ Millions)					
	FY 2025 Budget*	FY 2026		FY 2027	
		Budget	% Change	Budget	% Change
Water System					
Operations	413.2	456.4	10.5%	478.5	4.8%
Debt Service	256.3	269.7	5.2%	289.4	7.3%
Capital Appropriation	359.9	729.2	102.6%	394.4	-45.9%
Wastewater System					
Operations	108.5	118.9	9.7%	123.7	4.0%
Debt Service	34.8	36.9	6.2%	36.8	-0.4%
Capital Appropriation	87.2	90.3	3.5%	120.8	33.7%
District-Wide					
Operations (Baseline)	521.6	575.4	10.3%	602.2	4.7%
Debt Service	291.1	306.6	5.3%	326.2	6.4%
Capital Appropriation	447.2	819.5	83.3%	515.2	-37.1%
Total District-Wide	1,259.9	1,701.5	35.0%	1,443.6	-15.2%

*As approved on June 11, 2024.

Water System

FY 2026

In FY 2026, the baseline operations budget, excluding drought operations, is increasing \$43.3 million, or 10.5 percent compared to FY 2025. This significant increase is driven primarily by:

- Increased wages and benefits, driven by existing Board-approved labor agreements, as well as increased health insurance costs, driven primarily by increases in premiums for Kaiser Health Insurance, which a majority of employees choose for their health plan. Additionally, new positions are being added to meet critical needs.
- Increasing costs for District facility security contracts and computer software and technology, and increased liability insurance premiums and liability claims. Additionally, water conservation expenses are moving to the operating budget from the capital budget. Other operating expenses continue to grow at about the same rate as inflation.

East Bay Municipal Utility District
General Manager's Message

Offsetting those increases are that a larger CIP drives higher capital support services as there are increased needs for managing the larger CIP. Capital support transfers costs to the capital budget for the portion of operations that is supporting the District's extensive capital program.

Debt service in FY 2026 is increasing by \$13.4 million, or 5.2 percent, primarily due to the planned issuance of additional debt to fund capital reinvestment.

Capital appropriations in FY 2026 are increasing by \$369.2 million, or 102.6 percent, driven by significant growth in the District's CIP. Appropriations fund work over many years and do not reflect actual expected expenses. Major projects in the capital program include Pipeline Rebuild, major improvements to water treatment plants, and continued reinvestment in other aging infrastructure, such as reservoirs and pumping plants.

FY 2027

In FY 2027, the operations budget is increasing by \$22.1 million, or 4.8 percent. Labor expenses are expected to increase due to scheduled step increases, expectations for cost-of-living related wage increases, and a rise in retirement and health care costs. Other operating expenses are projected to grow as well, though not significantly faster than inflation estimates.

Debt service in FY 2027 will increase by \$19.7 million, or 7.3 percent, due to the planned issuance of additional debt to fund capital reinvestment. Capital appropriations are expected to decrease by \$334.7 million, or 45.9 percent, as existing appropriations will be sufficient to fund projects expected to be in progress during the year.

Wastewater System

FY 2026

In FY 2026, the operations budget is increasing \$10.5 million, or 9.7 percent compared to FY 2025. This significant increase is driven primarily by:

- Increased wages and benefits, driven by existing Board-approved labor agreements, as well as increased health insurance costs, driven primarily by increases in premiums for Kaiser Health Insurance, which a majority of employees choose for their health plan. Additionally, new positions are being added to meet critical needs.
- Significant increase in contingency funding for the Wastewater System, driven by a shift in the way the District will pay for liability insurance, self-insured claims, and workers' compensation insurance, as well as reserving funds for potential cost overruns in energy and chemicals.
- Expenses shifting from the capital budget to the operating budget, as part of refocusing on the capital program and ensuring capital resources are devoted to long-term investments.
- Other operating expense increases for important expenses such as small tools and equipment, computer software, laboratory supplies, and the materials needed for capital maintenance.

Debt service in FY 2026 is increasing by \$2.1 million, or 6.2 percent, primarily due to the planned issuance of additional debt to fund capital reinvestment. Favorably, all of the Wastewater System's outstanding debt is fixed rate and the system has no exposure to variable interest costs, except for at the time of issuance of new bonds.

Capital appropriations in FY 2026 are increasing slightly by \$3.1 million, or 3.5 percent, while there is significant expected growth in the system's planned capital expenses. Appropriations fund work over many years and do not reflect actual expected expenses. Wastewater capital projects already have sufficient appropriations to meet expected FY 2026 expenses. Major projects in the capital program include rehabilitation of interceptor segments, modernization of existing buildings and critical facilities at the Main Wastewater Treatment Plant (MWWTP), and other work to address aging infrastructure.

FY 2027

In FY 2027, the operations budget is increasing by \$4.7 million, or 4.0 percent. Labor expenses are expected to increase due to scheduled step increases, inflation-linked cost-of-living increases, and a rise in retirement and health care costs. Chemical and energy expenses are expected to continue to increase, along with fees and licenses, and liability insurance and related costs.

Debt service in FY 2027 will decrease by about \$0.1 million or 0.4 percent as there is a small decrease in that year's principal and interest payments. Capital appropriations are expected to increase by \$30.5 million, or 33.7 percent.

10-YEAR CAPITAL IMPROVEMENT PROGRAM

This CIP reflects our ongoing commitment to rehabilitate and replace aging infrastructure. The following focuses on planned spending on capital projects which is a significant component in calculating rates.

Water System Top Projects

During FY 2026 - FY 2035, planned Water System capital spending totals \$5.6 billion, including capital support.

The table below shows major Water System capital focus areas and the projected 10-year spending as we continue to invest in infrastructure and maintain a high level of system reliability and water quality. Among these major projects are:

- Replacement of more than 290 miles of distribution pipeline over the next 10 years;
- Investments in water treatment remains a focal point of the CIP, which includes comprehensive operational and water quality improvements at Orinda, Upper San Leandro, and Walnut Creek treatment plants, and disinfection modernization at Lafayette Treatment Plant;
- Replacement of distribution reservoirs is driven by the \$200 million Central Reservoir Replacement;
- Replacement of pumping plants will occur regularly at approximately two per year; and
- Other projects include system-wide technology modernization, improvements to the administrative building and maintenance center, and innovations to support efficient water connections for new homes and businesses.

Water System Major Capital Focus Areas

Expected Capital Expenses (\$ Millions)	
Award Purpose	10-Year Cash Flow
Pipelines - Distribution System	1,689.7
Water Treatment	713.0
Reservoirs - Distribution	366.1
New Business Infrastructure	321.8
Raw Water System	335.9
Pumping Plants	232.1
Process & System-Wide Improvements	228.5
Excludes Capital Support	

East Bay Municipal Utility District
General Manager's Message

Wastewater System Top Projects

During FY 2026 - FY 2035, the planned Wastewater System capital spending totals \$1.2 billion, including capital support.

The table below shows the major Wastewater System capital projects and the projected 10-year spending. Major investments will occur throughout the infrastructure that comprises the Wastewater System. Among those major projects are:

- Rehabilitation of five interceptor segments;
- Modernization of the Influent Pump Station, Oxygen Production Plant, and Secondary Reactors and Clarifiers;
- Embarking on a significant nutrient removal project, and engage with new regulatory requirements being simultaneously developed; and
- Other initiatives include the inception of a new Dewatering Building and the seismic retrofit of two buildings on the MWWTP property.

Wastewater System Major Capital Focus Areas

Expected Capital Expenses (\$ Millions)	
Award Purpose	10-Year Cash Flow
Main Wastewater Treatment Plant	881.4
Remote Facilities	192.1
System-Wide Improvements	91.4
Excludes Capital Support	

USING THE BUDGET DOCUMENT

The biennial budget document is comprised of two volumes. This volume contains all of the key budget information for both the Water and Wastewater Systems, including a District overview, detailed operating and capital budgets, and five-year financial forecasts. The attachment provides bill impacts for a wide range of use levels. The supplemental volume provides summaries of the projects in the CIP.

Since 1996, the District's budget documents have consistently received the Government Finance Officers Association's (GFOA) coveted Distinguished Budget Presentation Award. In addition, for the seventh time, the California Society of Municipal Finance Officers has conferred its Operating Budget Excellence Award for the District's biennial budget documents.

Budget Awards from GFOA and CSMFO



Conclusion

For over a century, EBMUD has demonstrated the reliability of our water and wastewater services and our commitment to the communities we serve. With the support of our employees and community, we have consistently ensured high-quality, reliable water and protected the environment, despite many challenges. As we look ahead, we remain dedicated to investing in our infrastructure, adapting to the impacts of climate change, and ensuring we maintain strong finances and improve our financial resiliency. EBMUD's commitment remains steadfast to the East Bay community and all of the communities we touch.

The FY 2026 and FY 2027 biennial budget funds critical infrastructure work and sets us on the right course for the next several decades. With the ongoing support of the Board, staff, and the community, I am confident that we will meet our challenges and ensure our finances and operations remain sustainable and resilient.

This budget serves as a policy document and a financial plan for the next two fiscal years. I want to thank the staff whose collaborative efforts resulted in a budget that is based on fair and reasonable rates as we continue to provide and invest in reliable, high-quality water and wastewater services. The names of critical staff involved in producing the proposed budget are listed below my signature in recognition of their diligent work.

Respectfully submitted,



Clifford C. Chan
General Manager

CCC:SDS
Attachment

Office of Budget & Performance

Samuel Feldman, Manager of Budget
Bernadette de Leon, Principal Management Analyst (Staffing and Operating)
Nathan Hood, Principal Management Analyst (Capital)
Stacey Johnson, Management Analyst II
Jenny Tam, Management Analyst II
Theresa Won, Management Analyst II

Finance Department

Sophia Skoda, Director of Finance
Robert Hannay, Treasury Manager
Phoebe Grow, Principal Management Analyst (Rates and Charges)

Adopted Budget Book covers and style designed by Michael Bergstrom, Senior Graphic Designer

ATTACHMENT TO THE GENERAL MANAGER'S MESSAGE

Rate Impacts by Use Level and Customer Class

This attachment shows the bill impacts of the FY 2026 and FY 2027 water and wastewater rates and charges for a range of customer classes and use levels. Water use is measured and billed in Units where 1 Unit equals 748 gallons. Please visit ebmud.com/rates to view the Cost of Service Studies for each system and more details on rate-setting.

WATER CHARGES: MONTHLY BILL IMPACTS

The following table shows the monthly bill impact of the proposed average rate increases on a cross-section of single-family residential (SFR) customers, ranging from 3 Units (25th percentile) to 19 Units (95th percentile), and for the typical (or median) customer using 5 Units and the mean customer using 7 Units. SFR customers receive bills covering a two-month period, however the below shows the monthly bill.

Proposed Example Single-Family Residential Monthly Bill Impacts

Example Single-Family Residential Monthly Bill Impacts								
	Use*	FY 2025 Bill	FY 2026 Bill	\$ Change	% Change	FY 2027 Bill	\$ Change	% Change
25 th Percentile	3	\$ 51.71	\$ 50.52	\$ (1.19)	-2.3%	\$ 53.80	\$ 3.28	6.5%
Typical Customer** (50 th Percentile)	5	\$ 62.53	\$ 66.30	\$ 3.77	6.0%	\$ 70.60	\$ 4.30	6.5%
75 th Percentile	9	\$ 88.23	\$ 100.38	\$ 12.15	13.8%	\$ 106.88	\$ 6.50	6.5%
95 th Percentile	19	\$ 169.80	\$ 196.80	\$ 27.00	15.9%	\$ 209.53	\$ 12.73	6.5%
Mean Single Family Residential Use***	7	\$ 73.35	\$ 82.08	\$ 8.73	11.9%	\$ 87.40	\$ 5.32	6.5%

*Use presented in Units per month. One Unit is about 748 gallons.

**Typical customer is the median – half of Single-Family Residential customers pay less, and half pay more.

***7 Units/month represents recent mean single-family residential use.

The following table shows the monthly bill impact of the proposed average rate increases for two multi-family residential (MFR) buildings: one with 4 dwellings using 25 Units per month, and one with 5 or more dwellings using 50 Units per month. Impacts are also shown for a sample commercial customer using 50 Units per month and an industrial customer using 500 Units per month.

Proposed Example Multi-Family Residential (MFR) and Non-Residential Monthly Bill Impacts

Example Multi-Family Residential (MFR) and Non-Residential Monthly Bill Impacts									
	Meter Size	Use*	FY 2025 Bill	FY 2026			FY 2027		
				Bill	\$ Change	% Change	Bill	\$ Change	% Change
MFR 4 dwellings	1"	20	\$ 206.60	\$ 207.14	\$ 0.54	0.3%	\$ 220.60	\$ 13.46	6.5%
MFR 5+ dwellings	1"	35	\$ 321.35	\$ 331.79	\$ 10.44	3.2%	\$ 353.35	\$ 21.56	6.5%
Commercial	1"	50	\$ 434.60	\$ 466.94	\$ 32.34	7.4%	\$ 497.10	\$ 30.16	6.5%
Industrial	2"	500	\$ 3,963.23	\$ 4,378.37	\$ 415.14	10.5%	\$ 4,661.06	\$ 282.69	6.5%

*Use presented in Units per month. One Unit is about 748 gallons.

East Bay Municipal Utility District
General Manager's Message

WASTEWATER TREATMENT CHARGES: MONTHLY BILL IMPACTS

Wastewater customer charges appear in two separate places, on the water bill, and on the property tax bill. The tables below address each of these bills.

Wastewater charges are based on the volume of water used but are capped at a maximum of 9 Units per month per single-family residential customer as only indoor water use is discharged into the sewer system. The following table shows bill impacts for both the typical single-family residential customer using 4 Units per month and a customer discharging the maximum of 9 Units. The typical customer is based on median usage – that is, half of customers use less than 4 units per month of water, and half use more. In addition, impacts are shown for two multi-family residential customers: one with 4 dwellings using 25 Units per month, and one with 5+ dwellings using 50 Units per month. Impacts are also shown for a sample commercial customer using 50 Units per month (using the “All Other Business Classifications” strength and flow charges) and an industrial customer using 500 Units per month (using the BCC 2080 “Beverage Manufacturing & Bottling”).

Proposed Example Wastewater Treatment Charges per Month

Example Wastewater Monthly Bill Impacts								
	Use*	FY 2025 Bill	FY 2026 Bill	\$ Change	% Change	FY 2027 Bill	\$ Change	% Change
Typical Single-Family Residential**	4	\$ 25.88	\$ 28.05	\$ 2.17	8.4%	\$ 30.40	\$ 2.35	8.4%
Maximum Single-Family Residential	9	\$ 34.28	\$ 37.15	\$ 2.87	8.4%	\$ 40.25	\$ 3.10	8.3%
MFR 4 dwellings	20	\$ 82.37	\$ 89.24	\$ 6.87	8.3%	\$ 96.66	\$ 7.42	8.3%
MFR 5+ dwellings	35	\$ 141.54	\$ 153.53	\$ 11.99	8.5%	\$ 166.64	\$ 13.11	8.5%
Commercial	50	\$ 202.27	\$ 219.06	\$ 16.79	8.3%	\$ 237.42	\$ 18.36	8.4%
Industrial	500	\$ 2,784.77	\$ 3,020.56	\$ 235.79	8.5%	\$ 3,276.42	\$ 255.86	8.5%

*Use presented in Units per month. One Unit is about 748 gallons.

**Typical customer is the median for Wastewater – half of Single-Family Residential customers pay less, and half pay more.

WASTEWATER WET WEATHER FACILITIES CHARGE: ANNUAL PROPERTY TAX BILL IMPACTS

The following table shows the annual Wet Weather Facilities Charges. These charges fund the capital facilities designed to meet peak wet weather flows that are in excess of normal wastewater discharge. These are collected on the property tax bill on each property that is connected to the wastewater system to pay for the capital facilities required to handle the wet weather flows that enter the District's wastewater system through the local collection systems and sewer connections.

Proposed Annual Wet Weather Facilities Charge on Property Tax Bill

Example Wet Weather Facilities Charge on Annual Property Tax Bill							
	FY 2025 Charge	FY 2026 Charge	\$ Change	% Change	FY 2027 Charge	\$ Change	% Change
Small Lot 5,000 sq. ft. or less	\$ 147.38	\$ 159.90	\$ 12.52	8.5%	\$ 173.48	\$ 13.58	8.5%
Medium Lot 5,001 - 10,000 sq.ft.	\$ 230.16	\$ 249.72	\$ 19.56	8.5%	\$ 270.94	\$ 21.22	8.5%
Large Lot 10,000 sq. ft. or larger	\$ 526.00	\$ 570.70	\$ 44.70	8.5%	\$ 619.20	\$ 48.50	8.5%

Chapter 1: Introduction

District Overview

ABOUT THE DISTRICT

In 1923, the East Bay Municipal Utility District (EBMUD or the District) was created by voters to supply water to parts of Alameda and Contra Costa counties in California. In 1929, upon completion of Pardee Dam, the tallest concrete arch dam in the world at the time, the first water deliveries were made from the Sierra Mountains to the East Bay to serve a population of 460,000.



Originally providing water service to nine cities, EBMUD now provides service to a population of 1.4 million in 20 incorporated and 15 unincorporated communities. Covering 332-square mile area, our service area extends from Crockett in the north to San Lorenzo in the south, and eastward from the San Francisco Bay to Walnut Creek and the San Ramon Valley.

Ninety percent of the water supply comes from rain and snowmelt within the protected watershed of the Mokelumne River, which is captured in Pardee and Camanche Reservoirs located on the western slope of the Sierra Nevada. The water is transported more than 90 miles west via three aqueducts to East Bay water treatment plants or terminal reservoirs, and from there to 175 local reservoirs and 4,200 miles of distribution pipeline. In 2002, to protect customers from the effects of a severe drought, the District created the Freeport Regional Water Project to convey up to 100 million gallons per day of supplemental Sacramento River water.

In 1944, voters in six of the East Bay cities served by the District elected to have EBMUD treat factory waste and raw sewage that was being released into the San Francisco Bay. In 1951, wastewater treatment began at a plant constructed in Oakland near the San Francisco-Oakland Bay Bridge. Wastewater service is now provided to a population of 740,000 in an 88-square mile area along the east shore of the bay extending from Richmond in the north to Oakland in the south. In addition to treating wastewater, laboratory services operate 365 days a year to continually monitor the quality of our drinking water and the treated water from the wastewater plant that is discharged to the San Francisco Bay.

The District has a seven-member Board of Directors elected from wards within the service area. The Water and Wastewater Systems are legally distinct entities governed by the same Board that is committed to governing through a public process, guided by the District's Mission Statement.

The mission of the District is:

"To manage the natural resources with which the District is entrusted; to provide reliable, high-quality water and wastewater services at fair and reasonable rates for the people of the East Bay; and to preserve and protect the environment for future generations."

Board policies are implemented under the direction of the General Manager who, along with the General Counsel, is appointed by the Board. The Senior Management Team, comprised of department managers and directors, is responsible for managing operations. The District employs more than 2,000 people in service to its mission.

KEY MILESTONES

1875	East Bay population of 15,000 served by several private water companies, but there is a lack of water storage. San Leandro Reservoir completed, later renamed Chabot Reservoir after Anthony Chabot.
1910	Population swells to 150,000 after exodus from San Francisco due to the 1906 earthquake.
1919	San Pablo Reservoir completed by the East Bay Water Company.
1923	EBMUD is organized and then acquires water rights to the Mokelumne River.
1926	Upper San Leandro Reservoir completed by the East Bay Water Company.
1928	Lafayette Reservoir completed by EBMUD. EBMUD purchases the East Bay Water Company.
1929	Pardee Dam, tallest dam of its kind in the world at the time, and the Mokelumne aqueduct completed.
1930	Population of 460,000 served at 35 million gallons per day (MGD).
1949	Second Mokelumne Aqueduct completed.
1951	Wastewater treatment system placed in operation to protect San Francisco Bay.
1963	Third Mokelumne Aqueduct completed.
1964	Camanche and Briones reservoir dams completed.
1970	Population of 1.1 million served at 220 MGD.
1974	EBMUD customers vote to add fluoride to water.
1985	Wastewater plant begins producing renewable energy.
1990	Population of 1.2 million served at 192 MGD.
1995	North Richmond Water Reclamation Plant begins producing recycled water.
1999	Wet Weather facilities completed to minimize storm induced sewer overflows to the bay.
2000	Population of 1.3 million served at 216 MGD.
2002	Freeport Regional Water Authority established to allow access to new water supplies.
2010	Population of 1.3 million served at 174 MGD following the 2007-2010 drought.
2011	National “Get the Lead Out” law passed to limit lead in drinking-water plumbing based on EBMUD-sponsored California law.
2015	Population of 1.4 million served at 149 MGD.
2018	The Mokelumne River designated as California’s 12th Wild and Scenic River.
2023	EBMUD Centennial

For a complete history of the East Bay Municipal Utility District, please visit the history page at www.ebmud.com/about-us/who-we-are/mission-and-history/.

Community

SERVICE AREA

Since 1929, when the District first delivered water from the Sierra Nevada to the East Bay, the population served has grown by almost a million people. Today the District's service area includes many of the Bay Area's largest employers. The District's vitality is inseparable from the \$779 billion Bay Area regional economy, based on 2023 gross domestic product (GDP), which is essential to the economic health of California and the nation.

The District's water service area covers 332 square miles and includes 20 cities and 15 unincorporated communities located in Alameda and Contra Costa counties on the east side of the San Francisco Bay (the "East Bay"). The wastewater service area covers an 88 square mile area along the east shore of the bay extending from Richmond in the north to Oakland in the south. The map below shows the District's water and wastewater service areas.

District Service Area Map



POPULATION

Approximately 1.4 million people are served by the Water System, 740,000 of whom are also served by the Wastewater System. Oakland, the largest city in Alameda County, is the eighth largest in the state. The following table includes population data for the largest cities in the service area.

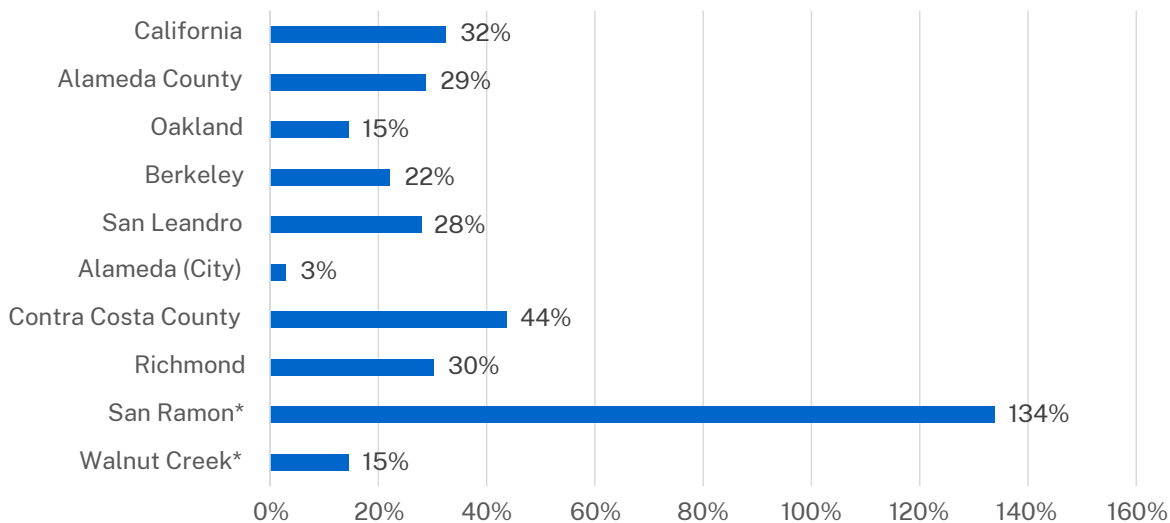
Population Statistics for Counties and Major Cities in the District's Service Area

Population Trends for Counties & Seven Largest Cities					
	1990	2000	2010	2020	2024
California	29,558,000	33,872,000	37,223,900	39,782,870	39,128,162
Alameda County	1,274,700	1,443,700	1,509,240	1,670,834	1,641,869
Oakland	371,100	399,500	390,757	433,697	425,093
Berkeley	102,700	102,700	112,621	122,580	125,327
San Leandro	68,100	79,500	84,977	87,930	87,098
Alameda (City)	75,900	72,300	73,835	81,312	78,071
Contra Costa County	797,600	948,800	1,047,948	1,153,561	1,146,626
Richmond	86,600	99,200	103,661	111,217	112,735
San Ramon*	35,300	44,800	72,148	83,118	82,525
Walnut Creek*	60,600	64,300	64,140	70,860	69,433

Source: California Department of Finance, Population Estimates for California Cities.

*EBMUD does not serve all of San Ramon or Walnut Creek, but total population is shown for each.

Population Growth Trends from 1990 to 2022



Source: California Department of Finance, Population Estimates for California Cities.

*EBMUD does not serve all of San Ramon or Walnut Creek, but total population is shown for each.

Water and Wastewater Systems

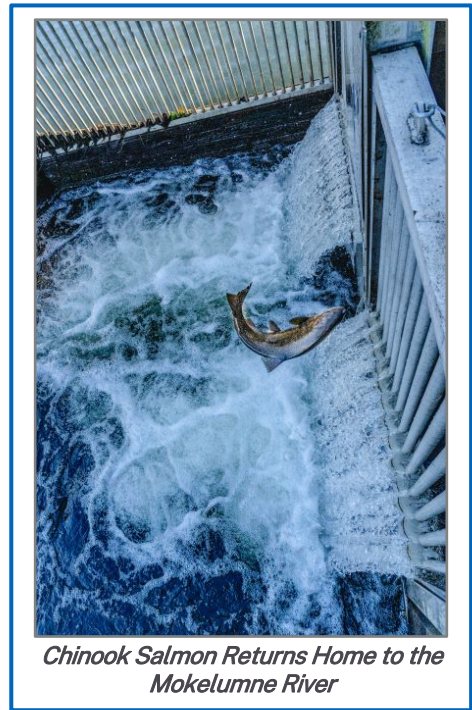
WATER SUPPLY

Ensuring a high-quality water supply for today and the future is one of the District's highest priorities. Significant capital investments have been made to ensure a reliable water supply, such as securing supplemental water sources and expanding recycled water programs.

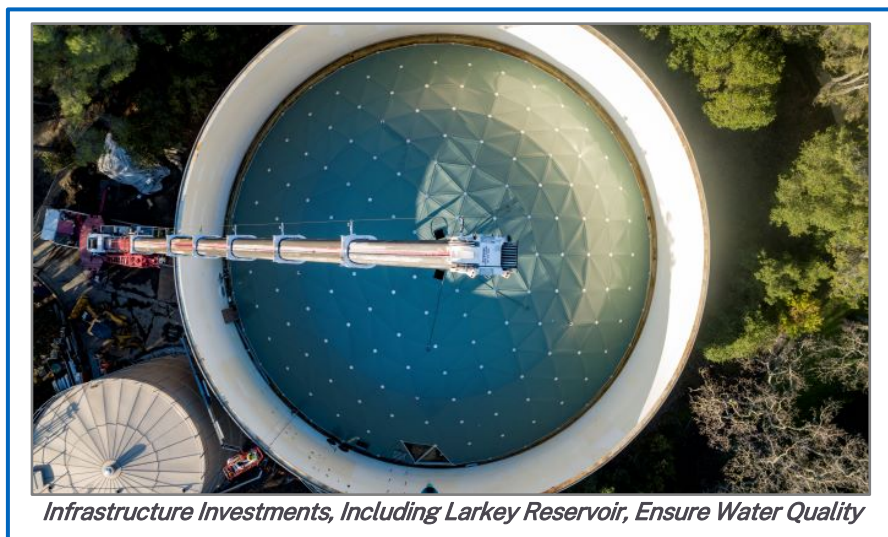
One of the most important factors in water quality is the source. Ninety percent of the District's water comes from the 578-square mile watershed of the Mokelumne River located on the western slope of the Sierra Nevada. This area is mostly national forest, District-owned lands, and other undeveloped lands minimally affected by human activity. The watershed collects snowmelt, a high-quality water source, which flows into Pardee Reservoir near the town of Valley Springs.

Three large aqueducts carry this water more than 90 miles from Pardee Reservoir to the East Bay and protect it from pesticides, agricultural and urban runoff, and industrial discharges. When water demand is high or during times of operational need, the District also draws water from protected local watersheds.

Before water reaches homes and businesses, the District takes many steps to ensure its quality. This includes carefully managing watershed lands and storage reservoirs; treating the water; maintaining water quality through a complex system of distribution pipes, pumping plants, and neighborhood reservoirs; testing water samples in the laboratory and in the field; and addressing customer concerns. These efforts ensure that all customers receive high-quality drinking water that meets or surpasses all state and federal requirements.



Chinook Salmon Returns Home to the Mokelumne River



Infrastructure Investments, Including Larkey Reservoir, Ensure Water Quality

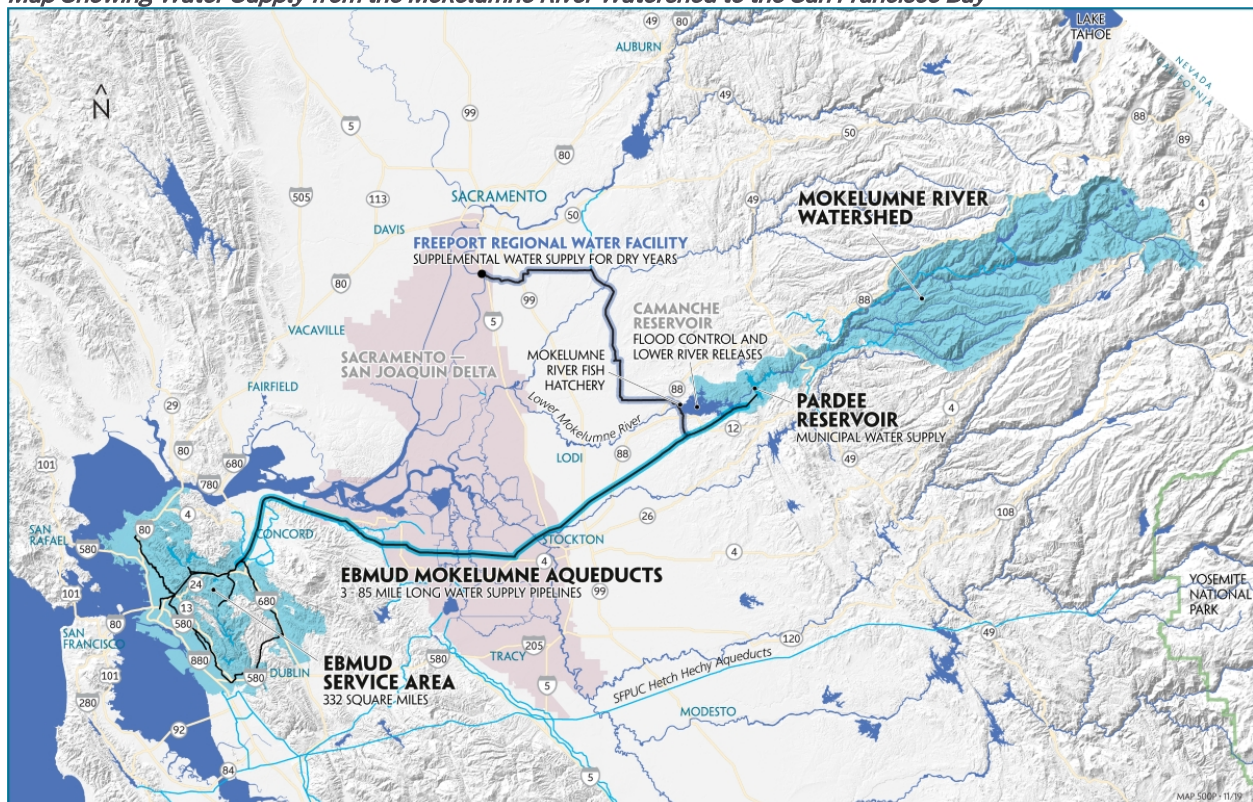
Every five years, the District updates its Urban Water Management Plan to ensure a reliable water supply for the next generation. Plan elements include making the best use of limited supplies through water conservation and recycling and developing long-term projects to augment the water supply, including water transfers from other water rights owners and regional projects with other agencies. The Plan was adopted by the Board on June 22, 2021. For more information, visit <https://www.ebmud.com/water/about-your-water/water-supply/urban-water-management-plan>.



Freeport Water Project – Sacramento, CA

The map below shows how the water travels from the Mokelumne River Watershed into Pardee Reservoir, across the Central Valley in the Mokelumne Aqueducts, and to the District's service area.

Map Showing Water Supply from the Mokelumne River Watershed to the San Francisco Bay



WASTEWATER TREATMENT

The District's wastewater treatment plant provides service for 740,000 people along the eastern shore of the San Francisco Bay, and treated approximately 54 million gallons of municipal wastewater per day in Fiscal Year 2024. Wastewater is collected from homes and businesses through privately owned sewer laterals that feed into a network of city and other regional sewers, which eventually join the District's sewer interceptors and pump stations. These facilities carry the wastewater to the treatment plant located in Oakland. Stormwater is collected through separate community-owned systems. The plant treats sewage to meet stringent state and federal standards before recycling it or releasing cleaned water to the Bay. Prior to its construction, raw sewage was discharged directly into the Bay. As a partner in the stewardship of the Bay, the District works with residents and businesses to help them keep contaminants out of the sewer system.

The District has been recycling water and producing renewable energy at its wastewater plant since the mid-1980s. The District's plant transforms sewage and other organic wastes into green energy, nutrient-rich soil conditioner, and recycled water. The District produces sufficient renewable energy to meet its onsite power demands. Any excess energy is currently sold to the neighboring Port of Oakland.



Wastewater Treatment Plant – Oakland, CA

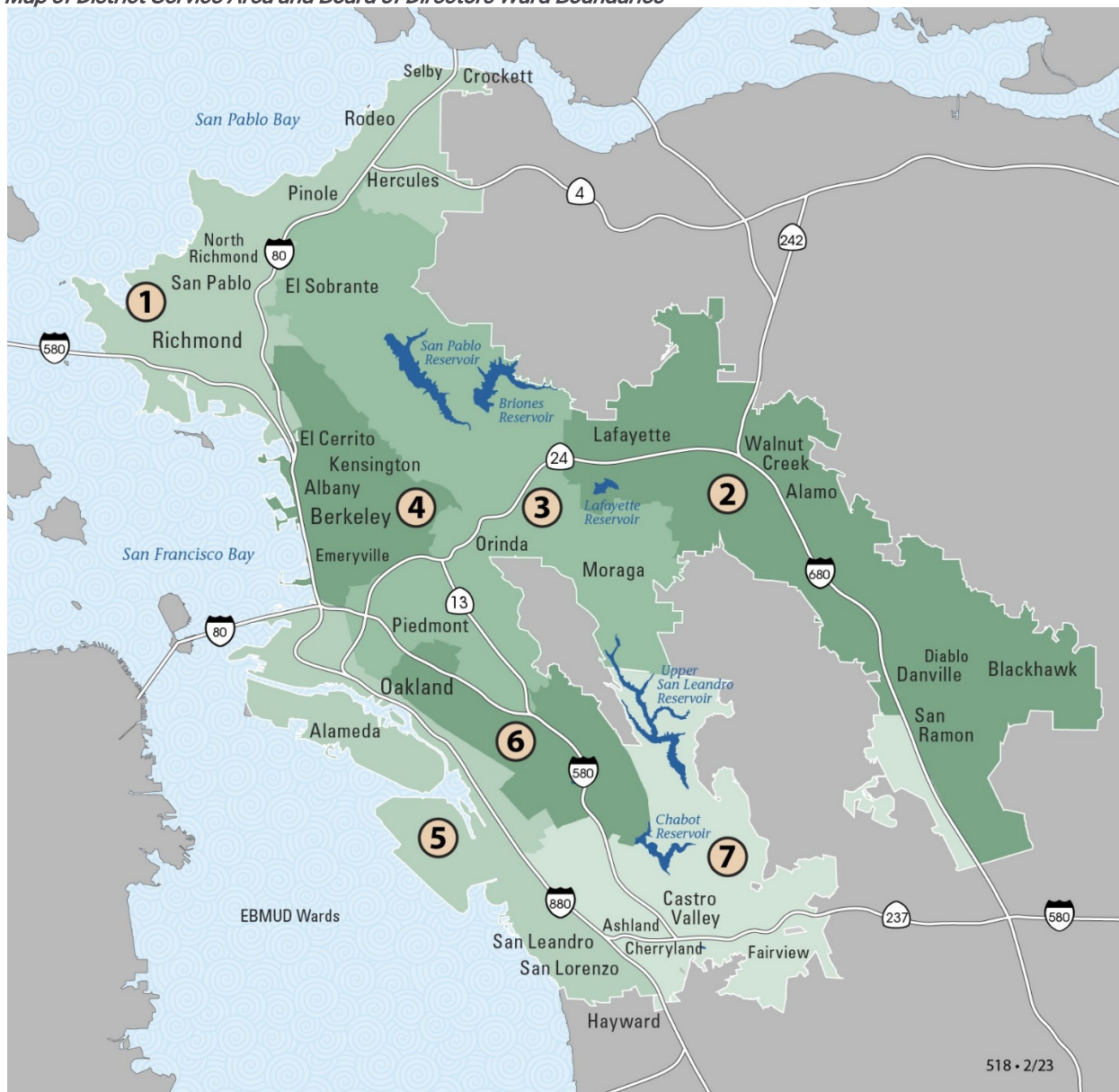
District Organization

BOARD OF DIRECTORS

The District has a seven-member elected Board of Directors who determines overall policies, which are then implemented under the direction of the General Manager. The Board of Directors believes that the District has a public responsibility to preserve the region's resources and set industry standards for water and wastewater utilities.

Directors are publicly elected to four-year terms from seven wards within the service area. The following map shows the areas included in each ward.

Map of District Service Area and Board of Directors Ward Boundaries



The Board of Directors is shown below. Additional information can be found at: www.ebmud.com/about-us/board-directors/your-board-members/.

Ward 1	Joey D. Smith	Term expires 12/31/2028
CONTRA COSTA COUNTY: Cities of Crockett, Hercules, Rodeo, and San Pablo; portions of Richmond and Pinole; and communities of North Richmond and Selby.		
Ward 2	Luz Gómez	Term expires 12/31/2026
CONTRA COSTA COUNTY: Cities of Alamo, Lafayette, Walnut Creek, Town of Danville; communities of Blackhawk and Diablo; and portions of San Ramon and Pleasant Hill.		
Ward 3	Marguerite Young, President	Term expires 12/31/2026
ALAMEDA COUNTY: City of Piedmont, and a portion of Oakland. CONTRA COSTA COUNTY: Cities of Orinda and El Sobrante; Town of Moraga, and portions of Pinole and Richmond.		
Ward 4	Andy Katz	Term expires 12/31/2026
ALAMEDA COUNTY: Cities of Albany, Berkeley, and Emeryville; and a portion of Oakland. CONTRA COSTA COUNTY: Cities of El Cerrito and Kensington.		
Ward 5	Jim Oddie	Term expires 12/31/2028
ALAMEDA COUNTY: Cities of Alameda and San Lorenzo; the West Oakland and Oakland Airport areas; and a portion of San Leandro.		
Ward 6	Valerie D. Lewis	Term expires 12/31/2028
ALAMEDA COUNTY: Portions of Oakland, including East Oakland and south of Park Boulevard/5 th Avenue to the City of San Leandro boundary.		
Ward 7	April Chan, Vice President	Term expires 12/31/2026
ALAMEDA COUNTY: Castro Valley; portions of San Lorenzo, San Leandro, and Hayward; communities of Cherryland and Fairview. CONTRA COSTA COUNTY: Portion of San Ramon.		

Board meetings are open to the public and are held twice monthly on the second and fourth Tuesday and at other times as needed. The Board is committed to governing through a public process, guided by the District's Mission Statement.

SENIOR MANAGEMENT

The General Manager and General Counsel are appointed by and report directly to the Board of Directors.

Clifford C. Chan	General Manager
Derek T. McDonald	General Counsel

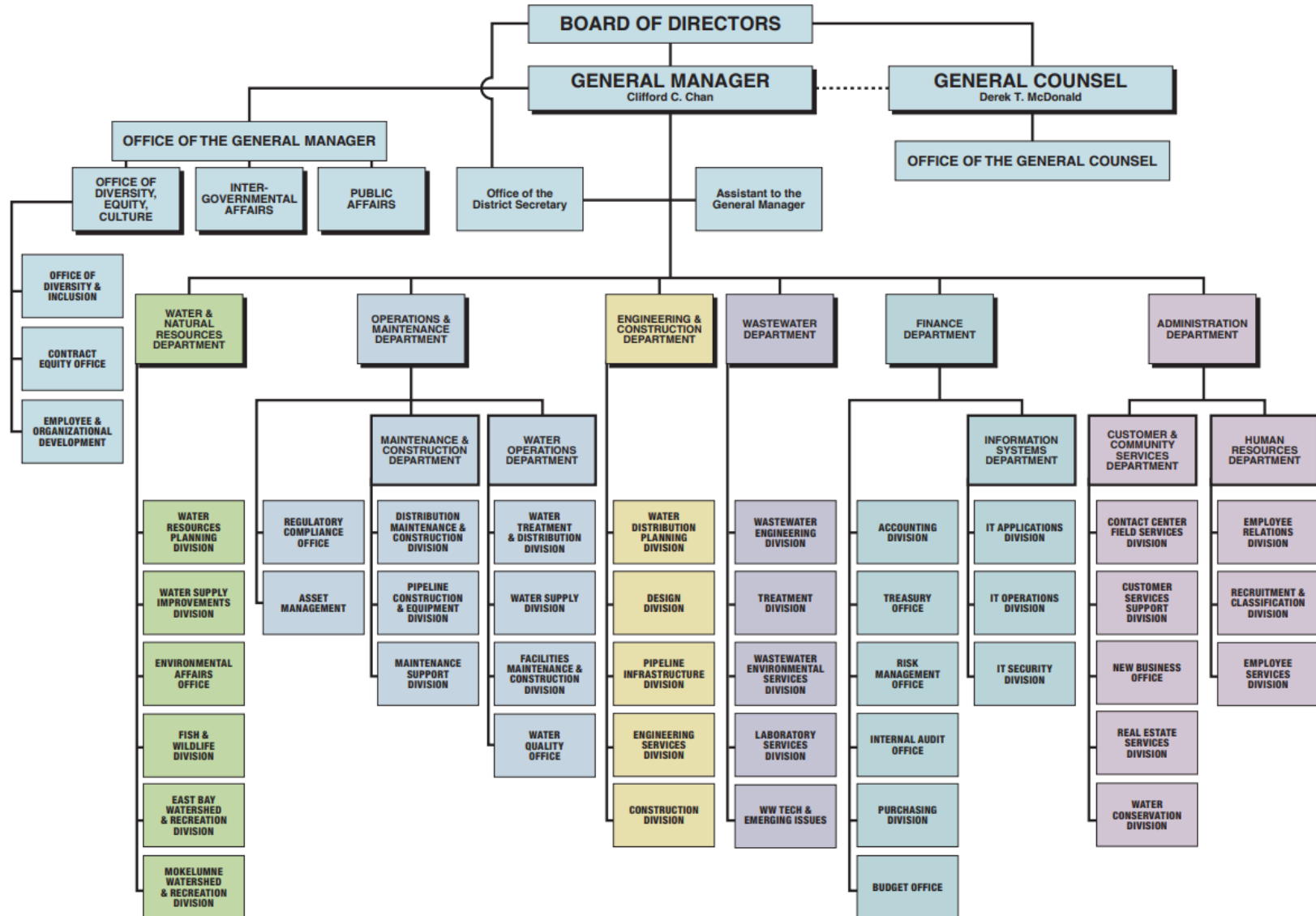
The Senior Management Team members are listed below.

David A. Briggs	Director of Operations and Maintenance
Cindy R. Charan	Director of Human Resources
Rischa S. Cole	Secretary of the District
Roberto Cortez	Manager of Water Operations
Janetta M. Johnson	Assistant to the General Manager
Andrew Lee	Director of Customer and Community Services
Orlando Leon	Chief Information Officer
Derry L. Moten	Special Assistant to the GM – Diversity, Equity, and Culture
Amit Mutsuddy	Director of Wastewater
Sophia Skoda	Director of Finance
Serge Terentieff	Director of Engineering and Construction
Michael Tognolini	Director of Water and Natural Resources
Kathy Viatella	Special Assistant to the GM – Legislative Affairs
Crystal Yezman	Manager of Maintenance and Construction
Kelly Zito	Special Assistant to the GM – Communications

The chart on the following page provides an overview of the organization and shows the different departments and divisions within the District. It can also be found at www.ebmud.com/about-us/board-directors/management/.



ORGANIZATION CHART



WORKFORCE

The District has more than 2,000 employees. Most are represented by the American Federation of State, County and Municipal Employees, Locals 444 and 2019; the International Federation of Professional and Technical Engineers, Local 21; and the International Union of Operating Engineers, Local 39. The majority of employees work in the East Bay, but some work in the Central Valley and Mokelumne watershed area.

EBMUD is an equal employment opportunity (EEO) employer, and a proud leader in taking proactive steps that support a diverse, inclusive workforce. The District strives to achieve a workforce composition reflective of the labor market, and to develop action-oriented programs to improve recruitment efforts. We are committed to providing a professional environment which is free from EEO discrimination, harassment, and/or retaliation.

Started in FY 2022, the Office of Diversity, Equity, and Culture (ODEC), reporting to the General Manager, includes District functions related to employee and organizational development, contract equity, and diversity and inclusion. This office led the effort to create a Diversity, Equity, and Inclusion Strategic Plan, along with a Two-Year Action Plan. These plans, with measurable goals, will support the District in meeting its goals to be an agency that reflects and meets the needs of its community and its staff.



Administration Building – Oakland, CA

Strategic Plan

SUMMARY

The District's Strategic Plan incorporates its mission and principles, and identifies its goals, strategies, objectives, and key performance indicators. The plan guides staff in the management and allocation of resources and assets. The Strategic Plan also guides the development of the biennial budget and the 10-year Capital Improvement Program (CIP) to ensure that necessary resources are provided to implement the plan's strategies and objectives.

The current Strategic Plan was adopted by the Board of Directors in June 2020. It is the framework for how the District will respond to and prioritize challenges and evolving priorities. The plan incorporates the principles of fiscal responsibility, sustainability, and effective use of resources that minimize the District's environmental footprint.

The Strategic Plan includes the following elements:

- **Goals** define in broad terms the high-level achievements the District will pursue;
- **Strategies** define which actions are necessary to achieve each goal;
- **Objectives** reflect what needs to be accomplished in the near term; and
- **Key Performance Indicators (KPIs)** measure how well the District is doing in achieving its goals.



STRATEGIC PLAN GOALS

The District has established the following set of goals integrating sustainability principles:

- **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 values.
- **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 and 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.

IMPLEMENTING THE PLAN

The purpose of the strategic planning process is to define the actions that need to be taken in the next three to five years to achieve the District's mission now and into the future. The process is designed to assess the environment in which we operate and respond to both near and long-term challenges. The General Manager and the Senior Management Team lead the implementation of the Strategic Plan.

The Strategic Plan is adopted by the Board of Directors. Upon adoption, development of specific actions to implement the Strategic Plan begins. The document provides staff with an overall high-level direction to achieve future success; it does not describe the specific actions to be taken. By developing actions that are linked to the Strategic Plan we can ensure that we focus our resources on the highest priorities that will best serve our customers.

Strategic Plan Process



Employee performance plans are prepared annually to establish and communicate responsibilities and performance expectations to achieve the priorities contained in the plan.

The Strategic Plan is comprised of two documents. One contains our goals, strategies, and objectives to define the actions to take to ensure both long-term achievements and near-term accomplishments, and the other includes a comprehensive set of Key Performance Indicators (KPI) that reflect the various strategies and objectives contained within the six Strategic Plan goals.

The KPI results are measured annually against established targets to evaluate progress towards meeting our goals and are presented to the Board's Finance Committee.

Strategic Plan goals, strategies, objectives, and KPIs are available in the Appendix and online at www.ebmud.com/about-us/who-we-are/.

The following page has the one-page summary of the Strategic Plan goals and strategies.

