January 20, 2026
Public Works - Utilities Division

TITLE: RECEIVE AN UPDATE ON UTILITIES SYSTEM ACTIVITY ADVANCING THE ONE PLEASANTON STRATEGIC PRIORITY, INVESTING IN OUR ENVIRONMENT

SUMMARY

This report provides an update on Utilities programs and projects supporting the City's water, sewer, and stormwater systems from January 2025 through November 2025. The report highlights progress on the Water System Management Plan, Sewer System Management Plan, and Stormwater Management Plan; summarizes key regulatory requirements and implementation efforts; and provides a status update on current bond-funded projects.

The purpose of this report is to promote transparency and provide insight into the City's ongoing efforts to effectively manage critical utility infrastructure in alignment with the City's strategic goals, including the identified City Council strategic priority of *Investing in Our Environment*, ensuring reliable and sustainable water, sewer, and stormwater services for the community while advancing accountability, environmental stewardship, and long-term system resiliency.

RECOMMENDATION

Receive an update on Utilities System Activity advancing the ONE Pleasanton Strategic Priority, Investing in Our Environment.

BACKGROUND

The City distributes approximately 14,000 acre-feet of safe, reliable drinking water annually to over 22,000 customers. The City has traditionally relied on two sources of water supply: treated surface water and groundwater purchased from the Zone 7 Water Agency (Zone 7), and groundwater from City-owned and operated wells (currently not in use). The City's water distribution system consists of 20 storage tanks, 14 pump stations, and over 300 miles of primarily underground piping. The annual operating budget for the water system program for fiscal year (FY) 2025/26 is currently approximately $38 million, with approximately $11.5 million allocated to the Capital Improvement Program (CIP) budget.

The City owns and operates a sewer collection system comprising approximately 253 miles of gravity sewers, approximately 4.9 miles of force mains, eight siphons, 11 active pump stations, and approximately 21,000 service connections. The average dry weather flow is approximately 6 million gallons per day (MGD). The City has agreements with Dublin San Ramon Services District (DSRSD) and City of Livermore (for Ruby Hill service area) for wastewater treatment, and is a member of the Livermore-Amador Valley Water Management Agency (LAVWMA) for treated wastewater disposal. The City also has agreements with Alameda County that allow sewage flows from their Castlewood Service Area to be transported through the City's collection system for treatment at DSRSD. The City's sewer system operation and CIP is

guided by the Sewer System Management Plan, approved by the City Council in July 2025. The annual operating budget for the sewer system program for FY 2025/26 is currently approximately $19.3 million, with capital improvement needs funded separately through the City's adopted CIP and long-term financial planning efforts.

The City maintains approximately 260 miles of storm drain infrastructure, including 6,252 individual storm drains, designed to convey runoff to local creeks and ultimately to regional water management systems. Unlike the City's water and sewer utilities, the stormwater system is currently the only utility system funded through the General Fund. To support long-term system sustainability, the City Council approved the award of a contract on October 7, 2025, to establish the City's first Storm Water Management Plan. One of the primary objectives of this effort is to evaluate funding and revenue generation options to better support ongoing operations, regulatory compliance, and capital investment needs for this critical utility system. For FY 2025/26, the stormwater program operating budget is approximately $1.7 million, with an additional $12.8 million allocated through the Capital Improvement Program (CIP).

DISCUSSION

SECTION 1. WATER SYSTEM

1.1 Water System Management Plan

The Water System Management Plan (WSMP) was accepted by the City Council in January 2025. The document serves as a guiding document for the water rate study, which concluded on October 7, 2025.

1.2 Water Enterprise Fund Financials

Financing/Water Revenue Bonds

The City's Joint Powers Financing Authority (JPFA) completed its sale of the 2024 Water Revenue Bonds on June 4, 2024, for a total of $19,164,268, including funds for issuance costs. The bond provides $19 million with a 4.11 percent true interest cost. The bond proceeds are being used to pay for the necessary near-term water infrastructure improvements and anticipated design costs for the regional groundwater wells project. The City has three years (June 2027) to complete the projects approved by the City Council as the Near-Term Water Improvements.

The City will use bond proceeds for four major water projects. Any remaining balance will be used to fund additional priority projects identified in the WSMP. The project budgets and fund balances are summarized in the table below. The status of each project is described later in this report and in more detail in Attachment 1. The total encumbered amount does not include the project contingency authorized by the City Council until a change order is issued to a contract.