Strategic Plan | Goals and Strategies

Long-Term Water Supply

- Goal:** We ensure a reliable high quality water supply for the future.
- Strategy 1** Preserve current water rights and entitlements and augment the District's successful water supply projects by obtaining supplemental supplies to meet customer demands.
- Strategy 2** Reduce potable water demand through water efficiency and conservation and build on past water savings success to help ensure a reliable water supply.
- Strategy 3** Reduce potable water demand through water recycling and build on past success to achieve a diversified and reliable water supply.
- Strategy 4** Consider the impacts of climate change and take appropriate action to understand and balance mitigation and adaptation responses to those impacts through sustainable activities.

Water Quality and Environmental Protection

- Goal:** We meet or surpass environmental and public health standards and protect public trust values.
- Strategy 1** Manage the Mokelumne and East Bay watersheds to ensure a high-quality water supply and protect natural resources while providing appropriate public access.
- Strategy 2** Operate and maintain District facilities to surpass federal and state drinking water regulations.
- Strategy 3** Operate and maintain District facilities to anticipate and meet all water discharge, air emission, and land disposal requirements to protect and enhance the environment.
- Strategy 4** Minimize impacts to the environment by reducing, recycling, reusing and reclaiming waste, and by conserving natural resources.
- Strategy 5** Ensure protection and stewardship of the San Francisco Bay.
- Strategy 6** Operate Pardee and Camanche Reservoirs and facilities as an integrated system to achieve multiple objectives including municipal water supply, stream flow regulation, environmental protection, flood control, hydropower, and releases for downstream requirements.

Long-Term Infrastructure Investment

- Goal:** 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.
- Strategy 1** Maintain coordinated master plans for all facilities and assets.
- Strategy 2** Meet operational needs and reliability goals by effectively maintaining the infrastructure.
- Strategy 3** Implement the master plans and set priorities in the operating and capital budget process to reflect the needs identified in those plans.

Long-Term Financial Stability

- Goal:** We manage the District's finances to meet funding needs and maintain fair and reasonable water and wastewater rates.
- Strategy 1** Maintain a long-range financing plan that sets forth the long-term funding needs of the District.
- Strategy 2** Implement water and wastewater rates and charges that are legal, fair, reasonable, and equitable.
- Strategy 3** Ensure integrity, accountability, and transparency in financial management.
- Strategy 4** Implement technologies that improve the efficiency and effectiveness of business processes.

Customer and Community Services

- Goal:** We build stakeholder trust and long-term relationships through service excellence, proactive communication, and education.
- Strategy 1** Build public awareness of the District's priorities, initiatives, systems, and services.
- Strategy 2** Continue to build trust by providing quality service, timely information, and resolution of customer and community inquiries.
- Strategy 3** Build long-term partnerships in the community, regionally and nationally, in areas of shared interest and in support of the District's mission.
- Strategy 4** Maintain active Emergency Preparedness and business continuity Programs to plan for, minimize interruptions, and manage the District's essential functions during an emergency and allow for an efficient and effective recovery.

Workforce Planning and Development

- Goal:** 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.
- Strategy 1** Coordinate workforce planning activities to determine future needs, identify gaps, and implement actions to close the gaps.
- Strategy 2** Continue to develop employees to meet evolving workforce demands and implement actions to close gaps.
- Strategy 3** Support District values, recognize employee contributions, and establish clear performance measures to achieve a high-performance culture.
- Strategy 4** Enhance the District's ability to recruit a highly qualified, diverse staff that exhibits the District's values.

EBMUD Fun Fact:

EBMUD infrastructure provides 7.75 million gallons of recycled water each day. That's estimated to be enough to water nearly 4,500 sports fields year-round.

Chapter 2: Finance & Budget Overview

This chapter describes the District's financial structure and organization, and budget development process and responsibilities. It provides the parameters under which the budget is created.

Financial Organization

FUND STRUCTURE AND DESCRIPTIONS

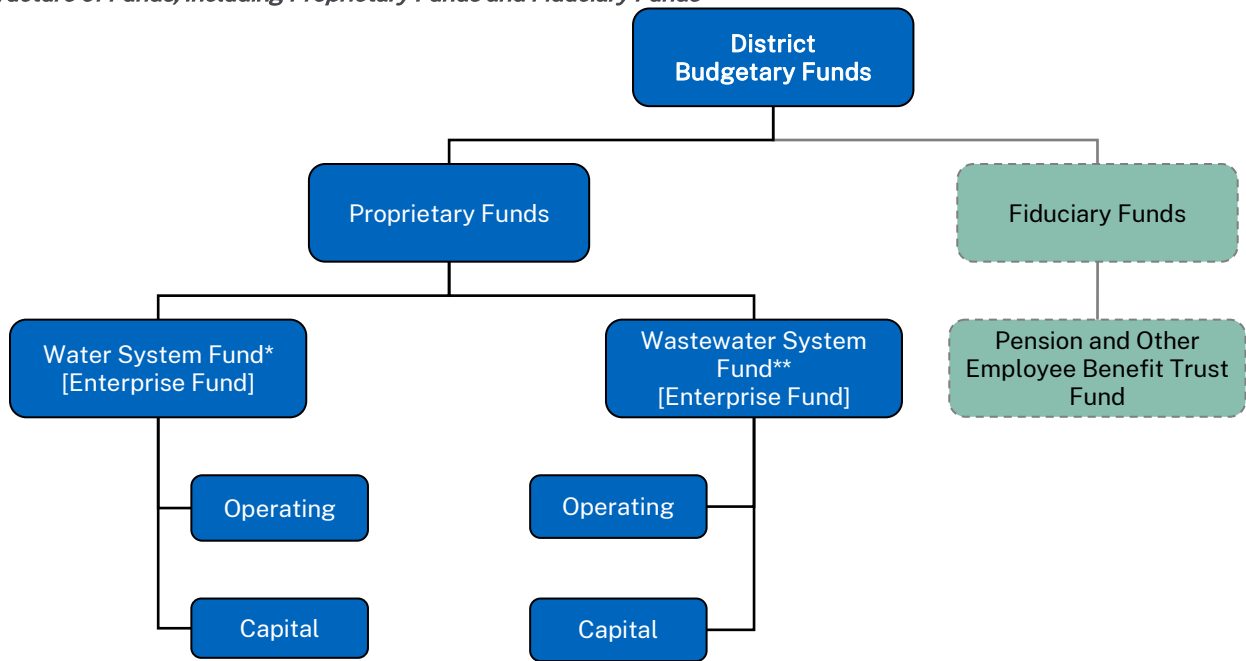
The District's financial structure is composed of proprietary funds (ongoing business operations) and fiduciary funds (see glossary for definitions of terms). The proprietary funds include two legally distinct and financially independent enterprise funds: Water System and Wastewater System. The two separate funds preserve the unique expenditure and revenue distinction between the two entities. When services are provided by one system for the benefit of the other, the appropriate fund is billed and cash transfers are made.

- The Water System is primarily engaged in the collection, transmission, and distribution of water to communities within Alameda and Contra Costa Counties of California. In addition, the Water System provides support services to the Wastewater System and the cost of these services are charged to the Wastewater System. The Water System consists of 14 staffed departments.
- The Wastewater System is primarily engaged in the treatment of wastewater from residences and industries in the California communities of Alameda, Albany, Berkeley, Emeryville, Oakland, Piedmont, and the Stege Sanitary District. The Wastewater System consists of one staffed department.

Both systems are proprietary and enterprise funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the expense of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Water System performs many support functions for the Wastewater System. These functions include but are not limited to financial services such as accounting, human resources services such as recruitment, information technology, customer services, legal services, and general oversight and governance. The Wastewater System reimburses the Water System directly for these services through a joint administrative and general annual expense.

Both systems are governed by the same elected Board of Directors and share policies and procedures. Throughout this document, the 'District' refers to the East Bay Municipal Utility District and is understood to encompass both the Water and Wastewater Systems.

Structure of Funds, Including Proprietary Funds and Fiduciary Funds***Staffed Departments**

Administration
 Customer & Community Services
 Engineering & Construction
 Finance
 Human Resources
 Information Systems
 Maintenance & Construction
 Natural Resources
 Office of the General Counsel
 Office of the General Manager
 Operations and Maintenance Support
 Water Operations
 Water Recycling Program
 Water Resources

****Staffed Department**

Wastewater

In addition to the proprietary funds, the District maintains a fiduciary fund to account for resources held for the benefit of parties outside the government. The fiduciary fund consists of the Pension and Other Employee Benefit Trust Fund, which is maintained to account for assets held by the Employees' Retirement System in a trustee capacity for vested and retired employees.

FINANCIAL REPORTING

Financial reports are prepared in conformity with generally accepted accounting principles. At the conclusion of each fiscal year, the Finance Department prepares the Annual Comprehensive Financial Report in compliance with principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB), and the guidelines recommended by the GFOA of the United States and Canada. An application has been submitted to GFOA for the Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report for the fiscal year ending June 30, 2024. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparing a state and local government financial report. To receive the award, a government unit must publish an easily readable and efficiently organized report that satisfies both generally accepted accounting principles and applicable legal requirements. If awarded, this will be the eighteenth consecutive year that the District has received the award.

BUDGETARY AND ACCOUNTING BASIS

The basis of budgeting and accounting refers to the method for recognizing revenue and expenses in financial and budgetary reporting.

The District's budgets are prepared on a modified cash basis which projects the cash inflows and outflows over the course of a fiscal year (July 1 through June 30) excluding physical and intangible assets such as depreciation. Revenues are recognized as they are received and accounted for, while expenditures are recognized at the time commitments are incurred.

The District's accounts and transactions are tracked on an accrual basis, which is the basis of accounting under generally accepted accounting principles. Under this method, all assets and liabilities associated with operations are included on the balance sheet; revenues are recorded when earned and expenses are recorded at the time commitments are incurred.

Depreciation and amortization are handled differently in budgetary and financial reporting. In budgetary reporting, depreciation and amortization are excluded, and the repayment of the principal on debt as an expense is included. In financial reporting, depreciation and amortization are included, and the repayment of the principal on debt as an expense is excluded.

This table illustrates the differences between the budget and accounting basis described above.

Revenue and Expenses on a Budgetary Basis Compared to Accounting Basis

	Budgetary	Accounting
	(Modified Cash Basis)	(Accrual Basis)
Revenue	Recognized when received and accounted for	Recorded when earned
Obligations	Recognized at the time commitments are incurred	Recorded at the time commitments are incurred
Depreciation and amortization	Excluded	Included
Repayment of principal on debt	Included	Excluded

FINANCIAL PLANNING

The District prepares a strategic plan and annual financial forecasts that provide the basis for developing the budget. Long-term financial stability is a goal in the Strategic Plan, which includes managing the District's finances to support its needs and maintain reasonable water and wastewater rates.

Revenue requirements over a ten-year planning horizon are evaluated to determine the level of rate adjustments required for the upcoming budget years. To the extent possible, increases in water and wastewater rates are adjusted to avoid large fluctuations.

FINANCIAL POLICIES

The District establishes policies and resolutions to comply with the stipulations set forth in the Municipal Utility District Act of the State of California (MUD Act). District policies are reviewed at least biennially; some policies such as the Investment Policy are reviewed annually. The policies described below set forth key objectives for long-range financial planning and control.

The following policies are included in the Appendix as a reference:

- Policy 4.02 Cash Reserves
- Policy 4.04 Financial Planning and Budgetary Control
- Policy 4.07 Investments
- Policy 4.13 Establishing Water and Wastewater Rates
- Policy 4.27 Debt Management

Policy 4.02: Cash Reserves

This policy identifies specific financial metric targets. The District strives to maintain operating reserves at a level sufficient to meet working capital and unanticipated needs, specifically:

- Maintaining Working Capital Reserves of at least 3.0 times monthly net operating and maintenance expenses.
- Maintaining Self-Insured Liability Program Reserves based on the Actuarial Self-Insured Retention (SIR) funding recommendation.
- Maintaining Workers' Compensation Program Reserves based on the Actuarial SIR funding recommendation.
- Maintaining Rate Stabilization Reserves. The Water System requires a minimum of 20 percent of projected annual water volume revenues, and the Wastewater System requires a minimum of 5 percent of operating and maintenance expenses.

Policy 4.04: Financial Planning and Budgetary Control

This policy provides for the efficient use of District resources through financial planning and cost control; keeps total annual expenditures to the level of total annual revenue; provides periodic status reports on revenues, expenditures, and investments; and establishes the authority of the General Manager to transfer up to 5 percent of each fiscal years' budget between the capital and operating budgets within each System's funds, provided that the total budget for each System fund remains unchanged. Budget transfers between the Water and Wastewater Systems are prohibited.

Policy 4.07: Investments

This policy guides the investment of District funds. The policy ensures that all investments are compliant with the state law, protects investments (safety), ensures availability of funds when needed (liquidity), and provides earnings on the investment portfolio (yield) while reducing risk by investing in a variety of instruments (diversification) and the District's Conflict of Interest Code. Among the key guidelines included in the policy are the types and characteristics of permitted investments, parameters for investment decisions, reporting requirements, and internal controls.

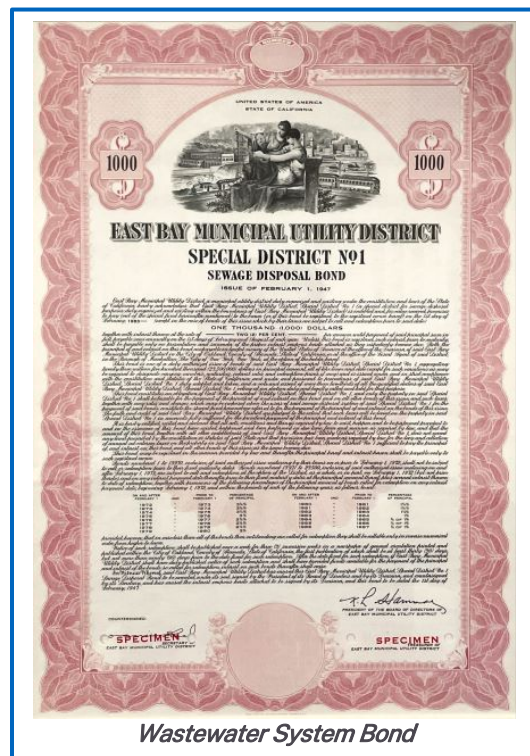
Policy 4.13: Establishing Water and Wastewater Rates

This policy guides the establishment of water and wastewater rates for the East Bay Municipal Utility District. The policy ensures that rates comply with applicable laws, including Proposition 218 and the Municipal Utility District (MUD) Act. Among the key guidelines included in the policy are the methodology for setting rates, the requirement for a cost-of-service study at least every ten years, and the design principles that ensure cost recovery for the operation and capital needs of water and wastewater facilities. The policy also outlines the public involvement process in rate-setting, ensuring transparency through public hearings and board review before implementing new or revised rates.

Policy 4.27: Debt Management

This policy strives to maintain a reasonably conservative ratio between current funding sources and debt financing by:

- Maintaining an annual revenue bond debt service coverage ratio of at least 1.6 times;
- Limiting debt-funded capital to no more than 65 percent of the total capital program over each five-year planning period; and
- Limiting commercial paper/variable rate debt to 25 percent of outstanding long-term debt.



Wastewater System Bond

Budget Process

SUMMARY

During the budget process, the District makes decisions on the efficient use of its resources using the Strategic Plan for guidance. A financial plan and biennial budget are established for the Water and the Wastewater Systems that includes the operating and capital programs and sets levels of related expenditures that may be made.

The budget reflects the costs necessary to provide customers with safe, reliable water and wastewater service over the long-term while keeping rates fair and reasonable. The budget is also used to develop rates and charges that provide adequate revenues to meet the District's needs and encourages the efficient use of water.

Decisions on allocating resources and addressing budget needs do not end when the Board adopts the budget. Throughout the year, departments are responsible for implementing the budget and monitoring budget performance, responding to unforeseen or emergency circumstances, and participating in long-range financial planning.

The District received the GFOA's Distinguished Budget Presentation Award for its FY 2024 and FY 2025 biennial budget document. This is the eighteenth consecutive budget document for which the District has received the GFOA award. For the seventh time, the California Society of Municipal Finance Officers (CSMFO) has presented the Excellence in Budgeting Award to the District. To qualify for these awards, the budget document had to meet stringent guidelines and criteria.

BALANCED BUDGET

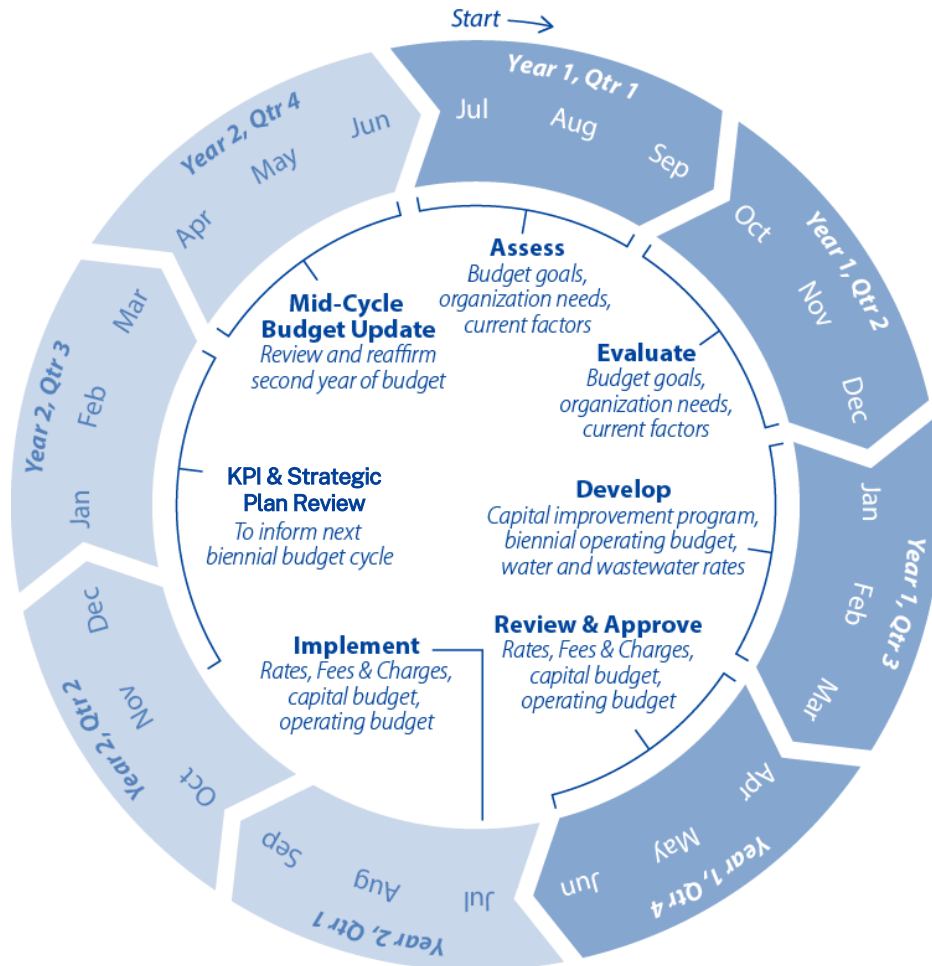
The District budget is balanced when revenues are equal to or greater than expenditures, including debt service, and ending fund balances meet minimum policy levels. The District's rates and charges are set to ensure that rate revenues are sufficient to recover the total revenue requirement in a given fiscal year. To calculate rate structures, the District conducts Cost of Service (COS) studies. COS studies allocate costs among customer classes based on usage characteristics. State law requires basing rates and charges on the cost of providing service.

This year, the District updated the COS study for the Water System, leading to changes in the structure of some Water rates and charges. The effort to update the Water COS was thorough and comprehensive and is published separately from the Biennial Budget. The rates and charges for the Wastewater System continue to reflect the 2019 Wastewater COS study.

BUDGET DEVELOPMENT CALENDAR

The District has a biennial budget process which is represented in the graphic below and described more fully in the following text.

Biennial Budget Development Cycle



Assess	Budget goals, organization needs, and current factors
Before July	Capital budget process starts before the fiscal year begins.
July	Budget guidelines and assumptions prepared.
August	Operating budget and staffing-related budget development starts.
Evaluate	Budget goals, organization needs, and current factors
October	Review of staffing, operating, and capital budget requests.
November	Infrastructure Workshop presents information on the 10-Year CIP.
December	Senior Management Team (SMT) reviews and discusses budget requests.

Develop	Capital Improvement Program, biennial operating budget, rates
January	Operating, staffing, and capital budget recommendations developed with Board input in the first Budget Workshop.
February	Semi-Annual Budget Performance Report presented to the Board, which provides six months of actual performance, which informs the budget and rates development process. Proposed budgets and rates are further refined.
March	Documents are prepared to present proposed budget and rates to the Board and the public. The General Manager presents the proposed operating and capital budgets, and proposed rates, fees and charges to the Board at the second Budget Workshop.
Approve	Rates, charges, and fees, capital budget, operating budget
April	Another budget workshop occurs if needed to address any direction given by the Board at previous budget workshops. California Proposition 218 notices are distributed to property owners.
May	The General Manager's recommendations on the proposed rates, charges, and fees are filed with the Board of Directors.
June	Public hearing on rates is held. Board adopts operating and capital budgets; rates, charges, and fees schedules; and positions authorization.
Implement	Adopted rates, charges, and fees, capital and operating budgets
July	Adopted rates and budget implementation begins. Adopted budget, and rates and charges schedules published.

REPORTS AND UPDATES TO THE STRATEGIC PLAN AND BUDGET

Strategic Plan Update

The Strategic Plan is updated periodically as needed. The plan provides the District with overall direction for several years, sets priorities, and guides the development of the budget within those priorities.

Mid-Cycle Budget Update

The Board of Directors approves the budget covering a two-year period. The Board reviews and reaffirms the second year of the two-year budget prior to the start of a new fiscal year in July. A Mid-Cycle Budget Update workshop provides the Board of Directors with a budget status and any projected changes to revenues, expenditures, and staffing.

Annual and Semi-Annual Budget Performance Reports

At the mid-point and conclusion of each fiscal year, the Board of Directors is provided with a comparative analysis of expenditures to budget.

BUDGET RESPONSIBILITIES

Budget decisions are made through a process that involves the Board of Directors, District staff, and the public. The responsibilities for financial management planning and budget control are:

All Departments' Responsibilities

- Support preparation of the CIP and biennial budget requests;
- Monitor financial performance and take prompt corrective action as needed;
- Monitor key performance indicators and take corrective action as appropriate; and
- Inform the General Manager when unforeseen circumstances indicate that budget amounts may be exceeded or that expected revenues may be less than planned.

Finance Department's Responsibilities

ACCOUNTING

- Produce monthly and annual expenditure and revenue reports;
- Prepare and present information on financial trends to facilitate evaluation of the District's financial position and identify conditions requiring management attention; and
- Prepare periodic reports on the status of expenditures, revenues, investments, and actions taken to ensure the financial stability of the District.

OFFICE OF BUDGET AND PERFORMANCE

- Facilitate the updates to the Strategic Plan;
- Project financial needs, and recommend methods for meeting those needs;
- Prepare the District's biennial operating and CIP budgets;
- Prepare monthly, quarterly, semi-annual, and annual budget performance reports;
- Prepare the mid-cycle budget update;
- Assist departments throughout the year with their budgets and financial issues; and
- Develop procedures and controls to monitor and ensure compliance with the budget.

TREASURY OPERATIONS

- Monitor the District's liquidity and ensure funds are available as needed, invest funds in accordance with Board policy, wire funds to pay approved demands, and take other actions associated with the prudent management of the District's financial resources;
- Provide for the issuance of debt to fund the CIP; and
- Prepare financial projections, schedules of rates and charges, and other financial materials.

General Manager's Responsibilities

- Review and present to the Board long-range plans, budgets and revisions, schedules of rates and charges, payments of financial demands, and other financial transactions, as necessary;
- Authorize budget transfers up to five percent of the fiscal year's budgets between the operating and capital budgets in each of the Water and Wastewater System's budgets, provided that the total budget for each of the two systems remains unchanged; and
- Implement emergency financial procedures within approved limits, when necessary.

BUDGETARY CONTROLS

Automated District-wide budgetary controls track spending to the amounts set in the budget. Budgetary controls function differently for operating and capital budget appropriations.

For the operating budget, each department is controlled within each of the three expenditure categories: personnel costs, contract services, and operations and maintenance. Departments may not exceed their authorized operating budget for each fiscal year unless there are available contingency funds to cover the additional expenses. The Office of Budget and Performance monitors the budget and oversees the contingency fund.

For the capital budget, each capital Award is controlled based on its appropriation. An Award may not exceed its total appropriation. Unlike the operating budget, which expires on June 30 of each fiscal year, capital appropriations are multi-year and will last through the life of the projects.

Starting in FY 2026, the District will be modifying its capital budget controls to increase accountability associated with capital project costs. The development of these new control methods is ongoing and will be phased in using a combination of existing financial system and manual monitoring processes.

BUDGET ADJUSTMENTS

Adjustments to the operating budget are reallocations of funds between organizational units, categories, or line items, which allow departments to have financial flexibility within established budgetary controls. Approval is required by the affected department(s) and by the Office of Budget and Performance.

Budget adjustments to the capital budget are reallocations of funds within or between Awards. Approval from the affected department(s) and the Office of Budget and Performance is required for all budget adjustments.

Operating appropriations can be transferred between fiscal years if allowed under the parameters of the Board-approved budget resolution, as long as there is no net increase in appropriations without additional Board approval. Capital funds are generally transferred from one fiscal year to the next as long as the appropriations are for the same approved Capital projects.

General Manager approval is required for the reallocation of funds between the operating and capital budgets of the Water and Wastewater Systems. Approval from the Board of Directors is required for increases to the total budgets of the Water or Wastewater Systems, except when approval is granted in advance through the biennial budget resolution, which allows for increases in appropriations when awarded grant funds. No appropriations can be transferred between the Water and Wastewater Systems.

CAPITAL IMPROVEMENT PROGRAM PREPARATION

About the CIP

The CIP communicates the District's planned infrastructure investments for the next 10 years by first identifying and prioritizing capital needs, then refining the plan given available resources. Developed biennially and incorporated into the District-wide budget, the CIP consists of projects that typically result in the construction of new facilities, or the rehabilitation or upgrade of existing facilities. Project costs include all expenditures required to study, plan, design, construct, or upgrade new or existing facilities. Projects can also include large equipment purchases and the creation or replacement of technology infrastructure.

The Office of Budget and Performance (OBP) is the central budgeting office, responsible for coordinating the development of the capital budget and on-going monitoring throughout the fiscal year, including:

- Managing the CIP budget preparation and planning process, including forecasting, stewardship of enterprise budget development software, and internal communications;
- Providing staff support to the Capital Steering Committees (CSCs);
- Ensuring that the decisions of the CSC and General Manager are reflected in the budget;
- Determining the level and sources of funding necessary for the CIP;
- Reporting to the General Manager and CSCs the status of capital cash flow spending; and
- If required, requesting General Manager or Board approval for adjustments to CIP appropriations.

CIP Budget Development

The responsibilities for preparing and managing the CIP continue to be a collaborative effort, with new elements incorporated for this budget cycle.

PRIORITIZATION

For the FY 2026 - FY 2035 CIP, OBP and the CSC embarked on a new capital prioritization process. Every project in this CIP was individually scored by the members of the Water and Wastewater CSCs and evaluated for its importance to the system along multiple criteria as well as the urgency of its need. The projects were then organized in priority order. After this, project resources were considered, and staff adjusted the CIP to align with the District's financial and staffing capabilities. This process helped prioritize the organization's infrastructure needs.

TECHNOLOGY

The District continues to invest in technology to modernize the District's financial processes, enhance reporting, streamline data entry, and foster innovative methods of budget development. The tools heavily supported this CIP development processes. The new practices will also prove instrumental as the District plans to pursue more external funding opportunities for capital, particularly focused on state and federal grants with associated monitoring and reporting requirements.

PROJECT MANAGEMENT

Project managers across the organization endeavor to meet the requirements of the biennial CIP budget process and to implement specific projects. During budget development, project staff submitted questionnaires for each project included in the CIP, to be scored according to the criteria above. After scores placed projects in priority order, project appropriations and cash flows were updated, and project descriptions and justifications were modified. Managers also worked together to identify the most effective ways to schedule, staff, and coordinate projects.

CAPITAL STEERING COMMITTEES (CSCs)

The CSCs – one for the Water System and Wastewater System – consist of Department Directors and Managers responsible for the overall management of the CIP during the budget preparation process. Responsibilities include:

- Serve as an advisory group to the General Manager and the Office of Budget and Performance;
- Review projects for opportunities to combine projects, streamline costs, and determine the necessity for proposed new projects;
- Confirm the adequacy of District resources to complete projects;
- Analyze and challenge planned project cash flow amounts;
- Finalize the list of individual projects to be presented to the General Manager and Board of Directors based on available resources, project need, and priority;
- Review the status of the CIP regularly;
- Provide direction to project management staff to resolve administrative issues; and
- Authorize necessary changes to project scope, schedule, and budget that are within staff's administrative authority.



Leak Detection Reduces Water Loss

Chapter 3: Budget Summary

OVERVIEW

This chapter summarizes the biennial budget for the Water and Wastewater Systems and includes the following topics:

- Budget Appropriations
- Operations, Debt Service, and Capital Improvement Program
- Staffing and Labor and Benefits
- Sources of Funds and Fund Summaries

Budget Appropriations

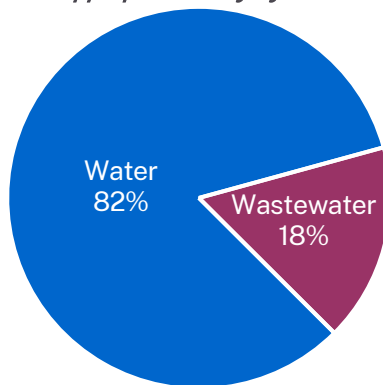
The budgeted appropriations are divided into three categories:

- **Operations** associated with the annual cost of providing all water and wastewater services;
- **Debt Service** on bonds issued to pay for the capital infrastructure investments along with other debt-related expenses; and
- **Capital** associated with projects to upgrade aging infrastructure, make seismic improvements, protect natural resources, and ensure a future water supply.

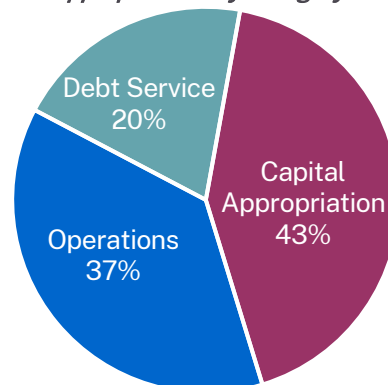
Appropriations Summary for Water and Wastewater Systems

Appropriations Summary (\$ Millions)							
	FY 2026			FY 2027			Grand Total
	Water	Wastewater	Total	Water	Wastewater	Total	
Operations	456.4	118.9	575.4	478.5	123.7	602.2	1,177.6
Debt Service	269.7	36.9	306.6	289.4	36.8	326.2	632.8
Capital Appropriation	729.2	90.3	819.5	394.4	120.8	515.2	1,334.7
Total	1,455.3	246.2	1,701.5	1,162.3	281.3	1,443.6	3,145.1

Appropriations By System



Appropriations by Category



APPROPRIATIONS BY SERVICES PROVIDED

EBMUD provides water and wastewater services to protect public health through the operation and maintenance of an infrastructure system spanning over 4,200 miles of pipeline, 344 miles of aqueducts, 171 reservoirs including 164 treated water reservoirs, 143 pumping plants, 37 miles of sewer interceptors, and 10 water treatment plants and one wastewater treatment plant plus three wet weather facilities. Other services include recreation, fishery and habitat restoration, water conservation, pollution prevention, youth and adult education, and producing renewable energy at dams and the wastewater treatment plant. Unlike many California water agencies, EBMUD owns its own water source and only purchases supplemental water during droughts.

The following table summarizes the budgeted appropriations by services provided.

Appropriations by Service Provided

FY 2026 & FY 2027 Appropriations by Services Provided (\$ Millions)		
Services	FY 2026	FY 2027
Capital Improvement Program Projects to upgrade aging infrastructure, protect natural resources, and provide high quality water and wastewater services. Projects typically result in the construction of new facilities, or the rehabilitation or upgrade of existing facilities.	819.5	515.2
Debt Service Interest and principal repayment of bonds sold to pay for capital investments along with other debt-related expenses.	306.6	326.2
Water Service Operation and maintenance of facilities to store, treat, and deliver high-quality water to 1.4 million customers including reservoirs, pipelines, and treatment plants; planning for future water supply; recycled water; and reading meters.	285.6	297.6
Wastewater Service Operation and maintenance of facilities to convey and treat wastewater for 740,000 customers including sewer interceptors, the treatment plant, laboratory and wet weather facilities; and educational outreach to residences and businesses.	115.1	119.1
Support Services Human resources, finance, legal, information systems, and other services.	113.3	121.7
Customer Service Water conservation programs, public information, school outreach, billing services, contact center, and additional customer support services.	37.5	39.3
Natural Resource Management and Protection Environmentally sound management of over 57,000 acres of watershed lands, and operation of public recreation facilities and fisheries programs.	23.9	24.5
Total Budget Appropriations	1,701.5	1,443.6

Operations

Various departments carry out the day-to-day operations, and the budget includes appropriations for labor, contract services, and other expenses such as fuel, chemicals, and computer hardware and software. Appropriations are also budgeted for contingency to cover unanticipated needs. Intradistrict appropriations ensure that certain internal expenses are not duplicated such as vehicle expenses. Capital support costs, such as administration and general oversight, capture costs that support but are not directly attributable to a single capital project. Capital support costs are subtracted from operations and reallocated to the capital budget. Intradistrict expenses are also subtracted from operations and typically only have a small impact on the Water System.

DEPARTMENTS

The table below shows department operations within each system. The Maintenance & Construction and Water Operations Departments account for almost half of the Water System operations budget.

District-Wide Operating Appropriations by Department

Department Operating Appropriations (\$ Millions)			
	FY 2026	FY 2027	% Change
Water System			
Administration	-	-	
Customer & Community Services	31.4	32.9	4.7%
Engineering & Construction	32.3	33.7	4.5%
Finance	27.5	28.3	2.9%
Human Resources	14.5	15.1	4.2%
Information Systems	43.0	44.1	2.4%
Maintenance & Construction	107.8	111.8	3.7%
Natural Resources	23.9	24.5	2.8%
Office of the General Counsel	6.8	7.1	3.6%
Office of the General Manager	21.4	23.7	10.7%
Operations & Maintenance Support	36.4	38.1	4.6%
Water Operations	130.8	136.3	4.1%
Water Recycling Program	8.2	8.5	4.1%
Water Resources	14.8	15.4	4.2%
Staffed Departments Subtotal	498.8	519.4	4.1%
Contingency	28.1	29.6	5.2%
Intradistrict	(12.5)	(12.5)	0.0%
Capital Support	(58.0)	(58.0)	0.0%
Total Water System	456.4	478.5	4.8%
Wastewater System			
Staffed Department	115.1	119.1	3.4%
Contingency	6.9	7.7	11.4%
Capital Support	(3.1)	(3.1)	0.0%
Total Wastewater System	118.9	123.7	4.0%
District Total	575.4	602.2	4.7%

Debt Service

DEBT-FUNDED CAPITAL INVESTMENTS

Capital expenditures are funded through debt financing or on a “pay-as-you-go” basis, but a portion can also be funded by reimbursements or grants. Debt financing is generally suited for large capital projects with a long useful life and creates a measure of intergenerational equity in that future ratepayers will participate in the financing of the capital projects over their useful life. The “pay-as-you-go” option uses current year revenues and supports long-term financial stability.

The District’s policy is that over any five-year planning period no more than 65 percent of the Capital Improvement Program (CIP) will be funded from debt. Prior biennial budgets, as well as this budget, support additional “pay-as-you-go” funding to reduce debt service costs. Although debt service payments are considered to be part of the operating budget, debt proceeds are used to finance capital investments.

Over the 10-year FY 2026 – FY 2035 CIP, approximately 33.0 percent of the Water System’s capital program and 49.6 percent of the Wastewater System’s capital program will be debt funded.

DEBT SERVICE AND PLANNED BOND ISSUANCE

Annual debt service payments are made to pay the interest and principal on the bonds issued to fund a portion of the CIP as shown in the table below. The table also shows the amount of new revenue bonds expected to be issued to help fund the CIP.

Total outstanding debt for the Water System is projected to be \$2.71 billion as of March 31, 2025, and \$348.9 million on the Wastewater System as of March 31, 2025.

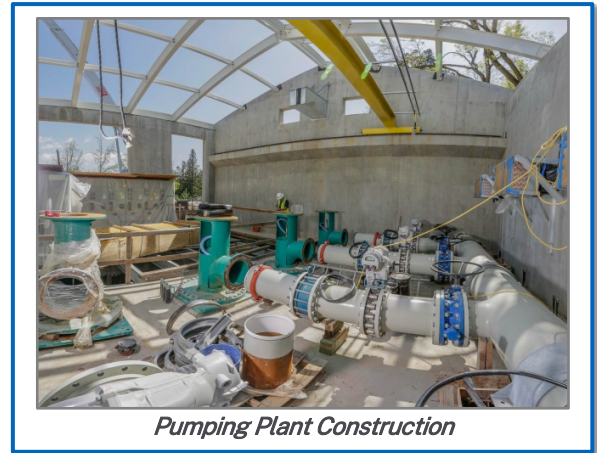
District-Wide Debt Service and Planned Bond Issuance

Debt Service and Bond Issuance (\$ Millions)				
	FY 2026		FY 2027	
	Water System	Wastewater System	Water System	Wastewater System
Debt Service Payments	266.3	35.7	286.6	35.5
New Bond Issuance	355.0	40.0	345.0	35.0

Capital Improvement Program

The Capital Improvement Program (CIP) identifies the District's capital needs over the next five years and prioritizes projects to rehabilitate and replace aging infrastructure to better serve customers.

Capital appropriations are the amounts approved by the Board to be spent on capital projects and may be expended over multiple years. Appropriations vary from year-to-year depending upon the funding needs of the projected work. Capital support consists of costs incurred by support functions that are not directly charged to individual capital projects, such as finance, human resources, and information systems. These costs support the CIP as a whole and are deducted from the operations budget and included in the capital budget.



CAPITAL APPROPRIATIONS

The following table shows the annual appropriations for the first two years of the five-year CIP, including capital support. The Board adopts the appropriations for only the first two years of the CIP. The remaining years are for planning purposes and are subject to revision.

Planned Capital Appropriations by Fund

Planned Capital Appropriations by Fund (\$ Thousands)			
	FY 2026	FY 2027	Total
Water	671,154	336,444	1,007,599
Capital Support	58,000	58,000	116,000
Water Total	729,154	394,444	1,123,599
Wastewater	87,216	117,679	204,895
Capital Support	3,100	3,100	6,200
Wastewater Total	90,316	120,779	211,095
District Total	819,470	515,224	1,334,694

Capital projects are organized by Award Purpose. There are 18 Award Purposes for the Water System and four for the Wastewater System, including an Award Purpose specific to contingency appropriations for each system. For the purposes of illustrating cash flow or general expense planning, contingency is typically excluded as while there may be appropriations, there is no planned or actual expenses from these Awards. Contingency appropriations for capital are intended to meet unanticipated needs that may arise before the next budget cycle. Typical examples include: replacement or repairs to facilities or equipment as a result of failures or safety deficiencies; new projects not anticipated during the prior cycle but which are necessary to begin on an accelerated timeframe; and unanticipated cost increases for projects.

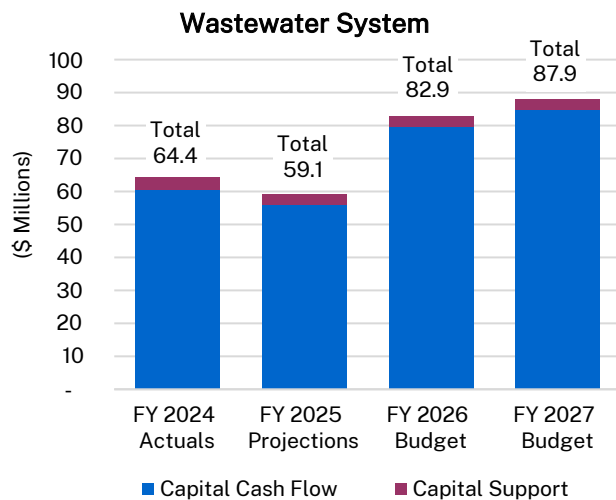
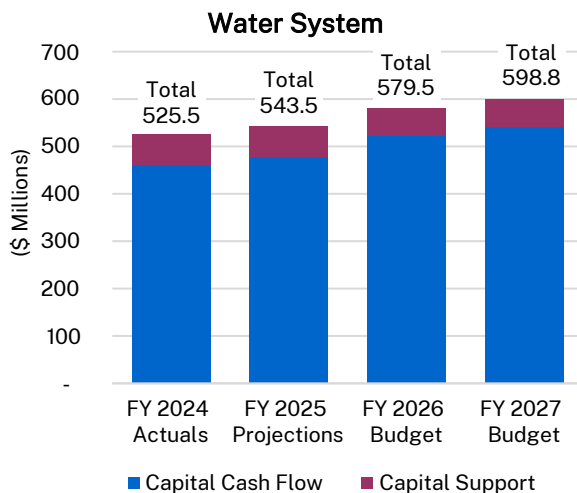
The CIP is described in more detail for each system in Chapters 4 and 5, as well as in Volume 2 – Capital Award Summaries. The following table lists the 22 award purposes.

District-Wide CIP Award Purposes

Capital Improvement Program Award Purposes by System	
Water	Wastewater
District-Wide Building Facility Improvements	Main Wastewater Treatment Plant
Environmental Resources & Remediation	Wastewater Remote Facilities
New Business Infrastructure	Wastewater System-wide Improvements
Pipelines - Distribution System	Contingency
Pipelines - Transmission	
Pressure Zone Studies	
Process & System-Wide Improvements	
Raw Water System	
Recreation Areas & Facilities	
Regulators & Rate Control Stations	
Reservoirs - Distribution	
Reservoirs - Supply	
Supplemental Supply & Regional Agreements	
Sustainable Energy	
Vehicles, Equipment & Related Facilities	
Water Recycling & Conservation	
Water Treatment	
Contingency	

CAPITAL CASH FLOW

In contrast to capital appropriations, capital cash flow reflects actual and planned expenses on an annual basis for projects that received appropriations in the current or prior fiscal years. For budgetary planning and reporting, capital cash flow is also tracked by Award Purpose and Awards. In previous budget cycles, capital cash flows were “discounted” 20 percent each year from what project managers projected for the CIP. This was based on historical patterns of spending, which often underperformed projections due to delays resulting from external regulations, staff turnover, unexpected contractor or materials delays, or other unforeseen resource constraints. Beginning in FY 2026, projected cash flows are no longer discounted as the prioritization and refining process was more rigorous. The following shows a four-year view of actual capital cash flow and budgeted, discounted capital cash flows.

Water and Wastewater Systems Capital Cash Flows

Staffing

Departments add and delete positions based on operational needs and major Board priorities, including priorities named in the Strategic Plan, as well as the projects planned in the Capital Improvement Program. Staffing is shown by full-time equivalents (FTE) which varies depending upon appointment type. Civil service, civil-service exempt, limited-term, and temporary construction appointments are full-time positions and equal 1.0 FTE. Intermittent positions equal 0.75 FTE. Part-time and temporary positions equal 0.5 FTE.

AUTHORIZED POSITIONS

In FY 2026, the District will have 2,242.25 authorized FTE, with full-time positions comprising over 95 percent of the workforce. The following shows the number of authorized FTEs for FY 2023 through FY 2027, as amended by Board actions and transfers between departments. Over this five-year period, staff levels have increased by 85.00 FTE, or 3.9 percent.

Staffing Summary and Comparison FY 2023 to FY 2027 by FTE Count

District-Wide Staffing Summary and Comparison (FTE)					
Position Type	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Full-Time (Civil Service and C.S. Exempt)	2,069.00	2,125.00	2,126.00	2,139.00	2,139.00
Limited-Term / Temp. Construction	56.00	67.00	68.00	71.00	73.00
Intermittent	3.75	3.75	3.75	3.75	3.75
Temporary / Part-Time	30.50	34.00	34.00	28.50	28.50
Total FTE	2,159.25	2,229.75	2,231.75	2,242.25	2,244.25
FTE Change from Previous Fiscal Year		70.50	2.00	10.50	2.00

FY 2026 and FY 2027 Changes in FTE

Staffing changes provide opportunities to address priority areas such as investments in and maintenance of aging water and wastewater infrastructure. In FY 2026 and FY 2027, the budget includes a net increase in FTE in order to complete critical work and invest in strategic Board priorities. The number of District-wide authorized FTE is increasing a net of 10.50 in FY 2026. In FY 2027, 2.00 FTE will be added. The increase is driven by several factors:

WATER SYSTEM

The 8.50 FTEs added in FY 2026, as well as the 2.00 FTE added in FY 2027, will:

- Add Data Scientists to harness the potential of the District's operational data to improve efficiency and effectiveness;
- Invest in the Customer Assistance Program (CAP) to expand affordability for all customers;
- Support operations, including reducing contracted services for the District's infrastructure work;
- Add to warehouse staffing to meet higher demand for the function as pipeline mileage has grown;
- Respond to critical needs in human resources;
- Support the work management system replacement project;
- Enhance school field trips and community education; and
- Reduce risk at upcountry recreation areas.

WASTEWATER SYSTEM

The 2.00 FTEs added in FY 2026 will:

- Complete critical electrical projects in the ongoing maintenance and improvements to the Main Wastewater Treatment Plant; and
- Increase opportunities in the skilled trades through an additional Limited-Term Technical Trades Apprentice position, bringing the total to four District-wide.

LABOR AND BENEFITS

Labor includes all compensation such as salaries and overtime. Benefits include the District's costs associated with retirement, health care, Social Security, disability and unemployment insurance. The District does not pay for the employee share of retirement contributions.

Labor and benefits are allocated to either operations or capital. Typical duties performed by employees that charge to operations include pipeline repairs, meter maintenance, treatment plant operations, customer support, human resources, information systems, and finance. Typical capital duties include upgrades, rehabilitation, and replacement of pipelines, reservoirs, pumping plants, and treatment plants.

The table below shows labor and benefits for the operations and capital budgets. Total labor and benefits are projected to increase 9.1 percent in FY 2026, and 4.5 percent in FY 2027.

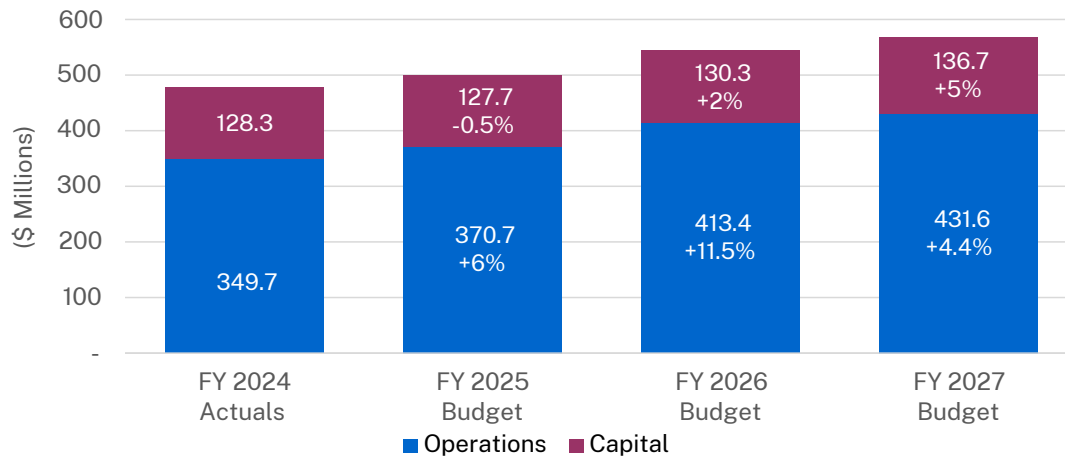
- Total labor and benefits budget attributable to operations is 76.0 percent.
- Benefits represent 40.3 percent of the total labor budget.