Table 1. Summary of Major Water Revenue Bond-Funded Projects

Project Name	Total Budget	Total Expended/ Encumbered	Total Remaining
CIP #24174 Regional Groundwater Facility Project – In Design	$3,000,000*	$339,387**	$2,660,613

CIP #24171 Turnout #4 and Stoneridge Dr. & Sunol Water Main – In Construction	$10,466,025	$10,122,121	$343,904
CIP #24172 Bernal Ave Water Line and Turnout #1 - Completed	$1,985,791***	$1,985,791	$0
CIP # 24181 Turnout #4 Procurement – In Construction	$1,300,000	$1,287,000	$13,000
Unappropriated/Contingency	$2,248,184**	$0	$2,248,184
Total	**$19,000,000**	**$13,734,299**	**$5,265,701**

* Including Grant Total Budget $4,000,000
** Including Grant Total Expended $1,336,686.63
*** 24172 Original Budget $2,205,420 Project completed, remaining budget moved to unappropriated.

Water CIP Summary (Not included above) for FY 2025/26:

Table 2. Other Water CIP Projects for FY 2025/26

Project Name	FY25/26 Budget	Status
Water System Emergency Power Improvements Program	$856,990	On schedule, In Design On Budget
Water System Management Plan	$330,816	Completed On Budget
Lemoine Bypass Pipeline	$158,020	On-Hold, Completed design. Pending Construction Budget and competing priorities.
Recycled Water System Management Plan	$300,000	On-Hold. System is in good condition. Comprehensive management plan postponed to 2027/2028
Annual Recycled Water Repair & Replacement	$100,000	On-Hold. System is in good condition. The fund is reserved for emergency situation.
Water Meter and AMI System Replacement	$2,770,000	On Schedule, Project is advertised. Additional budget for construction needed
Annual Water Distribution Improvements	$550,000	On schedule, In Design On Budget

The City's water meter replacement project has been accelerated to meet the target completion date of December 2028 per the settlement agreement with Zone 7. To avoid an impact on the water reserve fund and water rates, staff plans to postpone the Kilkare-Sunol Fire Flow project for a year, starting design in FY 2028/29.

2025 Water Enterprise Operating Budget

According to the May 2025 Council-approved operating budget, the annual operating budget for FY2025-26 is $38 million.

Enterprise Fund & Debt Services Fund

	ACTUALS FY 2023/24	MODIFIED FY 2024/25	PROJECTED FY 2025/26	PROJECTED FY 2026/27
Revenues				
Intergov Revenue	$148,825	–	–	–
Charges for Services	$30,674,639	$37,161,768	$39,283,307	$41,432,889
Reimb & Misc	$37,839	$103,185	$196,370	$196,370
Interfund Revenue	$665,104	$431,041	$687,500	$721,700
REVENUES TOTAL	**$31,526,406**	**$37,695,994**	**$40,167,177**	**$42,350,959**
Expenditures				
Personnel Services	$5,070,598	$5,729,749	$6,823,983	$8,388,708
Transportation & Training	$86,105	$129,000	$119,500	$119,500
Repairs and Maintenance	$425,872	$151,000	$151,000	$151,000
Materials, Supplies, and Services	$27,211,296	$27,300,530	$29,034,417	$30,379,660
Capital Outlay	$48,900	$889,000	$800,000	$1,075,000
Debt Services	$213,896	$1,200,000	$1,113,750	$1,115,250
EXPENDITURES TOTAL	**$33,056,667**	**$35,399,279**	**$38,042,650**	**$41,229,118**

The Operating Budget supports water supply purchases (~$25 million), routing repair and replacement (R&R, $800k) of water distribution system, lift station, booster pump station, and other water-related expenditures like personnel salary, transportation and training, debt services, regular operating maintenance, utility billings and business services, and water conservation services (~$12.2 million).

1.3 Water Supply and Distribution

The City's water supply portfolio continues to rely on Zone 7 Water Agency deliveries. Zone 7 has indicated that adequate regional supply availability is expected through FY 2025/26. Distribution system performance remains strong, with ongoing valve and hydrant maintenance programs ensuring system reliability and fire flow capability.

1.4 Water Rate and Connection Fee Studies

On October 7, 2025, the Prop 218 process was completed successfully. The City Council approved the new water rate increase for the next four years. The new rate took effect on January 1, 2026.

1.5 Regulatory Requirements and Implementation

This section outlines all the State-mandated regulatory requirements for the City of Pleasanton as a water distributor and water retailer, including how the regulation will impact the City, businesses, and residents.