District-Wide Labor and Benefit Costs for Operations and Capital

	Labor and Benefit Costs (\$ Millions)					
	FY 2024 Actuals	FY 2025 Budget	FY 2026 Budget	% Change	FY 2027 Budget	% Change
Water						
Operations	292.8	313.1	348.0	11.2%	363.3	4.4%
Capital	115.5	113.7	116.6	2.5%	122.3	4.9%
Subtotal Water	408.3	426.8	464.6	8.9%	485.7	4.5%
Wastewater						
Operations	56.9	57.6	65.4	13.5%	68.2	4.4%
Capital	12.8	14.0	13.7	-2.2%	14.4	5.0%
Subtotal Wastewater	69.8	71.6	79.1	10.5%	82.6	4.5%
Total District-Wide						
Operations	349.7	370.7	413.4	11.5%	431.6	4.4%
Capital	128.3	127.7	130.3	2.0%	136.7	5.0%
Total District Labor Costs	478.1	498.4	543.7	9.1%	568.3	4.5%

Increases in labor and benefit costs are primarily attributable to increases to salaries and wages due to existing Board-approved labor agreements, as well as increased benefit costs, which are primarily driven by large increases in the costs for Kaiser Health Insurance, which many employees select as their health plan. Additional factors include funding additional FTEs and expected increases in other benefit costs.

These increases are offset by drivers such as overall lower salaries in comparison to the prior biennial budget due to new employees with salaries lower than the higher-tenure employees they replaced, and savings due to the time required to fill positions.

District-Wide Labor and Benefit Costs by Operations and Capital**Benefit Costs**

Several complex drivers impact benefit costs, such as a projected rise in benefits costs for retirement and health care insurance. The budget continues to build on efforts to contain benefit costs, the largest of which are the employer pension contribution and health care expenses. In 2012, pursuant to the California Public Employees' Pension Reform Act (PEPRA), the Board of Directors implemented a change in the District's Employee Retirement System, referred to as the 2013 Plan. Members of the 2013 Plan fund a greater share of the benefit themselves. Since 2012, the number of employees in the 2013 Plan has grown significantly, which somewhat moderates the increase in the District's pension costs, though costs for the 2013 Plan also continue to grow, along with costs associated with funding the unfunded liability portion of the pension plans.

*Staff Repair and Replace Water Mains*

The following table shows the different employer pension contribution rates since FY 2022. Most new employees are part of the 2013 Plan and all other employees participate in the 1955/1980 Plan. Approximately 63 percent of employees are part of the 2013 Plan as of February 5, 2025. The FY 2026 contribution rates were changed based on updated actuarial assumptions adopted by the Retirement System and an updated Actuarial Valuation. The actual FY 2027 rate will not be available until it is calculated by the actuary and adopted by the Retirement Board in 2026.

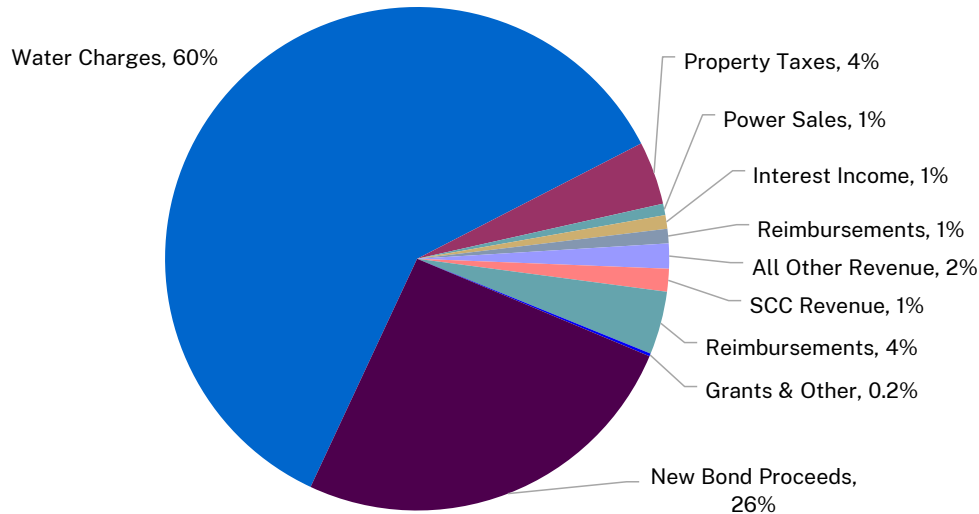
Employer Contribution Rates to District's Retirement System Based on Plan

Employer Pension Contribution Rates					
Plan	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
1955/1980 Plans	42.37%	47.16%	48.48%	49.02%	49.86%
2013 Plan	33.32%	37.84%	39.21%	40.07%	40.15%

Sources of Funds

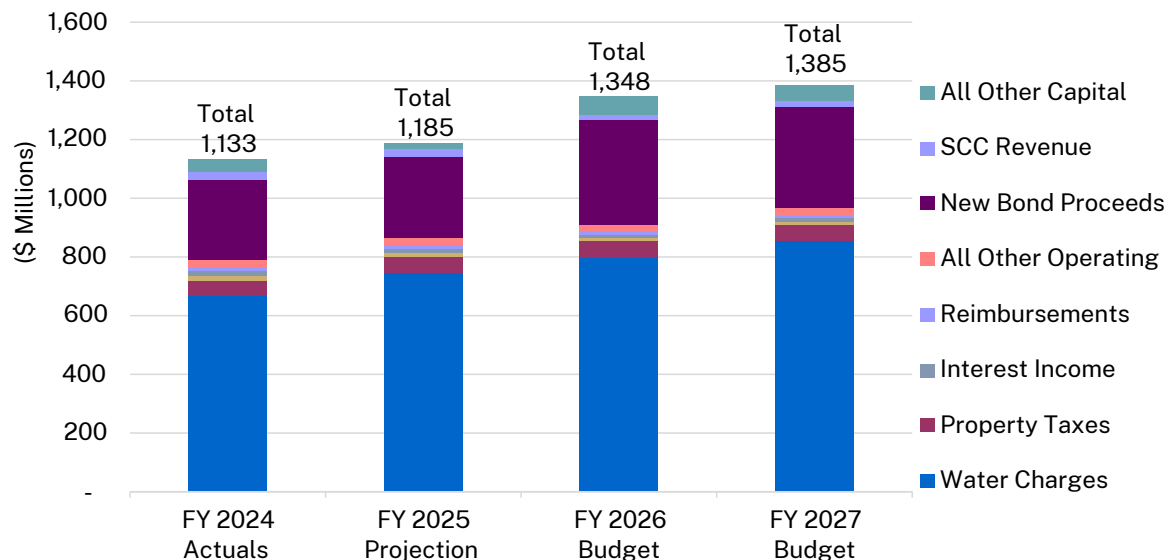
WATER SYSTEM SOURCES OF FUNDS

Percent of FY 2026 & FY 2027 Combined Water System Revenue from Major Sources



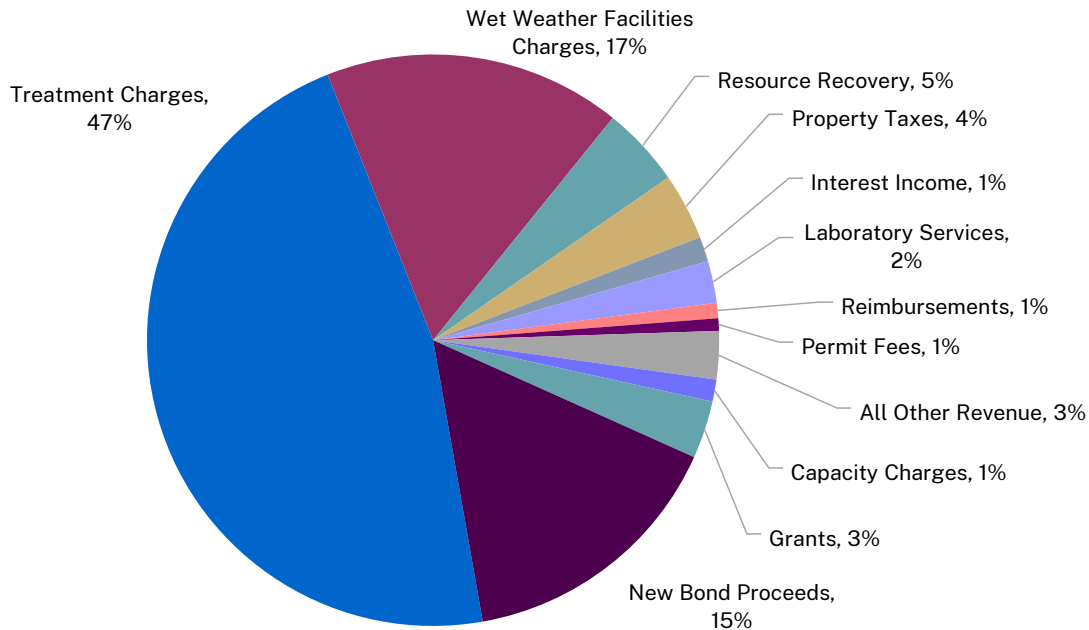
The principal source of Water System revenue is Water Charges which account for 60 percent of total sources of funds. The following graph shows the revenue trend from actual revenues in FY 2024 to budgeted revenues in FY 2027. For more detail on Water System revenues, see Chapter 4.

Total Water System Revenues from FY 2024 to FY 2027



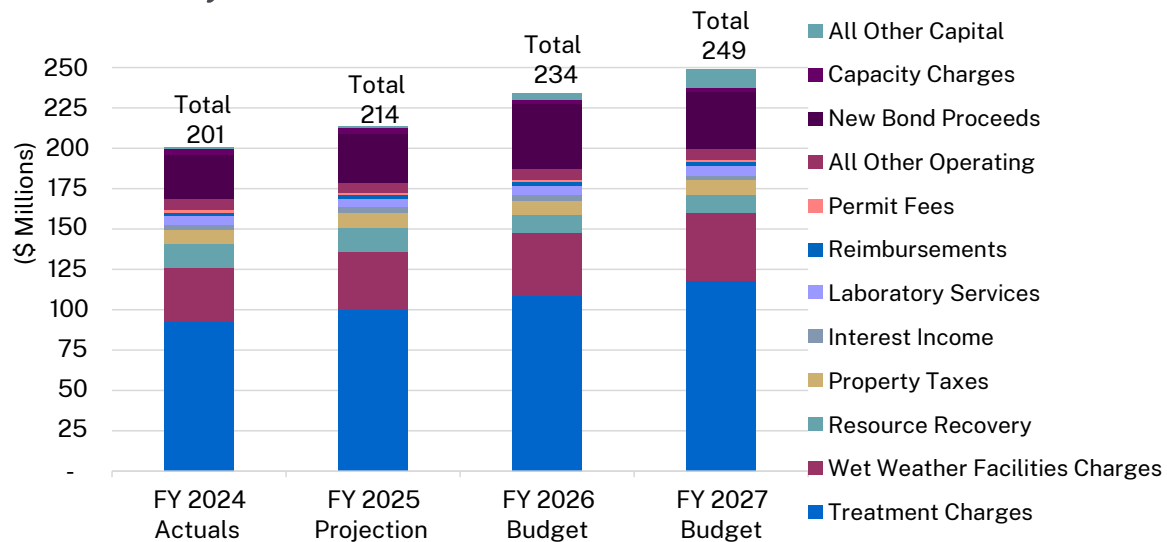
WASTEWATER SYSTEM SOURCES OF FUNDS

Percent of FY 2026 & FY 2027 Combined Wastewater System Revenue from Major Sources



The principal source of Wastewater System revenue is Treatment Charges which account for 47 percent of all sources of funds. The Wastewater System is not as sensitive to changes in customer water use as the Water System since Treatment Charges are a smaller percentage of overall Wastewater revenue and because there is less variability in the water use used to calculate wastewater treatment charges than in water use overall. The following graph shows the revenue trend from actual revenues in FY 2024 to budgeted revenues in FY 2027. For more detail on wastewater revenues, see Chapter 5.

Total Wastewater System Revenues from FY 2024 to FY 2027



Fund Summaries

The following summarizes the beginning and ending Water System and Wastewater System fund balances based on projected sources and use of funds.

WATER SYSTEM

Water System Fund Summary

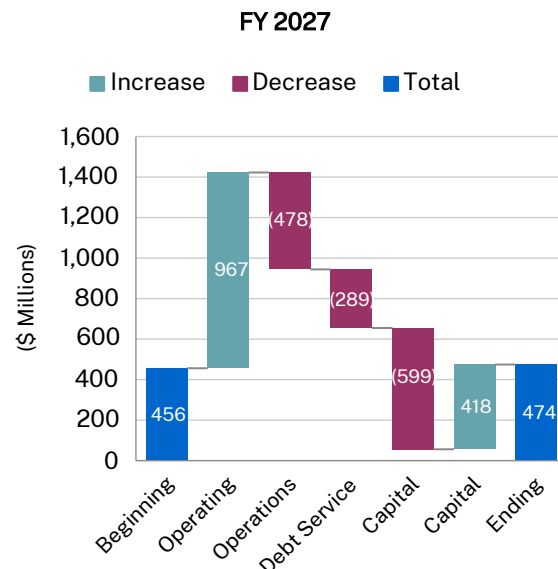
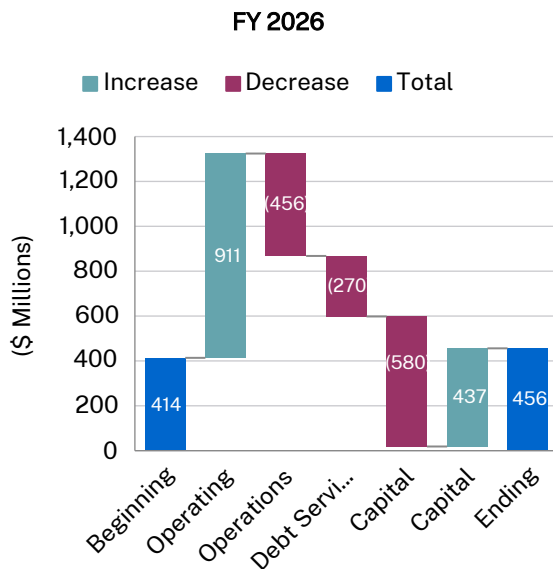
Fund Summary (\$ Millions)		
	FY 2026	FY 2027
Beginning Balance (Projected)	413.7	456.1
Source of Funds		
Operating	910.6	966.6
Capital**	437.5	418.3
Total Sources of Funds	1,348.0	1,384.9
Use of Funds		
Operations	456.4	478.5
Debt Service	269.7	289.4
Capital	579.5	598.8
Total Uses of Funds	1,305.7	1,366.7
Sources less Uses	42.4	18.2
Ending Balance*	456.1	474.2

*Includes reserve set-asides.

**Includes bonds, system capacity charges, reimbursements, and grants.

The following charts visualize the inflow and outflow of resources. The total columns represent the beginning and ending balances; the increase columns show revenues; and the decrease columns are expenses for operations, debt service, and capital.

Water System Sources and Uses of Funds (Waterfall Charts)



WASTEWATER SYSTEM

Wastewater System Fund Summary

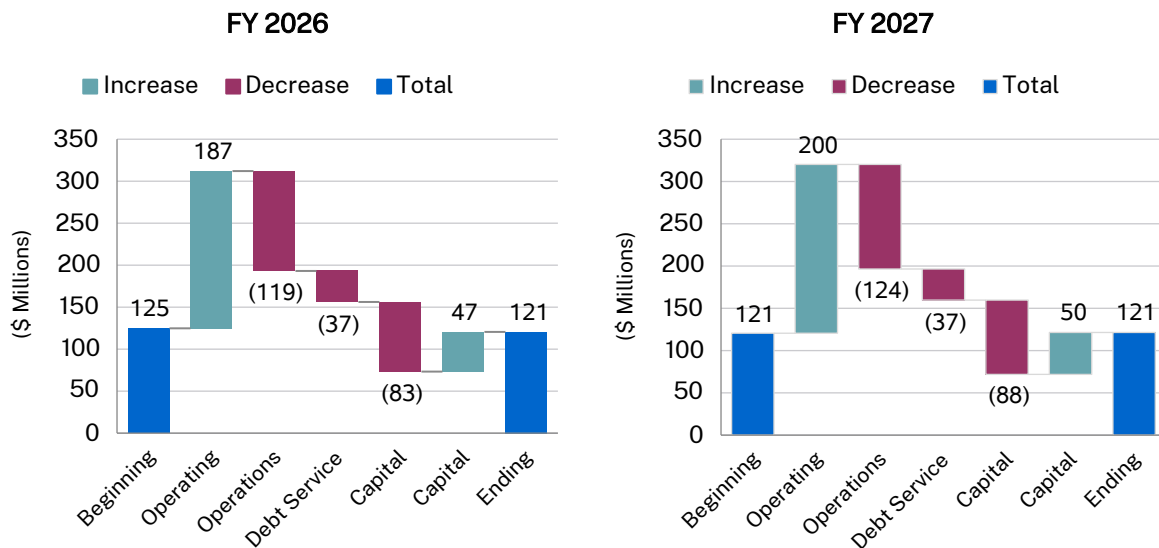
Fund Summary (\$ Millions)		
	FY 2026	FY 2027
Beginning Balance (Projected)	124.8	120.5
Source of Funds		
Operating	187.2	199.6
Capital**	47.2	49.6
Total Sources of Funds	234.5	249.2
Use of Funds		
Operations	118.9	123.7
Debt Service	36.9	36.8
Capital	82.9	87.9
Total Uses of Funds	238.8	248.3
Sources less Uses	(4.3)	0.9
Ending Balance*	120.5	121.4

*Includes reserve set-asides.

**Includes bonds, capacity fees, and grants.

The following charts visualize the inflow and outflow of resources. The total columns represent the beginning and ending balances; the increase columns show revenues; and the decrease columns are expenses for operations, debt service, and capital.

Wastewater System Sources and Uses of Funds (Waterfall Charts)



EBMUD Fun Fact:

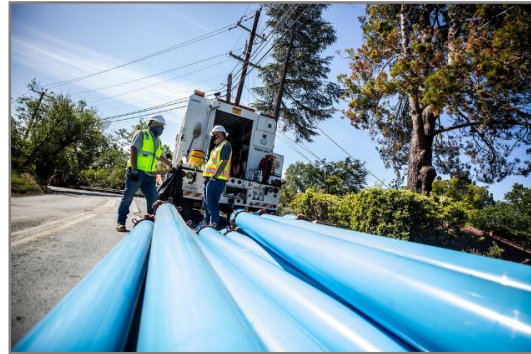
There are 4,300 miles of total pipelines (water and wastewater) in EBMUD's system. That's enough to stretch from Oakland to Atlanta, Georgia and back.

Chapter 4: Water System

Overview

This chapter provides a detailed discussion of the Water System, including:

- Fund Summary
- Sources of Funds
- Use of Funds
- Staffed Department Operations
- Debt Service and Financing
- The Capital Improvement Program (CIP)
- The 10-Year Financial Forecast



Water System Staff Work to Deliver High-Quality Water to East Bay Homes and Businesses

The Water System is an enterprise fund consisting of an operating and a capital budget. The Water System collects, transmits, and distributes water to communities within Alameda and Contra Costa counties. In addition, the Water System provides and charges the Wastewater System for administrative, financial, and other support services.

KEY ASSUMPTIONS

The following are key projections and assumptions used in the FY 2026 and FY 2027 budget.

Water System Key Assumptions

Key Assumptions		
	FY 2026	FY 2027
Water Sales Volume (MGD)	143.9	144.6
Average Rate Increase	6.50%	6.50%
Typical Monthly Single-Family Residential Bill	\$ 66.32	\$ 70.63

Typical bill based on 5 Units per month, or about 123 gallons per day.



Mokelumne Watershed Snow

FUND SUMMARY

The following fund summary table shows the Water System beginning and ending fund balance, and projected revenue and expenditure budgets for FY 2026 and FY 2027.

Water System Detailed Fund Summary – Sources & Uses

Detailed Fund Summary - Sources & Uses (\$ Millions)			
	FY 2026	FY 2027	% Change
Beginning Balance (Projected)	413.7	456.1	10.2%
Sources of Funds			
Sources of Funds (Operating)			
Water Charges	798.9	854.0	6.9%
Property Taxes	55.0	56.1	2.0%
Power Sales	10.0	10.0	0.0%
Interest Income	12.4	11.5	-7.6%
Reimbursements	12.5	12.9	2.8%
All Other Revenue	21.8	22.2	1.8%
Subtotal Sources of Funds (Operating)	910.6	966.6	6.2%
Sources of Funds (Capital)			
New Bond Proceeds	355.0	345.0	-2.8%
SCC Revenue	20.0	20.0	0.0%
Reimbursements	60.1	50.7	-15.6%
Grants & Other	2.4	2.6	8.4%
Subtotal Sources of Funds (Capital)	437.5	418.3	-4.4%
Total Sources of Funds	1,348.0	1,384.9	2.7%
Uses of Funds			
Use of Funds (Operating)			
Labor	348.0	363.3	4.4%
Contract Services	33.5	33.8	1.0%
Other	119.9	124.9	4.2%
Contingency (Non-Labor)	25.6	27.0	5.4%
Debt Service	269.7	289.4	7.3%
Capital Support	(58.0)	(58.0)	0.0%
Intradistrict	(12.5)	(12.5)	0.0%
Subtotal Use of Funds (Operating)	726.1	767.9	5.7%
Use of Funds (Capital)			
Capital Cash Flows	521.5	540.8	3.7%
Capital Support	58.0	58.0	0.0%
Subtotal Use of Funds (Capital)	579.5	598.8	3.3%
Total Uses of Funds	1,305.7	1,366.7	4.7%
Total Sources	1,348.0	1,384.9	2.7%
Total Uses	1,305.7	1,366.7	4.7%
All Sources less Uses	42.4	18.2	--
Ending Balance*	456.1	474.2	4.0%

*Includes all policy reserves and reserves for capital projects.

Sources of Funds

OVERVIEW

The Water System has a variety of revenue sources that are used to fund operations, and a portion of the capital expense. The remaining capital expense is funded primarily by new bond proceeds and reimbursements.

The table below shows actuals and budgets for operating revenues and capital funding sources.



Recycled Water in Purple Pipes Provides an Important Source of Non-Potable Water

Water System Detailed Revenue Summary

Detailed Revenue Summary (\$ Millions)					
	Actuals		Projection*	Budget	
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Operating Revenues					
Water Charges	603.6	667.1	747.3	798.9	854.0
Property Taxes	46.8	52.8	53.9	55.0	56.1
Power Sales	20.4	14.2	11.5	10.0	10.0
Interest Income	13.1	16.9	16.7	12.4	11.5
Reimbursements	14.0	13.2	12.2	12.5	12.9
All Other Revenue	26.7	25.2	24.1	21.8	22.2
Drought Revenues**	20.3	-	-	-	-
Total Operating Revenues	744.9	789.5	865.7	910.6	966.6
Capital Funding Sources					
New Bond Proceeds	-	275.0	275.0	355.0	345.0
SCC Revenue	42.9	25.9	27.5	20.0	20.0
Reimbursements	14.3	36.6	15.5	60.1	50.7
Grants & Other	2.2	5.9	1.6	2.4	2.6
Total Capital Funding Sources	59.4	343.4	319.6	437.5	418.3
Total Funding Sources	804.3	1,132.9	1,185.3	1,348.0	1,384.9

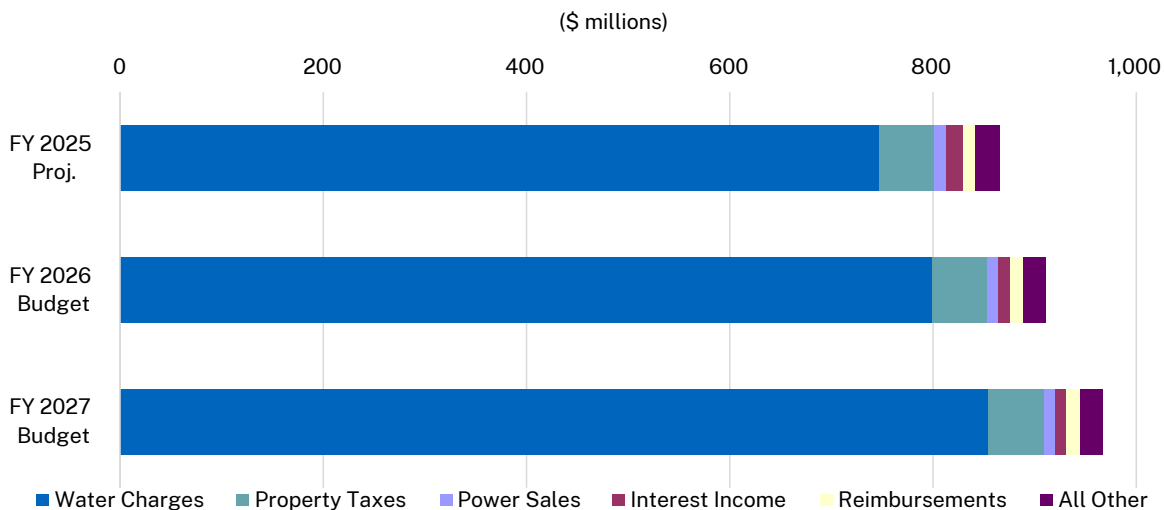
*Based on first six months of the fiscal year and updated as of March 1, 2025.

**Only during declared droughts.

OPERATING REVENUE SOURCES

Water System operating revenues for FY 2026 are budgeted to increase \$44.9 million, or 5.2 percent compared to year-end projections for FY 2025, for total revenue of \$910.6 million. In FY 2027, operating revenue is budgeted at \$966.6 million, an increase of \$56.0 million or 6.2 percent. The figure below illustrates the various sources of operating revenue.

Water System Operating Revenue Sources



The following are descriptions of the sources of operating revenue, including information about the projected revenues for FY 2026 and FY 2027.

Water Charges

In FY 2026, growth in Water Charges are primarily driven by an average rate increase of 6.5 percent. FY 2026 water sales are increasing slightly to 143.9 million gallons per day (MGD) compared to the FY 2025 year-end projection of 143.2 MGD.

In FY 2027, water charges are budgeted to increase by \$55.1 million, also increasing primarily due to the average rate increase of 6.5 percent. FY 2027 water sales are expected to increase by 0.7 MGD to 144.6 MGD, contributing to a smaller percent of the overall growth.

Property Taxes

The District receives approximately 1.25 percent of the 1.0 percent county tax levy on properties within District boundaries. For FY 2026 and FY 2027, budgeted property tax revenue of \$55.0 million and \$56.1 million, respectively, are based upon FY 2024 actual property tax receipts.

Power Sales

The District operates hydroelectric power generation facilities at the Pardee and Camanche Dams. Assuming average precipitation, earnings are projected at \$10.0 million in FY 2026 and \$10.0 million in FY 2027. Wholesale power prices and precipitation have both been volatile over the prior few years, leading to greater uncertainty in this revenue source.

Interest Income

Funds not needed for current expenditures are placed in investments in accordance with the District's investment policy. Interest earned on these funds is expected to be \$12.4 million in FY 2026 and \$11.5 million in FY 2027. This is lower than prior years as the current expectation is that yields on the District's investments will decline slightly over the next two years.

Reimbursements

The Water System receives reimbursement for services provided to other agencies and from the Wastewater System for administrative costs, space rental in the Administration Building, and for providing billing and collection services. The Water System also receives reimbursements from several cities for providing billing and collection services for the cities' sewer charges. Reimbursements are projected to be \$12.5 million in FY 2026 and \$12.9 million in FY 2027.

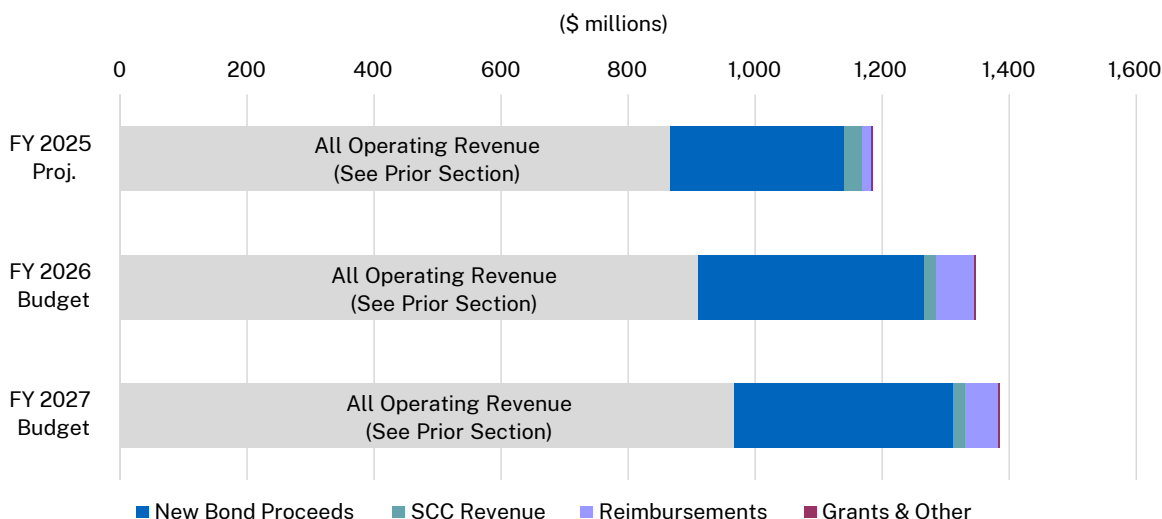
All Other Revenue

All Other Revenue includes, most notably, the Build America Bond subsidy payments, which in recent years have been subject to sequestration. Additional sources include receipts from the sale or rental of District properties, fees for use of District recreational lands and facilities, insurance and property damage reimbursements, sales of surplus District equipment and vehicles, reimbursement of operating expenses from the Richmond Advanced Recycled Expansion (RARE) project, and other miscellaneous revenues. All Other Revenue is projected to be \$21.8 million in FY 2026 and \$22.2 million in FY 2027.

CAPITAL FUNDING SOURCES

Capital sources of funding are dedicated to paying for capital expenses as well as, in the case of System Capacity Charges (SCCs), debt service for past capital projects. The primary component of capital funding are new bond proceeds. These funds are not the exclusive way to fund the capital program, however, as all operating revenues above the amount required to pay for operating and debt service expenses can be used to pay for the CIP.

Water System Capital Funding Sources



The following describe the sources of capital funding.

New Bond Proceeds

It is anticipated that the District will receive \$355 million in new revenue bond proceeds in FY 2026 and \$345 million in FY 2027. The District has the ability to issue long-term bonds to fund its capital program. The proceeds of the bond sales can be used to pay for prior or future capital expenses. In recent years, the District has issued bonds on a reimbursement basis, paying for capital expenses already paid using capital reserves. The bonds then generally provide additional funding for capital reserves, which can support the ongoing capital program. Bonds are generally amortized, or repaid, over 30 years and payments are made from total Water System revenues based on the bond indenture. Please refer to the section on Debt Service and Financing for details on debt funding of capital projects.

System Capacity Charges (SCC) Revenue

SCCs are collected from customers requesting new water service and are designed to recover costs of facilities necessary to serve new customers. These costs include: distribution and treatment facilities; facilities that serve the system as a whole, such as Pardee and Camanche Reservoirs; terminal storage reservoirs; administrative facilities; and a portion of the costs of accessing supplemental water supply. The purpose of the SCC is to assure that new customers pay for their share of the existing water system facilities and supply.

SCC revenue is projected to be \$20.0 million in FY 2026 and \$20.0 million in FY 2027. Although SCC revenue has exceeded expectations over the past few years, SCC revenues have fallen recently as development activity has slowed, driven in part by the high interest-rate environment. This revenue

source continues to be conservatively projected due to these economic conditions, which may prolong the slowdown in building activity.

Reimbursements

Some capital projects are performed at the request of other agencies, and the District is reimbursed for its expenses. An example would be the relocation of a water main at the request of a city or state agency. Also, work to expand the distribution system to meet new connections not covered by the System Capacity Charge is paid for directly by the applicants.

Grants and Other

The District pursues federal and state grants to fund some of its capital projects when they meet the conditions of the District's grants program. The District has been investing additional resources to seek and apply for more grants than it has previously, however grants fitting the District's mission have been somewhat limited. Other sources under this category include interest earnings on capital reserves.

Use of Funds

OVERVIEW

The Water System has three types of expenditures:

- **Operations** – the annual costs of providing all water services;
- **Debt Service** – the repayment of bonds for making capital investments in the water system along with other debt-related expenses; and
- **Capital Cash Flow** – the annual costs of the CIP for long-term projects.

The following table shows the breakdown of expenses by the type of expenditure.

Water System Use of Funds FY 2023 to FY 2027

Use of Funds (\$ Millions)					
	Actuals		Projection*	Budget	
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Operations (Baseline)	319.3	348.3	399.1	456.4	478.5
Operations (Drought)**	22.5	-	-	-	-
Debt Service	233.8	233.5	253.5	269.7	289.4
Capital Cash Flow	414.0	525.5	544.2	579.5	598.8
Total Expenses	989.5	1,107.4	1,196.7	1,305.7	1,366.7

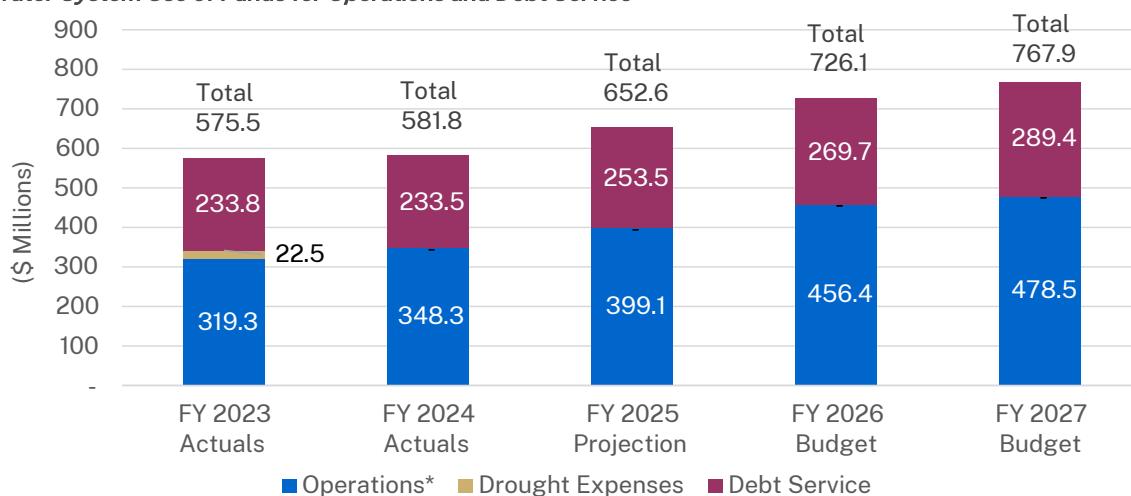
*Projection is based on the first six months of the year, adjusted as of March 1, 2025.

**Only in years with a declared drought.

This section describes the major components of the Water System operating budget. Typical operations expenditures include, but are not limited to labor, benefits, chemicals, energy, parts, materials, insurance, District vehicle fleet costs, and computer hardware and software.

In FY 2026, the operations and debt service budget, excluding drought expenses, is increasing \$73.6 million or 11.3 percent compared to FY 2025 projected actual expenses, and in FY 2027 will increase \$41.7 million or 5.7 percent compared to the first year of the biennial budget.

Water System Use of Funds for Operations and Debt Service



*Excludes drought expenses.

DEPARTMENT OPERATING BUDGETS

The Water System operations budget is comprised of various departments. The majority of these departments are referred to as staffed departments indicating employees are assigned to work in these areas. The staffed department budget funds the day-to-day operations of the District, and includes funding for labor, benefits, outside contract services, and other non-labor expenses such as electricity, chemicals, fuel, software, self-insured liability claims, and workers compensation claims. A description of each staffed department is included later in this chapter.

A small number of departments do not have personnel assigned to them and are referred to as non-staffed departments, described as follows:

- **Contingency** – Funds are budgeted each fiscal year to cover projected labor-related expenses such as Pay for Performance. The contingency budget also includes funding for unanticipated needs which may arise before the next budget cycle.
- **Intradistrict** – Certain internal service accounts are included in balance sheets to assure that internal expenses are not counted twice within the operations budget. Examples of these accounts include warehouse stores overhead and fleet vehicle expenses.
- **Capital Support** – Costs that are not directly attributable to specific capital projects, but indirectly support the CIP. Capital support costs in the operations budget are reallocated to the capital budget and will decrease operating expenses by a like amount.

The following table presents the total FY 2026 and FY 2027 Water System operating budget by department.

Water System Staffed and Non-Staffed Department Operating Budgets

Operating Budget by Department (\$ Millions)							
Departments	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Projected*	FY 2026 Budget	% Change	FY 2027 Budget	% Change
Administration	-	-	-	-		-	
Customer & Community Svcs.	23.2	25.7	29.5	31.4	6.3%	32.9	4.7%
Engineering & Construction	21.4	24.0	26.2	32.3	23.3%	33.7	4.5%
Finance	31.4	35.4	41.6	27.5	-34.0%	28.3	2.9%
Human Resources	11.2	12.7	14.5	14.5	-0.3%	15.1	4.2%
Information Systems	32.8	36.6	40.4	43.0	6.6%	44.1	2.4%
Maintenance & Construction	86.4	89.9	89.7	107.8	20.3%	111.8	3.7%
Natural Resources	19.4	19.1	23.1	23.9	3.2%	24.5	2.8%
Office of the General Counsel	5.2	5.7	6.0	6.8	13.4%	7.1	3.6%
Office of the General Manager	14.7	17.5	21.1	21.4	1.6%	23.7	10.7%
Operations & Maintenance Sup.	25.2	27.9	29.6	36.4	22.9%	38.1	4.6%
Water Operations	105.3	116.5	126.1	130.8	3.8%	136.3	4.1%
Water Recycling Program	6.6	7.3	7.9	8.2	3.3%	8.5	4.1%
Water Resources	10.5	11.1	13.3	14.8	11.3%	15.4	4.2%
Staffed Departments Subtotal	393.4	429.6	469.0	498.8	6.3%	519.4	4.1%
Contingency	-	-	10.0	28.1	181.5%	29.6	5.2%
Intradistrict	(16.4)	(16.2)	(14.5)	(12.5)	-14.0%	(12.5)	0.0%
Capital Support	(57.7)	(65.0)	(65.4)	(58.0)	-11.3%	(58.0)	0.0%
Total Operations	319.3	348.3	399.1	456.4	14.4%	478.5	4.8%
Debt Service	233.8	233.5	253.5	269.7	6.4%	289.4	7.3%
Total Operating (Excluding Drought)	553.1	581.8	652.6	726.1	11.3%	767.9	5.7%

*Projection is based on the first six months of the year.

DEPARTMENT OPERATING EXPENSE HIGHLIGHTS

The Water System comprises 14 staffed departments that perform and provide operations, and also support functions for the Wastewater System. This section details the various departments including their labor and non-labor budgets, department goals, and staffing.

The table below is a summary of the Water System staffed departments' budgets, which excludes the capital support overhead allocated from operations to capital. It also excludes the Drought Department as this department is only staffed during declared droughts and at the direction of the Board. There are no planned expenditures for the Drought Department during FY 2026 and FY 2027.

All Water System Staffed Departments Operating Budget Details

Staffed Departments Operating Budget Detail and Historical Comparison (\$ Millions)

Category	FY 2023	FY 2024	FY 2025	FY 2026		FY 2027	
	Actuals	Actuals	Budget	Budget	% Change	Budget	% Change
Total Labor and Benefits	369.7	408.3	424.2	462.0	8.9%	483.0	4.5%
<i>Less: Capital Labor and Benefits</i>	104.9	115.5	113.7	116.6	2.5%	122.3	4.9%
Operating Labor and Benefits	264.8	292.8	310.5	345.5	11.3%	360.7	4.4%
Contract Services	19.1	20.4	25.7	33.5	30.3%	33.8	1.0%
Other Costs	132.0	116.4	128.0	119.9	-6.3%	124.9	4.2%
Operating Total	415.9	429.6	464.2	498.8	7.5%	519.4	4.1%

Labor and Benefits

Operating labor and benefits costs are allocated to staffed departments. Included in the labor budget are various assumptions, including cost-of-living adjustments, eligibility for promotions, turnover rates, the lead time to fill vacancies, and future benefit costs. Departments' labor and benefits budget are shown later in this chapter.

Total labor and benefit costs are expected to grow \$37.8 million, or 8.9 percent, compared to FY 2025. The growth in labor and benefit costs in FY 2026 is driven by several factors, including:

- Staff increases due to investments in several key areas, discussed throughout this chapter;
- Increased wages and benefits, driven by existing Board-approved labor agreements; and
- Increased health insurance costs, driven primarily by increases in premiums for Kaiser Health Insurance.

These increases are offset, in part, by an increasing number and relative size of participants in the District's 2013 Plan for retirement, which has a lower employer contribution rate than the 1980 plan.

In FY 2027, total labor and benefit costs increase \$21.0 million, or 4.5 percent compared to FY 2026, primarily for scheduled step increases and assumptions for cost-of-living adjustments. Additionally, there are two additional positions in FY 2027.

Non-Labor

In FY 2026, staffed department non-labor costs are budgeted to decrease by \$0.3 million, or 0.2 percent compared to the prior fiscal year's adopted budget. Changes include:

- \$13.1 million decrease (100 percent decrease) that is due to moving insurance premiums and fees, workers' compensation claims, self-insured liability claims, and 415(m) supplemental benefit costs out of the Finance and Human Resources departments' budget and into the Contingency Department, which is not a staffed department. This change was made to improve tracking and accountability for these two departments' budgets, separating out costs that are not within each departments' control and represent system-wide expenses.
- \$1.9 million decrease (14 percent decrease) for chemicals compared to the FY 2025 budget. This is expected to be a more accurate projection of chemical costs as compared to prior budgets as the growth in chemical costs has slowed though it remains a significant expense.
- \$1.3 million decrease (6 percent decrease) for energy costs compared to the FY 2025 budget. Similar to chemicals, energy cost growth is expected to slow modestly so the budget has been sized closer to past actual expenses.
- \$3.9 million increase (62 percent increase) for security contracts as compared to the FY 2025 budget. A new contract and an increased need for security has driven costs significantly higher.
- \$2.2 million increase (24 percent increase) for computer software and related consultant services, due to continued investments in cloud-computing resources and transitioning away from internally built and serviced software.
- \$1.5 million increase (36 percent increase) in the operating budget for water conservation work. Instead of a net increase in the total budget, however, this represents a shift from the capital budget to the operating budget, as most water conservation work will now be budgeted as operating expenses.

In FY 2027, staffed department non-labor costs are budgeted to increase \$5.4 million or 3.5 percent compared to FY 2026. The major drivers accounting for the increase include:

- \$1.5 million increase (5 percent increase) in energy and chemical costs as compared to the FY 2026 budget, driven by expected cost increases due to inflation.
- \$1.25 million increase for election-related costs in FY 2027 as compared to no budget for this in FY 2026 because of the every-other-year schedule for elections. The next election for Board members is expected in November 2026, which falls within FY 2027.
- \$2.3 million increase (4 percent increase) for a range of major expense accounts that are growing slightly faster than expected inflation. The accounts contributing to this increase include: mailing costs; vehicle use charges, which pay for internal costs associated with maintaining and replacing vehicles; computer software; security contracts; District laboratory services; disbursements to outside agencies; and petroleum, oil, and lubricants.

DEPARTMENT OPERATING EXPENSES BY BUDGET CATEGORY

The table below depicts the Water System staffed departments operations budget by expense category. It excludes capital labor which is shown by department later in this chapter.

Water System Staffed Department Operating Expenses by Budget Category

Staffed Department Operations by Category (\$ Millions)								
Departments	FY 2026				FY 2027			
	Labor	Contracts	Other	Total	Labor	Contracts	Other	Total
Administration	-	-	-	-	-	-	-	-
Customer & Community Services	25.3	1.0	5.1	31.4	26.6	0.8	5.4	32.9
Engineering & Construction	29.1	0.3	2.9	32.3	30.4	0.3	3.1	33.7
Finance	23.7	1.5	2.3	27.5	24.7	1.6	1.9	28.3
Human Resources	12.5	1.5	0.5	14.5	13.0	1.6	0.5	15.1
Information Systems	28.9	3.8	10.4	43.0	30.1	3.5	10.5	44.1
Maintenance & Construction	80.1	2.0	25.7	107.8	83.8	2.0	26.0	111.8
Natural Resources	15.0	3.9	5.0	23.9	15.6	4.0	4.9	24.5
Office of the General Counsel	5.8	0.8	0.3	6.8	6.0	0.8	0.3	7.1
Office of the General Manager	17.1	2.0	2.3	21.4	17.9	1.9	3.9	23.7
Operations & Maintenance Sup.	17.6	9.2	9.6	36.4	18.3	9.5	10.3	38.1
Water Operations	78.0	6.7	46.1	130.8	81.3	7.0	48.0	136.3
Water Recycling Program	2.7	0.2	5.3	8.2	2.8	0.2	5.5	8.5
Water Resources	9.8	0.7	4.3	14.8	10.2	0.7	4.6	15.4
Total	345.5	33.5	119.9	498.8	360.7	33.8	124.9	519.4

STAFFED DEPARTMENT OPERATIONS

This section describes the staffed departments and includes the following topics:

- **Overview** provides an overall statement about the key responsibilities of the department within the larger mission of the District.
- **Description of Services Provided** describes the responsibilities of the department, including services required to meet regulatory or legal requirements.
- **FY 2026 and FY 2027 Goals** highlight the highest priority tasks or projects related to the budget and the District Strategic Plan.
- **Department Budget Summary** shows the Department's operating budget expenditures by category (Labor and Benefits, Contract Services, Other Costs). It also includes capital labor.
- **Budget Highlights** shows changes in costs relative to the previous fiscal year and describes reasons for those changes. This section focuses on the significant budget changes.
- **Staffing Summary** shows the Full-Time Equivalency (FTE) for the department by appointment type (full-time, part-time, etc.).
- **Staffing Changes** is included only if the department has position changes that require Board approval. The table details the position changes, and provides a change in cost, which is an estimate based on typical salaries and benefit costs for the classification.

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ADMINISTRATION DEPARTMENT**Overview**

The Administration Department (ADM) is currently inactive, and its functions are conducted by the Customer and Community Services and Human Resources departments. Because it still contains one position, the Director of Administration, the department remains active. There are no plans to fill the Director of Administration role, so there is no budget provided for the position.

Description of Services Provided

The department does not have any functions or budget in FY 2026 or FY 2027.

FY 2026 and FY 2027 Goals

The department does not have any Strategic Plan goals in FY 2026 or FY 2027.

Department Budget Summary

As shown below, the Department has no budget.

*Administration Department Operating Budget Detail***Department Operating Budget Detail and Historical Comparison (\$ Thousands)**

Category	FY 2023	FY 2024	FY 2025	FY 2026		FY 2027	
	Actuals	Actuals	Budget	Budget	% Change	Budget	% Change
Total Labor and Benefits	-	-	-	-	0.0%	-	0.0%
<i>Less: Capital Labor and Benefits</i>	-	-	-	-	0.0%	-	0.0%
Operating Labor and Benefits	-	-	-	-	0.0%	-	0.0%
Contract Services	-	-	-	-	0.0%	-	0.0%
Other Costs	-	-	-	-	0.0%	-	0.0%
Operating Total	-	-	-	-	0.0%	-	0.0%

Budget Highlights

The department has no budget.

Staffing Summary

The table below summarizes the department's staffing. There are no changes.

*Administration Department Staffing Summary***Department Staffing Summary and Comparison (FTE)**

Position Type	FY 2023	FY 2024	FY 2025	FY 2026	Change	FY 2027	Change
Full-Time	1.00	1.00	1.00	1.00	-	1.00	-
Limited-Term / Temp. Const.	-	-	-	-	-	-	-
Intermittent	-	-	-	-	-	-	-
Temporary / Part-Time	-	-	-	-	-	-	-
Total FTE	1.00	1.00	1.00	1.00	-	1.00	-

CUSTOMER AND COMMUNITY SERVICES DEPARTMENT

Overview

The Customer and Community Services Department (CUS) provides quality, responsive customer service using efficient business practices technology, value-added programs and services to District customers and stakeholders guided by fairness, consistency, efficiency, high standards of professionalism, and fiscal responsibility.

Description of Services Provided

The department includes the Contact Center, Customer Services Support, Field Services, New Business Office, Real Estate Services, and Water Conservation divisions. These divisions interface directly with external customers and internal stakeholders to support service inquiries; billing and collection; payment processing and mailing services; field service requests; and other customer programs and services; Customer Information System administration and maintenance; water conservation services; new service and development requests; and property management and land acquisitions.

FY 2026 and FY 2027 Goals

The department is primarily responsible for the Customer and Community Services Strategic Plan goal. Key department goals include:

- Building trust through our commitment to customers, timely resolution of customer and community inquiries and provide responsive and quality service to meet or exceed customer expectations;
- Continuing to support the District's most vulnerable customers to improve affordability through new and existing Customer Support Program initiatives funded through non-rate revenue;
- Enhancing multi-channel customer support to provide greater convenience to customers and improve the digital experience;
- Improving the applicant project process to align project delivery timelines to meet the expectation of developers;
- Continuing the implementation of the District's Water Conservation Strategic Plan to meet the District's long-term water supply goals and aligning water conservation targets with the State's Long Term Framework objectives. Continue to lock-in water efficiency gains and savings by promoting water conservation to all customer sectors, and community and business partners;
- Advancing sustainable programs and services that support or benefit the community and customers; and
- Leveraging the District's land assets and implementing a long-term real estate utilization plan to enhance business operations and increase non-rate revenue.

Department Budget Summary

The department's projected spending is compared to prior years in the table below.

*Customer and Community Services Department Operating Budget Detail***Department Operating Budget Detail and Historical Comparison (\$ Thousands)**

Category	FY 2023	FY 2024	FY 2025	FY 2026		FY 2027	
	Actuals	Actuals	Budget	Budget	% Change	Budget	% Change
Total Labor and Benefits	20,290	22,667	24,710	25,909	4.9%	27,263	5.2%
Less: Capital Labor and Benefits	424	391	642	608	-5.3%	639	5.1%
Operating Labor and Benefits	19,867	22,275	24,068	25,301	5.1%	26,624	5.2%
Contract Services	212	245	300	1,032	244.5%	811	-21.5%
Other Costs	3,106	3,210	4,180	5,052	20.9%	5,441	7.7%
Operating Total	23,185	25,730	28,547	31,386	9.9%	32,875	4.7%

Budget Highlights

The department's operating budget in FY 2026 is increasing \$2.8 million, or 9.9 percent, compared to FY 2025. In FY 2027, the budget will increase \$1.5 million, or 4.7 percent, compared to the first year of the biennial budget. Significant changes include:

FY 2026

Costs are increasing above inflation for CUS primarily due to the transfer of expenses related to water conservation from the capital budget to the operating budget, primarily affecting the Other Costs category. Labor costs are increasing driven primarily because of investments in the District's ongoing customer assistance efforts. Additionally, costs are increasing due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs, as well as higher costs for fringe benefits, especially health insurance. Contract Services are increasing due to the expansion of language interpretation services, as well as the previously mentioned transfer of water-conservation costs from the capital budget. These increased costs are offset by reduced maintenance of equipment.

FY 2027

Total labor and benefit costs are increasing in FY 2027 due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs. Contract Services are increasing slightly due to negotiated contract escalators for payment collection services and mailroom equipment maintenance support. Other Costs are increasing primarily for Proposition 218 notices costs incurred only in the second year of the budget.

Staffing Summary

The table below summarizes the staffing changes and transfers that have occurred among departments. In FY 2026, one Limited-Term FTE position will be eliminated, and four Temporary or Part-Time FTE will be eliminated through deletions or conversions to Full-Time positions.

*Customer and Community Services Department Staffing Summary***Department Staffing Summary and Comparison (FTE)**

Position Type	FY 2023	FY 2024	FY 2025	FY 2026	Change	FY 2027	Change
Full-Time	120.00	120.00	120.00	123.00	3.00	123.00	-
Limited-Term / Temp. Const.	4.00	5.00	5.00	4.00	(1.00)	4.00	-
Intermittent	3.00	3.00	3.00	3.00	-	3.00	-
Temporary / Part-Time	11.50	11.50	11.50	7.50	(4.00)	7.50	-
Total FTE	138.50	139.50	139.50	137.50	(2.00)	137.50	-

Staffing Changes

The table below summarizes the FTE changes excluding transfers among departments.

Customer and Community Services Department Staffing Changes

FY 2026 & FY 2027 Department Staffing Changes								
FY	Board Action	From Classification	From Character	To Classification	To Character	Cost Change	FTE Change	Purpose, Project or Program
2026	Convert Character	Senior Customer Services Representative	L/T	Senior Customer Services Representative	REG	177,394	-	Provide permanent support for the Customer Assistance Program
2026	Convert Character	Customer Services Representative I/II	P/T	Customer Services Representative III	REG	80,352	0.50	Improve career ladder in the call center and better support customers
2026	Convert Character	Customer Services Representative I/II	P/T	Customer Services Representative III	REG	80,352	0.50	Improve career ladder in the call center and better support customers
2026	Convert Character	Customer Services Representative I/II	P/T	Customer Services Representative I/II	REG	72,764	0.50	Full-time positions can provide better customer service
2026	Convert Character	Customer Services Representative I/II	P/T	Customer Services Representative I/II	REG	72,764	0.50	Full-time positions can provide better customer service
2026	Convert Character	Customer Services Representative I/II	P/T	Customer Services Representative I/II	REG	72,764	0.50	Full-time positions can provide better customer service
2026	Delete	Worker Trainee	TEMP			-	(0.50)	Classification no longer exists
2026	Delete	Customer Services Representative I/II	P/T			(59,402)	(0.50)	Replaced with REG positions
2026	Delete	Customer Services Representative I/II	P/T			(59,402)	(0.50)	Replaced with REG positions
2026	Delete	Water Conservation Representative	REG			(199,548)	(1.00)	Position no longer needed
2026	Extend L/T	Senior Customer Services Representative	L/T	Senior Customer Services Representative	L/T	211,005	-	Support single-family liens as an alternative to shut-offs
2026	Extend L/T	Customer Services Representative III	L/T	Customer Services Representative III	L/T	186,030	-	Support single-family liens as an alternative to shut-offs
2026	Extend L/T	New Business Coordinator I/II	L/T	New Business Coordinator I/II	L/T	181,692	-	Continue to support peak workload

In FY 2026, six positions will have their character converted to REG (i.e., Full-Time), all to improve direct customer outreach. Offsetting those are the deletion of 2.5 FTEs that are no longer needed. Three L/Ts will be extended through Board approval; two will support the single-family lien program, and one will continue to support peak workload in the New Business Office.

ENGINEERING AND CONSTRUCTION DEPARTMENT

Overview

The Engineering and Construction Department (ENG) is responsible for the planning, design, development, and construction of infrastructure related to the District's raw water, treatment, and distribution systems (e.g., pipelines, water treatment plants, reservoirs, pump stations, and other essential facilities such as buildings, warehouses and other locations that provide workspaces for staff and storage of equipment) that support the delivery of clean and safe water to the community. These responsibilities include water system capital program implementation, infrastructure management of facility rehabilitation or replacement projects, system expansions, and building facility improvements. The department provides leadership in engineering planning, design, and construction of water infrastructure through innovation and operational efficiency improvements.

Description of Services Provided

The department includes Water Distribution Planning, Design, Construction, Pipeline Infrastructure, and Engineering Services divisions. Services include planning, design, project management, and construction management and inspection of water system capital projects. Support services include cost estimating, contract specifications preparation, bid and award management, surveying, mapping, graphic design, hydraulic modeling, geotechnical engineering and dam safety, materials testing, engineering records storage, and engineering support to other departments.

FY 2026 and FY 2027 Goals

The department is primarily responsible for leading the Long-Term Infrastructure Investment goal and providing a supporting role to all other goals identified in the Strategic Plan. Key department goals include:

- Executing the Capital Improvement Program (CIP) to support the District's Strategic Plan in maintaining and enhancing its infrastructure;
- Increasing the pipeline replacement rate by continuing to improve construction efficiencies and leveraging technology to assess and prioritize pipeline renewal selection;
- Continuing to effectively manage significant progress towards completion of high priority construction projects including the Orinda Water Treatment Plant Disinfection and Chemical Systems Safety Improvements (CSSIP), Upper San Leandro (USL) Water Treatment Plant Maintenance and Reliability and USL and Sobrante CSSIP, and rehabilitation or replacement of critical pumping plants, reservoirs, rate control stations, and regulators;
- Initiating construction of new high priority capital projects including the Pardee Chemical Plant Improvements, Lafayette and Walnut Creek Water Treatment Plants CSSIP, Lafayette Tower Seismic Safety Project, and Mokelumne Aqueduct Relining and Bents Projects;
- Completing designs and awarding construction contracts for high-priority capital projects including the Lafayette Aqueduct No. 1 Relining Improvements, Lafayette Water Treatment Plant Interim Improvements, Central Reservoir Replacement, Walnut Creek Water Treatment Plant Filters Improvements, New Central Area Service Center, Walnut Creek Water Treatment Plant Pretreatment (to 30%), Castenada PP Standby Generator, and Pardee Powerline Upsizing; and
- Completing the Zero Emission Master Plan and the conceptual engineering report and drawings for the Mokelumne Aqueduct Resiliency Project.

Department Budget Summary

The department's projected spending is compared to prior years in the table below.

*Engineering and Construction Department Operating Budget Detail***Department Operating Budget Detail and Historical Comparison (\$ Thousands)**

Category	FY 2023	FY 2024	FY 2025	FY 2026		FY 2027	
	Actuals	Actuals	Budget	Budget	% Change	Budget	% Change
Total Labor and Benefits	65,246	72,726	75,301	80,631	7.1%	84,151	4.4%
<i>Less: Capital Labor and Benefits</i>	46,642	51,657	50,220	51,508	2.6%	53,767	4.4%
Operating Labor and Benefits	18,604	21,069	25,080	29,123	16.1%	30,384	4.3%
Contract Services	85	152	158	292	85.3%	313	7.0%
Other Costs	2,711	2,749	3,326	2,873	-13.6%	3,051	6.2%
Operating Total	21,400	23,969	28,564	32,289	13.0%	33,748	4.5%

Budget Highlights

The department's operating budget in FY 2026 is increasing \$3.7 million, or 13.0 percent, compared to FY 2025. In FY 2027, the budget will increase \$1.5 million, or 4.5 percent, compared to the first year of the biennial budget. Significant changes include:

FY 2026

Total Labor and Benefit Costs are increasing in FY 2026 compared to the FY 2025 budget due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs, as well as higher costs for fringe benefits, especially health insurance. Operating Labor is increasing more than Capital Labor as more work has shifted from the capital budget to the operating budget. Contract Services are increasing, in part, for specialized professional services in support of Geographic Information Systems (GIS). Other Costs are decreasing due to transfers of budget line items out of the department and other minor decreases.

FY 2027

Total Labor and Benefit Costs are increasing in FY 2027 due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs. Contract Services are expected to increase due to an additional 10 percent annual increase in specialized professional services contracts for GIS. Other Costs are expected to increase modestly due to computer software, fees and licenses, and equipment.

Staffing Summary

The table below summarizes the staffing changes, including transfers. The reduction in FTE in FY 2026 reflects position transfers to other departments to meet staffing needs in those areas.

*Engineering and Construction Department Staffing Summary***Department Staffing Summary and Comparison (FTE)**

Position Type	FY 2023	FY 2024	FY 2025	FY 2026	Change	FY 2027	Change
Full-Time	274.00	293.00	294.00	292.00	(2.00)	292.00	-
Limited-Term / Temp. Const.	9.00	-	-	-	-	-	-
Intermittent	-	-	-	-	-	-	-
Temporary / Part-Time	3.50	-	-	-	-	-	-
Total FTE	286.50	293.00	294.00	292.00	(2.00)	292.00	-

FINANCE DEPARTMENT

Overview

The Finance Department (FIN) is responsible for providing proactive and strategic management of the District's finances and ensuring the long-term financial stability of the two systems. These responsibilities include managing the finances to meet funding needs, ensuring adequate internal financial controls are maintained, reporting financials timely and accurately, managing the budget effectively and efficiently, implementing reasonable and methodologically sound rates and charges consistent with legal requirements, optimizing investment of cash funds, maintaining good standing in the credit markets, and engaging actively with external stakeholders to promote fiscal transparency and accountability.

Description of Services Provided

The department includes Accounting, Internal Audit, Budget and Performance, Treasury Operations, Purchasing, and Risk Management divisions. It provides a range of financial services including accounts payable and payroll, financial reporting, biennial budget management and reporting, grant writing and administration, strategic planning coordination, debt management, credit rating agency and investor relations, rates and charges, investment of funds, procurement and supply chain management, liability and workers compensation claim management, insurance procurement, and internal controls. The department also supports the District's Employee Retirement System with respect to investment management.

FY 2026 and FY 2027 Goals

The department supports all six Strategic Plan goals but is primarily responsible for leading the Long-Term Financial Stability Strategic Plan goal. Key department goals include:

- Developing the biennial budget for FY 2028 and FY 2029;
- Developing the FY 2028 and FY 2029 rates, fees, and charges;
- Implementing the long-range financial plan in support of sustainability and resiliency;
- Continuing to grow fiscal transparency, accountability in financial reporting, and understanding of the District's rates and charges for the District's ratepayers;
- Implementing Contracts Pilot and reporting results;
- Enhancing Capital Management with revamped CSCs (Capital Steering Committees);
- Initiating innovation planning efforts with a new position;
- Overhauling grants management at the District and promoting utilization;
- Recruiting Data Scientist positions and advocating use across the District;
- Launching Captive Insurance creation (pending approval); and
- Improving access to Elsie Warehouse.

Department Budget Summary

The department's projected spending is compared to prior years in the table below.

*Finance Department Operating Budget Detail***Department Operating Budget Detail and Historical Comparison (\$ Thousands)**

Category	FY 2023	FY 2024	FY 2025	FY 2026		FY 2027	
	Actuals	Actuals	Budget	Budget	% Change	Budget	% Change
Total Labor and Benefits	20,171	21,007	21,334	23,700	11.1%	24,720	4.3%
Less: Capital Labor and Benefits	1,582	91	355	14	-96.2%	14	0.0%
Operating Labor and Benefits	18,589	20,917	20,980	23,687	12.9%	24,706	4.3%
Contract Services	784	1,072	1,673	1,476	-11.8%	1,629	10.4%
Other Costs	12,017	13,399	13,397	2,305	-82.8%	1,927	-16.4%
Operating Total	31,390	35,387	36,050	27,468	-23.8%	28,262	2.9%

Budget Highlights

The department's operating budget in FY 2026 is decreasing \$8.6 million, or 23.8 percent, compared to FY 2025. In FY 2027, the budget will increase \$0.8 million, or 2.9 percent, compared to the first year of the biennial budget. Significant changes include:

FY 2026

The major driver of cost decreases is moving insurance- and claims-related expenses to a non-staffed department. Total Labor and Benefit Costs are increasing in FY 2026 compared to the FY 2025 budget due to expectations for inflation-linked wage increases, and higher costs for fringe benefits including health insurance. In addition, labor is increasing due to the addition of two data scientists. There is also a large decrease in the copier maintenance contract due to negotiated flat monthly fees, with no overage charges. Another change is moving non-debt-service expenses to Finance from the Debt Department, which will make analyzing costs easier and more transparent. Changes in software include the planned procurement of a new liability claims management software, a crucial upgrade to replace the existing system, which is critically outdated and no longer meets the operational needs of the Risk Management Program. Changes in contracts include the Custodian Services contract with US Bank increasing significantly after staying relatively flat for at least a decade as US Bank has adjusted its pricing on legacy clients brought on from the former Union Bank. Contracts are decreasing as there is lower expected spending in a few larger non-recurring contracts.

FY 2027

Total labor and benefit costs will remain relatively stable in FY 2027 due to expectations for inflation-linked wage increases. Similar to FY 2026, there may be additional overtime costs relating to new systems being implemented by the District including Accela (PSL Replacement), new integration with Kahua, Pension Gold, and possibly a new Payroll System. Other costs are expected to remain relatively stable compared to FY 2026 with increases attributable to inflation.

Staffing Summary

The table below summarizes the staffing changes and transfers that have occurred among departments. In FY 2026, two FTEs will be added, as detailed below, however this is offset by deleting a position that is no longer needed. Another change is the conversion of a temporary position to regular. There are no net changes in FTE in FY 2027.

*Finance Department Staffing Summary***Department Staffing Summary and Comparison (FTE)**

Position Type	FY 2023	FY 2024	FY 2025	FY 2026	Change	FY 2027	Change
Full-Time	99.00	99.00	99.00	102.00	3.00	102.00	-
Limited-Term / Temp. Const.	-	-	-	-	-	-	-
Intermittent	-	-	-	-	-	-	-
Temporary / Part-Time	0.50	0.50	0.50	-	(0.50)	-	-
Total FTE	99.50	99.50	99.50	102.00	2.50	102.00	-

Staffing Changes

The table below summarizes the FTE changes excluding transfers among departments.

*Finance Department Staffing Changes***FY 2026 & FY 2027 Department Staffing Changes**

FY	Board Action	From Classification	From Character	To Classification	To Character	Cost Change	FTE Change	Purpose, Project or Program
2026	Add			Data Scientist I/II	REG	479,328	2.00	Improve data analytics
2026	Convert Character	Storekeeper I/II	TEMP	Storekeeper I/II	REG	67,595	0.50	Meet growing demand for warehouse products, particularly pipe
2026	Delete	Buyer I/II	REG			(180,641)	(1.00)	Position no longer needed

In FY 2026, two full-time FTEs will be added to improve data analytics offset by the deletion of a Buyer position that is no longer needed. Another change is the conversion of a Storekeeper position from temporary to regular to meet the growing demand for warehouse products, particularly pipe. There are no new positions added in FY 2027.

HUMAN RESOURCES DEPARTMENT

Overview

The Human Resources Department (HRD) plays a pivotal role in managing the District's workforce, ensuring that employees are well-supported, and maintaining compliance with various regulations. The department's mission is to ensure that EBMUD has a high-performing, quality, and diverse talent pool to effectively meet both current and future needs. The department collaborates closely with the Board, managers, unions, and employees to provide a wide range of support systems and benefits, encourages teamwork, promotes a diverse and inclusive workplace, promotes continuous improvement and learning, and implements workforce planning strategies to anticipate and respond to emerging needs.

Description of Services Provided

Human Resources provides a comprehensive range of services to all EBMUD departments through three divisions. Employee Relations manages labor and employee relations, including negotiations with the District's four bargaining units. Employee Services administers benefits, including health insurance and wellness programs, and along with the Finance Department administers the independent retirement system and deferred compensation programs. This division also onboards new hires to ensure all pre-employment records are completed, manages employee records data, and provides support to the core HR and Payroll systems. Recruitment and Classification oversees the hiring process, job postings, and classification of positions to ensure the organization attracts and retains qualified personnel.

The Department is governed using civil service, merit-based principles under the Municipal Utility District (MUD) Act, along with relevant employment laws, union contract requirements, the Retirement Ordinance, the 401k, 457, and 401a Plan Documents, and other District policies and procedures. Key departmental service goals include providing timely, responsive services to clients, ensuring fairness and equity in employment matters, and supporting organizational efforts to be an "employer of choice."

FY 2026 and FY 2027 Goals

The department is primarily responsible for leading the Workforce Planning and Development Strategic Plan Goal. Key department goals in the Biennial Budget include:

- Modernizing the practice of human resources management;
- Implementing a new Human Resources Information System to modernize employee services such as benefits, payroll, recordkeeping, onboarding, and the District's retirement system;
- Implementing a healthcare strategy that provides a competitive benefit package while recognizing the potential increase in forecasted health care costs; and
- Planning for the future workforce, aimed at attracting and retaining a skilled, talented, and diverse workforce.

Department Budget Summary

The department's projected spending is compared to prior years in the table below.

*Human Resources Department Operating Budget Detail***Department Operating Budget Detail and Historical Comparison (\$ Thousands)**

Category	FY 2023	FY 2024	FY 2025	FY 2026		FY 2027	
	Actuals	Actuals	Budget	Budget	% Change	Budget	% Change
Total Labor and Benefits	9,066	10,303	10,260	12,459	21.4%	13,028	4.6%
Less: Capital Labor and Benefits	499	1	638	-	-100.0%	-	0.0%
Operating Labor and Benefits	8,567	10,302	9,622	12,459	29.5%	13,028	4.6%
Contract Services	1,070	1,125	1,444	1,514	4.8%	1,560	3.1%
Other Costs	1,529	1,288	2,037	497	-75.6%	492	-1.0%
Operating Total	11,166	12,716	13,103	14,470	10.4%	15,080	4.2%

Budget Highlights

The department's operating budget in FY 2026 is increasing \$1.4 million, or 10.4 percent, compared to FY 2025. In FY 2027, the budget will increase by \$0.6 million or 4.2 percent, compared to the first year of the biennial budget. Significant changes include:

FY 2026

Total Labor and Benefit costs are increasing in FY 2026 compared to the FY 2025 budget due to the addition of two positions as well as the upgrade and funding of existing positions, which accounts for a significant portion of the labor cost increase. Additionally, labor costs are rising due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs, as well as higher costs for fringe benefits, especially health insurance. Contract Services are expected to increase because of new requests including a McLean & Co. subscription service. Other Costs are decreasing significantly due to the transfer of the 415(m) supplemental payments to the Contingency Department to improve accountability and transparency into the department's budget.

FY 2027

Total Labor and Benefit costs are increasing in FY 2027 due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs. Contract Services and Other Costs are expected to remain relatively stable compared to FY 2026.

Staffing Summary

The table below summarizes the staffing changes and transfers that have occurred among departments. In FY 2026, two new Full-Time positions will be added and one Part-Time position is being transferred to the Office of Diversity, Equity, and Culture in the Office of the General Manager. There are no changes to the department's staffing in FY 2027.

*Human Resources Department Staffing Summary***Department Staffing Summary and Comparison (FTE)**

Position Type	FY 2023	FY 2024	FY 2025	FY 2026	Change	FY 2027	Change
Full-Time	38.00	40.00	40.00	42.00	2.00	42.00	-
Limited-Term / Temp. Const.	4.00	6.00	6.00	6.00	-	6.00	-
Intermittent	-	-	-	-	-	-	-
Temporary / Part-Time	0.50	0.50	0.50	-	(0.50)	-	-
Total FTE	42.50	46.50	46.50	48.00	1.50	48.00	-

Staffing Changes

The table below summarizes the FTE changes excluding transfers among departments.

Human Resources Department Staffing Changes

FY 2026 & FY 2027 Department Staffing Changes								
FY	Board Action	From Classification	From Character	To Classification	To Character	Cost Change	FTE Change	Purpose, Project or Program
2026	Add			Senior Human Resources Analyst	REG	580,242	2.00	Support improved approach to employee relations
2026	Extend L/T	Human Resources Analyst I/II	L/T	Human Resources Analyst I/II	L/T	225,547	-	Continue to support peak workload
2026	Extend L/T	HRIS Analyst I/II	L/T	HRIS Analyst I/II	L/T	204,049	-	Continue to support peak workload
2026	Extend L/T	Senior Administrative Clerk, Confidential	L/T	Senior Administrative Clerk, Confidential	L/T	186,030	-	Continue to support peak workload

In FY 2026, two new positions will be added to support an improved approach to employee relations. Three L/T positions are being extended to continue to support peak workload.

INFORMATION SYSTEMS DEPARTMENT

Overview

The Information Systems Department (ISD) is responsible for the strategic oversight, including the planning, procuring, designing, developing, deploying, operating, maintaining, and supporting information technology (IT) and services in support of District planning and operations. These responsibilities include providing accessibility, security, recoverability, and business continuity for all systems and data critical to the operations of the District.

Description of Services Provided

The department includes the IT Strategy & Planning, IT Applications, IT Operations, and IT Security divisions. Together, these divisions support the lifecycle of the District's technology and communication needs including management and support of: project management; District websites; digital accessibility; desktop, mobile, and cloud computing; remote access; network connectivity; telephone, radio, and microwave communications; application development and integration for a wide range of business functions; risk identification in computing and network environments; guidance to ensure District systems and data are properly secured and available; and planning to ensure business continuity of District computing resources.

FY 2026 and FY 2027 Goals

The department serves a key role in the Long-Term Financial Stability Strategic Plan goal. Key department goals include:

- Developing a five-year Technology Strategic Plan;
- Reviewing and aligning IT Governance and Project Implementation with District mission, vision, values, and processes;
- Continuing efforts to advance the District's Cybersecurity and Personally-Identifiable Information plans, including the continued efforts toward the implementation of the Center for Internet Security Controls and shared governance;
- Ensuring project and maintenance work is performed in a manner that supports the achievement of goals outlined in the District's Strategic Plan, IT Master Plan, and the upcoming IT Strategic Plan;
- Modernizing legacy infrastructure, systems, and processes through continuous improvement efforts;
- Facilitating the implementation of key District projects, which includes the replacement of the human resources core and pension systems; and
- Implementing the IT Governance FY 2026 – FY 2027 Project Portfolio.

Department Budget Summary

The department's projected spending is compared to prior years in the table below.

Information Systems Department Operating Budget Detail

Department Operating Budget Detail and Historical Comparison (\$ Thousands)							
Category	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Budget	FY 2026 Budget	% Change	FY 2027 Budget	% Change
Total Labor and Benefits	25,072	27,662	27,217	30,008	10.3%	31,247	4.1%
Less: Capital Labor and Benefits	553	246	-	1,138	0.0%	1,192	4.8%
Operating Labor and Benefits	24,519	27,416	27,217	28,870	6.1%	30,055	4.1%
Contract Services	1,808	2,259	2,828	3,754	32.8%	3,481	-7.3%
Other Costs	6,482	6,951	8,348	10,402	24.6%	10,540	1.3%
Operating Total	32,809	36,626	38,393	43,026	12.1%	44,076	2.4%

Budget Highlights

The department's operating budget in FY 2026 is increasing \$4.6 million, or 12.1 percent, compared to FY 2025. In FY 2027, the budget will increase \$1.1 million, or 2.4 percent, compared to the first year of the biennial budget. Significant changes include:

FY 2026

Total labor and benefit costs are increasing in FY 2026 compared to the FY 2025 budget due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs, as well as higher costs for fringe benefits, especially health insurance. Contract services are increasing substantially due to addition of contracts that will support continued transitions away from outdated, legacy systems and the implementation of modern tools. Other Costs are growing due to increasing software costs, especially for large enterprise cloud technology.

FY 2027

Total labor and benefit costs are increasing in FY 2027 due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs. Contract services are budgeted to decrease due to reducing a contract for external data security support that will no longer be needed in FY 2027 as the District will use internal staff to support the function. Other Costs for the department are expected to increase due to increases in computer software costs, cloud computing, telephone expenses, and a data center lease for disaster recovery.

Staffing Summary

The table below summarizes the staffing changes within the department. The increase in two FTE in FY 2026 as compared to FY 2025 is due to transfers between departments.

Information Systems Department Staffing Summary

Department Staffing Summary and Comparison (FTE)							
Position Type	FY 2023	FY 2024	FY 2025	FY 2026	Change	FY 2027	Change
Full-Time	92.00	95.00	95.00	97.00	2.00	97.00	-
Limited-Term / Temp. Const.	2.00	1.00	1.00	1.00	-	1.00	-
Intermittent	-	-	-	-	-	-	-
Temporary / Part-Time	-	-	-	-	-	-	-
Total FTE	94.00	96.00	96.00	98.00	2.00	98.00	-

MAINTENANCE AND CONSTRUCTION DEPARTMENT

Overview

The Maintenance and Construction Department (MCD) is responsible for installing, replacing, rehabilitating, and maintaining the local water distribution system infrastructure; reading and maintaining the nearly 400,000 water meters; providing support services; and maintaining over 1,350 vehicles and heavy equipment in the District's fleet.

Description of Services Provided

The department includes the Distribution Maintenance and Construction, Pipeline Construction, and Maintenance Support divisions. Distribution Maintenance and Construction installs new services and pipelines and supports the maintenance, replacement, and installation of the water distribution system by identifying and repairing leaks, maintaining valves and hydrants, and replacing pipeline appurtenances. Pipeline Construction installs replacement pipelines and provides paving services. Maintenance Support provides District-wide construction support and janitorial services, and is responsible for vehicle and equipment procurement, maintenance and replacement; meter testing, maintenance, repair, and reading; and backflow prevention.

FY 2026 and FY 2027 Goals

The department has a key role in the Long-Term Infrastructure Investment Strategic Plan goal. Key department goals include:

- Replacing 25.0 miles of distribution pipe in FY 2026 and 27.5 miles in FY 2027;
- Reading, testing, and replacing water meters;
- Leading the industry in water loss control through using new and innovative technology, effective maintenance practices, and efficient operations;
- Maintaining and procuring the District's fleet of vehicles and equipment to support District operations and meet greenhouse gas reduction goals; and
- Implementing preventive, predictive, and corrective maintenance plans for infrastructure such as pipelines, valves, hydrants, and meters to improve safety, reliability, and efficiency.

Department Budget Summary

Maintenance and Construction Department Budget Table

Department Operating Budget Detail and Historical Comparison (\$ Thousands)

Category	FY 2023	FY 2024	FY 2025	FY 2026		FY 2027	
	Actuals	Actuals	Budget	Budget	% Change	Budget	% Change
Total Labor and Benefits	106,332	117,144	124,498	135,434	8.8%	142,045	4.9%
Less: Capital Labor and Benefits	46,616	53,031	53,871	55,321	2.7%	58,267	5.3%
Operating Labor and Benefits	59,716	64,112	70,626	80,113	13.4%	83,779	4.6%
Contract Services	1,046	1,518	1,707	1,985	16.3%	1,978	-0.3%
Other Costs	25,681	24,286	23,387	25,747	10.1%	26,042	1.1%
Operating Total	86,443	89,916	95,721	107,845	12.7%	111,799	3.7%

Budget Highlights

The department's operating budget in FY 2026 is increasing \$12.1 million, or 12.7 percent, compared to FY 2025. In FY 2027, the budget will increase \$4.0 million, or 3.7 percent, compared to the first year of the biennial budget.

FY 2026

Total labor and benefit costs are increasing in FY 2026 compared to the FY 2025 budget due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs, as well as higher costs for fringe benefits, especially health insurance. Contract costs are increasing due to specialized professional services contracts for the Pipeline Training Academy Truck Driving Training and concrete repairs. Other Costs are increasing because of the increase in costs for computer software; outside services for vehicle and construction equipment; and disposal costs.

FY 2027

Total labor and benefit costs are increasing in FY 2027 due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs. Contract services are expected to increase slightly due to expected continued inflationary pressures. Other costs are expected to increase slightly due to the increase in fuel costs.

Staffing Summary

The table below summarizes staffing changes, including transfers. In FY 2026, there is a decrease of one full-time FTE due to various position transfers between departments to meet staffing needs, and two new Limited-Term (L/T) positions. In FY 2027, there are two additional Limited-Term (L/T) positions added.

Maintenance and Construction Department Staffing Summary

Department Staffing Summary and Comparison (FTE)

Position Type	FY 2023	FY 2024	FY 2025	FY 2026	Change	FY 2027	Change
Full-Time	598.00	617.00	617.00	616.00	(1.00)	616.00	-
Limited-Term / Temp. Const.	11.00	13.00	13.00	15.00	2.00	17.00	2.00
Intermittent	-	-	-	-	-	-	-
Temporary / Part-Time	2.50	2.50	2.50	2.50	-	2.50	-
Total FTE	611.50	632.50	632.50	633.50	1.00	635.50	2.00

Staffing Changes

*Maintenance and Construction Department Staffing Changes***FY 2026 & FY 2027 Department Staffing Changes**

FY	Board Action	From Classification	From Character	To Classification	To Character	Cost Change	FTE Change	Purpose, Project or Program
2026	Add			Paving Crew Foreman	L/T	221,571	1.00	Reduce concrete paving backlog
2026	Add			Concrete Finisher II	L/T	173,035	1.00	Reduce concrete paving backlog
2026	Extend L/T	Meter Reader/Mechanic	L/T	Meter Reader/Mechanic	L/T	175,904	-	Meter reading and maintenance
2026	Extend L/T	Meter Reader/Mechanic	L/T	Meter Reader/Mechanic	L/T	169,744	-	Meter reading and maintenance
2026	Extend L/T	Meter Reader/Mechanic	L/T	Meter Reader/Mechanic	L/T	168,171	-	Meter reading and maintenance
2026	Extend L/T	Meter Reader/Mechanic	L/T	Meter Reader/Mechanic	L/T	166,887	-	Meter reading and maintenance
2026	Extend L/T	Meter Reader/Mechanic	L/T	Meter Reader/Mechanic	L/T	165,932	-	Meter reading and maintenance
2026	Extend L/T	Meter Reader/Mechanic	L/T	Meter Reader/Mechanic	L/T	156,821	-	Meter reading and maintenance
2027	Add			Utility Laborer	L/T	291,055	2.00	Reduce FM&O for saw cutting as pipeline mileage goal increases

In FY 2026, two Limited-Term positions will be added to reduce the backlog of concrete paving orders. Additionally, Six Meter Reader/Mechanic Limited-Term (LT) positions will be extended to support high priority meter reading and maintenance projects. In FY 2027, there is an additional increase of two Limited-Term Utility Laborer positions to reduce Fully Maintained and Operated (FM&O) for saw cutting as the pipeline mileage goal increases.

NATURAL RESOURCES DEPARTMENT

Overview

The Natural Resources Department (NRD) develops and implements plans, policies, and programs necessary to manage over 50,000 acres of water, watershed lands and related facilities. The department develops and implements programs for water quality, fisheries and wildlife enhancement and protection, natural resource management and monitoring, wildfire protection and fuels management, and public recreation areas and trails on these lands, reservoirs, rivers, and streams.

Description of Services Provided

The department includes the East Bay Watershed and Recreation, Mokelumne Watershed and Recreation, and Fisheries and Wildlife divisions. Both the East Bay and Mokelumne Watershed and Recreation divisions manage and protect the East Bay and Mokelumne watershed lands owned by the District, including overseeing environmental, recreation, and land stewardship programs. The Fisheries and Wildlife Division develops and maintains the scientific information necessary to manage and protect wildlife and fisheries on District-owned lands and the fisheries resources of the lower Mokelumne River, conducts monitoring to comply with water right agreements, provides biological support for capital projects, Federal Energy Regulatory Commission (FERC) relicensing and Bay-Delta processes, and responds to service area water discharge incidents. Together the divisions support each other with planning, grant execution, regional collaborations, and new initiatives.

FY 2026 and FY 2027 Goals

The department has a key role in the Water Quality and Environmental Protection Strategic Plan goal. Key department goals include:

- Implementing the water quality protection, environmental stewardship, and recreation and public use programs consistent with the East Bay and Mokelumne Watershed Master Plans;
- Reducing wildfire risk in the East Bay and Mokelumne watersheds and collaborating with local partners on fuels management and forest health projects;
- Providing subject matter expertise for Recreation and Fisheries and Wildlife management in the FERC relicensing process, related to the District's hydroelectric power generation;
- Responding to the new invasive species, Golden Mussel, found in the Sacramento San Joaquin Delta to protect EBMUD infrastructure and natural resources;
- Implementing habitat restoration and other non-flow measures associated with the Healthy Rivers and Landscapes Program;
- Continuing to build on the successful fisheries program for the Mokelumne River including assessing impacts of Delta water projects through acoustic tracking, investigating innovative temperature management infrastructure, and working collaboratively with public organizations, non-profits, and local landowner partners along the Lower Mokelumne River; and
- Continuing to implement the East Bay Habitat Conservation Plan through pond maintenance, fencing, invasive species management, and monitoring in the East Bay Watershed covered areas; and the Mokelumne Safe Harbor Agreement through enhancement and maintenance of pond habitat, number of elderberry bushes, and enhancing federally listed species on the Mokelumne Watershed.

Department Budget Summary

The department's projected spending is compared to prior years in the table below.

*Natural Resources Department Operating Budget Detail***Department Operating Budget Detail and Historical Comparison (\$ Thousands)**

Category	FY 2023	FY 2024	FY 2025	FY 2026		FY 2027	
	Actuals	Actuals	Budget	Budget	% Change	Budget	% Change
Total Labor and Benefits	11,584	12,851	13,425	15,001	11.7%	15,641	4.3%
Less: Capital Labor and Benefits	47	69	85	-	-100.0%	-	0.0%
Operating Labor and Benefits	11,536	12,782	13,341	15,001	12.4%	15,641	4.3%
Contract Services	3,247	2,321	3,347	3,860	15.3%	3,966	2.7%
Other Costs	4,648	4,033	4,617	5,019	8.7%	4,941	-1.6%
Operating Total	19,431	19,136	21,305	23,880	12.1%	24,548	2.8%

Budget Highlights

The department's operating budget in FY 2026 is increasing \$2.6 million, or 12.1 percent, compared to FY 2025. In FY 2027, the budget will increase \$0.7 million, or 2.8 percent, compared to the first year of the biennial budget. Significant changes include:

FY 2026

Total labor and benefit costs are increasing in FY 2026 compared to the FY 2025 budget due in part to the addition of two Limited-Term positions, as well as expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs, as well as higher costs for fringe benefits, especially health insurance. The increase to Contract Services is primarily due to the cost of facility and upcountry security needs. Other major drivers include the increased costs of operating contracts with California Department of Fish and Wildlife for the Mokelumne River Fish Hatchery.

FY 2027

Total labor and benefit costs are increasing in FY 2027 due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs. Contract Services increase due to the agreement with the East Bay Regional Park District. Other Costs decrease due to a one-time fee paid in FY 2026.

Staffing Summary

The table below summarizes the staffing changes and transfers that have occurred among departments. In FY 2026, two Limited-Term positions will be added.

*Natural Resources Department Staffing Summary***Department Staffing Summary and Comparison (FTE)**

Position Type	FY 2023	FY 2024	FY 2025	FY 2026	Change	FY 2027	Change
Full-Time	65.00	65.00	65.00	65.00	-	65.00	-
Limited-Term / Temp. Const.	-	-	1.00	3.00	2.00	3.00	-
Intermittent	-	-	-	-	-	-	-
Temporary / Part-Time	2.50	2.50	2.50	2.50	-	2.50	-
Total FTE	67.50	67.50	68.50	70.50	2.00	70.50	-

Staffing Changes

The table below summarizes the FTE changes excluding transfers among departments.

Natural Resources Department Staffing Changes

FY 2026 & FY 2027 Department Staffing Changes								
FY	Board Action	From Classification	From Character	To Classification	To Character	Cost Change	FTE Change	Purpose, Project or Program
2026	Add			Ranger/Naturalist I/II	L/T	298,487	2.00	Reduce risk at upcountry recreation areas

In FY 2026, two Limited-Term Ranger/Naturalist I/II positions will be added to support managing risk during the busiest recreation seasons in the recreation areas around the Pardee and Camanche reservoirs.

OFFICE OF THE GENERAL COUNSEL**Overview**

The Office of the General Counsel (OGC) provides the legal advice and assistance necessary to implement the District's mission, policies, and programs in a manner consistent with the law and to take charge of litigation and other legal matters in which the District is a party or in which it is legally interested.

Description of Services Provided

The department provides legal assistance and litigation support to the Board, General Manager, and staff in such areas as: resources law; municipal and public law; environmental law; public works contracting; construction and real estate law; personnel, benefits, retirement and labor law; risk management and insurance; public finance and governmental law; tort law; and rates, regulations, and public policy matters.

FY 2026 and FY 2027 Goals

Key department goals include:

- Providing legal advice and assistance necessary to implement the District's mission, policies and programs, and in support of the District's Strategic Plan and Diversity, Equity, and Inclusion Plan, in a manner consistent with the law and to take charge of litigation and other legal matters in which the District is a party or in which it is legally interested;
- Keeping up to date with current and necessary legal technology trends and tools; and
- Providing dedicated legal advice to a centralized contracting group.

Department Budget Summary

The department's projected spending is compared to prior years in the table below.

*Office of the General Counsel Operating Budget Detail***Department Operating Budget Detail and Historical Comparison (\$ Thousands)**

Category	FY 2023	FY 2024	FY 2025	FY 2026		FY 2027	
	Actuals	Actuals	Budget	Budget	% Change	Budget	% Change
Total Labor and Benefits	4,233	4,816	4,982	5,768	15.8%	6,012	4.2%
Less: Capital Labor and Benefits	-	-	-	-	0.0%	-	0.0%
Operating Labor and Benefits	4,233	4,816	4,982	5,768	15.8%	6,012	4.2%
Contract Services	833	746	750	750	0.0%	750	0.0%
Other Costs	178	160	251	307	22.2%	309	0.8%
Operating Total	5,243	5,721	5,983	6,825	14.1%	7,071	3.6%

Budget Highlights

The department's operating budget in FY 2026 is increasing \$0.8 million, or 14.1 percent, compared to FY 2025. In FY 2027, the budget will increase slightly, or 3.6 percent, compared to the first year of the biennial budget. Changes include:

FY 2026

Total labor and benefit costs are increasing in FY 2026 compared to the FY 2025 budget due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs, as well as higher costs for fringe benefits, especially health insurance. Other Costs are increasing in software costs for managing document production, which were not budgeted in the previous budget cycle, and for a replacement document management software (DMS) to replace the current software that will be obsolete within this budget cycle. Another large expense is for upgrading to a better legal research platform to reduce time attorneys spend researching, enhancing the department's efficiency. There is an anticipated increase in managing complex litigation and administrative cases in-house which will require an increase in litigation and legal expenses.

FY 2027

Total Labor and Benefit Costs are increasing in FY 2027 due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs. Other Costs are expected to remain relatively stable compared to FY 2026 with increases attributable to inflation.

Staffing Summary

The table below summarizes the staffing changes and transfers that have occurred among departments. There are no changes to the department's staffing.

*Office of the General Counsel Staffing Summary***Department Staffing Summary and Comparison (FTE)**

Position Type	FY 2023	FY 2024	FY 2025	FY 2026	Change	FY 2027	Change
Full-Time	16.00	16.00	16.00	16.00	-	16.00	-
Limited-Term / Temp. Const.	-	-	-	-	-	-	-
Intermittent	-	-	-	-	-	-	-
Temporary / Part-Time	0.50	0.50	0.50	0.50	-	0.50	-
Total FTE	16.50	16.50	16.50	16.50	-	16.50	-

OFFICE OF THE GENERAL MANAGER

Overview

The Office of the General Manager (OGM) manages the overall operations of the District and implements the policies and priorities of the elected Board of Directors with an emphasis on effectively communicating with all stakeholders and advancing EBMUD's policy objectives with the California State Legislature and United States Congress.

Description of Services Provided

The department includes five divisions: Office of the General Manager, Inter-Governmental Affairs, Public Affairs, Office of the Secretary, and the Office of Diversity, Equity, and Culture. The Office of the General Manager provides several District-wide functions including: legislative and intergovernmental agency advocacy; public and community education and outreach; support to the Board of Directors and District-wide records management including managing responses to public records requests; and work on initiatives related to diversity, equity, and inclusion.

FY 2026 and FY 2027 Goals

The department supports all the Strategic Plan goals. Key department goals include:

- Providing cross-departmental direction to cohesively and effectively manage operations and implement Board policies and priorities;
- Supporting water and wastewater program goals through engaging and communicating with the public, key stakeholders, and employees about operations and infrastructure, Board policy proposals and decisions, and stewardship of the District's natural, financial, and human resources;
- Educating stakeholders on the need for investment in infrastructure and innovation, water supply planning, climate and infrastructure resiliency, and other priorities as expressed through the District's Strategic Plan;
- Supporting the District's workforce planning and development goals through the implementation of the Diversity, Equity, and Inclusion Strategic Plan;
- Supporting water and wastewater program goals through legislative efforts to advance policy objectives, secure state and federal funding, and proactively influence legislation through effective advocacy; and
- Exploring ways to work better together to continue providing administrative and ministerial support to the Board of Directors, the General Manager, and staff in carrying out the District's mission.

Department Budget Summary

The department's projected spending is compared to prior years in the table below.

*Office of the General Manager Operating Budget Detail***Department Operating Budget Detail and Historical Comparison (\$ Thousands)**

Category	FY 2023	FY 2024	FY 2025	FY 2026		FY 2027	
	Actuals	Actuals	Budget	Budget	% Change	Budget	% Change
Total Labor and Benefits	11,316	14,549	16,012	17,479	9.2%	18,361	5.0%
Less: Capital Labor and Benefits	19	301	-	415	0.0%	459	10.6%
Operating Labor and Benefits	11,297	14,249	16,012	17,064	6.6%	17,902	4.9%
Contract Services	791	890	1,747	1,987	13.7%	1,885	-5.1%
Other Costs	2,649	2,312	2,834	2,335	-17.6%	3,880	66.2%
Operating Total	14,736	17,451	20,594	21,386	3.8%	23,668	10.7%

Budget Highlights

The department's operating budget in FY 2026 is increasing \$0.8 million, or 3.8 percent, compared to FY 2025. In FY 2027, the budget will increase \$2.3 million, or 10.7 percent, compared to the first year of the biennial budget. Significant changes include:

FY 2026

Total Labor and Benefit costs are increasing due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs, as well as higher costs for fringe benefits, especially health insurance. Contract Services are increasing due to general inflationary increases, as well as new contracts, including one for diversity, equity and inclusion training and another for audio/visual services previously paid by the Information Services Department. Other Costs overall are decreasing in FY 2026 as only odd-numbered fiscal years have election costs. Despite that decrease, increases in the budget include: new Annual Water Quality Report regulations, which require twice-per-year mailings effective January 2027; adding advertising costs, which were not budgeted in the previous cycle; and costs associated with outreach events with Board members.

FY 2027

Total Labor and Benefit costs are increasing in FY 2027 due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs. The major driver of the significant increase to Other Costs is the increase in budget for the November 2026 election.

Staffing Summary

The table below summarizes the staffing changes and transfers that have occurred among departments. In FY 2026, the department's staff is growing by 2.50 FTE. There are no changes to the department's staffing in FY 2027.

*Office of the General Manager Staffing Summary***Department Staffing Summary and Comparison (FTE)**

Position Type	FY 2023	FY 2024	FY 2025	FY 2026	Change	FY 2027	Change
Full-Time	49.00	52.00	52.00	52.00	-	52.00	-
Limited-Term / Temp. Const.	2.00	15.00	15.00	18.00	3.00	18.00	-
Intermittent	-	-	-	-	-	-	-
Temporary / Part-Time	6.50	13.50	13.50	13.00	(0.50)	13.00	-
Total FTE	57.50	80.50	80.50	83.00	2.50	83.00	-

Staffing Changes

The table below summarizes the FTE changes excluding transfers among departments.

Office of the General Manager Staffing Changes

FY 2026 & FY 2027 Department Staffing Changes								
FY	Board Action	From Classification	From Character	To Classification	To Character	Cost Change	FTE Change	Purpose, Project or Program
2026	Add			Outreach and Education Specialist	P/T	190,784	1.00	Enhance school field trips and community education
2026	Convert Character	Ranger/Naturalist I/II	P/T	Ranger/Naturalist I/II	L/T	74,622	0.50	Provide improved workforce development opportunities
2026	Delete	Information Technology Intern I/II	TEMP			(63,943)	(0.50)	Position no longer needed
2026	Delete	Information Technology Intern I/II	TEMP			(63,943)	(0.50)	Position no longer needed
2026	Delete	Ranger/Naturalist I/II	P/T			(75,764)	(0.50)	Replaced with L/T position

Two Part-Time Community Education and Outreach Specialist positions will be added (for a total of 1.00 FTE) to the Office of Public Affairs to enhance school field trips and community education. These are replacing two Temporary positions (1.00 FTE combined) that will be deleted as the positions are no longer needed. One Part-Time Ranger/Naturalist I/II position will be converted to Limited-Term and another Part-Time Ranger/Naturalist I/II will be deleted, for no net change in FTE; these actions will improve workforce development opportunities as the Limited-Term positions are better suited for training and development opportunities in the watershed and at recreation areas.