PFAS Regulations
Description

On April 10, 2024, the U.S. Environmental Protection Agency (EPA) announced the final National Primary Drinking Water Regulation (NPDWR) for six per- and polyfluoroalkyl substances (PFAS). According to EPA regulations, public water systems must initially monitor for these PFAS by 2027. Per the EPA regulation, public water systems must comply with the new PFAS MCLs by 2029.

The rule sets enforceable Maximum Contaminant Levels (MCLs) for six PFAS (PFOA, PFOS, PFHxS, PFNA, HFPO-DA, and mixtures) based on a Hazard Index. Public water systems have three years from the rule's effective date to carry out initial monitoring/testing for these PFAS (i.e., by 2027). After that, systems must conduct ongoing compliance monitoring and report levels to the public (beginning in 2027). Within five years (by 2029), if levels exceed the MCLs, systems must implement treatment or other measures to reduce PFAS levels and notify the public of violations.

Funding NA	**Key Milestones:** 2027- carry out initial monitoring/testing for these PFAS and conduct ongoing compliance monitoring and report levels to the public 2029 - if levels exceed the MCLs, systems must implement treatment or other measures to reduce PFAS levels and notify the public of any violations

Impact Analysis

To the City	**To Businesses**	**To Resident**
Wells 5, 6, and 8 have been shut down since November 2022. The City currently purchases all water from Zone 7.	No direct impact	No direct impact

Current Status
The City has stopped supplying water using Wells 5, 6, and 8, which have exceeded the new EPA MCL on the six elements of PFAS, and is purchasing 100 percent of water from Zone 7. By doing so, the EPA regulation is not applicable to the City. The City is partnering with Zone 7 on Phase 1-Feasibility Study to explore the possibility of diversifying our water supply with new groundwater wells. Staff is planning to present the Feasibility Study to the City Council in Spring 2026 with a recommendation for the next phase.

Making Conservation a California Way of Life Regulation

Description
The State Water Resources Control Board (SWRCB) adopted the Making Conservation a California Way of Life regulation. Under this new regulation, urban water suppliers must comply with their annual "urban water use objective" (UWUO), which is the sum of standard-based budgets for an aggregate set of water uses, by January 2027. Critical data necessary to accurately analyze long-term implications for the City, compared to current usage, is not yet available. A water use budget will be established for Pleasanton's entire service area, rather than individual households or businesses. The City will continue to work with

customers to achieve water savings that may be needed to meet the new regulation. The City met UWUO compliance for both FY 2023/24 and 2024/25 reporting cycles, with actual usage over FY 2024/25 of 12,846 acre-feet (AF), compared to the City's FY 2024/25 Objective of 14,878 AF.

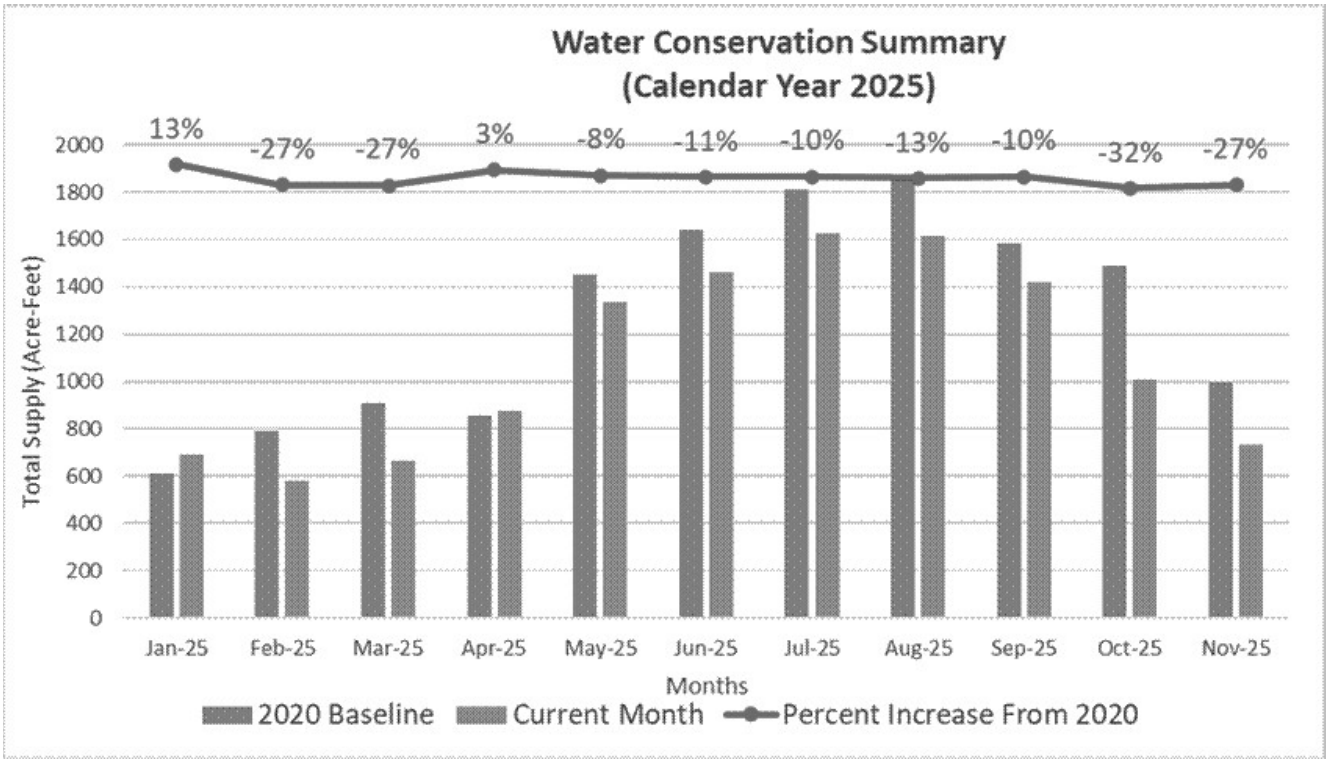
Funding Operating Budget: $40,000	**Key Milestones:** Jan 2027 - Comply with UWUO