OPERATIONS AND MAINTENANCE SUPPORT DEPARTMENT

The Operations and Maintenance Support Department (OSD) is responsible for managing and improving the operational information systems, water system infrastructure, processes, and assets, and providing District-wide support and leadership in health and safety, environmental compliance, emergency preparedness, business continuity, and facility security.

Description of Services Provided

The department includes the Regulatory Compliance and Administrative Support divisions. Regulatory Compliance provides environmental compliance guidance and assistance, security services, emergency preparedness support, and workplace health and safety support to the entire District. Administrative Support provides departmental administrative services, technical review and oversight of water quality issues at the treatment plants and in the distribution system, as well as review of upcoming legislative and regulatory changes that may impact water quality; develops and maintains work management systems and tools, including mobile and GIS technologies for field operations and staff; coordinates technical training and educational programs for department staff; and provides leadership and guidance for knowledge retention efforts.

FY 2026 and FY 2027 Goals

The department has primary responsibility for leading the Water Quality and Environmental Protection Strategic Plan goal and supporting the Customer and Community Services and Workforce Planning and Development goals. Key department goals include:

- Ensuring compliance with water discharge, air emission, and land disposal requirements to protect and preserve the environment;
- Supporting the accelerated pipeline infrastructure renewal capital program;
- Providing technical input and guidance in the development of the capital program for the water treatment plants (WTPs);
- Reviewing water quality data on a regular basis and assessing strategies for improvements;
- Operating and maintaining District facilities to anticipate and meet all water discharge, air emission, and land disposal regulations to protect and preserve the environment;
- Minimizing impacts to the environment by reducing, recycling, reusing and reclaiming waste, and by conserving natural resources;
- Supporting a safe and healthy workplace for all employees; and
- Maintaining active Emergency Preparedness and Business Continuity Programs to plan for and manage the District's functions during and following an emergency.

Department Budget Summary

The department's projected spending is compared to prior years in the table below.

*Operations and Maintenance Support Department Operating Budget Detail***Department Operating Budget Detail and Historical Comparison (\$ Thousands)**

Category	FY 2023	FY 2024	FY 2025	FY 2026		FY 2027	
	Actuals	Actuals	Budget	Budget	% Change	Budget	% Change
Total Labor and Benefits	14,426	15,336	15,536	18,101	16.5%	18,809	3.9%
Less: Capital Labor and Benefits	1,148	876	604	520	-14.0%	539	3.7%
Operating Labor and Benefits	13,278	14,460	14,932	17,582	17.8%	18,270	3.9%
Contract Services	4,895	4,686	5,451	9,175	68.3%	9,532	3.9%
Other Costs	6,990	8,780	9,530	9,645	1.2%	10,266	6.4%
Operating Total	25,163	27,926	29,912	36,402	21.7%	38,069	4.6%

Budget Highlights

The department's operating budget in FY 2026 is increasing \$6.5 million, or 21.7 percent, compared to FY 2025. In FY 2027, the budget will increase \$1.7 million, or 4.6 percent, compared to the first year of the biennial budget. Significant changes include:

FY 2026

Total labor and benefit costs are increasing in FY 2026 compared to the FY 2025 budget due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs, as well as higher costs for fringe benefits, especially health insurance. Contract services costs are increasing due to large increases to security contracts as well as smaller increases in other contracts. Other Costs are increases primarily in laboratory services; fees and licenses; hazardous waste disposal; and spoils/sludge disposal.

FY 2027

Total labor and benefit costs are increasing in FY 2027 due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs. Contract Services are expected to increase due to continued inflationary pressures. Other Costs are expected to increase due to laboratory services; fees and licenses; and computer software for environmental compliance and workplace health and safety management. Additionally, fees and licenses also continue to increase significantly, driven in part by increased reviews related to environmental protection.

Staffing Summary

The table below summarizes staffing changes, including transfers among departments, which accounts for the net increase in Full-Time FTEs for the department. In FY 2026, two Temporary Construction (T/C) positions will be added, as detailed on the next page.

*Operations and Maintenance Support Department Staffing Summary***Department Staffing Summary and Comparison (FTE)**

Position Type	FY 2023	FY 2024	FY 2025	FY 2026	Change	FY 2027	Change
Full-Time	55.00	55.00	55.00	56.00	1.00	56.00	-
Limited-Term / Temp. Const.	-	1.00	1.00	3.00	2.00	3.00	-
Intermittent	-	-	-	-	-	-	-
Temporary / Part-Time	-	-	-	-	-	-	-
Total FTE	55.00	56.00	56.00	59.00	3.00	59.00	-

Staffing Changes*Operations and Maintenance Support Department Staffing Changes***FY 2026 & FY 2027 Department Staffing Changes**

FY	Board Action	From Classification	From Character	To Classification	To Character	Cost Change	FTE Change	Purpose, Project or Program
2026	Add			Information Systems Support Analyst II	T/C	465,522	2.00	Support work management software replacement project

In FY 2026, two T/C Information Systems Support Analyst II will be added to support the work management software replacement project.

WATER OPERATIONS DEPARTMENT

Overview

The Water Operations Department (WOD) is responsible for the operation and maintenance of all water and power generation facilities spanning six counties, including the Freeport Regional Water Authority facilities. Duties include oversight at all raw and treated water operations, dam operation and maintenance, support for water supply projects, support for water rights negotiation and interpretation, and management of the District's federal Central Valley Project supply.

Description of Services Provided

The department includes Facilities Maintenance and Construction, Water Supply, and Water Treatment and Distribution divisions. Facilities Maintenance and Construction provides support for the water treatment and distribution infrastructure and other facilities including the computer systems used to operate the water system. Water Supply is responsible for raw water operation including flood control and Mokelumne River regulation, maintaining the District's aqueduct rights of way, operation and maintenance of upcountry water and wastewater systems and facilities, water system regulatory compliance and monitoring, water customer complaint investigation, and emergency response preparedness. Water Treatment and Distribution is responsible for providing high quality water by meeting or exceeding public health and water quality standards.

FY 2026 and FY 2027 Goals

The department has a key role in implementing the Water Quality and Environmental Protection Strategic Plan goal. Key department goals include:

- Implementing OP/NET system improvements and cyber security controls for the industrial control systems and centralized security systems;
- Operating the water system to meet multiple objectives including municipal water supply, water quality, power generation, river flow regulation, environmental protection, and flood control;
- Meeting Joint Settlement Agreement (JSA) Mokelumne River minimum flow releases 100 percent of the time;
- Improving maintenance programs and asset management;
- Meeting water quality regulations and water quality goals 100 percent of the time;
- Managing Freeport Regional Water Facilities and other supplemental supply projects and supporting development of new supply projects;
- Operating the water system efficiently to minimize costs; and
- Leading the District's Energy Management Strategy.

Department Budget Summary

The department's projected spending is compared to prior years in the table below.

*Water Operations Department Operating Budget Detail***Department Operating Budget Detail and Historical Comparison (\$ Thousands)**

Category	FY 2023	FY 2024	FY 2025	FY 2026		FY 2027	
	Actuals	Actuals	Budget	Budget	% Change	Budget	% Change
Total Labor and Benefits	69,295	76,722	78,498	83,924	6.9%	87,566	4.3%
Less: Capital Labor and Benefits	5,760	6,614	5,420	5,914	9.1%	6,276	6.1%
Operating Labor and Benefits	63,535	70,108	73,078	78,011	6.7%	81,290	4.2%
Contract Services	3,835	5,191	5,831	6,734	15.5%	7,017	4.2%
Other Costs	37,956	41,229	47,029	46,087	-2.0%	47,952	4.0%
Operating Total	105,325	116,528	125,938	130,832	3.9%	136,259	4.1%

Budget Highlights

The department's operating budget in FY 2026 is increasing \$4.9 million, or 3.9 percent, compared to FY 2025. In FY 2027, the budget will increase \$5.4 million, or 4.1 percent, compared to the first year of the biennial budget. Significant changes include:

FY 2026

Total labor and benefit costs are increasing in FY 2026 compared to the FY 2025 budget due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs, as well as higher costs for fringe benefits, especially health insurance. Contract Services are expected to increase due to new specialized outside services and professional services. Other Costs are expected to decrease primarily due to a reduction in energy costs for water treatment as a result of a lower projected PG&E rate increase for FY2026 over the prior fiscal year.

FY 2027

Total labor and benefit costs are increasing in FY 2027 due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs. Contract services are expected to slightly increase, with small increases for continued inflation. Other costs are expected to increase due to continued inflationary pressures on chemical and energy costs.

Staffing Summary

The table below summarizes the staffing changes and transfers that have occurred among departments. In FY 2026, there is a net decrease of one Full-Time FTE due to various position transfers between departments. Additionally, two Limited-Term FTEs will be transferred to the Office of Diversity, Equity and Culture in the Office of the General Manager to support a coordinated trades development program.

*Water Operations Department Operating Staffing Summary***Department Staffing Summary and Comparison (FTE)**

Position Type	FY 2023	FY 2024	FY 2025	FY 2026	Change	FY 2027	Change
Full-Time	333.00	334.00	334.00	333.00	(1.00)	333.00	-
Limited-Term / Temp. Const.	4.00	3.00	3.00	1.00	(2.00)	1.00	-
Intermittent	0.75	0.75	0.75	0.75	-	0.75	-
Temporary / Part-Time	2.00	1.50	1.50	1.50	-	1.50	-
Total FTE	339.75	339.25	339.25	336.25	(3.00)	336.25	-

WATER RECYCLING PROGRAM

Overview

The Water Recycling Program (WRP) develops and implements projects that provide recycled water for appropriate uses by the District and its customers to reduce the demand on high-quality drinking water supplies.

Description of Services Provided

The program operates and maintains the North Richmond Water Reclamation Plant (NRWRP) and the Richmond Advance Recycled Expansion (RARE) facility that provide recycled water for use in the Chevron refinery, and the East Bayshore Recycled Water Recycling Facility (EBWRF) treatment facility that provides recycled water to customers for irrigation applications. While this program is managed and budgeted under the Water System, the Wastewater Department is responsible for the ongoing operations and maintenance of the facilities that produce recycled water.

FY 2026 and FY 2027 Goals

The department supports the Long-Term Water Supply Strategic Plan goal. Key goals include:

- Maintaining all equipment in operable condition to maximize recycled water production;
- Upgrading equipment to increase overall output to greater than 3.5 million gallons per day (MGD) including procurement and installation of new microfiltration membranes at RARE;
- Assisting with the NRWRP Engineering Study and Tracer Study required by the Department of Health;
- Adding dual cellular wireless equipment to eliminate frequent communications outages at NRWRP; and
- Assisting with capital improvement designs for NRWRP and EBWRF.

Department Budget Summary

The department's projected spending is compared to prior years in the table below.

*Water Recycling Program Operating Budget Detail***Department Operating Budget Detail and Historical Comparison (\$ Thousands)**

Category	FY 2023	FY 2024	FY 2025	FY 2026		FY 2027	
	Actuals	Actuals	Budget	Budget	% Change	Budget	% Change
Total Labor and Benefits	2,276	2,424	2,342	2,706	15.5%	2,800	3.5%
Less: Capital Labor and Benefits	60	-	19	26	32.1%	27	3.9%
Operating Labor and Benefits	2,216	2,424	2,323	2,680	15.4%	2,773	3.5%
Contract Services	86	131	252	226	-10.5%	229	1.4%
Other Costs	4,282	4,776	5,649	5,263	-6.8%	5,502	4.5%
Operating Total	6,583	7,331	8,224	8,169	-0.7%	8,504	4.1%

Budget Highlights

The department's operating budget in FY 2026 is decreasing \$0.1 million, or 0.7 percent, compared to FY 2025. In FY 2027, the budget will increase \$0.3 million, or 4.1 percent, compared to the first year of the biennial budget. Significant changes include:

FY 2026

Total labor and benefit costs are increasing in FY 2026 compared to the FY 2025 budget due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs, as well as higher costs for fringe benefits, especially health insurance. In addition, one position was transferred from the Water Operations Department (WOD) to maintain sustainable staffing levels for operational support and reduce reliance on overtime. Contract Services are decreasing primarily because the tracer study at the North Richmond Water Reclamation Plant is budgeted under a different department. Other Costs are also decreasing due to reductions in chemicals and energy. The FY 2025 budget was influenced by rapid price increases; however, costs did not grow as significantly as anticipated and are being adjusted to align closer to actual spending trends.

FY 2027

Total labor and benefit costs are increasing in FY 2027 due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs. Contract Services are essentially flat. Other Costs are expected to increase modestly due to general price inflation.

Staffing Summary

The table below summarizes the staffing changes and transfers that have occurred among departments. There is one transfer from WOD to support improved staffing levels.

*Water Recycling Program Staffing Summary***Department Staffing Summary and Comparison (FTE)**

Position Type	FY 2023	FY 2024	FY 2025	FY 2026	Change	FY 2027	Change
Full-Time	8.00	8.00	8.00	9.00	1.00	9.00	-
Limited-Term / Temp. Const.	-	-	-	-	-	-	-
Intermittent	-	-	-	-	-	-	-
Temporary / Part-Time	-	-	-	-	-	-	-
Total FTE	8.00	8.00	8.00	9.00	1.00	9.00	-

WATER RESOURCES DEPARTMENT

Overview

The Water Resources Department (WRD) develops and administers the plans, policies, and programs necessary to protect existing District water resources, develop supplemental water supplies, and administer the District's Federal Energy Regulatory Commission program.

Description of Services Provided

The department includes the Environmental Affairs Office, and the Water Resources Planning and Water Supply Improvements divisions. The Environmental Affairs Office provides technical and policy evaluation and advocacy on state and federal plans to restore the San Francisco Bay-Delta ecosystem, capital projects support for the Natural Resources Department, and technical support, legislative review, and policy development related to sustainability and climate change. The Water Resources Planning Division administers the District's licenses, permits, and agreements for current water supplies and hydropower facilities; conducts water resource modeling to support operations and planning; performs hydrologic and hydraulic analysis of the District's facilities; and prepares reports and plans needed to comply with state and federal regulations. The Water Supply Improvements Division plans and implements supplemental supply and water recycling projects needed to meet current and future water supply needs.

FY 2026 and FY 2027 Goals

The department is primarily responsible for the Long-Term Water Supply Strategic Plan goal. Key department goals include:

- Preserving and managing the District's Mokelumne and East Bay water rights entitlements and agreements, complying with and seeking renewal of the District's Federal Energy Regulatory Commission (FERC) hydropower license, and complying with the U.S. Bureau of Reclamation Central Valley Project contract entitlements;
- Continuing collaborative partnerships for ensuring dry-year water supply including long-term water transfer agreements with Placer County Water Agency and with Yuba Water Agency/Contra Costa Water District, development of a long-term groundwater banking project with San Joaquin County and other partners, regional water supply reliability partnerships in the Bay Area and with upcountry agencies, and Groundwater Sustainability Plan compliance activities;
- Preparing the 2025 Urban Water Management Plan, a comprehensive five-year water supply plan that incorporates the state mandated Water Shortage Contingency Plan;
- Continuing to expand use of recycled water to further reduce demand on Mokelumne River and East Bay water supplies, secure supplemental supply arrangement for DERWA to facilitate project expansion, and develop an outreach, education and messaging plan to support a future potable reuse (purified water) program as part of the long-term recycled water goal;
- Participating in State Water Resources Control Board hearings on the Water Quality Control Plan and development of the associated Healthy Rivers and Landscapes Program, and monitoring of the state's Delta Conveyance Project to ensure compliance with settlement agreements; and
- Continuing to work collaboratively with other departments to incorporate Climate Change adaptation and mitigation strategies into key District planning efforts and initiatives.

Department Budget Summary

The department's projected spending is compared to prior years in the table below.

*Water Resources Department Operating Budget Detail***Department Operating Budget Detail and Historical Comparison (\$ Thousands)**

Category	FY 2023	FY 2024	FY 2025	FY 2026		FY 2027	
	Actuals	Actuals	Budget	Budget	% Change	Budget	% Change
Total Labor and Benefits	9,548	10,114	10,118	10,902	7.7%	11,362	4.2%
Less: Capital Labor and Benefits	1,573	2,214	1,858	1,096	-41.0%	1,145	4.4%
Operating Labor and Benefits	7,975	7,900	8,260	9,805	18.7%	10,217	4.2%
Contract Services	348	34	190	680	257.9%	650	-4.4%
Other Costs	2,204	3,186	3,389	4,323	27.5%	4,561	5.5%
Operating Total	10,527	11,120	11,840	14,808	25.1%	15,428	4.2%

Budget Highlights

The department's operating budget in FY 2026 is increasing \$3.0 million, or 25.1 percent, compared to FY 2025. In FY 2027, the budget will increase \$0.6 million, or 4.2 percent, compared to the first year of the biennial budget. Significant changes include:

FY 2026

Total labor and benefit costs are increasing in FY 2026 compared to the FY 2025 budget due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs, as well as higher costs for fringe benefits, especially healthcare insurance. Operating Labor is increasing due to a shift to the operating budget for water supply project planning. The rise in Contract Services is largely due to contracted support for new water supply projects, previously budgeted as capital expenses. Other Costs increases are for fees to the Dublin San Ramon Services District-EBMUD Recycled Water Authority (DERWA) and water right fees paid to the State Water Resources Board.

FY 2027

Total labor and benefit costs are increasing in FY 2027 due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs. Contract Services are essentially flat, with just a \$30,000 reduction in FY 2027. Other Costs are expected to increase primarily related to DERWA.

Staffing Summary

The table below summarizes any staffing changes and transfers that have occurred among departments. There are no staffing changes in WRD.

*Water Resources Department Staffing Summary***Department Staffing Summary and Comparison (FTE)**

Position Type	FY 2023	FY 2024	FY 2025	FY 2026	Change	FY 2027	Change
Full-Time	35.00	35.00	35.00	35.00	-	35.00	-
Limited-Term / Temp. Const.	2.00	-	-	-	-	-	-
Intermittent	-	-	-	-	-	-	-
Temporary / Part-Time	-	-	-	-	-	-	-
Total FTE	37.00	35.00	35.00	35.00	-	35.00	-

Staffing

Appointment Types

The majority of the workforce is comprised of full-time civil service or full-time civil service exempt positions. Limited-term positions are intended to augment regular staff to accomplish extra work or other operational programs or activities of a limited duration, with appointments for a maximum of four years. Temporary construction positions are also of a limited and specified duration typically associated with capital projects. Intermittent positions represent the smallest number of appointment types and typically work 32 hours instead of 40 hours per week. Part-time positions are typically restricted to 832 hours per year. Temporary positions are limited to a six-month duration and are full-time during that duration.

DEPARTMENT STAFFING SUMMARY

The table below provides the full-time equivalent (FTE) by department and compares the changes from year-to-year. Depending upon the appointment type, the FTE value will be different.

- Full-time, limited-term, and temporary construction appointment types equal 1.0 FTE;
- Intermittent appointment types equal 0.75 FTE; and
- Part-time and temporary appointment types equal 0.5 FTE.

Water System Department Staffing Summary

FY 2026 & FY 2027 Department Staffing (FTE)					
Department	FY 2025	FY 2026		FY 2027	
	Budget	Budget	FTE Change	Budget	FTE Change
Administration	1.00	1.00	-	1.00	-
Customer & Community Services	139.50	137.50	(2.00)	137.50	-
Engineering & Construction	294.00	292.00	(2.00)	292.00	-
Drought	15.00	15.00	-	15.00	-
Finance	99.50	102.00	2.50	102.00	-
Human Resources	46.50	48.00	1.50	48.00	-
Information Systems	96.00	98.00	2.00	98.00	-
Maintenance & Construction	632.50	633.50	1.00	635.50	2.00
Natural Resources	68.50	70.50	2.00	70.50	-
Office of the General Counsel	16.50	16.50	-	16.50	-
Office of the General Manager	80.50	83.00	2.50	83.00	-
Operations & Maintenance Support	56.00	59.00	3.00	59.00	-
Water Operations	339.25	336.25	(3.00)	336.25	-
Water Recycling Program	8.00	9.00	1.00	9.00	-
Water Resources	35.00	35.00	-	35.00	-
Total FTE	1,927.75	1,936.25	8.50	1,938.25	2.00

In FY 2026, a net total of 8.5 FTEs are being added to the Water System. In FY 2027, two full-time FTEs will be added in the Maintenance & Construction Department. For a more detail description of the staffing changes, please see the specific department pages earlier in this chapter.

BARGAINING UNIT CHANGES

Tables below show the net change in bargaining unit status of authorized FTEs represented by different unions, management/confidential, non-represented groups, and civil service exempt positions. The tables reflect Board of Directors authorized additions and deletions in FY 2026 and FY 2027 and correspond to the staffing changes table in each department.

*FY 2026 vs FY 2025 Water System Department Changes in Bargaining Units***FY 2026 vs FY 2025 Department Net Change in Bargaining Unit Status (FTE)**

Department	Local 2019	Local 444	Local 21	Local 39	MGR / CONF	NRP	EXMPT
Administration	-	-	-	-	-	-	-
Customer & Community Services	(1.50)	-	-	-	-	(0.50)	-
Engineering & Construction	(1.00)	-	-	-	(1.00)	-	-
Drought	-	-	-	-	-	-	-
Finance	(1.00)	0.50	-	-	3.00	-	-
Human Resources	-	-	-	-	1.50	-	-
Information Systems	2.00	-	-	-	-	-	-
Maintenance & Construction	(1.00)	2.00	-	-	-	-	-
Natural Resources	2.00	-	-	-	-	-	-
Office of the General Counsel	-	-	-	-	-	-	-
Office of the General Manager	(1.00)	2.00	1.00	-	0.50	-	-
Operations & Maintenance Support	3.00	-	-	-	-	-	-
Water Operations	-	(3.00)	-	-	-	-	-
Water Recycling Program	-	1.00	-	-	-	-	-
Water Resources	-	-	-	-	-	-	-
Total FTE	1.50	2.50	1.00	-	4.00	(0.50)	-

*FY 2027 vs FY 2026 Water System Department Changes in Bargaining Units***FY 2027 vs FY 2026 Department Net Change in Bargaining Unit Status (FTE)**

Department	Local 2019	Local 444	Local 21	Local 39	MGR / CONF	NRP	EXMPT
Administration	-	-	-	-	-	-	-
Customer & Community Services	-	-	-	-	-	-	-
Engineering & Construction	-	-	-	-	-	-	-
Drought	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-
Human Resources	-	-	-	-	-	-	-
Information Systems	-	-	-	-	-	-	-
Maintenance & Construction	-	2.00	-	-	-	-	-
Natural Resources	-	-	-	-	-	-	-
Office of the General Counsel	-	-	-	-	-	-	-
Office of the General Manager	-	-	-	-	-	-	-
Operations & Maintenance Support	-	-	-	-	-	-	-
Water Operations	-	-	-	-	-	-	-
Water Recycling Program	-	-	-	-	-	-	-
Water Resources	-	-	-	-	-	-	-
Total FTE	-	2.00	-	-	-	-	-

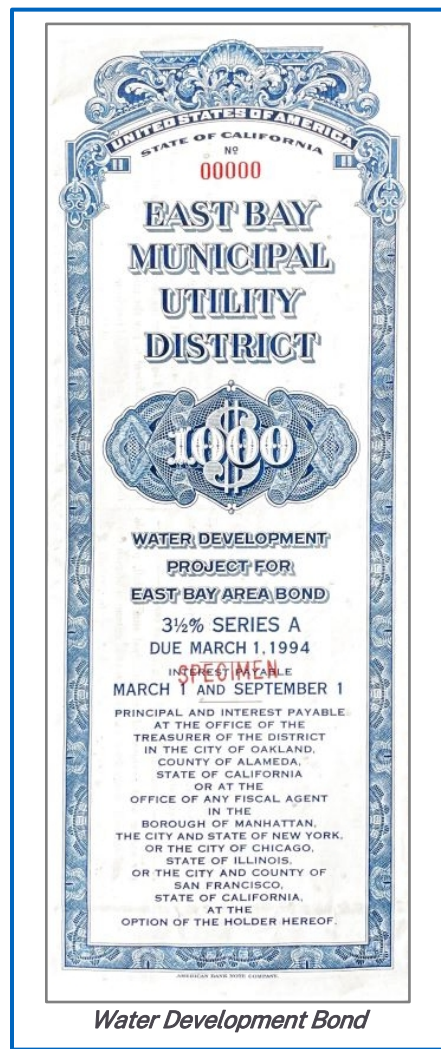
Debt Service and Financing

OVERVIEW

This section describes the Water System's current and projected debt obligations, current credit ratings, and adherence to the District's debt financing policies.

The District incurs debt to finance capital projects or purchase, repair or replace assets which will have useful lives equal to or greater than the related debt. Issuance of revenue supported debt is authorized by the Board of Directors, subject to a referendum process. Individual revenue bond issues are authorized by the Board of Directors.

The annual debt service principal and interest payments are charged to the operating budget. However, debt is only issued to finance capital investment activities.



OUTSTANDING DEBT

The Water System's total outstanding debt is projected to be \$2.71 billion as of March 31, 2025. The District's debt issues are summarized on the following page and discussed in detail thereafter.

Water System Debt Outstanding

Debt Outstanding Projected as of March 31, 2025				
Issue	Date of Issue	Last Maturity	Issued (\$ Thousands)	Outstanding (\$ Thousands)
Long-Term Debt				
Revenue Bonds				
Series 2010B (Build America Bonds)	2/23/2010	6/1/2040	400,000	400,000
Series 2014B	6/11/2014	6/1/2030	242,730	98,030
Series 2015A	3/3/2015	6/1/2037	429,360	391,455
Series 2015B	6/17/2015	6/1/2045	74,335	70,065
Series 2015C	6/17/2015	6/1/2045	110,715	108,215
Series 2017A	6/22/2017	6/1/2045	185,355	185,355
Series 2017B	6/22/2017	6/1/2037	309,665	296,160
Series 2019A	6/27/2019	6/1/2049	161,820	148,510
Series 2022A	6/21/2022	6/1/2052	133,950	133,645
Series 2022B-1	6/21/2022	6/1/2037	72,105	71,915
Series 2022B-2	6/21/2022	6/1/2034	103,850	94,915
Series 2024A	3/5/2024	6/1/2054	245,285	245,285
Series 2024B	3/5/2024	6/1/2044	180,715	180,715
Total Revenue Bonds			2,649,885	2,424,265
% of Total Outstanding Debt				89.4%
Loans				
State Loan (parity)	5/22/2008	4/1/2028	20,100	4,752
State Loan (parity)	12/14/2017	7/1/2048	13,998	11,926
State Loan (parity)	4/18/2018	7/1/2049	12,045	10,338
Total Loans			46,143	27,016
% of Total Outstanding Debt				1.0%
Total Long-Term Debt			2,696,028	2,451,281
Short-Term Debt				
Commercial Paper				
Commercial Paper	Various	Various	N/A	261,000
Total Commercial Paper			-	261,000
% of Total Outstanding Debt				9.6%
Total Short-Term Debt				261,000
Total Outstanding Debt				2,712,281

The District plans to issue \$355 million in revenue bonds in FY 2026, and in FY 2027, the District plans to issue \$345 million in revenue bonds.

DEBT SERVICE

The Water System's total outstanding debt of \$2.71 billion as of March 31, 2025 is projected to cost \$1.42 billion in interest as shown in the table below. The principal includes planned annual pay down of Commercial Paper (CP). However, CP has no final maturity and the CP principal pay down schedule could differ. Interest on CP is assumed to be 3.5 percent in FY 2026 and FY 2027 and will decline to 3.0 percent starting in FY 2028.

Water System Projected Debt Service on Current Debt

Debt Service on Current Outstanding Debt (\$ Thousands)			
Projected as of March 31, 2025			
Fiscal Year	Principal	Interest	Debt Service
2026	99,314	127,245	226,559
2027	101,850	122,493	224,343
2028	106,337	116,552	222,889
2029	111,095	111,493	222,588
2030	116,123	106,165	222,288
2031	121,407	100,586	221,993
2032	126,951	94,742	221,694
2033	142,766	88,623	231,388
2034	163,595	82,191	245,786
2035	189,680	75,060	264,741
2036	154,145	66,787	220,933
2037	161,516	59,114	220,630
2038	169,481	50,851	220,333
2039	167,767	41,665	209,433
2040	99,478	32,398	131,876
2041	81,630	27,447	109,077
2042	76,067	23,708	99,775
2043	78,684	20,072	98,756
2044	82,381	16,370	98,751
2045	61,929	12,492	74,421
2046	23,877	9,646	33,522
2047	25,035	8,487	33,522
2048	26,258	7,271	33,529
2049	27,220	5,993	33,213
2050	17,447	4,659	22,106
2051	18,055	3,795	21,850
2052	18,960	2,890	21,850
2053	18,925	1,940	20,865
2054	19,870	994	20,864
Total	2,607,844	1,421,729	4,029,573

The debt service in the table is less than the budgeted debt service because the latter includes:

- Payments on new debt issues in FY 2025, FY 2026, and FY 2027; and
- Costs for trustee fees, liquidity fees, remarketing fees, and other debt service administration.

DEBT RATINGS

Credit risk is the risk that the issuer of a financial obligation, such as a revenue bond, will not fulfill its payment obligations to the holder of the investment. Credit ratings are assigned to bonds by Nationally Recognized Statistical Credit Rating Organizations based on published methodologies. The ratings reflect the organizations' opinions about the issuer's ability and willingness to meet its financial obligations on time and in full.

The Water System's strong credit ratings provide tangible benefits to ratepayers in the form of reduced debt service costs. A strong credit rating provides better access to capital markets, lower interest rates, better terms on debt, and access to a greater variety of debt products. Prudent financial management policies have contributed to the Water System's strong ratings.

Water System Debt Ratings

Water System Debt Ratings As of March 1, 2025			
Debt by Type	S&P	Moody's	Fitch
Fixed Rate Revenue Bonds	AAA	Aaa	AA+
Commercial Paper	A-1+	P-1	F1+

Definitions of the District's fixed rate and long-term debt ratings are shown below.

S&P

An obligation rated 'AAA' has the highest rating assigned by S&P Global Ratings. The obligor's capacity to meet its financial commitments on the obligation is extremely strong.

Moody's

Obligations rated 'Aaa' by Moody's are judged to be of the highest quality, with minimal risk.

Fitch

The 'AA' rating by Fitch denotes expectations of very low default risk. The rating indicates very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events. The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories.

DEBT MANAGEMENT POLICY

The District is subject to legal debt limits prescribed in the Municipal Utility District (MUD) Act which describes three types of legal limitations: general debt limits, revenue bond limits, and short-term borrowing limits.

The District's general debt indebtedness cannot exceed the ordinary annual income and revenue of the District without a two-thirds approval of the voters. However, revenue bonds are not included in general debt limits.

The District is authorized to issue revenue bonds with the approval of a resolution from the Board of Directors, subject to a 60-day referendum period. The resolution specifies the maximum principal amount of bonds that may be issued pursuant to the authorization. The Board of Directors also approves individual series of revenue bonds issued under the broader authorization.

The MUD Act authorizes the District to issue short-term indebtedness without an election of the voters. The amount of short-term borrowing cannot exceed the lesser of: 1) the annual average total revenue of the three preceding years; or, 2) 25 percent of the District's total outstanding bonds. This provision is substantially the same as the District's internal policy discussed below.

The District has also established its own policy regarding debt management (Policy 4.27 – Debt Management). The purpose of the debt policy is to maintain a balance between current funding sources and debt financing over each five-year plan horizon to retain financing flexibility and achieve the lowest cost of financing.

The District's debt management policy is to:

- Maintain an annual revenue bond debt service coverage ratio of at least 1.60x;
- Limit debt-funded capital to no more than 65 percent of the total capital program over each five-year planning period; and
- Limit commercial paper and variable-rate debt to 25 percent of outstanding long-term debt.

DEBT SERVICE COVERAGE RATIO

The debt service coverage policy ensures that the District has sufficient annual operating revenues to pay its operating expenses and meet its debt service obligations on its revenue bonds and other parity debt. The revenue bond debt service coverage ratio is defined as the District's net operating revenue (current year's operating revenue less the current year's operating expenses) divided by the current year's debt service on all revenue bonds and other parity debt. Net revenues are reduced by any Rate Stabilization Fund deposits and increased by any withdrawals.

In FY 2026 and FY 2027, the projected debt coverage ratios are 1.90x and 1.88x, respectively.

DEBT-FUNDED CAPITAL

The percentage of the capital program that is funded by debt over the five-year planning period FY 2026 to FY 2035 is projected at 33.0 percent, which is below the financial policy maximum target of 65 percent. The debt percentage funding levels for FY 2026 and FY 2027 are shown in the table below.

Water System Debt Funded Capital

Projected Debt Funding of Capital (\$ Thousands)		
	FY 2026	FY 2027
Capital Expenses		
Capital Cash Flow	521,531	540,843
Capital Support	58,000	58,000
Total Capital Expenses	579,531	598,843
Funding Sources		
New Bond Proceeds	355,000	345,000
Other Sources	224,531	253,843
Total Sources	579,531	598,843
Debt Percentage of Capital Funding	61.3%	57.6%

COMMERCIAL PAPER AND VARIABLE RATE DEBT RATIO

The District has authorized a short-term CP borrowing program consistent with the MUD Act and the District's debt management policy. Under this program, the District may issue CP notes at prevailing interest rates for periods of not more than 270 days from the date of issuance. The program is supported by liquidity agreements. The Water System CP is subordinate to the Water System's revenue bonds.

As of June 30, 2025, \$261.0 million of Water System CP is projected to be outstanding after an anticipated partial pay down of principal in FY 2025. Water System CP comprises about 9.6 percent of the \$2.71 billion in total outstanding debt.

Capital Improvement Program

OVERVIEW

The Capital Improvement Program (CIP), an iterative process that involves the Office of Budget and Performance, project managers, and Senior Management staff, communicates the District's planned infrastructure investments for the next 10 years by identifying and prioritizing capital needs. Developed biennially and incorporated into the District-wide budget, the CIP is the District's opportunity to address new and ongoing capital needs.

The top organizing feature for the CIP are the Award Purposes, which are a group of related Awards, combined to facilitate planning, reporting, and decision-making. The 18 Water System Award Purposes are listed below.

Water System CIP Award Purposes

CIP Award Purposes
Water
District-Wide Building Facility Improvements
Environmental Resources & Remediation
New Business Infrastructure
Pipelines - Distribution System
Pipelines - Transmission
Pressure Zone Studies
Process & System-Wide Improvements
Raw Water System
Recreation Areas & Facilities
Regulators & Rate Control Stations
Reservoirs - Distribution
Reservoirs - Supply
Supplemental Supply & Regional Agreements
Sustainable Energy
Vehicles, Equipment & Related Facilities
Water Recycling & Conservation
Water Treatment
Contingency

APPROPRIATION AND CASH FLOW OVERVIEW

There are two ways that the District considers the financial planning for the CIP:

- Capital appropriations are funds approved biennially by the Board to be spent on capital projects. While appropriations are approved biennially, their use may extend over multiple years. Appropriations are controlled at the Award level and vary from year-to-year depending upon the funding needs of the projected work and existing appropriations at the end of the prior year.
- Capital cash flows are a projection of the annual costs of each project over the planning horizon, on a year-by-year basis. Cash flows have typically been reported in the budget for five years, but in the current planning cycle, the District began more seriously considering the full ten-year cash-flow projection in order to better understand long-term project needs. Staff will continue to work to broaden the planning and reporting horizon to increase transparency of long-term infrastructure needs.

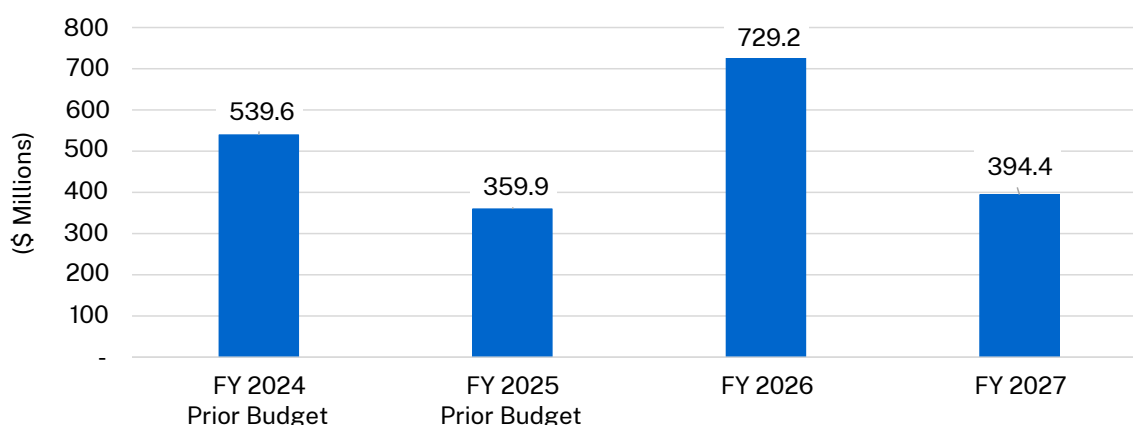
Each of these two concepts will be discussed in further detail throughout this section.

APPROPRIATIONS

Adequate appropriations are necessary to complete the initiatives outlined in the CIP. Since appropriations are often spent over multiple years, the amounts appropriated for each fiscal year vary depending upon project scope and timing, and any unspent appropriation a project may already have.

The Water System's FY 2026 capital appropriation will increase by \$369.3 million or 103 percent from FY 2025. In FY 2027, the appropriation decreases by 46 percent from FY 2026. The first year's increase is particularly high due to several notable multi-year contracts that will be advertised for bid in FY 2026, while the work will be completed in FY 2027 or later. Appropriations for multi-year contracts are typically appropriated in the first year of the contract, to ensure funds are available when contracts are awarded. While the FY 2027 appropriations decrease, important work continues in the second year. Appropriations are summarized in the below chart.

Water System Appropriations Current Budget Compared to Prior Budget by Fiscal Year



CASH FLOW

The FY 2026 - FY 2035 CIP is supported by capital cash flows that incorporate the following changes from previous CIP development processes.

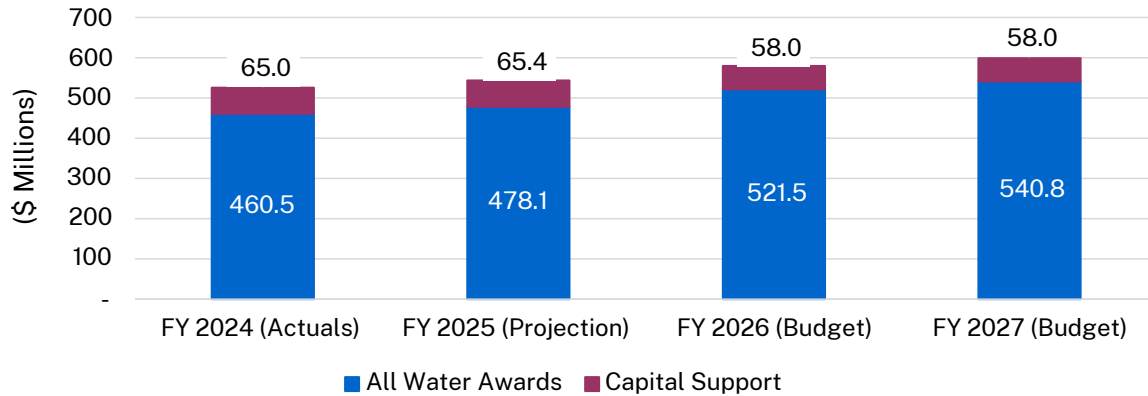
Cash flows were previously reported in the budget for five years, but this year there was an increased focus on the full 10-year projection of expenses. Forecasting out-years allows management and project managers to anticipate the funding needs for critical infrastructure initiatives. This is especially true as some key capital work will not be completed in the five-year horizon, so a longer-term scenario allows greater insight into needs. The longer-term outlook for rate increases also becomes clearer by extending the projection window.

This change is driven by the combination of increasing investments to replace and rehabilitate aging infrastructure, working towards meeting Board-set priorities, and increased labor and construction costs.

The FY 2026 - FY 2035 CIP is \$5.6 billion, including Capital Support. The CIP is driven by the combination of increasing investments to replace and rehabilitate aging infrastructure, working towards meeting Board-set priorities, and increased labor and construction costs. Capital Support, the indirect costs associated with capital work, increased to \$58.0 million annually for the current budget cycle, then by 3 percent annually for the remainder of the CIP.

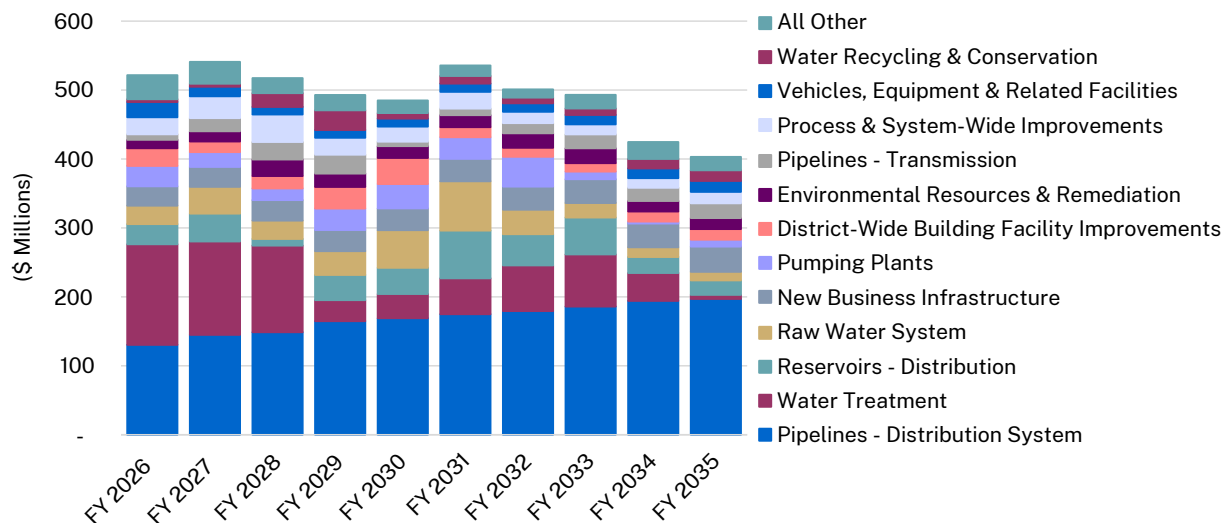
The four-year summary of capital cash flows highlights the changes in capital cash flows from the previous to the current biennial budget cycles.

Water System Cash Flows Four-Year Summary



The next chart showcases the current CIP by award purpose, highlighting the increasing investment contained in this CIP. Distribution System Pipelines, which includes the Pipeline Rebuild effort, Water Treatment, and Distribution Reservoirs account for more than half of the total planned capital expenses over the CIP.

Water System FY 2026 - FY 2035 Cash Flows by Award Purpose (Excludes Capital Support)



CAPITAL LABOR

The capital labor component of the Water System's CIP totals \$116.6 million in FY 2026, an increase of \$2.8 million or 2.5 percent from FY 2025. This slight increase is driven by expectations for salary and benefit cost increases as well as a few additional positions, though it is offset by an expected reduction in labor charged to capital as the District continues to prioritize and control capital costs.

In the second year of the biennial budget, FY 2027, capital labor is projected to increase to \$122.3 million, for an increase of \$5.8 million or 4.9 percent over FY 2026, which is a more typical labor cost increase, driven by salary and benefit cost increases.

The following table shows the capital labor and benefits budget by department. Note that several departments' capital labor budgets are decreasing or going to zero as the District continues to adjust policies around capitalizing labor costs, particularly for software and other intangible-asset projects, such as studies.

Water System Capital Labor Budget by Department

Capital Labor by Department (\$ Thousands)						
	FY 2024 Actuals	FY 2025 Budget	FY 2026 Budget	% Change	FY 2027 Budget	% Change
Administration	-	-	-	-	-	-
Customer & Community Services	391	642	608	-5.3%	639	5.1%
Engineering & Construction	51,657	50,220	51,508	2.6%	53,767	4.4%
Finance	91	355	14	-96.2%	14	0.0%
Human Resources	1	638	-	-100.0%	-	-
Information Systems	246	-	1,138	-	1,192	4.8%
Maintenance & Construction	53,031	53,871	55,321	2.7%	58,267	5.3%
Natural Resources	69	85	-	-100.0%	-	-
Office of the General Counsel	-	-	-	-	-	-
Office of the General Manager	301	-	415	-	459	10.6%
Operations & Maintenance Support	876	604	520	-14.0%	539	3.7%
Water Operations	6,614	5,420	5,914	9.1%	6,276	6.1%
Water Recycling	-	19	26	32.1%	27	3.9%
Water Resources	2,214	1,858	1,096	-41.0%	1,145	4.4%
Total Departments	115,491	113,712	116,558	2.5%	122,323	4.9%

*Drought Department is only budgeted during declared droughts, and only under Board direction.

Relative to operating labor, capital labor represents 25.2 percent of the FY 2026 total labor budget, and 25.3 percent of the FY 2027 total labor budget. The following pie charts show the relative size of the capital and operating labor budgets.

Water System Operating and Capital Labor Split

CASH FLOWS AND APPROPRIATIONS BY AWARD PURPOSE

The following section outlines the CIP's capital cash flows and appropriations by award purpose and award. Select projects are discussed in detail to provide a sense of the work that is projected to take place in the following years.

District-Wide Building Facility Improvements

This CIP will witness the completion of several facility renovations, including the Mokelumne and Orinda Watershed headquarters, and ongoing and new improvements to the Administrative Building (AB) and Adeline Maintenance Complex (AMC), which house the majority of the District's offices and employees. Enhancements include roofing, mechanicals and technology, as well as workspace and parking reconfigurations.

District-Wide Building Facility Improvements - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
Building Facilities Improvements	Cash Flow	19,829	9,820	29,649	98,197	130,982
Building Facilities Improvements	Approp.	1,545	1,061			
Facilities Cathodic Protection	Cash Flow	653	157	810	2,404	4,574
Facilities Cathodic Protection	Approp.	-	-			
Facility Paving	Cash Flow	1,729	1,896	3,626	9,671	23,360
Facility Paving	Approp.	450	500			
Minor Facilities Work	Cash Flow	-	-	-	-	192
Minor Facilities Work	Approp.	-	-			
Small Capital Improvements	Cash Flow	3,399	3,501	6,900	17,827	38,747
Small Capital Improvements	Approp.	2,850	2,850			
Total	Cash Flow	25,610	15,374	40,984	128,100	197,854
Total	Approp.	4,845	4,411			



Old 1890-Style Fire Hydrant



Current Model-64 Fire Hydrants

Environmental Resources & Remediation

This award purpose focuses on maintaining the District's watershed locations — the backbone of the high-quality water system. The work is focused on implementing wastewater treatment for the communities adjacent to Pardee (Upcountry) Reservoir, caring for the Mokelumne River Hatchery, and restoring mining locations.

Environmental Resources & Remediation - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
East Bay Watershed Management	Cash Flow	1,391	1,008	2,398	6,700	8,359
East Bay Watershed Management	Approp.	1,603	796			
Mine Restorations	Cash Flow	-	-	-	-	42
Mine Restorations	Approp.	-	-			
Mokelumne River Hatchery	Cash Flow	-	-	-	9,789	20,606
Mokelumne River Hatchery	Approp.	-	-			
Mokelumne Watershed Management	Cash Flow	103	106	209	547	1,572
Mokelumne Watershed Management	Approp.	297	-			
River and Watershed	Cash Flow	1,442	2,122	3,564	8,146	9,108
River and Watershed	Approp.	1,972	1,138			
Trench Soils Management	Cash Flow	8,508	9,034	17,541	54,031	123,931
Trench Soils Management	Approp.	8,508	9,034			
Upcountry Wastewater Treatment Improvements	Cash Flow	824	2,551	3,375	8,378	15,217
Upcountry Wastewater Treatment Improvements	Approp.	-	-			
Total	Cash Flow	12,267	14,820	27,088	87,591	178,835
Total	Approp.	12,379	10,967			

New Business Infrastructure

New Business continues to be prioritized, as new customers represent opportunities to capture additional revenue as well as upgrade customer-specific infrastructure, such as mains, laterals, meters, and hydrants. The awards below support the District's ability to support larger populations in the future.

New Business Infrastructure - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
Hydrants Installed by District Forces	Cash Flow	1,545	1,591	3,136	8,203	17,712
Hydrants Installed by District Forces	Approp.	1,545	1,591			
New Service Installations	Cash Flow	15,914	16,391	32,304	84,487	182,430
New Service Installations	Approp.	15,914	16,391			
Pipeline System Extensions	Cash Flow	10,609	10,927	21,536	56,325	121,620
Pipeline System Extensions	Approp.	10,609	10,927			
Total	Cash Flow	28,068	28,910	56,977	149,014	321,762
Total	Approp.	28,068	28,910			

Pipelines – Distribution

One of the District's flagship endeavors, Pipeline Rebuild, already replaces more than 20 miles of pipeline annually and could replace 30 miles of pipeline annually by FY 2028. Other awards in Pipelines – Distribution also work to improve the distribution system's pipelines, a critical part of the District's operations.

Pipelines – Distribution - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
Annual Appurtenance Work	Cash Flow	1,648	1,697	3,345	9,145	20,761
Annual Appurtenance Work	Approp.	750	800			
Distribution System Cathodic Protection	Cash Flow	2,177	2,879	5,055	12,869	28,548
Distribution System Cathodic Protection	Approp.	899	1,189			
Pipeline Rebuild	Cash Flow	100,423	113,405	213,828	596,965	1,335,928
Pipeline Rebuild	Approp.	100,423	113,405			
Pipeline Relocations	Cash Flow	11,426	11,769	23,194	60,661	130,984
Pipeline Relocations	Approp.	6,959	7,168			
Pipeline System Improvements	Cash Flow	102	105	207	541	5,267
Pipeline System Improvements	Approp.	75	77			
Service Lateral Replacements	Cash Flow	14,678	15,118	29,795	77,925	168,261
Service Lateral Replacements	Approp.	14,678	15,118			
Total	Cash Flow	130,453	144,972	275,425	758,106	1,689,749
Total	Approp.	123,783	137,757			

Pipelines – Transmission

Sibling to its distribution counterpart, Pipelines – Transmission includes only three awards, but is critical to the system's functioning. This award purpose is driven by improvements to the large diameter pipelines that comprise the backbone of the system, in addition to two cathodic protection projects.

Pipelines – Transmission - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
Aqueduct Cathodic Protection	Cash Flow	574	82	656	1,999	3,706
Aqueduct Cathodic Protection	Approp.	-	-			
Large Diameter Pipelines	Cash Flow	7,228	18,099	25,327	82,024	161,791
Large Diameter Pipelines	Approp.	4,182	-			
Transmission Main Cathodic Protection	Cash Flow	153	900	1,052	2,340	5,943
Transmission Main Cathodic Protection	Approp.	79	2,243			
Total	Cash Flow	7,955	19,081	27,036	86,363	171,439
Total	Approp.	4,260	2,243			

Pressure Zone Studies

This award purpose includes studying individual pressure zones to provide data to aid in planning for water distribution system projects, such as upgrading or replacing reservoirs, pumping plants, or pipelines to optimize storage capacity and improve water quality. Additionally, the Delta Tunnel initiative seeks to envision a crucial artery of our system across a vast and unique habitat.

Pressure Zone Studies - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
Distribution System Upgrades	Cash Flow	728	821	1,549	4,308	9,213
Distribution System Upgrades	Approp.	269	303			
Miscellaneous Planning Studies	Cash Flow	48	443	490	2,830	3,844
Miscellaneous Planning Studies	Approp.	15	3,515			
Pressure Zone Improvements	Cash Flow	1,466	1,113	2,579	4,556	5,602
Pressure Zone Improvements	Approp.	-	-			
West of Hills Master Plan	Cash Flow	454	-	454	3,053	3,053
West of Hills Master Plan	Approp.	59	-			
Total	Cash Flow	2,695	2,377	5,072	14,747	21,712
Total	Approp.	342	3,818			

Process & System-Wide Improvements

The following awards unearth areas for improvement and implement corrective maintenance programs, including technology, workplace and system enhancements, such as leak detection, meter upgrades, and security.

Process & System-Wide Improvements - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
HRIS Replacement	Cash Flow	2,766	5,305	8,070	13,534	13,534
HRIS Replacement	Approp.	2,766	5,305			
Information Technology	Cash Flow	8,221	7,764	15,986	45,083	62,372
Information Technology	Approp.	7,104	8,152			
Op/Net System Improvements	Cash Flow	999	2,196	3,195	6,526	12,675
Op/Net System Improvements	Approp.	650	1,400			
Planned Meter Replacements	Cash Flow	5,580	5,845	11,425	31,690	69,727
Planned Meter Replacements	Approp.	3,742	4,277			
Security Improvements	Cash Flow	2,978	4,665	7,643	20,610	27,323
Security Improvements	Approp.	-	-			
Water Loss Control	Cash Flow	4,205	5,891	10,096	25,307	42,884
Water Loss Control	Approp.	2,850	3,753			
Total	Cash Flow	24,750	31,666	56,416	142,751	228,516
Total	Approp.	17,111	22,887			

Pumping Plants

The Distribution Pumping Plant (PP) Infrastructure Rehabilitation Plan was updated in 2020 and identifies the highest priority pumping plants for rehabilitation, replacement, or demolition. There are 130 distribution pumping plants across the system and the CIP seeks to rehabilitate at least two pumping plants annually.

Pumping Plants - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
Pumping Plant Rehabilitation	Cash Flow	29,613	21,524	51,137	134,560	232,112
Pumping Plant Rehabilitation	Approp.	6,264	2,962			
Total	Cash Flow	29,613	21,524	51,137	134,560	232,112
Total	Approp.	6,264	2,962			

Raw Water System

One of the District's key objectives is to ensure a reliable, high-quality water supply for the future. This award purpose evaluates and makes improvements to the raw water aqueduct system and includes replacing the deteriorated cement motor lining in the Mokelumne Aqueducts that protects the steel pipeline from internal corrosion.

Raw Water System - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
Mokelumne Aqueduct Number 2 & 3 Relining	Cash Flow	12,024	21,704	33,728	88,295	121,510
Mokelumne Aqueduct Number 2 & 3 Relining	Approp.	52,384	179			
Mokelumne Aqueducts Recoating	Cash Flow	6,288	6,477	12,765	14,989	14,989
Mokelumne Aqueducts Recoating	Approp.	-	-			
Raw Water Facilities	Cash Flow	4,139	8,123	12,262	21,473	38,870
Raw Water Facilities	Approp.	15,798	278			
Raw Water Infrastructure	Cash Flow	3,013	1,194	4,206	49,281	143,581
Raw Water Infrastructure	Approp.	-	-			
Raw Water Aqueduct Improvements	Cash Flow	1,288	1,326	2,614	7,219	16,955
Raw Water Aqueduct Improvements	Approp.	13,487	-			
Total	Cash Flow	26,751	38,824	65,575	181,257	335,904
Total	Approp.	81,669	457			

Recreation Areas & Facilities

Work under this award purpose focuses on making improvements to recreational facilities at Camanche, Pardee and East Bay Reservoirs, and the Mokelumne fish hatchery. The facilities require periodic replacements and upgrades to the roads, parking lots, fuel docks, launch ramps, docks, boat berths, stores, campgrounds, and restrooms.

Recreation Areas & Facilities - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
Camanche Hills Hunting Preserve	Cash Flow	-	-	-	1,126	1,126
Camanche Hills Hunting Preserve	Approp.	-	-			
Camanche Recreation Area Improvements	Cash Flow	258	265	523	1,367	1,666
Camanche Recreation Area Improvements	Approp.	-	-			
Lafayette Recreation Infrastructure	Cash Flow	2,504	207	2,711	2,711	2,711
Lafayette Recreation Infrastructure	Approp.	2,711	-			
Recreation Area Capital Maintenance & Improvements	Cash Flow	3,197	3,072	6,269	11,351	18,549
Recreation Area Capital Maintenance & Improvements	Approp.	2,325	2,325			
San Pablo Recreation Infrastructure	Cash Flow	2,575	-	2,575	2,913	2,913
San Pablo Recreation Infrastructure	Approp.	2,894	-			
Total	Cash Flow	8,534	3,544	12,078	19,468	26,964
Total	Approp.	7,930	2,325			

Regulators & Rate Control Stations

The District's assets include multiple rate control stations and regulators, and the following awards are dedicated to maintaining the locations on an ongoing basis.

Regulators & Rate Control Stations - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
Rate Control Station Rehabilitation	Cash Flow	587	215	802	3,998	9,043
Rate Control Station Rehabilitation	Approp.	-	-			
Regulator Rehabilitation	Cash Flow	5,346	332	5,678	11,186	12,675
Regulator Rehabilitation	Approp.	-	-			
Total	Cash Flow	5,933	547	6,480	15,183	21,719
Total	Approp.	-	-			

Reservoirs – Distribution

This work includes the rehabilitation, replacement, and demolition of steel and concrete distribution reservoirs, along with open-cut reservoirs. In particular, the Reservoir Rehabilitation and Maintenance project extends the service lives of the steel and reinforced concrete distribution tanks by replacing coating systems, repairing or replacing roofs, and performing structural upgrades to improve water quality and enhance worker safety.

Reservoirs – Distribution - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
Chloramine Boosting Stations	Cash Flow	814	-	814	814	814
Chloramine Boosting Stations	Approp.	500	-			
Distribution System Water Quality Improvements	Cash Flow	-	-	-	396	634
Distribution System Water Quality Improvements	Approp.	-	-			
Open-Cut Reservoir Program	Cash Flow	10,939	27,138	38,076	93,181	280,346
Open-Cut Reservoir Program	Approp.	209,600	528			
Reservoir Mixing System	Cash Flow	-	-	-	338	972
Reservoir Mixing System	Approp.	-	-			
Reservoir Rehabilitation and Maintenance	Cash Flow	17,488	13,271	30,759	59,152	83,345
Reservoir Rehabilitation and Maintenance	Approp.	-	22,873			
Total	Cash Flow	29,241	40,409	69,649	153,880	366,111
Total	Approp.	210,100	23,401			

Reservoirs – Supply

In conjunction with Reservoirs – Distribution, multiple dams and monitoring systems are scheduled to be upgraded in the next CIP, contributing to safeguarding the supply in the District's reservoirs.

Reservoirs – Supply - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
Dam Operational Upgrades	Cash Flow	2,140	1,638	3,778	11,616	25,418
Dam Operational Upgrades	Approp.	-	-			
Dam Seismic Upgrades	Cash Flow	273	1,156	1,429	3,321	20,567
Dam Seismic Upgrades	Approp.	-	-			
Dam Surveillance Improvements	Cash Flow	1,092	983	2,075	3,223	5,685
Dam Surveillance Improvements	Approp.	195	176			
Reservoir Tower Modifications	Cash Flow	7,107	11,776	18,883	20,060	25,338
Reservoir Tower Modifications	Approp.	13,407	-			
Water Supply Monitoring System	Cash Flow	-	-	-	1,851	4,540
Water Supply Monitoring System	Approp.	-	-			
Total	Cash Flow	10,612	15,554	26,166	40,071	81,549
Total	Approp.	13,602	176			

Supplemental Supply, Regional Agreements

The District's Strategic Plan includes the goal to attain additional water supply by 2040 in order to provide 85 percent reliability under drought conditions and diversify through regional partnerships. The projects under this award purpose support this goal, channeling opportunities with groundwater, imported water, and transfers, all via partnerships and while maintaining compliance.

Supplemental Supply, Regional Agreements - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
Groundwater Resource Development	Cash Flow	-	1,122	1,122	4,696	23,540
Groundwater Resource Development	Approp.	-	-			
SGMA Compliance	Cash Flow	880	429	1,308	1,308	2,081
SGMA Compliance	Approp.	1,308	-			
Upper Mokelumne River Watershed Authority - Water Supply Project	Cash Flow	-	-	-	-	1,566
Upper Mokelumne River Watershed Authority - Water Supply Project	Approp.	-	-			
Water Rights, Licenses & Plans	Cash Flow	3,695	6,579	10,273	20,566	22,709
Water Rights, Licenses & Plans	Approp.	8,864	-			
Total	Cash Flow	4,574	8,130	12,704	26,570	49,896
Total	Approp.	10,172	-			

Sustainable Energy

The District's principles include minimizing waste and conserving energy and natural resources. This award purpose shepherds the District toward these goals.

Sustainable Energy - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
Enhanced Power Revenue	Cash Flow	103	-	103	666	666
Enhanced Power Revenue	Approp.	50	-			
Powerhouse Improvements	Cash Flow	2,333	1,411	3,744	11,590	16,110
Powerhouse Improvements	Approp.	1,000	500			
Total	Cash Flow	2,436	1,411	3,847	12,255	16,776
Total	Approp.	1,050	500			

Vehicles, Equipment & Related Facilities

The District closely monitors vehicles, equipment, and their related costs. These awards supply new and replace existing assets on a formalized schedule, supporting projects system-wide.

Vehicles, Equipment & Related Facilities - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
Diesel Engine Retrofit	Cash Flow	-	-	-	-	4,467
Diesel Engine Retrofit	Approp.	-	-			
Fleet & Equipment Additions	Cash Flow	745	117	862	862	862
Fleet & Equipment Additions	Approp.	745	117			
Fleet & Equipment Replacement & Purchases	Cash Flow	21,362	13,792	35,154	68,929	132,323
Fleet & Equipment Replacement & Purchases	Approp.	21,362	13,792			
Total	Cash Flow	22,107	13,909	36,016	69,791	137,652
Total	Approp.	22,107	13,909			

Water Recycling & Conservation

To reduce potable water demand, the District undertakes a variety of recycled water projects, including the East Bayshore Recycled Water Project (Albany, Berkeley, Emeryville, Oakland, and Alameda), North Richmond Water Reclamation Plant (NRWRP), Richmond Advance Recycled Expansion (RARE) project, and the Dublin San Ramon Services District/EBMUD Recycled Water Authority (DERWA) partnership. The award purpose also includes Water Conservation Services.

Water Recycling & Conservation - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
DERWA	Cash Flow	431	778	1,208	1,558	1,558
DERWA	Approp.	-	-			
East Bayshore	Cash Flow	388	449	837	15,474	56,648
East Bayshore	Approp.	-	-			
North Richmond Recycled Water Plant	Cash Flow	-	-	-	10,433	14,158
North Richmond Recycled Water Plant	Approp.	-	-			
RARE - Chevron Funded	Cash Flow	1,409	707	2,116	6,998	15,222
RARE - Chevron Funded	Approp.	1,409	707			
San Ramon Valley Recycled Water	Cash Flow	1,792	2,408	4,200	30,494	35,246
San Ramon Valley Recycled Water	Approp.	-	-			
Total	Cash Flow	4,020	4,341	8,361	64,956	122,831
Total	Approp.	1,409	707			

Water Treatment

The Treatment Plant Upgrades project spearheads this award purpose, with the aim to address compliance with water quality regulations and improve the safety, operation, and reliability of the five Water Treatment Plants (WTPs). The award purpose also includes improvements to the Pardee Center, found at the system's water source, and ongoing WTP capital improvements.

Water Treatment - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
Pardee Center Capital Maintenance & Improvements	Cash Flow	2,833	1,651	4,484	9,485	13,535
Pardee Center Capital Maintenance & Improvements	Approp.	2,833	1,651			
Treatment Plant Upgrades	Cash Flow	143,079	133,800	276,879	463,157	699,428
Treatment Plant Upgrades	Approp.	74,374	28,679			
Total	Cash Flow	145,912	135,450	281,363	472,642	712,963
Total	Approp.	77,208	30,329			

Water Contingency

Contingency funds cover unexpected needs before the next biennial budget cycle.

Water Contingency - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
Contingency - Water	Cash Flow					
Contingency - Water	Approp.	48,855	50,687			
Total	Cash Flow					
Total	Approp.	48,855	50,687			

Ten-Year Financial Plan

SUMMARY

For the first time, the Biennial Budget contains a 10-year financial plan, which reflects: the two-year Biennial Budget and three additional years, which is considered the historic five-year financial forecast; and then five additional years, which are labeled as a long-term projection. The distinction is made that those additional five years contain significant uncertainty, driven by a wide range of external and internal factors. The additional projection in the future remains valuable as part of the long-range financial planning efforts the District has pursued over the past two years.

Water System 10-Year Financial Forecast

10-Year Financial Plan (\$ Millions)												
	Actuals	Projection	Budget		Forecast			Long-Term Projection				
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
Beginning Balance	399.7	425.2	413.7	456.1	474.2	490.6	509.6	524.6	524.6	524.6	524.6	524.6
Water Charges	667.1	747.3	798.9	854.0	913.0	975.9	1,038.4	1,104.8	1,175.5	1,250.7	1,330.7	1,415.8
Property Taxes	52.8	53.9	55.0	56.1	57.2	58.3	59.5	60.7	61.9	63.1	64.4	65.7
Power Sales	14.2	11.5	10.0	10.0	10.3	10.6	10.8	11.1	11.5	11.8	12.1	12.4
Interest Income	16.9	16.7	12.4	11.5	9.6	7.4	7.7	8.0	8.3	8.5	8.8	9.6
Reimbursements	13.2	12.2	12.5	12.9	13.2	13.6	14.0	14.3	14.7	15.1	15.6	16.0
All Other	25.2	24.1	21.8	22.2	22.6	23.0	23.4	23.8	24.3	24.7	25.2	25.7
Operating Revenues	789.5	865.7	910.6	966.6	1,025.8	1,088.8	1,153.8	1,222.7	1,296.1	1,374.0	1,456.8	1,545.1
Operating Expenses	348.3	399.1	456.4	478.5	495.2	512.6	530.5	549.1	568.3	588.2	608.8	630.1
Debt Service	233.5	253.5	269.7	289.4	304.2	317.9	330.6	344.6	353.1	368.6	383.0	402.0
Capital Expenses	525.5	544.2	579.5	598.8	577.0	554.3	548.2	600.9	568.1	562.3	495.9	476.5
Total Expenses	1,107.4	1,196.7	1,305.7	1,366.7	1,376.5	1,384.8	1,409.3	1,494.6	1,489.5	1,519.1	1,487.7	1,508.5
New Bond Proceeds	275.0	275.0	355.0	345.0	275.0	215.0	200.0	220.0	135.0	90.0	-	-
SCC Revenue	25.9	27.5	20.0	20.0	20.6	21.1	21.7	22.3	22.9	23.5	24.2	24.8
Reimbursements	36.6	15.5	60.1	50.7	68.4	77.0	48.2	49.7	52.0	52.4	54.5	58.9
Grants & Other	5.9	1.6	2.4	2.6	3.1	1.8	0.7	0.6	0.5	0.5	0.5	0.5
Ending Balance	425.2	413.7	456.1	474.2	490.6	509.6	524.6	545.4	541.6	545.9	572.8	645.5
Policy Reserves	253.6	266.8	281.6	287.6	292.3	297.1	302.1	307.3	312.7	318.2	323.9	329.8
Capital Reserves	171.6	146.9	174.5	186.6	198.3	212.4	222.5	238.1	228.9	227.7	248.9	315.6

On average over the ten-year period, operating revenues are forecast to increase 6.1 percent per year to cover the increases in operating and capital expenses and maintain a minimum of 1.6 times coverage on revenue bond debt service. Forecasted operating expenses are expected to grow by 3.6 percent per year over the ten-year period, while debt service grows 4.5 percent per year.

For all ten years, the cash reserves exceed the cash reserve targets. Reserves in excess of those needed to meet financial reserve targets are available to pay for a significant portion of the capital program expenses with cash.

Capital cash flow spending, including capital support, is projected at \$5.6 billion over the 10-year period. Major projects during this period include Water Treatment Plant Upgrades, Pipeline Rebuild, Large Diameter Pipelines, Reservoir Rehabilitation, and Pumping Plant Rehabilitation.

The projected average percentage of capital funded from debt will be 33.0 percent over the 10-year period, significantly lower than the financial policy target maximum of 65 percent. In FY 2026 and FY 2027, the debt coverage ratio is projected at 1.90x and 1.88x, respectively, and for all ten years the ratio exceeds the target coverage ratio of 1.60x.

TEN-YEAR PROJECTION OF OPERATING REVENUE

The following tables shows the key assumptions used to create the revenue forecast. The debt service coverage ratio is projected to exceed the policy target of 1.60 by over 20 percent in most years and reaches 2.74 by the end of the long-term projection period.

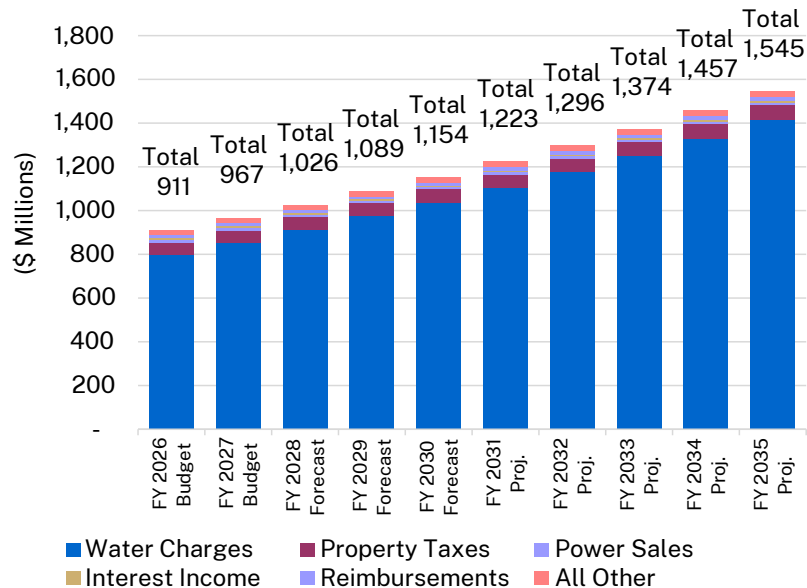
Water System Key Assumptions in 10-Year Forecast

	Key Assumptions											
	Actuals	Current	Budget		Forecast			Long-Term Projection				
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
Water Sales Volume (MGD)	136.4	143.2	143.9	144.6	145.3	146.1	146.8	147.5	148.3	149.0	149.7	150.5
Average Rate Increase	8.50%	8.50%	6.50%	6.50%	6.50%	6.50%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Typical Monthly Single-Family Residential Bill*	\$57.65	\$62.53	\$66.32	\$70.63	\$75.22	\$80.11	\$84.92	\$90.02	\$95.42	\$101.15	\$107.22	\$113.65
Debt Service Coverage	2.35x	2.19x	1.90x	1.88x	1.92x	1.98x	2.05x	2.12x	2.22x	2.36x	2.54x	2.74x

*The typical customer is based on median usage, which is 5 Units per month; 1Unit is about 748 gallons.

The key factors driving the need for increased Water System revenues are: increased labor and benefit costs to keep up with inflation; continued investments in aging infrastructure and building a more resilient water system; building a more financially resilient system through reduced reliance on debt for ongoing capital work; and general inflation on non-labor costs.

Water System 10-Year Operating Revenue Projection

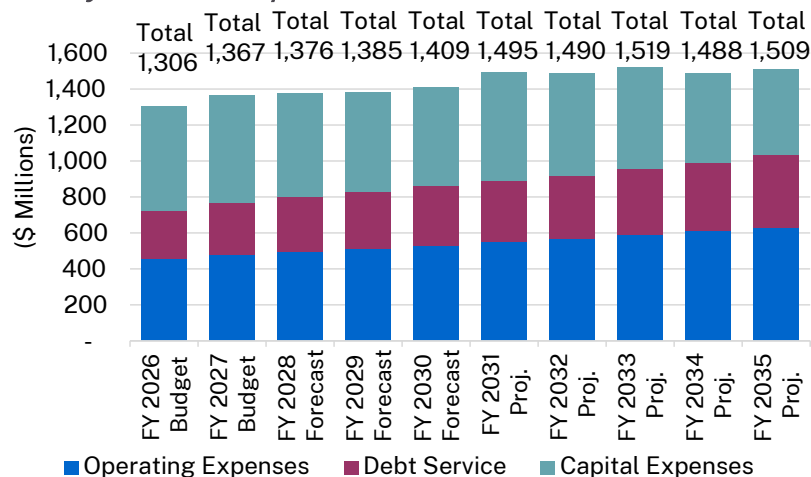


Projected annual operating revenues are expected to increase from \$911 million in FY 2026 to \$1.5 billion by FY 2035, an increase of \$634.6 million over the 10-year period, or 6.1 percent growth per year. The increase in revenue over the ten-year period is to cover increased revenue-funding for capital projects, increased debt service requirements to pay for debt issued to fund capital, and increased costs in operations and maintenance.

The major components of the increases in operating revenue over the ten-year period are revenue from Water Charges which is projected to increase from \$799 million in FY 2026 to \$1.4 billion in FY 2035 based on water rate revenue increases shown on the prior page. Property taxes are projected to grow by \$10.7 million and most other sources are expected to only grow slightly, with a slight decrease in expected interest income based on a conservative approach to estimating future interest rates.

TEN-YEAR PROJECTION OF TOTAL EXPENSES

Water System 10-Year Expense Forecast



Water System expenses are projected to increase from \$1.3 billion in FY 2026 to \$1.5 billion in FY 2035, an increase of 1.7 percent per year. This is primarily driven by a 4.8 percent annual growth in debt service, from \$265 million to \$402 million by FY 2035, driven by the need to fund capital using a mix of revenue and debt. Debt funding of capital is discussed later in the 10-year financial plan.

Operating expenses have a slower growth rate of 3.6 percent year, from \$456 million to \$630 million, reflecting typical inflationary trends in major costs, including labor. Capital expenses decline near the end of the forecast, reflecting the end of major water treatment plant work and a focus on a capital plan that is achievable and funds the highest priority projects.

The chart to the left summarizes the projected Water System budget by category for the next 10 years.

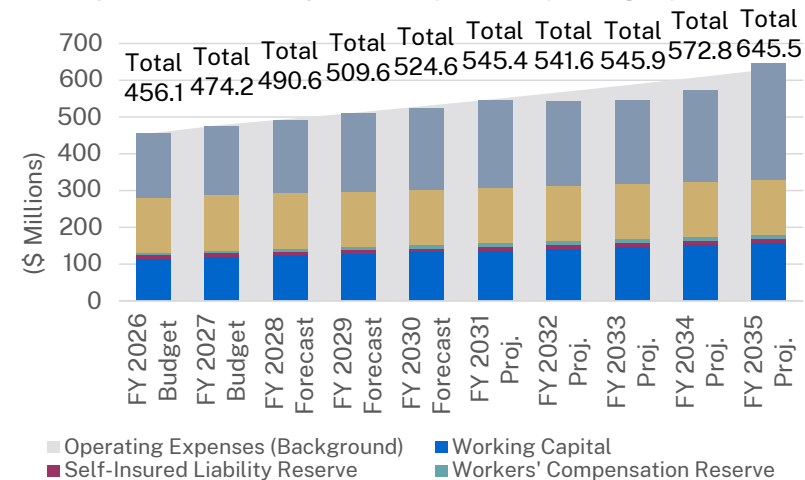
TEN-YEAR PROJECTION OF RESERVES

The table below shows the changes to reserve components over the 10-year period. Reserve balances meet or exceed the policy reserve levels for the entire period.

Water System Reserves in 10-Year Forecast

	Reserve Components (\$ Millions)									
	Budget		Forecast			Long-Term Projection				
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
Total Reserves	456.1	474.2	490.6	509.6	524.6	545.4	541.6	545.9	572.8	645.5
Policy Reserves										
Working Capital	114.1	119.6	123.8	128.1	132.6	137.3	142.1	147.0	152.2	157.5
Self-Insured Liability Reserve	9.6	9.9	10.2	10.5	10.7	11.0	11.3	11.7	12.0	12.3
Workers' Compensation Reserve	7.8	8.1	8.3	8.5	8.7	9.0	9.2	9.5	9.7	10.0
Rate Stabilization Reserve	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0
Total Policy Reserves	281.6	287.6	292.3	297.1	302.1	307.3	312.7	318.2	323.9	329.8
Reserves Available for Capital	174.5	186.6	198.3	212.4	222.5	238.1	228.9	227.7	248.9	315.6

Water System Reserves Projection Compared to Operating Expenses



Reserves consist of:

- Working capital reserves equal to three months operating and maintenance expenses;
- Self-Insured Liability reserve based on the actuarial Self-Insured Retention (SIR) funding recommendation;
- Workers' Compensation reserve based on the actuarial SIR funding recommendation; and
- Rate stabilization reserve of a minimum of 20 percent of projected annual water volume revenues.

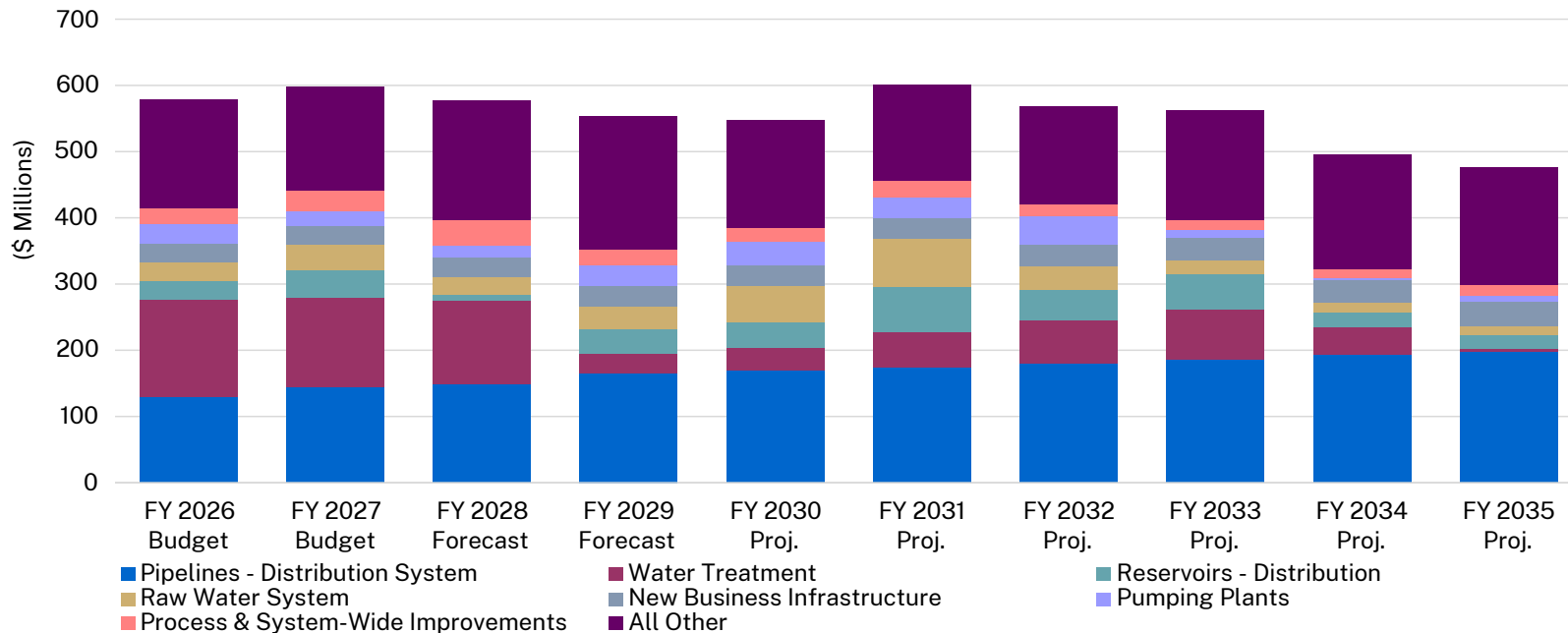
Over the 10-year forecast period, reserves will remain strong in comparison to operating expenses.

CAPITAL INVESTMENTS AND FINANCING

The 10-Year CIP outlines Water System capital investment plans, the estimated cost of these investments, and the sources of funds. Appropriations reflect the amount that is authorized and budgeted over a multi-year period for each program. Cash flows are the amounts estimated to be spent on each program in a given year. The 10-year program for the Water System includes \$5.6 billion in projected cash flow spending, inclusive of capital support expenses.

The focus of the CIP is the five-year period from FY 2026 to FY 2030. Capital needs have been projected for a second five-year period from FY 2031 to FY 2035. Given the long-term nature of these capital improvement plans, by necessity they are preliminary estimates only and will be revised as studies are completed, priorities are redefined, and as new needs emerge. The following charts and tables show the cash flow spending on capital improvements anticipated for the next 10 years.

Water System 10-Year Capital Cash Flows by Award Purposes



Water System 10-Year Capital Cash Flows by Award Purposes

Award Purpose & Capital Support	Capital Expenses (\$ Millions)									
	Budget		Forecast			Long-Term Projection				
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
District-Wide Building Facility Improvements	25.6	15.4	18.0	31.3	37.8	14.6	13.0	12.2	14.6	15.4
Environmental Resources & Remediation	12.3	14.8	24.0	19.4	17.2	17.4	21.0	21.6	15.2	16.0
New Business Infrastructure	28.1	28.9	29.8	30.7	31.6	32.5	33.5	34.5	35.6	36.6
Pipelines - Distribution System	130.5	145.0	148.8	164.8	169.1	174.9	179.5	186.0	194.2	197.0
Pipelines - Transmission	8.0	19.1	25.4	27.4	6.5	9.5	14.8	20.2	19.2	21.4
Pressure Zone Studies	2.7	2.4	3.0	3.9	2.8	1.2	1.2	1.5	1.7	1.3
Process & System-Wide Improvements	24.7	31.7	39.9	24.6	21.9	24.3	16.4	14.5	13.9	16.6
Pumping Plants	29.6	21.5	16.9	31.2	35.4	31.4	43.3	11.1	1.8	10.0
Raw Water System	26.8	38.8	26.6	34.5	54.6	71.5	35.6	21.1	14.1	12.4
Recreation Areas & Facilities	8.5	3.5	3.3	2.5	1.5	1.8	1.0	1.5	1.3	1.9
Regulators & Rate Control Stations	5.9	0.5	1.3	3.0	4.4	1.6	0.3	0.4	1.0	3.2
Reservoirs - Distribution	29.2	40.4	9.6	36.6	38.0	69.3	45.3	53.5	23.2	21.0
Reservoirs - Supply	10.6	15.6	3.3	5.6	5.0	8.1	7.2	8.8	12.4	5.0
Supplemental Supply, Regional Agreements	4.6	8.1	7.4	3.8	2.7	1.6	0.9	6.6	7.1	7.1
Sustainable Energy	2.4	1.4	3.3	3.4	1.7	0.8	1.3	0.8	0.9	0.8
Vehicles, Equipment & Related Facilities	22.1	13.9	10.9	11.3	11.6	11.9	12.3	13.6	14.1	15.9
Water Recycling & Conservation	4.0	4.3	20.0	28.5	8.0	11.1	8.3	9.4	13.7	15.4
Water Treatment	145.9	135.5	125.7	30.5	35.1	52.1	66.2	75.6	40.5	5.9
Capital Support	58.0	58.0	59.7	61.5	63.4	65.3	67.2	69.3	71.3	73.5
Total Capital Expenses	579.5	598.8	577.0	554.3	548.2	600.9	568.1	562.3	495.9	476.5

Funding for the CIP is drawn from the proceeds of debt, grants, reimbursements from developers and other agencies, and current reserves and revenues. Over the ten-year period, the percentage of capital funded from debt will average 33.0 percent, under the target maximum of 65 percent contained in the District's debt policy. Water System total outstanding debt will increase by \$259.1 million, or 9 percent, during the period. Total debt outstanding at the end of the ten-year period will total \$3.1 billion.

Projected new bond issues, outstanding debt, debt service, and projected debt service coverage ratios are shown in the following table. Coverage will remain above the policy target of 1.60x and is expected to increase as the capital program becomes increasingly revenue-funded, which is positive for long-term financial stability.

Water System Ten-Year Debt Projections

Outstanding Debt and Debt Service (\$ Millions)										
	Budget		Forecast			Long-Term Projection				
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
Beginning of Year Outstanding Debt	2,878.7	3,124.7	3,352.5	3,500.9	3,580.3	3,635.4	3,700.5	3,671.3	3,578.1	3,372.0
Debt Retired	109.0	117.2	126.6	135.6	144.9	154.9	164.2	183.2	206.0	234.3
New Bonds & Loans	355.0	345.0	275.0	215.0	200.0	220.0	135.0	90.0	-	-
Total Outstanding Debt	3,124.7	3,352.5	3,500.9	3,580.3	3,635.4	3,700.5	3,671.3	3,578.1	3,372.0	3,137.8
Debt Service, Existing Debt	243.2	264.2	286.3	303.9	317.6	330.3	344.3	362.8	383.0	402.0
Debt Service, New Debt	23.1	22.4	17.9	14.0	13.0	14.3	8.8	5.9	-	-
Total Debt Service	266.3	286.6	304.2	317.9	330.6	344.6	353.1	368.6	383.0	402.0
Debt Service Coverage	1.90x	1.88x	1.92x	1.98x	2.05x	2.12x	2.22x	2.36x	2.54x	2.74x

EBMUD Fun Fact:

EBMUD offers 126 miles of watershed trails in the East Bay and the Sierra Nevada foothills. That's almost exactly the same distance as if you walked from EBMUD's Administration Building in downtown Oakland to EBMUD's Pardee Reservoir Recreation Area in Ione.

Chapter 5: Wastewater System

Overview

This chapter provides a detailed discussion of the Wastewater System, including:

- Fund Summary
- Sources of Funds
- Use of Funds
- Staffed Department Operations
- Debt Service and Financing
- Capital Improvement Program
- 10-Year Financial Forecast



Lab Techs Perform Sample Extraction

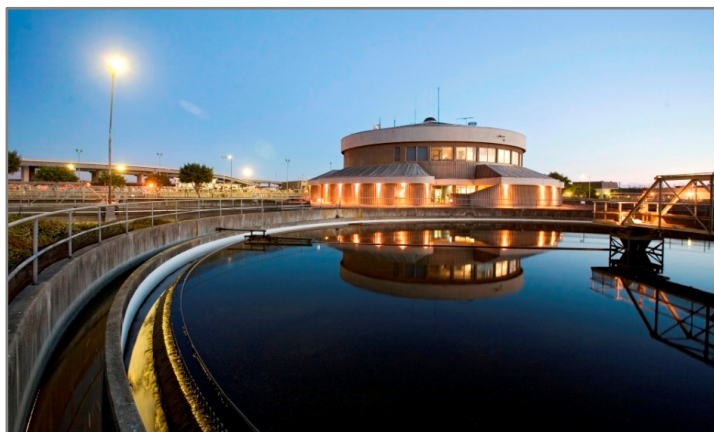
The Wastewater System is an enterprise fund consisting of operating and capital budgets. The system treats wastewater discharged from residences and industries in the communities of Alameda, Albany, Berkeley, Emeryville, Oakland, Piedmont, and the Stege Sanitary District. The Wastewater System receives and pays for administrative, financial, and other support services provided by the Water System.

KEY ASSUMPTIONS

The following are key projections and assumptions used in the FY 2026 and FY 2027 budget.

Wastewater System Key Assumptions

Key Assumptions		
	FY 2026	FY 2027
Average Rate Increase	8.50%	8.50%
Typical Monthly Single-Family Residential Bill	\$ 28.05	\$ 30.40



Main Wastewater Treatment Plant – Oakland, CA

FUND SUMMARY

The following fund summary table shows the Wastewater System's beginning and ending fund balance, and projected revenue and expenditure budgets for FY 2026 and FY 2027.

Wastewater System Detailed Fund Summary - Sources & Uses

Detailed Fund Summary - Sources & Uses (\$ Millions)			
	FY 2026	FY 2027	% Change
Beginning Balance (Projected)	124.8	120.5	-3.4%
Sources of Funds			
Sources of Funds (Operating)			
Treatment Charges	108.5	117.7	8.5%
Wet Weather Facilities Charges	39.0	42.3	8.5%
Resource Recovery	11.0	11.0	0.0%
Property Taxes	9.1	9.2	2.0%
Interest Income	3.7	3.0	-18.7%
Laboratory Services	5.7	5.8	2.7%
Reimbursements	2.1	2.1	2.8%
Permit Fees	1.7	1.7	2.8%
All Other Revenue	6.5	6.6	1.7%
Subtotal Sources of Funds (Operating)	187.2	199.6	6.6%
Sources of Funds (Capital)			
New Bond Proceeds	40.0	35.0	-12.5%
Capacity Charges	3.0	3.0	0.0%
Grants	4.2	11.6	172.8%
Other Capital Revenue	-	-	
Subtotal Sources of Funds (Capital)	47.2	49.6	4.9%
Total Sources of Funds	234.5	249.2	6.3%
Uses of Funds			
Use of Funds (Operating)			
Labor	65.4	68.2	4.4%
Contract Services	5.4	5.2	-4.7%
Other	44.7	46.1	3.1%
Contingency (Non-Labor)	6.5	7.3	12.0%
Debt Service	36.9	36.8	-0.4%
Capital Support	(3.1)	(3.1)	0.0%
Subtotal Use of Funds (Operating)	155.9	160.5	3.0%
Use of Funds (Capital)			
Capital Cash Flows	79.8	84.8	6.2%
Capital Support	3.1	3.1	0.0%
Subtotal Use of Funds (Capital)	82.9	87.9	6.0%
Total Uses of Funds	238.8	248.3	4.0%
Total Sources	234.5	249.2	6.3%
Total Uses	238.8	248.3	4.0%
All Sources less Uses	(4.3)	0.9	--
Ending Balance*	120.5	121.4	0.7%

*Ending Balance includes all policy reserves and reserves for capital projects.

Sources of Funds

OVERVIEW

The Wastewater System has a variety of revenue sources to fund its operations, and a portion of the capital expense. The remaining capital expense is funded primarily by new bond proceeds.

The table below shows actuals and budgets for operating revenues and capital funding sources.

Wastewater System Detailed Revenue Summary

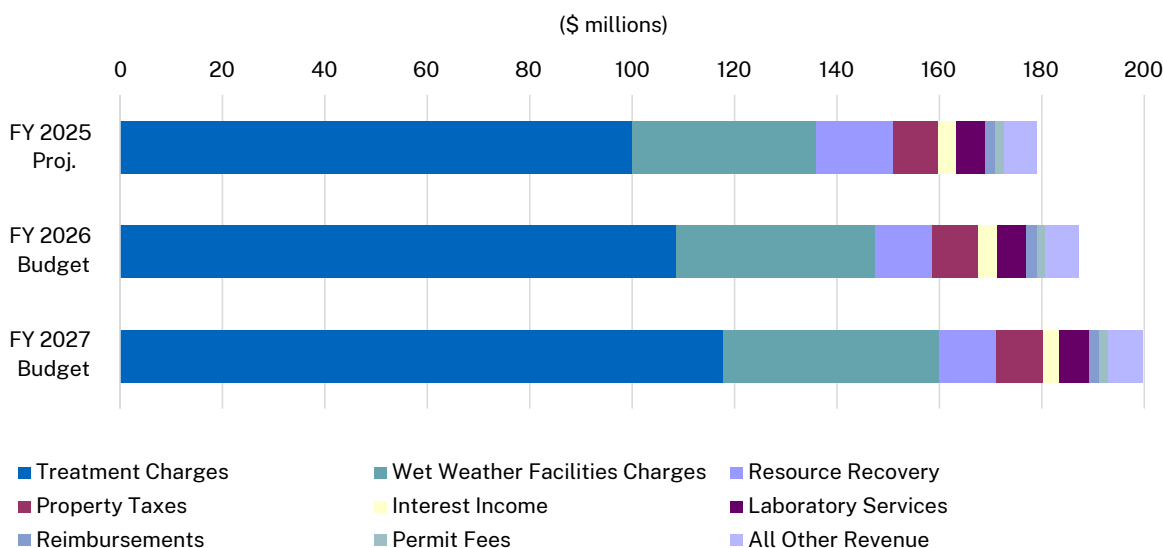
Detailed Revenue Summary (\$ Millions)					
	Actuals		Projection*	Budget	
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Operating Revenues					
Treatment Charges	86.0	92.5	100.0	108.5	117.7
Wet Weather Facilities Charges	30.7	33.3	36.0	39.0	42.3
Resource Recovery	16.7	15.1	15.0	11.0	11.0
Property Taxes	8.1	8.7	8.9	9.1	9.2
Interest Income	1.8	3.3	3.5	3.7	3.0
Laboratory Services	4.9	5.2	5.5	5.7	5.8
Reimbursements	1.7	2.1	2.0	2.1	2.1
Permit Fees	1.7	1.6	1.6	1.7	1.7
All Other Revenue	6.7	6.8	6.4	6.5	6.6
Total Operating Revenues	158.3	168.7	178.9	187.2	199.6
Capital Funding Sources					
New Bond Proceeds	-	27.5	30.0	40.0	35.0
Capacity Charges	7.1	3.5	3.9	3.0	3.0
Grants	-	-	0.2	4.2	11.6
Other Capital Revenue	0.9	0.9	1.0	-	-
Total Capital Funding Sources	8.0	31.9	35.1	47.2	49.6
Total Funding Sources	166.3	200.7	214.0	234.5	249.2

OPERATING REVENUE SOURCES

Wastewater System operating revenues for FY 2026 are budgeted to increase \$8.3 million, or 4.6 percent compared to projections for year-end FY 2025, for a total of \$187.2 million. In FY 2027, operating revenue is budgeted at \$199.6 million, an increase of \$12.4 million or 6.6 percent.

The figure below illustrates the various sources of operating revenue.

Wastewater System Operating Revenue Sources



The following are descriptions of the sources of operating revenue, including information about the projected revenues for FY 2026 and FY 2027.

Treatment Charges

The District provides treatment for discharges collected through city-owned sewers and transported through District interceptors and pump stations to the Main Wastewater Treatment Plant (MWWTP). Treatment Charges for all customers are based on the volume and strength of the wastewater discharged plus a service charge and a San Francisco Bay protection fee and are collected on the water bill. The revenue generated by the various Treatment Charges is projected to increase by \$8.5 million, or 8.5 percent in FY 2026 to \$108.5 million. For FY 2027, the Treatment Charge will be \$117.7 million, an increase of \$9.2 million or 8.5 percent.

Wet Weather Facilities Charge

In June 1987, the Board of Directors established the Wet Weather Facilities Charge to pay for the costs associated with the District wet weather facilities. This charge is assessed on a per parcel basis and, while it is not a tax, the charge is collected on the county property tax bill. The charge is projected to collect approximately \$39.0 million in FY 2026, an 8.5 percent increase above the projected FY 2023 year-end revenues. In FY 2027, the projected revenue is \$42.3 million, an 8.5 percent increase.

Resource Recovery

Excess capacity at the MWWTP is utilized by accepting trucked waste. The Resource Recovery Program is projected to generate \$11.0 million in FY 2026 and \$11.0 million in FY 2027, which represents a decrease of \$4.0 million compared to revenue projections for FY 2025 year-end, reflecting a conservative approach to budgeting for this volatile and demand-driven revenue source.

Property Taxes

The District receives a portion of the one percent county levy on properties within District boundaries. For FY 2026 and FY 2027, revenues are projected to be \$9.1 million and \$9.2 million, respectively, reflecting modest growth that is steadied by Proposition 13 limits on valuation growth.

Interest Income

The District places funds not needed for current expenses in investment of various types, following the same procedures as the Water System. Interest Income in FY 2026 is projected to be \$3.7 million, an increase of \$0.2 million from the FY 2025 year-end projection due to continued expected increases in short-term interest rates as well as the lagging nature of earnings compared to the current interest environment. Interest Income in FY 2027 is projected to be \$3.0 million.

Laboratory Services

The Wastewater laboratory provides testing and analysis services for the Water and Wastewater Systems and several outside agencies. The Water and Wastewater Systems share in the joint costs of operating the lab. Revenues from the Water System and outside agencies are projected to be \$5.7 million for FY 2026 and \$5.8 million for FY 2027.

Reimbursements

The Wastewater System is also reimbursed from the Water System for work performed by Wastewater staff on the recycled water programs. The estimated revenue from reimbursements is \$2.1 million for FY 2026 and \$2.1 million for FY 2027.

Permit Fees

The District collects fees to fund its pollution prevention programs and the discharge permit programs. In FY 2026 and in FY 2027, the estimated revenue from these permit fees will be \$1.7 million.

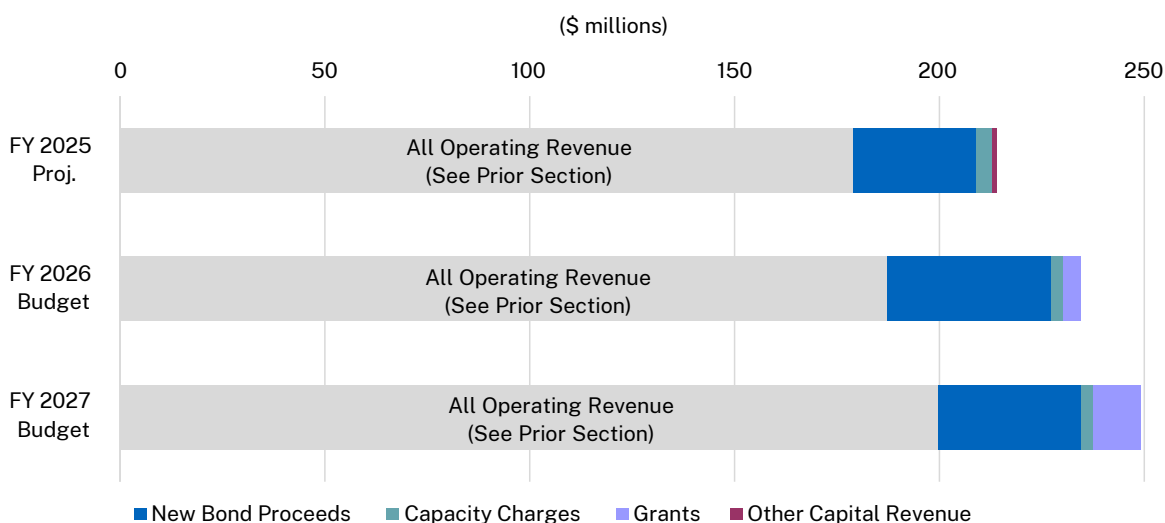
All Other Revenue

Included in this category are Build America Bond subsidy payments, which in recent years have been subject to sequestration, but are typically \$1.5 million. Also included are revenues related to the Private Sewer Lateral (PSL) program, land rents and billboard lease revenue, revenue from energy sales at the Power Generation Station (PGS) All Other Revenue is expected to be approximately even at \$6.5 million for both FY 2026 and \$6.6 million in FY 2027.

CAPITAL FUNDING SOURCES

The following are descriptions of the sources of capital funding. The Capital Improvement Program (CIP) will be funded with bond proceeds, capacity charges, grants, and other capital revenues. These funds are not the exclusive way to fund the capital program, however, as all operating revenues above the amount required to pay for operating and debt service expenses can be used to pay for the CIP.

Wastewater System Capital Funding Sources



The following describes the sources of capital funding.

New Bond Proceeds

It is anticipated that the District will receive \$40 million in new revenue bond proceeds in FY 2026 and \$35 million in FY 2027. Please refer to the section Debt Service and Financing for additional details on debt funding of capital projects.

Capacity Charges

Wastewater Capacity Charges are collected from customers requesting new wastewater service. Capacity Charges, similar to SCCs for the Water System, are subject to market forces as new development activity drives these revenue sources. The District is expecting building activity may continue to be slow and is budgeting for revenue of \$3.0 million for both FY 2026 and FY 2027.

Grants

The District pursues federal and state grants to fund some of its capital projects when they meet the conditions of the grant and loan programs. Wastewater has been awarded a grant to fund up to \$27 million of a \$30 million project to rebuild the Influent Pump Station. The grant funds have been budgeted in the year they are expected to be received, though the timing is unknown and may vary significantly.

Other Capital Revenue

Other capital revenue includes small amounts of reimbursements in some years as well as interest earnings on funds set aside for capital projects. Given the small size of this, it is not typically budgeted.

Use of Funds

OVERVIEW

The Wastewater System has three types of expenditures:

- **Operations** – the annual costs of providing all wastewater services;
- **Debt Service** – the repayment of bonds for making capital investments along with other debt-related expenses; and
- **Capital Cash Flow** – the annual costs of the CIP for long-term projects.

The following table shows the breakdown of expenses by the type of expenditure.

Wastewater System Use of Funds FY 2023 to FY 2027

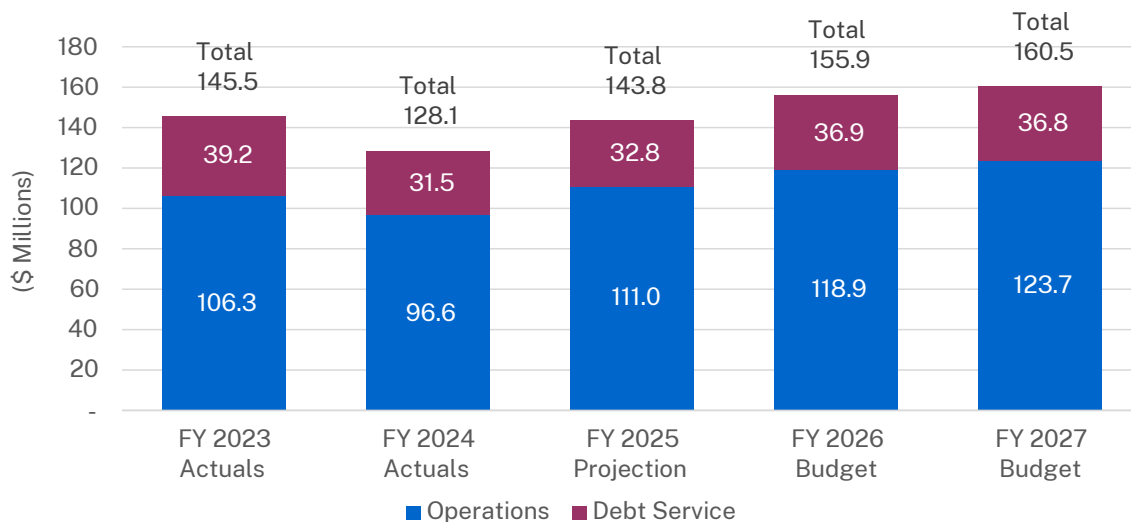
Use of Funds (\$ Millions)					
	Actuals		Projection*	Budget	
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Operations	106.3	96.6	111.0	118.9	123.7
Debt Service	39.2	31.5	32.8	36.9	36.8
Capital Cash Flow	55.3	64.4	59.1	82.9	87.9
Total Expenses	200.8	192.5	202.9	238.8	248.3

*Based on the first six months of the fiscal year and updated as of March 1, 2025.

This section describes the major components of the Wastewater System operations budget. Typical expenditures include, but are not limited to labor, benefits, chemicals, energy, spoils/sludge disposal, parts, materials, and fees and licenses.

In FY 2026, the combined operations and debt service budgets are increasing by \$11.4 million, or 7.9 percent compared to FY 2025 projected actual expenses. In FY 2027, the budgets will increase \$5.2 million or 3.6 percent compared to the first year of the biennial budget.

Wastewater System Use of Funds for Operations and Debt Service



DEPARTMENT OPERATING BUDGET

The operations portion of the Wastewater System budget is divided into four departments, which are staffed, contingency, intradistrict, and capital support. The staffed department includes all employees assigned to work in the Wastewater Department. The staffed department budget funds the day-to-day operations of the Wastewater System, and includes funding for labor, benefits, outside contract services and other non-labor expenses such as chemicals, energy, spoils and sludge disposal, parts, materials, fees, and licenses. A detailed description of the staffed department is included later in this chapter.

A small number of departments do not have personnel assigned to them and are referred to as non-staffed departments described as follows:

- **Contingency** – Funds are budgeted each fiscal year to cover projected labor-related expenses such as Pay for Performance. The contingency budget also includes funding for unanticipated needs which may arise before the next budget cycle.
- **Intradistrict** – Certain internal service accounts are included in balance sheets to assure that internal expenses are not counted twice within the operations budget. Examples of these accounts include warehouse stores overhead and fleet vehicle expenses. The Wastewater System typically has only very small amounts of actual expenses in these accounts by year-end, so they are not typically budgeted.
- **Capital Support** – Costs that are not directly attributable to specific capital projects but indirectly support the CIP. Capital support costs in the operations budget are reallocated to the capital budget and will decrease operating expenses by a like amount.

The following table presents the total FY 2026 and FY 2027 Wastewater System operating budgets by department.

Wastewater System Staffed and Non-Staffed Department Operating Budgets

Operating Budget by Department (\$ Millions)							
Departments	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Projected*	FY 2026 Budget	% Change	FY 2027 Budget	% Change
Wastewater	110.3	100.7	114.2	115.1	0.9%	119.1	3.4%
Staffed Department Subtotal	110.3	100.7	114.2	115.1	0.9%	119.1	3.4%
Contingency	-	-	2.9	6.9	138.3%	7.7	11.4%
Intradistrict	(0.3)	(0.2)	-	-		-	
Capital Support	(3.7)	(3.9)	(3.0)	(3.1)	2.0%	(3.1)	0.0%
Total Operations	106.3	96.6	114.0	118.9	4.3%	123.7	4.0%
Debt Service	39.2	31.5	32.8	36.9	12.5%	36.8	-0.4%
Total Operating	145.5	128.1	146.8	155.9	6.2%	160.5	3.0%

DEPARTMENT OPERATING EXPENSE HIGHLIGHTS

The Wastewater System is comprised of one staffed department that performs all aspects of wastewater system operations. This section details the department's labor and non-labor budget, department goals and staffing.

The table below is a duplicate of the one in the Wastewater Department budget summary section later in this chapter, however it is displayed again here in millions (instead of thousands) for consistency with the Water System's budget and so the descriptive highlights below have a reference. Note that, similar to the Water System, this table excludes the capital support overhead allocated from operations to capital and other operating departments without assigned staff.

Wastewater System Staffed Department Budget Detail

Staffed Department Operating Budget Detail and Historical Comparison (\$ Millions)

Category	FY 2023	FY 2024	FY 2025	FY 2026		FY 2027	
	Actuals	Actuals	Budget	Budget	% Change	Budget	% Change
Total Labor and Benefits	61.8	69.8	71.3	78.7	10.4%	82.2	4.5%
<i>Less: Capital Labor and Benefits</i>	11.5	12.8	14.0	13.7	-2.2%	14.4	5.0%
Operating Labor and Benefits	50.4	56.9	57.2	65.0	13.5%	67.8	4.4%
Contract Services	3.5	3.1	5.3	5.4	2.6%	5.2	-4.7%
Other Costs	56.4	40.6	48.5	44.7	-7.9%	46.1	3.1%
Operating Total	110.3	100.7	111.1	115.1	3.6%	119.1	3.4%

Labor and Benefits

Operating labor and benefits costs are allocated to the single staffed department. Included in the labor budget are various assumptions, including cost-of-living adjustments, eligibility for promotions, turnover rates, the lead time to fill vacancies, and future benefit costs.

Total labor and benefit costs are expected to grow \$7 million, or 12.2 percent, compared to FY 2025. The significant growth in labor and benefit costs in FY 2026 are driven by several factors, including:

- Staff increases due to investments in several key areas, including electrical maintenance work and for workforce development for the trades;
- Increased wages and benefits, driven by existing Board-approved labor agreements; and
- Increased health insurance costs, driven primarily by increases in premiums for Kaiser Health Insurance.

These increases are offset, in part, by an increasing number and relative size of participants in the District's 2013 Plan for retirement, which has a lower employer contribution rate than the 1980 plan.

In FY 2027, total labor and benefit costs increase \$1.4 million, or 3.0 percent compared to FY 2026, primarily for scheduled step increases and assumptions for cost-of-living adjustments.

Non-Labor Operating Costs

The Wastewater staffed department non-labor costs are decreasing by \$3.7 million or 6.8 percent in FY 2026 and will increase \$1.1 million or 2.1 percent in FY 2027 compared to the prior fiscal year. A detailed explanation of the significant changes is shown in the department budget highlights section later in this chapter.

DEPARTMENT OPERATING EXPENSES BY CATEGORY

The table below depicts the Wastewater System staffed department operations by expense category. It excludes capital labor which is shown later in this chapter. Operating labor is the largest cost at more than 50 percent of the operations budget.

Wastewater System Staffed Department Operations by Category

Staffed Department Operations by Category (\$ Millions)								
Department	FY 2026				FY 2027			
	Labor	Contracts	Other	Total	Labor	Contracts	Other	Total
Wastewater	65.0	5.4	44.7	115.1	67.8	5.2	46.1	119.1
Total	65.0	5.4	44.7	115.1	67.8	5.2	46.1	119.1

Staffed Department Operations

This section describes the staffed department and includes the following topics:

- **Overview** provides an overall statement about the key responsibilities of the department within the larger mission of the District.
- **Description of Services Provided** describes the responsibilities of the department, including services required to meet regulatory or legal requirements.
- **FY 2026 and FY 2027 Goals** highlight the highest priority tasks or projects related to the budget and the District's Strategic Plan.
- **Department Budget Summary** is a table that shows the Department's operating budget expenditures by category (Labor and Benefits, Contract Services, Other Costs). It also includes capital labor.
- **Budget Highlights** shows changes in costs relative to the previous fiscal year and describes reasons for those changes. This section focuses on the significant budget change.
- **Staffing Summary** is a table that shows the Full-Time Equivalency (FTE) for the department by appointment type (full-time, part-time, etc.).
- **Staffing Changes** is a section included only if the department has position changes that require Board approval. The table details the position changes, and provides a change in cost, which is an estimate based on typical salaries and benefit costs for the classification.

WASTEWATER DEPARTMENT

Overview

The Wastewater Department (WAS) operates and maintains District wastewater collection and treatment facilities to comply with environmental and public health requirements. The primary goal of the department is to ensure public health and safety by meeting or surpassing federal, state, and local regulations regarding air, biosolids, and water quality. The department strives to protect the environment by reducing or eliminating the discharge of pollutants into the air, land, and San Francisco Bay and recovering water, energy, and nutrients from wastes.

Description of Services Provided

The department includes the Wastewater Treatment, Wastewater Engineering, Laboratory and Technical Services, and Environmental Services divisions, as well as the Infiltration/Inflow Control group and Technical and Emerging Issues group. These groups work together to operate and maintain the wastewater interceptor system, Main Wastewater Treatment Plant (MWWTP), water recycling facilities, and three wet weather facilities. The department maintains compliance with all its permit requirements and plans for future regulatory changes, such as those related to nutrients, air emissions, contaminants of emerging concerns, and biosolids management; leads all master planning to identify future capital project needs; develops and manages the department's Capital Improvement Program; plans, designs, and manages the construction of its capital projects; monitors discharges from wastewater customers; issues commercial and industrial discharge permits; manages a Regional Private Sewer Lateral Program and implements projects to reduce infiltration and inflow; manages a Resource Recovery Program and renewable energy generation; and tests environmental samples and reports analytical results to support the District's water, wastewater, and recycled water services.

FY 2026 and FY 2027 Goals

The department has a key role in the Water Quality and Environmental Protection, Long-Term Infrastructure Investment, and Long-Term Financial Stability Strategic Plan goals. The department also supports the Long-Term Water Supply goals.

Key department goals include:

- Continuing operation and maintenance of existing wastewater infrastructure for regulatory compliance and protection of public health, safety, and the environment;
- Developing and implementing the Wastewater Department's Capital Improvement Program;
- Performing studies, facility planning, and preliminary engineering analysis to define capital project scopes of work and prepare budgetary cost estimates for future projects to inform the Capital Improvement Program;
- Leading master plans to identify necessary capital projects for the rehabilitation of the sewer interceptors, and nutrient removal processes to comply with future infrastructure needs and regulatory requirements;
- Developing and optimizing the biological nitrogen removal process at the Main Wastewater Treatment Plant;
- Leading climate change adaptation planning for Wastewater facilities;
- Complying with the California Environmental Quality Act (CEQA) by preparing environmental documentation for all capital projects;

- Meeting the requirements of a Wet Weather Consent Decree by implementing a Regional Private Sewer Lateral Program and certifying pipe as leak-free; continuing implementation of work requirements under the Wet Weather Consent Decree, while striving to reduce the impacts of stormwater and groundwater on the regional wastewater collection system;
- Utilizing and optimizing power generation facilities to enhance uptime, maximize renewable energy generation, reduce the District's greenhouse gas emissions, and improve power supply reliability to ensure service even during peak wet weather demand;
- Managing the Department's biosolids program;
- Continuing to maintain a robust Resource Recovery program to provide environmentally sustainable disposal solutions and renewable energy while also providing net revenues to stabilize rates;
- Continuing to provide year-round laboratory and analytical services for the District's drinking water, wastewater, recycled water, biosolids, wet weather, and resource recovery programs;
- Continuing to maintain compliance with all National Pollutant Discharge Elimination System (NPDES) permit requirements for the MWWTP by reducing pollution at its source through implementation of an industrial pretreatment permit program; continuing oversight of commercial and institutional discharges; and continuing education and outreach to residential dischargers;
- Continuing to maintain compliance with Title V of the Clean Air Act for the MWWTP by controlling air emissions from cogeneration engines, generators, digester gas flares, and other sources; and
- Increasing leadership and staff development training and providing tools and resources to support worker health and safety and emergency response.

Department Budget Summary

The department's projected spending is compared to prior years in the table below.

Wastewater Department Operating Budget Detail

Department Operating Budget Detail and Historical Comparison (\$ Thousands)

Category	FY 2023	FY 2024	FY 2025	FY 2026		FY 2027	
	Actuals	Actuals	Budget	Budget	% Change	Budget	% Change
Total Labor and Benefits	61,841	69,763	71,274	78,703	10.4%	82,226	4.5%
<i>Less: Capital Labor and Benefits</i>	11,488	12,850	14,026	13,724	-2.2%	14,410	5.0%
Operating Labor and Benefits	50,353	56,913	57,248	64,979	13.5%	67,815	4.4%
Contract Services	3,533	3,128	5,298	5,438	2.6%	5,182	-4.7%
Other Costs	56,445	40,635	48,547	44,709	-7.9%	46,084	3.1%
Operating Total	110,331	100,676	111,094	115,127	3.6%	119,081	3.4%

Budget Highlights

The department's operating budget in FY 2026 is increasing \$4.0 million, or 3.6 percent, compared to FY 2025. In FY 2027, the budget will increase \$4.0 million, or 3.4 percent, compared to the first year of the biennial budget. Significant changes include:

FY 2026

Total Labor and Benefit costs are increasing in FY 2026 compared to the FY 2025 budget due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs, as well as higher costs for fringe benefits, especially health insurance, in addition to two new added positions. Contract Services are increasing primarily due to shifting some work from capital to operating, a new biosolids alternative use study, operational and

maintenance training, and laboratory services. Other Costs are decreasing primarily due to reductions in chemicals, along with insurance premiums and workers' compensation claims which are now budgeted separately under the contingency department. These decreases are partially offset by increases from reallocating routine capital expenses to operating costs.

FY 2027

Total Labor and Benefit costs are increasing in FY 2027 due to expectations for salary increases related to career advancement and general expectations for inflationary pressures on labor costs. Contract Services are decreasing primarily because the biosolids alternative use study is only budgeted in FY 2026. Other Costs are expected to increase due to general price inflation primarily in chemicals, spoils and sludge disposal, energy, and fees and licenses.

Staffing Summary

The table below summarizes the staffing changes and transfers that have occurred among departments. In FY 2026, there are 2.0 new FTEs. There are no changes in FY 2027.

Wastewater Department Staffing Summary

Department Staffing Summary and Comparison (FTE)

Position Type	FY 2023	FY 2024	FY 2025	FY 2026	Change	FY 2027	Change
Full-Time	286.00	295.00	295.00	300.00	5.00	300.00	-
Limited-Term / Temp. Const.	3.00	8.00	8.00	5.00	(3.00)	5.00	-
Intermittent	-	-	-	-	-	-	-
Temporary / Part-Time	0.50	1.00	1.00	1.00	-	1.00	-
Total FTE	289.50	304.00	304.00	306.00	2.00	306.00	-

Staffing Changes

The table below summarizes FTE changes. These changes reflect a growing Wastewater CIP, address critical preventative electrical maintenance — reducing reliance on contracted maintenance work — and expand workforce development in skilled trades.

Wastewater Department Staffing Changes

FY 2026 & FY 2027 Department Staffing Changes

FY	Board Action	From Classification	From Character	To Classification	To Character	Cost Change	FTE Change	Purpose, Project or Program
2026	Add			Electrical Technician	REG	209,845	1.00	Complete critical electrical projects
2026	Add			LT Technical Trades Apprentice	L/T	126,000	1.00	Increase opportunities in the trades
2026	Convert	Associate Civil Engineer	T/C	Associate Civil Engineer	REG	-	-	Support baseline growth in capital plan
2026	Convert	Associate Civil Engineer	T/C	Associate Civil Engineer	REG	-	-	Support baseline growth in capital plan
2026	Convert	Associate Civil Engineer	T/C	Associate Civil Engineer	REG	-	-	Support baseline growth in capital plan
2026	Delete	Wastewater Control Inspector I/II	L/T			(168,034)	(1.00)	Position no longer needed

Staffing

Appointment Types

The majority of the workforce is comprised of full-time civil service or full-time civil service exempt positions. Limited-term positions are intended to augment regular staff to accomplish extra work or other operational programs or activities of a limited duration, with appointments for a maximum of four years. Temporary construction positions are also of a limited and specified duration typically associated with capital projects. Intermittent positions represent the smallest number of appointment types and typically work 32 hours instead of 40 hours per week. Part-time positions are normally restricted to 832 hours per year. Temporary positions are limited to a 6-month duration and are full-time during that duration.

The table below provides the full-time equivalent (FTE) for the Wastewater department and compares the changes from year-to-year. The FTE value varies by appointment type.

- Full-time, limited-term, and temporary construction appointment types equal 1.0 FTE;
- Intermittent appointment types equal 0.75 FTE; and
- Part-time and temporary appointment types equal 0.5 FTE.

Wastewater System Staffing Summary

FY 2026 & FY 2027 Department Staffing (FTE)					
Department	FY 2025	FY 2026		FY 2027	
	Budget	Budget	FTE Change	Budget	FTE Change
Wastewater	304.00	306.00	2.00	306.00	-
Total FTE	304.00	306.00	2.00	306.00	-

In FY 2026, a net total of 2.0 FTEs are being added to the Wastewater System. In FY 2027, there are no changes in FTE.

BARGAINING UNIT CHANGES

Tables below show the net change in bargaining unit status of authorized FTEs represented by different unions, management/confidential, non-represented groups, and civil service exempt positions. The tables reflect Board of Directors authorized additions and deletions in FY 2026 and FY 2027 and correspond to the staffing changes table in each department.

FY 2026 vs FY 2025 Wastewater System Changes in Bargaining Units

FY 2026 vs FY 2025 Department Net Change in Bargaining Unit Status (FTE)

Department	Local 2019	Local 444	Local 21	Local 39	MGR / CONF	NRP	EXMPT
Wastewater	-	2.00	-	-	-	-	-
Total FTE	-	2.00	-	-	-	-	-

FY 2027 vs FY 2026 Wastewater System Changes in Bargaining Units

FY 2027 vs FY 2026 Department Net Change in Bargaining Unit Status (FTE)

Department	Local 2019	Local 444	Local 21	Local 39	MGR / CONF	NRP	EXMPT
Wastewater	-	-	-	-	-	-	-
Total FTE	-	-	-	-	-	-	-



Setting Up Samples for Analysis in the Wastewater Lab

Debt Service and Financing

OVERVIEW

This section describes the Wastewater System's current and projected debt obligations, current credit ratings, and adherence to the District's debt financing policies.

Debt is incurred to finance projects or purchase, repair, or replace assets which will have useful lives equal to or greater than the related debt. Issuance of revenue-supported debt is authorized by the Board, subject to a referendum process. Individual revenue bond issues are also authorized by the Board.

The annual debt service principal and interest payments are charged to the operating budget. However, debt is only issued to finance capital investment activities.

OUTSTANDING DEBT

The Wastewater System's total outstanding debt is projected to be \$348.9 million as of March 31, 2025.

Wastewater System Debt Outstanding

Debt Outstanding Projected as of March 31, 2025					
Issue	Date of Issue	Last Maturity	Issued (\$ Thousands)	Outstanding (\$ Thousands)	
Long-Term Debt					
Revenue Bonds					
Series 2010B (Build America Bonds)	10/20/2010	6/1/2040	\$ 150,000	\$	150,000
Series 2014A	8/28/2014	6/1/2030	82,150		29,100
Series 2015A-1	3/3/2015	6/1/2037	54,805		54,805
Series 2015A-2	3/3/2015	6/1/2038	13,565		13,565
Series 2015B	3/3/2015	6/1/2037	2,795		1,255
Series 2017A	6/14/2017	6/1/2045	69,420		43,100
Series 2022A	6/16/2022	6/1/2045	18,140		14,820
Series 2022B	6/16/2022	6/1/2037	17,345		17,345
Series 2024A	3/12/2024	6/1/2054	24,950		24,950
Total Revenue Bonds			433,170		348,940
% of Total Outstanding Debt					100.0%
Total Long-Term Debt			433,170		348,940
Total Outstanding Debt					348,940

The District plans to issue \$40 million in revenue bonds in FY 2026 and \$35 million in revenue bonds in FY 2027.

DEBT SERVICE

The Wastewater System's total outstanding debt will cost approximately \$174.2 million in interest payments, as detailed in the table below.

Wastewater System Projected Debt Service on Current Debt

Debt Service on Current Outstanding Debt (\$Thousands)			
As of March 31, 2025			
Fiscal Year	Principal	Interest	Debt Service
2026	15,670	16,697	32,367
2027	14,030	15,917	29,947
2028	14,730	15,219	29,949
2029	15,465	14,486	29,951
2030	16,230	13,724	29,954
2031	17,030	12,920	29,950
2032	17,875	12,075	29,950
2033	18,760	11,192	29,952
2034	19,690	10,258	29,948
2035	20,670	9,281	29,951
2036	21,695	8,255	29,950
2037	22,770	7,178	29,948
2038	24,365	6,049	30,414
2039	26,250	4,793	31,043
2040	27,610	3,434	31,044
2041	4,220	2,005	6,225
2042	4,415	1,804	6,219
2043	4,635	1,593	6,228
2044	4,855	1,371	6,226
2045	5,090	1,139	6,229
2046	1,625	896	2,521
2047	1,705	814	2,519
2048	1,790	729	2,519
2049	1,880	640	2,520
2050	1,975	546	2,521
2051	2,075	447	2,522
2052	2,175	343	2,518
2053	2,285	234	2,519
2054	2,400	120	2,520
Total	333,965	174,158	508,123

The debt service in the table is less than the budgeted debt service because the latter includes:

- Payments on new debt issues in FY 2026 and FY 2027; and
- Costs for debt service administration.

DEBT RATINGS

Credit risk is the risk that the issuer of an investment, such as a revenue bond, will not fulfill its payment obligations to the holder of the investment. Credit ratings are assigned to bonds by Nationally Recognized Statistical Credit Rating Organizations based on published methodologies. The ratings reflect the organizations' opinions about the issuer's ability and willingness to meet its financial obligations on time and in full.

The Wastewater System's strong credit ratings provide tangible benefits to ratepayers in the form of reduced debt service cost. A strong credit rating provides better access to capital markets, lower interest rates, better terms on debt, and access to a greater variety of debt products. Prudent financial management policies have contributed to the Wastewater System's strong ratings shown in the table below.

Wastewater System Debt Ratings

Wastewater System Debt Ratings			
As of March 1, 2025			
Debt by Type	S&P	Moody's	Fitch
Fixed Rate Revenue Bonds	AAA	Aa1	AA+

Definitions of the District's fixed rate and long-term debt ratings are shown below.

S&P

An obligation rated 'AAA' has the highest rating assigned by S&P Global Ratings. The obligor's capacity to meet its financial commitments on the obligation is extremely strong.

Moody's

Obligations rated 'Aa' by Moody's are judged to be of high quality and are subject to very low credit risk. The modifier 1 indicates that the obligation ranks at the highest end of the 'Aa' rating category.

Fitch

The 'AA' rating denotes expectations of very low default risk. The rating indicates very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events. The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories.

DEBT MANAGEMENT POLICY

The District is subject to legal debt limits prescribed in the Municipal Utility District (MUD) Act regarding general debt limits, revenue bond limits, and short-term borrowing limits.

The District's general debt indebtedness cannot exceed the ordinary annual income and revenue of the District without a two-thirds approval of the voters. However, revenue bonds are not included in general debt limits.

The District is authorized to issue revenue bonds with the approval of a resolution from the Board of Directors, subject to a 60-day referendum period. The resolution specifies the maximum principal amount of bonds that may be issued pursuant to the authorization. The Board of Directors also approves individual series of revenue bonds issued under the broader authorization.

The MUD Act authorizes the District to issue short-term indebtedness without an election of the voters. The amount of short-term borrowing cannot exceed the lesser of 1) the annual average total revenue of the three preceding years or 2) 25 percent of the District's total outstanding bonds. This provision is substantially the same as the District's internal policy discussed below.

The District has also established its own policy regarding debt management (Policy 4.27 – Debt Management). The purpose of the debt policy is to maintain a balance between current funding sources and debt financing over each five-year plan horizon in order to retain the District's financing flexibility and achieve the lowest cost of financing.

The District's debt management policy is to:

- Maintain an annual revenue bond debt service coverage ratio of at least 1.6 times;
- Limit debt-funded capital to no more than 65 percent of the total capital program over each five-year planning period; and
- Limit commercial paper/variable rate debt to 25 percent of outstanding long-term debt.

DEBT SERVICE COVERAGE RATIO

The debt service coverage policy ensures that the District has sufficient annual operating revenues to pay its operating expenses and meet its debt service obligations on its revenue bonds and other parity debt. The revenue bond debt service coverage ratio is defined as the District's net operating revenue (current year's operating revenue less the current year's operating expenses) divided by the current year's debt service on all revenue bonds and other parity debt. Net revenues are reduced by any Rate Stabilization Fund deposits and increased by any withdrawals.

In FY 2026 and FY 2027, the projected debt coverage ratios are 2.00x and 2.22x, respectively.

DEBT-FUNDED CAPITAL

The percentage of the capital program that is funded by debt over the five-year planning period is projected at 49.6 percent, which is below the financial policy maximum target of 65 percent. The debt percentage funding levels for FY 2026 and FY 2027 are shown in the table below.

<i>Wastewater System Debt-Funded Capital</i>		
Projected Debt Funding of Capital (\$ Thousands)		
	FY 2026	FY 2027
Expenses		
Capital Cash Flow	79,811	84,758
Capital Support	3,100	3,100
Total Expenses	82,911	87,858
Funding Sources		
New Bond Proceeds	40,000	35,000
Other Sources	42,911	52,858
Total Sources	82,911	87,858
Debt Percentage of Capital Funding	48.2%	39.8%

Capital Improvement Program

OVERVIEW

Like the Water System, the Wastewater System's Capital Improvement Program (CIP) communicates the District's planned infrastructure investments for the next 10 years by identifying and prioritizing capital needs. Developed biennially and incorporated into the District-wide budget, the CIP is the District's opportunity to address new and ongoing capital needs, organized by award purposes.

Wastewater System CIP Award Purposes

CIP Award Purposes
Wastewater
Main Wastewater Treatment Plant
Wastewater Remote Facilities
Wastewater System-wide Improvements
Wastewater Contingency

APPROPRIATION AND CASH FLOW OVERVIEW

There are two ways that the District considers the financial planning for the CIP: appropriations and cash flows.

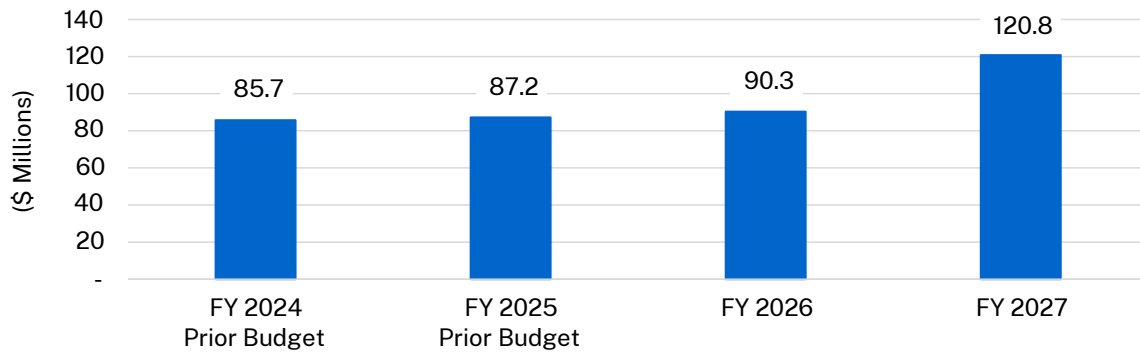
- Capital appropriations are funds approved biennially by the Board to be spent on capital projects. While appropriations are approved biennially, their use may extend over multiple years. Appropriations are controlled at the Award level and vary from year-to-year depending upon the funding needs of the projected work and existing appropriations at the end of the prior year.
- Capital cash flows are a projection of the annual costs of each project over the planning horizon, on a year-by-year basis. Cash flows have typically been reported in the budget for five years, but in the current planning cycle, the District gave additional consideration to the full ten-year cash-flow projection in order to better understand long-term project needs. Staff will continue to work to broaden the planning and reporting horizon to increase transparency of long-term infrastructure needs.

Each of these two concepts will be discussed in further detail throughout this section.

APPROPRIATIONS

Supported by capital cash flow spending projections, adequate appropriations are necessary to complete the initiatives outlined in the CIP. Since appropriations are often spent over multiple years, the amounts appropriated for each fiscal year will vary depending upon project scope and timing, and any unspent appropriation a project may already have.

The Wastewater System's FY 2026 capital appropriation will increase by \$3.1 million or 4 percent from FY 2025. In FY 2027, appropriations will increase by \$30.5 million, or 34 percent, from FY 2026. The second year's increase aligns with the CIP's increasing size and scope, and is particularly elevated due to multi-year contracts that will be advertised for bid in the first year, while the work will be completed in the second or later. (Appropriations for multi-year contracts are appropriated at once to ensure funds are available when contracts are awarded.) Appropriations are summarized in the two charts below.

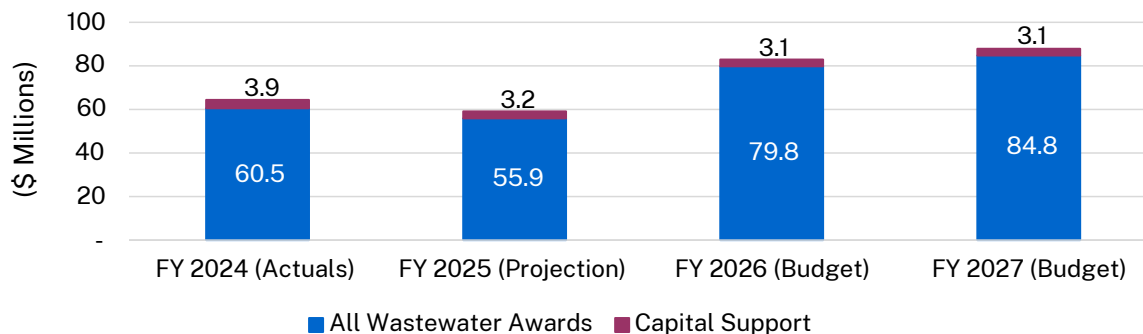
Wastewater System Appropriations Current Budget Compared to Prior Budget by Fiscal Year

CASH FLOW

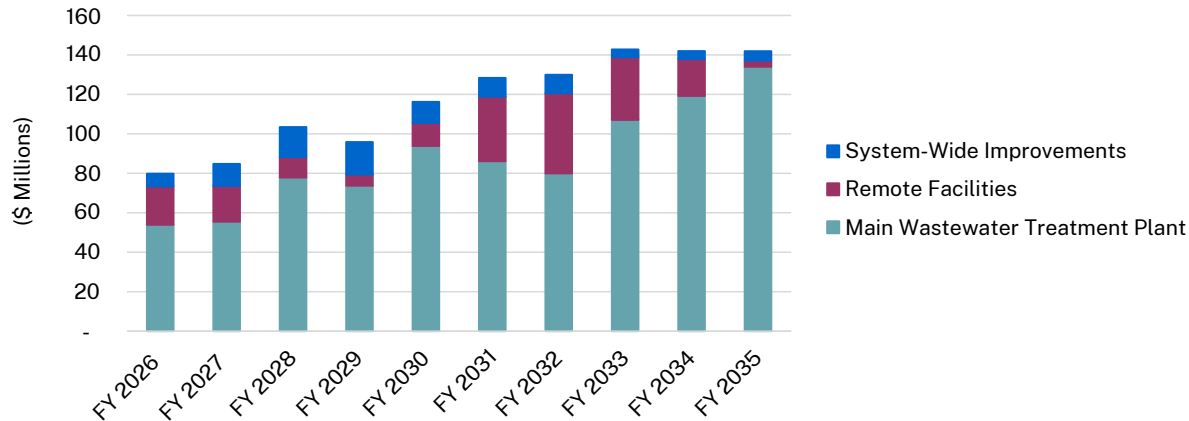
The FY 2026 - FY 2035 CIP is supported by capital cash flows that incorporate changes from previous CIP development processes. Cash flows were previously reported in the budget for five years, but this year there was an increased focus on the full 10-year projection of expenses. Forecasting out-years allows management and project managers to anticipate the funding needs for critical infrastructure initiatives. This is especially true as some key capital work will not be completed in the five-year horizon, so a longer-term scenario allows greater insight into needs. The longer-term outlook for rate increases also becomes clearer by extending the projection window.

The FY 2026 - FY 2035 CIP is \$1.2 billion, including Capital Support. The CIP is driven by the combination of increasing investments to replace and rehabilitate aging infrastructure, working towards meeting Board-set priorities, and increased labor and construction costs. Capital Support, the indirect costs associated with capital work, is in line with recent expenses at \$ \$3.1 million annually in the first two years.

The four-year summary of capital cash flows shows a 46 percent increase in cash flows from projected FY 2025 expenses to budgeted FY 2026 cash flow, followed by a 6 percent increase in FY 2027.

Wastewater System Budget Cash Flows Four-Year Summary

The majority of this CIP's planned spending will be for work at the Main Wastewater Treatment Plant, as shown in the next table. More detail on the work under that Award Purpose appears later in this section.

Wastewater System FY 2026 – FY 2035 Cash Flows by Award Purpose (Excludes Capital Support)

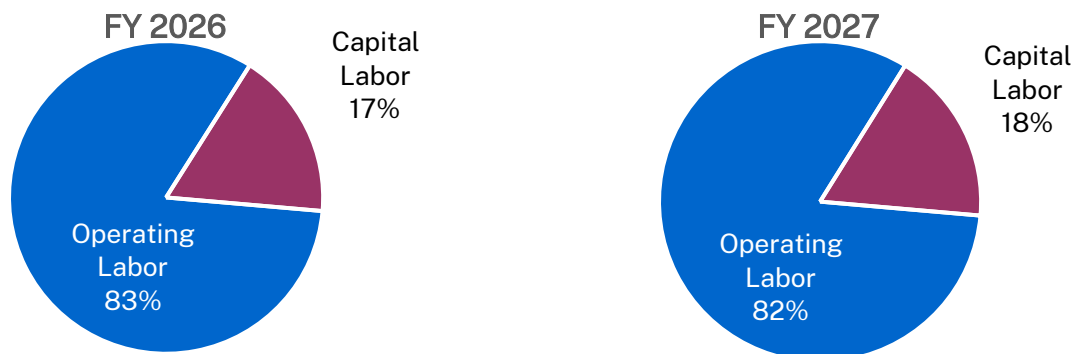
CAPITAL LABOR

The capital labor component of the Wastewater System's CIP totals \$13.7 million in FY 2026, a decrease of \$0.3 million or 2.2 percent from FY 2025. This is due to a reduction in the amount of maintenance work that is expected to be charged to the capital budget. In FY 2027, capital labor is projected to increase to \$14.4 million, for an increase of \$0.7 million or 5.0 percent over FY 2026 due to expectations for salary and benefit cost increases. The following table shows the capital labor and benefits budget by department, though the Wastewater System has a single department, so all regular labor costs are budget in that department.

Wastewater System Capital Labor Budget by Department

Capital Labor by Department (\$ Thousands)						
	FY 2024 Actuals	FY 2025 Budget	FY 2026 Budget	% Change	FY 2027 Budget	% Change
Wastewater	12,850	14,026	13,724	-2.2%	14,410	5.0%
Total Department	12,850	14,026	13,724	-2.2%	14,410	5.0%

Relative to operating labor, capital labor represents 17.4 percent of the FY 2026 total labor budget, and 17.5 percent of the FY 2027 total labor budget. The following pie charts show the relative size of the capital and operating labor budgets.

Wastewater System Operating and Capital Labor Split

CASH FLOWS AND APPROPRIATIONS BY AWARD PURPOSE

The following section outlines the CIP's capital cash flows and appropriations by award purpose and award. Select projects are discussed in detail to provide a sense of the work that is projected to take place in the following years.

Main Wastewater Treatment Plant

This award purpose furthers the District's objectives to improve the infrastructure at the Main Wastewater Treatment Plant (MWWTP) to ensure reliable, high-quality service. Work focuses on rehabilitating the digesters, concrete structures, and treatment process facilities; upgrading the resource recovery receiving station; rehabilitating sections of the sewer interceptors; and identifying long-term solutions to managing nutrient levels. Of note:

- *Treatment.* Comprised of preliminary, primary, and secondary process, these projects include the development of a modernized oxygen production plant, and secondary reactors and clarifiers critical to secondary treatment, in addition to other improvements.
- *Nutrients.* With new regulations on the horizon in the coming years, the District is already conducting multiple evaluative studies to inform its approach to solutions, and this budget includes the finalization of planning and design, as well as estimated construction and implementation costs for a significant nutrient removal effort.

Main Wastewater Treatment Plant - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
Dewatering	Cash Flow	2,740	4,944	7,684	88,761	114,934
Dewatering	Approp.	-	-			
Digesters	Cash Flow	10,609	5,835	16,444	27,750	66,648
Digesters	Approp.	13,224	318			
Effluent Discharge	Cash Flow	-	-	-	-	21,636
Effluent Discharge	Approp.	-	-			
Electricals and Controls	Cash Flow	2,086	3,039	5,125	52,935	99,950
Electricals and Controls	Approp.	2,182	2,189			
Nutrients	Cash Flow	1,030	265	1,295	1,295	225,628
Nutrients	Approp.	-	-			
Power Generation and Biogas	Cash Flow	8,041	9,683	17,724	27,273	40,262
Power Generation and Biogas	Approp.	11,750	11,416			
Preliminary Treatment	Cash Flow	12,529	13,966	26,495	53,800	89,457
Preliminary Treatment	Approp.	4,120	19,367			
Primary Treatment	Cash Flow	-	-	-	-	672
Primary Treatment	Approp.	-	-			
Resource Recovery	Cash Flow	-	-	-	5,507	6,402
Resource Recovery	Approp.	-	-			
Secondary Treatment	Cash Flow	13,319	14,564	27,883	51,826	141,560
Secondary Treatment	Approp.	29,133	-			
Seismic Retrofit Maintenance Center	Cash Flow	-	-	-	26,151	32,569
Seismic Retrofit Maintenance Center	Approp.	-	-			
Utilities and Sitework	Cash Flow	3,574	3,202	6,776	19,647	41,669
Utilities and Sitework	Approp.	4,203	693			
Total	Cash Flow	53,927	55,498	109,425	354,944	881,388
Total	Approp.	64,611	33,983			

Remote Facilities

This award purpose includes two key initiatives:

- *Interceptors and Pump Stations.* Includes work to rehabilitate five gravity interceptors, as well as force mains and pump stations that convey wastewater from the satellite agencies to the MWWTP, and to improve access to these facilities for maintenance and repairs.
- *Wet Weather Facilities.* Includes conducting mandated work related to the Inflow and Infiltration Program and maintaining the Wet Weather Facilities (WWF) for reliable performance during wet weather events.

Remote Facilities - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
Interceptors and Pump Stations	Cash Flow	17,643	14,365	32,008	50,365	165,446
Interceptors and Pump Stations	Approp.	4,228	16,174			
Wet Weather Facilities	Cash Flow	1,854	3,735	5,589	14,852	26,661
Wet Weather Facilities	Approp.	1,854	24,807			
Total	Cash Flow	19,497	18,099	37,597	65,217	192,107
Total	Approp.	6,082	40,981			

System-Wide Improvements

This award purpose includes work that is vital to wastewater conveyance and treatment, but is not limited to a single treatment process. Tasks include work on buildings that serve multiple treatment processes, the periodic replacement of capital equipment, applying protective coatings plant-wide, replacing hardware and software, and procuring additional vehicles. Two of the larger tasks in this project are the seismic retrofits of the Maintenance Building and the Operations Center, two buildings that are heavily used and were prioritized in the MWWTP seismic evaluation.

System-Wide Improvements - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
General Wastewater	Cash Flow	6,387	11,161	17,548	59,870	91,411
General Wastewater	Approp.	8,542	34,240			
Total	Cash Flow	6,387	11,161	17,548	59,870	91,411
Total	Approp.	8,542	34,240			

Wastewater Contingency

Contingency provides funding for unanticipated needs that may arise before the next budget cycle, such as replacement or repairs to facilities and equipment as a result of failures or safety deficiencies, and new projects or the acceleration of planned projects requiring funding before the next budget cycle.

Wastewater Contingency - Cash Flows and Appropriations by Award Purpose

FY 2026 - FY 2035 Cash Flows and Appropriation by Award Purpose (\$ Thousands)						
Award Name	Type	FY 2026	FY 2027	2-Year Total	5-Year Total	10-Year Total
Contingency - Wastewater	Cash Flow					
Contingency - Wastewater	Approp.	7,981	8,476			
Total	Cash Flow					
Total	Approp.	7,981	8,476			

Ten-Year Financial Plan

SUMMARY

Wastewater System 10-Year Financial Forecast

	10-Year Financial Plan (\$ Millions)											
	Actuals FY 2024	Projection FY 2025	Budget		Forecast			Long-Term Projection				
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
Beginning Balance	105.5	113.7	124.8	120.5	121.4	126.5	133.6	134.6	143.3	144.9	152.5	158.5
Treatment Charges	92.5	100.0	108.5	117.7	127.1	137.3	146.9	157.2	166.6	176.6	185.5	194.7
Wet Weather Facilities Charges	33.3	36.0	39.0	42.3	45.7	49.4	52.8	56.5	59.9	63.5	66.7	70.0
Resource Recovery	15.1	15.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Property Taxes	8.7	8.9	9.1	9.2	9.4	9.6	9.8	10.0	10.2	10.4	10.6	10.8
Interest Income	3.3	3.5	3.7	3.0	2.5	1.9	2.0	2.1	2.2	2.2	2.3	2.4
Laboratory Services	5.2	5.5	5.7	5.8	6.0	6.1	6.3	6.5	6.7	6.8	7.0	7.2
Reimbursements	2.1	2.0	2.1	2.1	2.2	2.2	2.3	2.4	2.4	2.5	2.6	2.6
Permit Fees	1.6	1.6	1.7	1.7	1.8	1.8	1.9	1.9	2.0	2.0	2.1	2.2
All Other Revenue	6.8	6.4	6.5	6.6	6.8	6.9	7.0	7.1	7.2	7.4	7.5	7.6
Operating Revenues	168.7	178.9	187.2	199.6	212.4	226.3	240.1	254.7	268.3	282.5	295.3	308.7
Operating Expenses	96.6	111.0	118.9	123.7	128.0	132.5	137.1	141.9	146.9	152.0	157.4	162.9
Debt Service	31.5	32.8	36.9	36.8	38.8	41.7	45.6	50.5	54.7	59.9	64.8	69.4
Capital Expenses	64.4	59.1	82.9	87.9	106.6	99.1	119.6	131.8	133.5	146.5	145.8	145.8
Total Expenses	192.5	202.9	238.8	248.3	273.4	273.3	302.3	324.3	335.1	358.4	367.9	378.0
New Bond Proceeds	27.5	30.0	40.0	35.0	50.0	45.0	60.0	75.0	65.0	80.0	75.0	70.0
Capacity Charges	3.5	3.9	3.0	3.0	3.1	3.2	3.3	3.3	3.4	3.5	3.6	3.7
Grants	-	0.2	4.2	11.6	13.0	5.9	-	-	-	-	-	-
Other Capital Revenue	0.9	1.0	-	-	-	-	-	-	-	-	-	-
Ending Balance	113.7	124.8	120.5	121.4	126.5	133.6	134.6	143.3	144.9	152.5	158.5	162.8
Policy Reserves	58.4	62.1	64.1	65.4	66.5	67.7	69.0	70.2	71.6	72.9	74.3	75.8
Capital Reserves	55.2	62.7	56.4	56.0	60.0	65.8	65.6	73.1	73.3	79.5	84.1	87.0

On average over the 10-year period, operating revenues are forecast to increase 5.7 percent per year to cover the increases in operating and capital expenses and maintain a minimum of 1.6 times coverage on revenue bond debt service. Forecasted operating expenses are expected to grow by 3.6 percent per year over the ten-year period, while debt service grows 7.5 percent per year.

For all 10 years, cash reserves exceed targets. Reserves in excess of those needed to meet financial reserve targets are available to pay for a significant portion of the capital program expenses with cash.

Capital cash flow spending, including capital support, is projected at \$1.2 billion over the ten-year period, including capital support expenses. Major projects during this period include upgrades and rehabilitation of the Main Wastewater Treatment Plant, major work to replace aging interceptors prone to failure, and significant work to support a long-term plan for nutrients.

The projected average percentage of capital funded from debt will be 49.7 percent over the ten-year period, which remains lower than the financial policy target maximum of 65 percent. In FY 2026 and FY 2027, the debt coverage ratio is projected at 2.00 and 2.22, respectively, and for all ten years the ratio exceeds the target coverage ratio of 1.60.

TEN-YEAR PROJECTION OF REVENUE

The following table shows the key assumptions used to create the revenue forecast. The debt service coverage ratio is projected to exceed the policy target of 1.60 by over 20 percent every year.

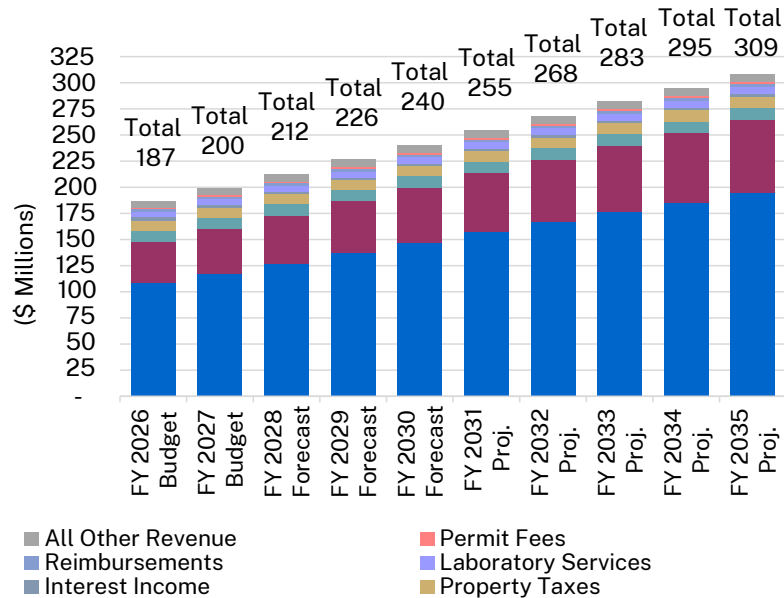
Wastewater System Key Assumptions in 10-Year Forecast

	Key Assumptions											
	Actuals FY 2024	Current FY 2025	Budget		Forecast			Long-Term Projection				
			FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
Average Rate Increase	8.50%	8.50%	8.50%	8.50%	8.00%	8.00%	7.00%	7.00%	6.00%	6.00%	5.00%	5.00%
Typical Monthly Single-Family Residential Bill*	\$ 25.43	\$ 27.56	\$ 28.05	\$ 30.40	\$ 32.83	\$ 35.46	\$ 37.94	\$ 40.60	\$ 43.03	\$ 45.61	\$ 47.89	\$ 50.29
Debt Service Coverage	2.50x	2.17x	2.00x	2.22x	2.26x	2.32x	2.33x	2.30x	2.28x	2.24x	2.18x	2.16x

*The typical customer is based on median usage, which is 4 Units per month; 1 Unit is about 748 gallons.

The key factors driving the need for increased Wastewater System revenues are: investments in aging infrastructure and building a more resilient wastewater system; increasing labor and benefit costs to keep up with inflation; and inflation on non-labor costs, such as energy and chemicals.

Wastewater System 10-Year Revenue Projection

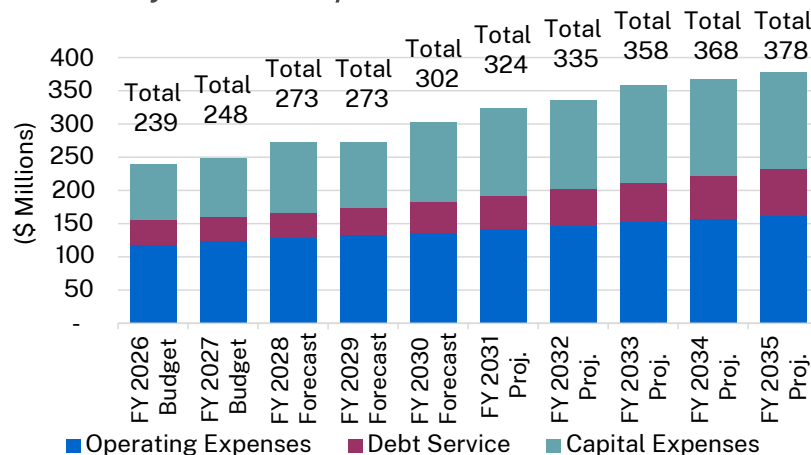


Projected annual operating revenues are expected to increase from \$187.2 million in FY 2026 to \$308.7 million by FY 2035, an increase of \$121.4 million, or 5.7 percent compounded growth per year. The increase in revenue over the ten-year period is to support a significantly larger capital program, increased debt service requirements to pay for debt issued to fund capital, and increased costs in operations and maintenance.

The major components of the increases in operating revenue over the ten-year period are revenue from Treatment Charges, which is projected to increase from \$108.5 million in FY 2026 to \$194.7 million in FY 2035 based on the wastewater rate increases shown on the prior page. Wet Weather Facilities Charges are projected to grow by \$31 million, and most other sources will grow by 2.75 percent or less per year.

TEN-YEAR PROJECTION OF TOTAL EXPENSES

Wastewater System 10-Year Expense Forecast



Wastewater System expenses are projected to increase from \$238.1 million in FY 2026 to \$378.0 million in FY 2035, an increase of 5.3 percent per year. This is primarily driven by significant growth in the capital plan, which will increase by \$62 million over the ten-year period, or 6.5 percent per year. The large capital growth is driven by the need to significantly increase reinvestment in the aging Main Wastewater Treatment Plant.

Debt service is expected to grow by a compounded 7.5 percent per year, to \$694 million in FY 2035. Operating expenses are projected to have more modest growth of 3.6 percent per year, from \$118.9 million to \$162.9 million, reflecting typical inflationary trends in major costs, including labor.

This chart summarizes projected Wastewater System budget by category for the next ten years.

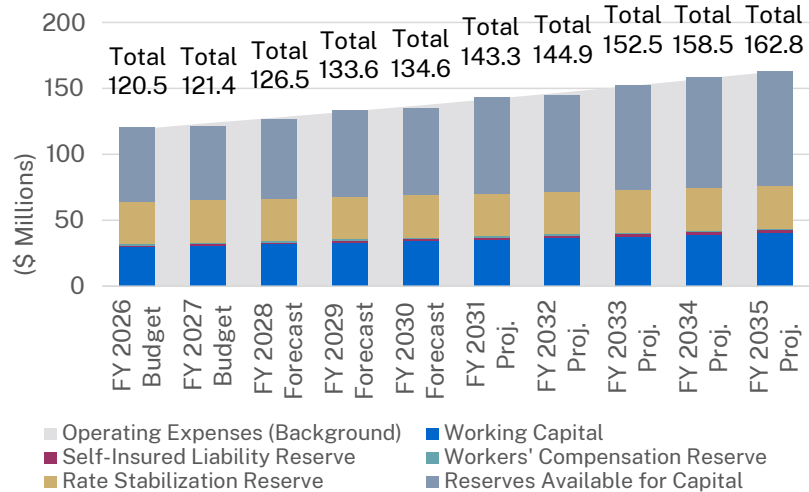
TEN-YEAR PROJECTION OF RESERVES

The table below shows the changes to reserve components over the five-year period. Reserve balances meet or exceed the policy reserve levels for the entire period.

Wastewater System 10-Year Projection of Reserves

	Reserve Components (\$ Millions)									
	Budget		Forecast			Long-Term Projection				
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
Total Reserves	120.5	121.4	126.5	133.6	134.6	143.3	144.9	152.5	158.5	162.8
Policy Reserves										
Working Capital	29.7	30.9	32.0	33.1	34.3	35.5	36.7	38.0	39.3	40.7
Self-Insured Liability Reserve	1.3	1.4	1.4	1.4	1.5	1.5	1.6	1.6	1.7	1.7
Workers' Compensation Reserve	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.3	1.4
Rate Stabilization Reserve	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0
Total Policy Reserves	64.1	65.4	66.5	67.7	69.0	70.2	71.6	72.9	74.3	75.8
Reserves Available for Capital	56.4	56.0	60.0	65.8	65.6	73.1	73.3	79.5	84.1	87.0

Wastewater System Reserves Projection Compared to Operating Expenses



Reserves consist of:

- Working capital reserves equal to three months operating and maintenance expenses;
- Self-Insured Liability reserve based on the actuarial Self-Insured Retention (SIR) funding recommendation;
- Workers' Compensation reserve based on the actuarial SIR funding recommendation; and
- Rate stabilization reserve of a minimum of 20 percent of projected annual water volume revenues.

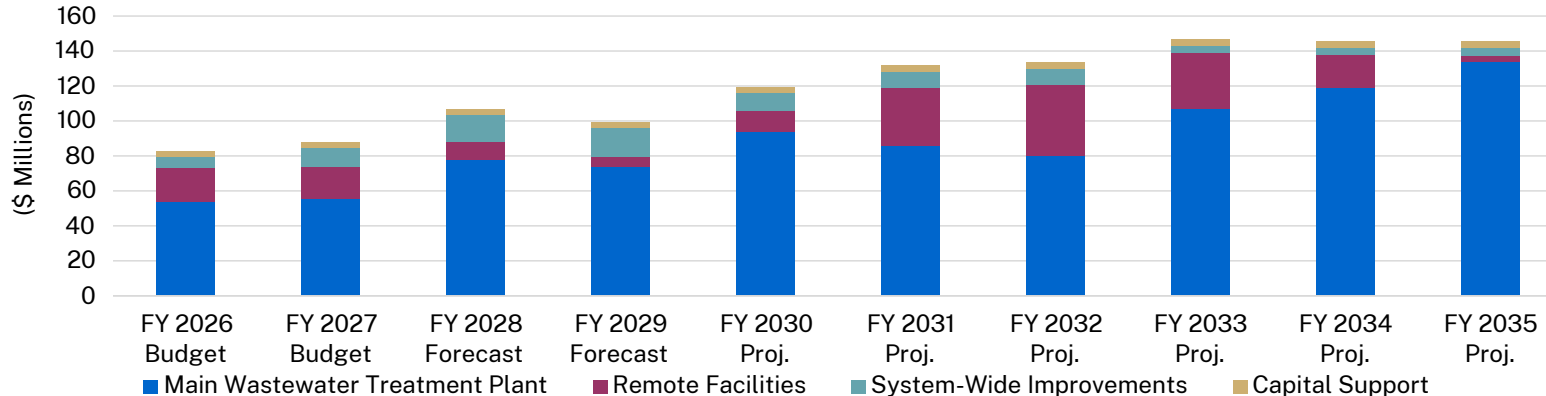
Over the 10-year forecast period, reserves will remain strong in comparison to operating expenses.

CAPITAL INVESTMENTS AND FINANCING

The 10-year CIP outlines Wastewater System capital investment plans, the estimated cost of these investments, and the sources of funds. Appropriations reflect the amount that is authorized and budgeted over a multi-year period for each program. Cash flows are the amounts estimated to be spent on each program in a given year. The 10-year program for the Wastewater System includes \$1.2 billion in projected cash flow spending, inclusive of capital support expenses.

The focus of the CIP is the five-year period from FY 2026 to FY 2030. Capital needs have been estimated for a second five-year period from FY 2031 to FY 2035. Given the long-term nature of these capital improvement plans, by necessity they are preliminary estimates only and will be revised as studies are completed, priorities are redefined, and as new needs emerge. The following table shows the cash flow spending on capital improvements anticipated for the next 10 years.

Wastewater System 10-Year Capital Cash Flows by Award Purposes



Wastewater System 10-Year Capital Cash Flows by Award Purposes

Award Purpose & Capital Support	Capital Expenses (\$ Millions)									
	Budget		Forecast			Long-Term Projection				
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
Main Wastewater Treatment Plant	53.9	55.5	77.9	73.8	93.9	86.1	80.0	107.1	119.2	134.0
Remote Facilities	19.5	18.1	10.3	5.6	11.7	32.7	40.6	31.8	18.7	3.1
System-Wide Improvements	6.4	11.2	15.2	16.4	10.7	9.5	9.3	3.9	4.0	4.7
Capital Support	3.1	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9
Total Capital Expenses	82.9	87.9	106.6	99.1	119.6	131.8	133.5	146.5	145.8	145.8

Funding for the CIP is drawn from the proceeds of revenue bond issues along with current reserves and revenues. Over the five-year period, the percentage of capital funded from debt will average 49.7 percent, under the target maximum of 65 percent contained in the District's debt policy, and debt service will grow by 7.3 percent per year. Wastewater System total outstanding debt will increase by \$369 million during the period. Total debt outstanding at the end of the five-year period will total \$707.6 million.

Projected new bond issues, outstanding debt, debt service, and projected debt service coverage ratios are shown in the following table. Coverage will remain above the policy target of 1.60x.

Wastewater System 10-Year Debt Projections

	Outstanding Debt and Debt Service (\$ Millions)									
	Budget		Forecast			Long-Term Projection				
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
Beginning of Year Outstanding Debt	338.6	361.8	381.1	413.9	440.1	479.6	531.8	572.0	624.7	669.9
Debt Retired	16.7	15.7	17.2	18.8	20.6	22.7	24.8	27.3	29.8	32.3
New Bonds & Loans	40.0	35.0	50.0	45.0	60.0	75.0	65.0	80.0	75.0	70.0
Total Outstanding Debt	361.8	381.1	413.9	440.1	479.6	531.8	572.0	624.7	669.9	707.6
Debt Service, Existing Debt	33.1	33.3	35.5	38.8	41.7	45.6	50.5	54.7	59.9	64.8
Debt Service, New Debt	2.6	2.3	3.3	2.9	3.9	4.9	4.2	5.2	4.9	4.6
Total Debt Service	35.7	35.5	38.8	41.7	45.6	50.5	54.7	59.9	64.8	69.4
Debt Service Coverage	2.00x	2.22x	2.26x	2.32x	2.33x	2.30x	2.28x	2.24x	2.18x	2.16x

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EBMUD Fun Fact:

EBMUD produced 151 million gallons of water per day in FY 2024 – enough to fill more than 2.4 billion drinking glasses, or enough for each of EBMUD’s 1.4 million customers to have about 1,700 glasses of water every day. Stay hydrated!

Memberships

The following are proposed memberships for FY 2026 and FY 2027. Memberships must provide definite and clear benefits to the District. Examples include access to training resources at a reduced cost, which at times saves more in training costs than it costs to maintain the membership. Other memberships ensure the District remains a strong community partner in its service area and in the areas of its work. Senior management routinely review the list of approved memberships. The membership budget is approximately \$1 million in each fiscal year.

District-Wide Memberships		
Membership Name / Organization	FY 2026	FY 2027
Alameda County Bar Association	470	470
Alameda County Green Business Association (Balance Foundation)	5,000	5,000
Alliance for Water Efficiency (AWE)	6,500	6,800
American Concrete Institute	300	300
American Contract Compliance Association	800	800
American Fisheries Society	360	375
American Geophysical Union	65	65
American Institute of Certified Public Accountants	360	370
American Payroll Association	315	330
American Society For Testing And Materials (ASTM) International	280	280
American Society of Civil Engineers	5,006	5,016
American Society of Heating, Refrigerating and AC Engineers (ASHRAE)	290	290
American Society of Safety Professionals	235	240
American Society of Testing And Materials	115	121
American Water Works Association	27,394	27,394
American Welding Society	800	800
Asian Business League of San Francisco	150	150
Association for Materials Protection and Performance (formerly NACE)	396	396
Association for Talent Development	1,495	1,495
Association of California Water Agencies (ACWA)	58,970	58,970
Association of Metropolitan Water Agencies	24,000	25,000
Association of Records Managers and Administrators (AMRA)	260	260
Association of State Dam Safety Officials	820	820
Association of Women in Water Energy and Environment (AWWEE)	405	405
Association of Workplace Investigators	900	900
Bay Area Biosolids Coalition	24,500	24,500
Bay Area Clean Water Agencies (BACWA)	114,150	117,600

Appendix: Memberships

Bay Area Climate Adaptation Network	3,700	4,000
Bay Area Council	13,750	13,750
BayGeo	124	128
BAYWORK	20,500	20,500
Bioenergy Association of CA	6,700	7,050
CalChamber	1,229	1,300
CalGovHR	400	400
California Association of Public Information Official (CAPIO)	2,775	2,775
California Association of Public Procurement Officials (CAPPO)	290	298
California Association of Public Retirement Systems	1,800	1,800
California Association of Sanitation Agencies (CASA)	22,600	23,300
California Land Surveyors Association - State	1,350	1,350
California Landscape Contractors Association	250	275
California Municipal Treasurer's Association (CMTA)	210	220
California Municipal Utilities Association	24,010	24,010
California Public Employees Labor Relations Association	3,945	3,945
California Regional Common Ground Alliance (CARCGA)	100	100
California Rural Water Association	782	821
California Society of Municipal Finance Officers (CSMFO)	424	441
California Special Districts Association - Alameda County	100	100
California Special Districts Association - Contra Costa Chapter	150	150
California Special Districts Association - Statewide	9,275	9,275
California Urban Water Agencies (CUWA)	65,000	65,000
California Utilities Emergency Association	3,200	3,200
California Water & Environmental Association	233	245
California Water & Environmental Modeling Forum	2,500	2,500
California Water Efficiency Partnership (CALWEP)	24,200	25,400
California Water Environment Association (CWEA)	239	239
California Women in Energy	85	85
California Workers' Compensation Institute	605	666
Capitol Network	300	300
Center for Western Weather and Water Extremes (CW3E)	10,000	10,000
Central Valley Clean Water Association (CVCWA)	2,315	2,431
Central Valley Project Water Association	3,000	3,000
Certified Commercial Investment Member Institute (CCIM)	3,400	3,400

Appendix: Memberships

Certified Information Systems Auditor (CISA)	960	960
Chamber of Commerce - Alameda	1,500	1,500
Chamber of Commerce - Albany	250	250
Chamber of Commerce - Amador County	525	525
Chamber of Commerce - American Indian	750	750
Chamber of Commerce - Bay Front (Pinole, Hercules, Rodeo)	500	500
Chamber of Commerce - Berkeley	500	500
Chamber of Commerce - Calaveras County	535	535
Chamber of Commerce - Castro Valley	600	600
Chamber of Commerce - Crockett	300	300
Chamber of Commerce - Danville	360	360
Chamber of Commerce - El Cerrito	636	636
Chamber of Commerce - El Sobrante	200	200
Chamber of Commerce - Greater Stockton	500	500
Chamber of Commerce - Lafayette	430	430
Chamber of Commerce - Lodi	829	829
Chamber of Commerce - Moraga	200	200
Chamber of Commerce - Oakland African-American	2,000	2,000
Chamber of Commerce - Oakland Chinatown	340	340
Chamber of Commerce - Oakland Latino	800	800
Chamber of Commerce - Oakland Metropolitan	6,500	6,500
Chamber of Commerce - Orinda	240	240
Chamber of Commerce - Pleasant Hill	445	445
Chamber of Commerce - Richmond	550	550
Chamber of Commerce - San Joaquin County Hispanic	800	800
Chamber of Commerce - San Leandro	400	400
Chamber of Commerce - San Ramon	575	575
Chamber of Commerce - Vietnamese	1,500	1,500
Chamber of Commerce - Walnut Creek	925	925
Climate Registry	5,000	5,500
Construction Management Association of America	1,800	1,800
Construction Specifications Institute	375	394
Contra Costa County Green Business	5,000	5,000
Design Build Institute of America	500	500
Earthquake Engineering Research Institute	320	330

Appendix: Memberships

East Bay Economic Development Alliance	1,500	1,500
East Bay Leadership Council (formerly Contra Costa Council)	2,500	2,500
East Bay Rental Housing Association	750	800
Emeryville Commerce Connection	1,050	1,100
Employee Assistance Professional Association	65	65
Golden Gate Business Association (GGBA)	350	350
Government Alliance On Race and Equity (GARE)	5,500	5,500
Government Finance Officers Association	700	700
Groundwater Resources	400	400
Hills Emergency Forum	5,500	5,500
Illuminating Engineering Society	213	220
Institute of Electrical And Electronics Engineers (IEEE)	1,537	1,557
Institute of Governmental Advocates	200	200
Institute of Internal Auditors	390	390
International Association for HR Information Management (IHRIM)	200	200
International Foundation of Employee Benefit Plans	1,435	1,445
International Information System Security Certification Consortium (ISC2)	675	675
International Institute of Municipal Clerks	300	300
International Partnering Institute	525	550
International Right of Way Association (IRWA)	1,100	1,100
International Society of Automation	152	152
Irrigation Association	830	850
Isle Utilities - Technology Approval Group (TAG)	20,000	20,000
League of California Surveying Organizations	150	150
Municipal Equipment Maintenance Association (MEMA)	300	309
Municipal Information Systems Association of California (MISAC)	260	260
National Association of Clean Water Agencies (NACWA)	36,000	37,100
National Association of Govtl Defined Contribution Administrators	600	600
National Association of Local Government Auditors	200	200
National Association of Minority Contractors	2,000	2,000
National Association of Realtors	220	240
National Environmental Laboratory Accreditation Conference (NELAC)	120	120
National Fire Protection Association	600	610
National Hydropower Association	25,589	26,868
National Pension Education Association	850	850

Appendix: Memberships

North American Society of Trenchless Technology (NASTT)	670	670
Northern California Backflow Prevention	400	450
Northern California Joint Pole Association	870	870
Northern California Pipe Users Group	500	500
Oracle Applications & Technology Users Group (OUTAG)	1,095	1,150
Park Rangers Association of California (PRAC)	200	200
Pesticide Applicators Professional Association	3,606	3,653
Phylmar Regulatory Roundtable	8,750	9,000
Project Management Institute Certification	1,330	1,372
Public Agency Risk Management Association	330	363
Public Sector HR Association	175	175
Risk & Insurance Management Society	836	920
San Francisco Bay Hispanic Chamber of Commerce (SFBAYHCC)	300	300
San Francisco Paralegal Association	85	85
Society for Human Resource Management	4,228	4,228
Society for Range Management	200	200
State Bar of California	7,580	7,580
Structural Engineers Association of Northern California	990	1,050
The Wildlife Society	100	100
Toastmasters	2,700	2,700
Together Bay Area	5,000	5,000
Underground Service Alert	3,000	3,000
United States Society of Dams	1,620	1,620
US Green Building Council (USGBC)	750	800
Water Customer Care Forum (WCCF)	1,400	1,400
Water Education Foundation	16,000	16,000
Water Environment Federation	2,238	2,278
Water Information Sharing and Analysis Center (Water ISAC)	8,100	8,100
Water Research Foundation (WRF)	200,000	200,000
WaterReuse Association	20,000	20,000
Waterstart	45,000	45,000
Western Regional Minority Supplier Development Council (WRMSDC)	4,000	4,000
Western Urban Water Coalition	40,000	40,000
Women Construction Owners and Executives	1,300	1,300
Women's Business Enterprise Council (WBEC) Pacific	0	3,000

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Sponsorships

The following are District-approved sponsorships for FY 2026 and FY 2027. The District sponsors community activities and organizations that support the District's mission and provide educational and outreach opportunities. Sponsorships include, but aren't limited to, booths or tables at trade shows, festivals, street fairs, community events, garden tours, and advertising in event programs. The sponsorship budget, which is routinely reviewed and adjusted throughout the fiscal year based on changing conditions, is \$268,965 in FY 2026 and \$269,465 in FY 2027. The total for all sponsorships listed below is slightly higher, as there is assumed savings included in the actual budget.

District-Wide Sponsorships		
Organization / Event / Sponsorship	FY 2026	FY 2027
23rd Street Merchants Association - Richmond Cinco de Mayo Festival	1,000	1,000
ACE Mentor San Francisco Bay Area, Inc.	2,500	2,500
Alameda Art and Wine Festival - Downtown Alameda Business Association (Park Street Business Association)	2,500	2,500
Alameda County - Statewide Illegal Dumping Conference	2,500	2,500
Alameda County Science and Engineering Fair	500	500
Alameda Recreation and Parks - 4th of July Festival	2,500	2,500
Alliance for Water Efficiency	5,000	5,000
Amador County Fair	750	750
Amador Flyfishers	500	500
American Contract Compliance Association	1,500	1,500
American Fisheries Society	1,000	1,000
American Indian Chamber of Commerce	1,500	1,500
American Society of Civil Engineers - Annual Infrastructure Symposium	1,500	1,500
Asian Enterprise Magazine - Awards Gala	500	500
Asian Health Services - Annual celebration	2,500	2,500
Asian Health Services - CAP	1,000	1,000
Asian, Inc.	1,000	1,000
Bay Area Girls Club	1,000	1,000
Bay Nature Institute	1,000	1,000
Bayfront Chamber (Pinole, Hercules, Rodeo) - Bayfront Festival	2,500	2,500
Berkeley Juneteenth Cultural Celebration - Juneteenth	2,000	2,000
Black Joy Parade	6,000	6,000
Blake Garden - UC Regents Berkeley	1,000	1,000
CA Black Chamber	1,000	1,000
CA Hispanic Chamber Conference - Annual Convention	3,000	3,000
Calaveras County Fair	750	750

Appendix: Sponsorships

Calaveras County Water District - Scholarship Program	2,000	2,000
California Farm Bureau Federation	500	500
California Native Plant Society	2,500	2,500
California Water Data Consortium	5,000	5,000
California Water Efficiency Partnership	6,000	6,000
Castro Valley Chamber Fall Festival	1,500	1,500
Chabot Los Positas Community College District - Friends of Chabot College	1,000	1,000
Chinese for Affirmative Action	500	500
City College of SF - SF Community College	1,000	1,000
City of El Cerrito Recreation - 4th of July Festival	2,500	2,500
City of San Leandro - Cherry Festival	310	310
City of San Ramon Parks and Community Services - San Ramon Art and Wind Festival	3,000	3,000
Community Kitchens Inc	5,000	5,000
Community Resources for Science - STEM Education and Outreach	5,000	5,000
Community Water Center - Annual Water Justice Leadership Awards	1,000	1,000
Construction Resource Center	2,000	2,000
Contra Costa County Science & Engineering Fair	500	500
Contract Costa County Community College District - Los Medanos College Foundation	1,000	1,000
Crockett Chamber - Sugartown Festival and Street Faire	350	350
Cypress Mandela	2,500	2,500
David Brower Center - Corporate Contribution	2,500	2,500
Delta Fly Fishers, Inc	500	500
Delta Stewardship Council - Bay Delta Biennial Conference	0	2,500
Dimond Improvement Association - Oktoberfest	2,500	2,500
Disabled Veteran Business Alliance - Info Tech and Professional Services Expo	500	500
Earth Day/Special Events (Various cities)	1,500	1,500
Earth Island Institute (Clean Power, Healthy Communities) - Corporate Contribution	1,000	1,000
Earthteam	1,500	1,500
East Bay Economic Development Alliance Foundation - Annual Innovation Awards	2,500	2,500
Educational Community for Homeowners	600	600
El Sobrante Chamber - Annual El Sobrante Stroll	305	305
Engineers Without Borders	500	1,000
Euniece Law - The Legacy Continues	1,000	1,000
Foothill Conservancy - Annual Fundraiser	500	500

Appendix: Sponsorships

Friends of San Leandro Creek	2,000	2,000
Friends of Sausal Creek - Native Plant Sale	2,000	2,000
Friends of the Gardens at Lake Merritt	500	500
Friends of the River	1,000	1,000
Greater Richmond Interfaith Program (GRIP)	1,000	1,000
Greater Stockton Chamber	500	500
Greenbelt Alliance Hidden Heroes of the Greenbelt Awards	2,500	2,500
Greywater Action	1,500	1,500
Home2HeadWaters	2,000	2,000
ihub San Joaquin H2O Hackathon	2,500	2,500
Irrigation Association	500	500
John Muir Land Trust	1,000	1,000
Kid Scoop News	3,000	3,000
La Clinica	1,000	1,000
Lafayette Chamber Art & Wine Festival	4,100	4,100
Laney College	500	500
Lao Family Community Development	1,000	1,000
Latino Times	1,000	1,000
Lawrence Hall of Science	1,000	1,000
League of Woman Voters of the Bay Area - Education Fund	1,500	1,500
Lodi Chamber Crane Festival - Lodi Sandhill Crane Association	500	500
Lodi Stem Fair	1,500	1,500
Minority Business Enterprise Magazine - Enterprise Publishing	1,500	1,500
Museum of Children's Art (MOCHA)	5,000	5,000
National Association of Minority Contractors - National	1,500	1,500
National Association of Women in Construction - SF Chapter	500	500
National Coalition of 100 Black Women - Oakland - Madam CJ Walker Luncheon & Empowerment	1,000	1,000
National Veteran Business Development Council	1,000	1,000
Native American Health Center	1,000	1,000
Oakland African American Chamber - Annual Business Awards	3,000	3,000
Oakland Asian Cultural Center - Annual Gala	2,500	2,500
Oakland Chinatown Chamber - Streetfest	4,000	4,000
Oakland Latino Chamber of Commerce	2,000	2,000
Oakland Metropolitan Chamber - Annual Event	3,500	3,500
Oakland Pride	5,000	5,000

Appendix: Sponsorships

Oakland Public Education Fund	1,000	1,000
Oakland Vietnamese Chamber of Commerce	1,000	1,000
Oakland Zoo	500	500
Outdoor Afro Glamp Out Gala	3,000	3,000
Peralta Colleges Foundation	2,500	2,500
Planting Justice	2,000	2,000
Pleasant Hill Recreation & Park District	1,000	1,000
Pride and a Paycheck	500	500
RCF Connects	1,000	1,000
Renaissance Entrepreneurship Center	1,000	1,000
ReScape California	2,500	2,500
Richmond Build - City of Richmond	1,250	1,250
Richmond Main Street Initiative - Spirit and Soul Festival	1,000	1,000
Richmond Police Activities League - NBA Nat'l Block Assoc - Juneteenth	1,000	1,000
Rising Sun Energy Center	1,000	1,000
Rose Foundation - New Voices are Rising Summer Program	1,000	1,000
Rosie the Riveter Trust	2,000	2,000
Ruth Bancroft Garden	5,000	5,000
RYSE Center	1,000	1,000
Salmonid Restoration Federation Annual Conference	1,000	1,000
San Francisco Bay Area Hispanic Chamber	1,000	1,000
San Francisco Bay Section, CA Water Environment Association (CWEA)	350	350
San Francisco Baykeeper	1,500	1,500
San Francisco Estuary Partnership/ABAG - State of Estuary Conference	2,500	0
San Joaquin Ag Fest	500	500
San Joaquin County Hispanic Chamber	2,000	2,000
San Joaquin Delta College Foundation	1,000	1,000
San Joaquin Farm Bureau	500	500
Save the Bay	3,000	3,000
Sierra Club of SF Bay Chapter Annual Awards Ceremony (David Brower Dinner)	2,500	2,500
Sierra Fund	500	500
Sierra Nevada Alliance	500	500
Social Good Fund's The East Oakland Collective	3,000	3,000
Solano Stroll	450	450
Spiral Gardens Community Food Security Project	2,000	2,000

Appendix: Sponsorships

Stewardship Through Education (Motherlode Land Trust)	3,000	3,000
Sustainable Contra Costa Sustainability Awards	3,500	3,500
Swords to Plowshare	5,000	5,000
The Gardens at Heather Farms	1,000	1,000
The Unity Council - CAP	1,000	1,000
The Unity Council - Día de Los Muertos Festival (Spanish Speaking Unity Council of Alameda County, Inc)	5,000	5,000
Tradeswomen, Inc	1,500	1,500
Training Institute for Leadership Enrichment (TILE) - Powerful Women of the Bay Awards Luncheon	2,000	2,000
UC Berkeley - UC Regents Master Gardener Program of Alameda County	2,500	2,500
UC Berkeley - UC Regents Master Gardener Program of Contra Costa County	2,500	2,500
UC Botanical Garden	500	500
United Seniors of Oakland & Alameda County - Healthy Living Festival	250	250
Urban Tilth	2,000	2,000
US Green Building Council	2,000	2,000
Valley Springs Area Business Association	500	500
Walnut Creek Oktoberfest	2,000	2,000
Water Education for Latino Leaders	2,500	2,500
Water Education Foundation	2,500	2,500
Water for People (BAWWA)	1,000	1,000
Water Research Foundation	2,000	2,000
Watershed Project	1,000	1,000
West Contra Costa Public Education Fund - Calculus Roundtable A-Z Program	3,000	3,000
Western Regional Minority Suppliers (WRMSDC)	3,000	3,000
Women Construction Owners & Executives - National	1,000	1,000
Women's Business Enterprise Council Pacific - Astra Society International	2,500	2,500

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Glossary

AB	Administration Building.
Accrual Basis	Accounting method that records income items when they are earned and records deductions when expenses are incurred.
ADM	Administration Department.
Adopted Budget	A balanced financial plan for a specific period of time authorized by the Board of Directors.
AFSCME	American Federation of State, County and Municipal Employees.
AMC	Adeline Maintenance Center.
Amended Budget	A budget that reflects budgetary transfers that occurred after adoption of the budget. The total amended budget amount does not exceed the Board approved appropriation.
Amortization	The process of incrementally charging the cost of an asset to expense over its expected period of use, which shifts the asset from the balance sheet to the income statement. Amortization is commonly used for the gradual write-down of the cost of intangible assets that have a specific useful life. Examples of intangible assets are patents, copyrights, and trademarks.
Appointment Type	Indicates the character of a staff position. The following are the appointment types: Regular, Civil Service Exempt, Intermittent, Temporary, Part-Time, Limited-Term, and Temporary Construction.
Appropriation	Funds for expenditure in the operating and capital budget authorized by the Board of Directors for a specific purpose.
Authorized FTE	A full-time equivalent (FTE) approved by the Board of Directors.
AWWA	American Water Works Association.
Bargaining Unit	Employees represented by American Federation of State, County and Municipal Employees, Locals 444 and 2019; the International Federation of Professional and Technical Engineers, Local 21; and the International Union of Operating Engineers, Local 39.
Benefit Costs	The District's costs associated with employee compensation over and above salary and wages such as retirement, health care, Social Security, disability, and unemployment insurance.
Biennial Budget	A biennial budget contains two standalone annual budgets. The second year of the budget is reviewed and reaffirmed by the Board of Directors.
Board of Directors	The seven public officials elected to represent the wards within the District service area. Also referred to as the "Board".

Appendix: Glossary

Bonds	A form of borrowing where bonds are sold to investors, and the proceeds are used to pay for capital expenditures. Debt service payments are made to repay the bond holders.
Budget	A financial plan that outlines estimated revenues and expenditures for the year to provide customers with safe, reliable water and wastewater services.
Build America Bonds	A type of municipal bond created under the American Recovery and Reinvestment Act of 2009. Also referred to as “BABs”.
Capital Appropriation	Board approved funding for capital projects for which relatively accurate time estimates can be made. Unspent appropriations carry forward to the next fiscal year.
Capital Budget	A financial plan for purchasing, constructing, or rehabilitating fixed assets such as equipment, facilities, and systems.
Capital Cash Flow	Cash disbursements for capital projects. The estimated capital cash flow is used to calculate the rates, and the amount and timing of borrowings to meet the projected expenditure needs for a given time period.
Capital Expenditures / Expenses	Expenditures related to capital projects such as the purchase or construction of equipment, building structures, aqueducts and water/sewer pipelines that have a useful life greater than three years and a cost greater than \$5,000.
Capital Improvement Program	The Board approved set of capital projects that typically results in the construction of new capital facilities, or the modification or upgrade of existing facilities over a five-year period. Project costs include all expenditures to purchase, study, plan, design, construct, or repair/upgrade new or existing physical facilities. Also referred to as “CIP”.
Capital Labor	The portion of District labor costs supporting the capital improvement program.
Capital Steering Committees	Capital Steering Committees are responsible for the oversight and development of the biennial CIP recommendation to the General Manager. Also referred to as the “CSC” or “CSCs”.
Capital Support	A method for allocating capital support function costs to a capital project. Costs are allocated using a rate applied to direct labor. Capital support in the operations budget will decrease operating expense by a like amount and reallocate the cost to the capital budget.
CCF	One hundred cubic feet of water which equals 748 gallons or one unit.
CIP	Capital Improvement Program.
Civil Service	The status of an employee who occupies a full-time Regular or less-than-full-time Regular position and has completed probation in that classification.
Commercial Paper	Another form of financing for capital projects.
Consent Decree	An agreement or settlement to resolve a dispute between two parties.

Appendix: Glossary

Contingency	Funds budgeted each fiscal year to cover unanticipated needs which may arise before the next budget cycle. Starting in FY 2026, contingency also includes non-department expenses, such as claims and insurance-related expenses.
Cost of Service Study	A study of providing water and wastewater services conducted by a third-party to allocate costs among customer classes based on usage characteristics in compliance with Proposition 218 requirements and industry standards.
CSC or CSCs	See Capital Steering Committees.
CSMFO	California Society of Municipal Finance Officers.
CUS	Customer and Community Services Department.
Customer Information System	The District's system for billing customers, collecting revenue, and recording account information.
Debt Service	Expenditures for interest and principal repayment on bonds or other debt.
Debt Service Coverage	The ratio of net revenues to debt service requirements, calculated in accordance with the District's bond documents. The District's policy is to maintain a debt coverage ratio of at least 1.6.
Debt-Funded Capital	Expenditures for capital projects which are funded by bonds, loans, or other debt.
Department	A major organizational unit with overall managerial responsibility for functional programs of the District.
Depreciation	An accounting method of allocating the cost of an asset over the useful life of the asset.
DERWA	Dublin San Ramon Services District, East Bay Municipal Utility District, Recycled Water Authority, a joint program to supply recycled water to portions of San Ramon, Danville, Blackhawk, and surrounding areas.
Distribution System	Water treatment plants, storage reservoirs, pumping plants, pipelines, and appurtenances that treat and transmit water to customers.
District	East Bay Municipal Utility District.
Division	A major organizational unit of a Department. Most departments have several divisions, each providing different services.
Drought	A decrease in the total water system storage at District reservoirs over an extended period of time which results in a water shortage for meeting customers' demand.
DSOD	The California Department of Water Resources Division of Safety of Dams.
East Bay	Communities located in Alameda and Contra Costa counties on the east side of the San Francisco Bay.

Appendix: Glossary

EBMUD	East Bay Municipal Utility District. A publicly owned utility formed in 1923 under the Municipal Utility District Act to provide water service, and in 1944 wastewater service in portions of Alameda and Contra Costa Counties. Also referred to as the “District”.
EBRWP	East Bayshore Recycled Water Project.
EEO	Equal Employment Opportunity.
Encumbrance	The obligated but unspent portion of a contingent liability established through a purchase order. The budget recognizes an encumbrance as an obligation.
ENG	Engineering and Construction Department.
Enterprise Fund	A type of proprietary fund in which a user charge, rather than taxes, is charged to external users for goods or services, and costs are recovered.
Expenditure	The payment of an obligation.
Expenditure Category	There are three types of operating expenditure categories: labor, contracts, and all other costs or operation/maintenance.
FERC	Federal Energy Regulatory Commission.
Fiduciary Fund	A fund in which assets are held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. EBMUD has four types of fiduciary funds: Pension (and other employee benefit), Investment, Private-Purpose and Agency.
FIN	Finance Department.
Fiscal Year	The 12-month period that begins July 1 and ends June 30 of the following calendar year. Also referred to as “FY”.
FM&O	Fully-Maintained and Operated.
FOG	Fats, oils, and grease.
Freeport Regional Water Authority	A joint project with the Sacramento County Water Agency to secure a supplemental dry-year water supply. (FRWA)
FTE	See Full-Time Equivalent.
Full-Time Equivalent	Ratio of the number of hours an employee is paid compared to the number of working hours. An employee who works full-time (2,080 hours per year) counts as one Full-Time Equivalent. Also referred to as “FTE”.
Fund	A fiscal entity with a set of accounts recording financial resources, together with all related liabilities, which are segregated for the purpose of carrying on specific activities in accordance with special regulations or restrictions. The primary District funds are the Water System Fund and Wastewater System Fund.

Appendix: Glossary

Fund Balance	The net position of governmental funds calculated in accordance with the generally accepted accounting principles and used in financial reporting.
Funded Position	Authorized position that the Board of Directors has appropriated funding for a fiscal year.
FY	See Fiscal Year.
GAAP	Generally Accepted Accounting Principles.
GASB	Governmental Accounting Standards Board.
General Manager	The chief executive officer of the District hired by the Board of Directors. Also referred to as “GM”.
GFOA	Government Finance Officers Association.
GM	See General Manager.
GPD	Gallons Per Day.
HRD	Human Resources Department.
HRIS	Human Resources Information System.
Infrastructure	The tangible physical components that ensure delivery of reliable, high quality water and wastewater service such as reservoirs, pumping plants, pipelines, and anaerobic digesters.
INT	See Intermittent.
Intermittent	Intermittent employees work less than full-time but work more than part-time, typically 32 hours per week or more than 1,040 aggregate hours per payroll year. Also referred to as “INT”.
Intradistrict	Certain internal service accounts such as vehicle expenses are included in balance sheets to assure that internal expenses are not counted twice within the operations budget.
ISD	Information Systems Department.
JSA	Joint Settlement Agreement.
Key Performance Indicators	Indicators with specific targets that measure how well the District is progressing in achieving its goals under the Strategic Plan. Also referred to as “KPI”.
KPI	See Key Performance Indicators.
Limited-Term	Positions of a limited duration (maximum of four years) intended to augment regular District staff to accomplish extra work or other operational programs and activities. Also referred to as “LT”.
LT	See Limited-Term.

Appendix: Glossary

MCD	Maintenance and Construction Department.
MG	Million Gallons.
MGD	Million Gallons per Day. (One MGD = 3.07 acre feet which is the volume of water required to cover one acre of land to a depth of one foot).
Modified Cash Flow Basis	Income and expense accounting method that records revenue when cash is received, and records expenses when cash is paid.
MUD Act	Municipal Utility District Act was passed by the California Legislature in 1921; codified in the Public Utilities Code of the State of California, Ch. 764, Stats. 1951 and thereafter amended.
MWWTP	Main Wastewater Treatment Plant.
NOE	Notice of Exemption.
NRD	Natural Resources Department.
NRP	Non-represented.
OGC	Office of the General Counsel.
OGM	Office of the General Manager.
Operating Budget	A financial plan to fund ongoing operations costs incurred to operate the District; excludes the building of capital assets which are included in the capital budget.
Operating Labor	The portion of the District's labor costs supporting the day-to-day operations.
Organization	A group of staff organized into one unit or section working under a division or department. This is the lowest level at which operating budgets are developed.
OSD	Operations and Maintenance Support Department.
Part-Time	Part-time employees are restricted to working no more than 832 hours per year, and do not have civil service status.
Pay-As-You-Go	Capital financing strategy to pay-as-you-go by cash funding capital projects with current and accumulated revenues rather than borrowing funds that will be repaid with future revenues.
PEPRA	California Public Employees' Pension Reform Act.
PGS	Power Generation Station.
PP	Pumping Plant.
Proposed Budget	The recommended balanced financial plan for a specific period of time submitted for consideration to the Board of Directors prior to the start of the Proposition 218 notification process.

Appendix: Glossary

Proposition 218	Passed by California voters in 1996 gave taxpayers the right to vote on all local taxes and requires taxpayer approval of property related assessments and fees.
Proprietary Fund	Proprietary funds are used to account for a government's ongoing activities that are similar to businesses found in the private sector. These funds are considered self-supporting in that the services rendered by them are generally financed through user charges or on a cost reimbursement basis. There are two types of EBMUD proprietary funds: Enterprise and Internal Service.
PT	See Part-Time.
PZ	Pressure Zone.
PZI	Pressure Zone Improvements.
RARE	Richmond Advanced Recycled Expansion project.
Rates	Charges for services to District customers that cover the costs of such services while allowing the District to remain revenue neutral.
RCS	Regulator/Rate Control Station.
REG	See Regular.
Regular	A full-time civil service position.
Reserves	Reserves include cash, operating and policy reserves. Reserves are available for self-insurance claims, unplanned revenue changes, working capital, worker's compensation, and unanticipated contingencies.
Revenue	Monies the District receives from rates and charges, property taxes, sale of energy, and other sources. Revenues are used to pay expenditures and fund reserves.
SCC	See System Capacity Charges.
SD-1	Special District No. 1. Created in 1944, responsible for the treatment and disposal of all domestic, commercial, and industrial wastewater from the cities of Alameda, Albany, Berkeley, Emeryville, Oakland, Piedmont, and the Stege Sanitary District (City of El Cerrito, Richmond annex and the Kensington area).
SEP	Special Employment Program.
SIR	Self-Insured Retention.
SMT	Senior Management Team.
Staffing	The number and character of positions that have been authorized by the Board of Directors and have been determined necessary to carry out District functions.

Appendix: Glossary

Step Increases	Employee salary increases based on progression along a salary market range.
Strategic Plan	A document that provides a blueprint for how the District will respond to future challenges and changing priorities. It outlines specific goals, strategies, and objectives to guide the District to where it wants to be and establishes criteria to measure progress.
SWRCB	State Water Resources Control Board.
System Capacity Charges	Charges paid at the time of new connections to the water system to compensate the District for construction of capital facilities that provide water service, such as reservoirs, transmission facilities, treatment facilities, and treated water storage facilities. Also referred to as “SCC”.
TC	See Temporary Construction.
TEMP	See Temporary.
Temporary	Positions limited to six-month duration and do not have civil service status.
Temporary Construction	Positions of limited and specified duration typically associated with a specific capital project. Temporary Construction positions do not have civil service status. Also referred to as “TC”.
Uniform System of Accounts for Water Utilities	Guidelines established for the financial reporting of accounts, account structure and definitions, used to track revenue, expenses and asset and liability balances. The District uses the Uniform System of Accounts for Water Utilities established by the California Public Utilities Commission.
USL	Upper San Leandro.
Wastewater Capacity Charges	Charges paid at the time of new connections to the wastewater system to compensate the District for capital facilities that provide wastewater treatment, such as interceptors, primary and secondary treatment facilities, and wet weather treatment plants.
WOD	Water Operations Department.
WRD	Water Resources Department.
WRP	Water Recycling Program.
WSMP	The Water Supply Management Program is a plan for ensuring a reliable high quality water supply for the future that includes pursuing supplemental supplies, water conservation, and recycled water.
WTP	Water Treatment Plant.
WWF	Wet Weather Facilities.