Impact Analysis

To the City	**To Businesses**	**To Resident**
The impact analysis is currently incomplete due to pending data requirements, which will be supplied by the Department of Water Resources.	No immediate impacts	No immediate impacts

Current Status

Water conservation remains an integral part of the Tri-Valley's water program. For the calendar year 2024, water customers' conservation efforts fluctuated, as shown in the summary chart below. For the 11 months shown, water consumption was reduced by an average of 10 percent. February, March, and May were the months with higher conservation due to the wet weather. These are significant reductions, indicating that City water users are prioritizing conservation.



Water Loss Program

Description
As part of the State's "Making Conservation a California Way of Life" regulatory framework, the State WRCB has adopted Real Water Loss Performance Standards applicable to all urban retail water suppliers. These standards are designed to reduce physical water losses from distribution system leaks, breaks, and other inefficiencies. Collectively, these requirements advance statewide efforts to improve water system efficiency, strengthen accountability, and promote long-term water conservation as a permanent and sustainable practice in California.

Funding	**Key Milestones:**
Operating Budget	Annually - The water loss component is incorporated into the City's Urban Water Use Objective with an annual report January 1, 2028 - compliance with individualized performance standards and the State-specified water loss target

Impact Analysis

To the City	**To Businesses**	**To Resident**
The City will be required to continue conducting validated annual water loss audits, enhance leak detection and repair programs, and maintain detailed records of system performance. Meeting the new real water loss standards by 2028 requires capital investment in pipeline rehabilitation, pressure management, advanced metering, and improved data systems.	Part of the recent water rate increase is associated with new water loss control measures.	Part of the recent water rate increase is associated with new water loss control measures.

Current Status
Evaluating the City's water loss target set by the State Water Board and establishing a program that supports the City to meet compliance by January 1, 2028.

Urban Water Management Plan

Description
An Urban Water Management Plan (UWMP) is a state-mandated, long-range planning document required by California law that demonstrates how the City will reliably meet water demands over a 20-year planning horizon, including during droughts and emergencies. The UWMP evaluates existing and future water supplies, projects water demands, documents water conservation and efficiency efforts, and incorporates the City's Water Shortage Contingency Plan. The Plan must be updated every five years, adopted by the City Council

following a public hearing, and submitted to the California Department of Water Resources. Adoption of the UWMP supports sound financial and capital planning, ensures compliance with state requirements, and provides a policy framework for managing water resources under normal, dry, and emergency conditions.

Funding	**Key Milestones:**
Operating Budget - $100,000	By July 1, 2026 - City Council accepts the Urban Water Management Plan; Urban Water Management Plan due to the SWRCB

Impact Analysis

To the City	**To Businesses**	**To Resident**
Fulfills regulatory requirement, provides basis for future yearly Zone 7 delivery requests	No immediate impacts	No immediate impacts

Current Status
The draft UWMP is currently under development, and a Notice of Preparation is anticipated to be released in January 2026.

AB1572 Nonfunctional Turf Ban

Description
AB 1572 is a new law systematically prohibiting the watering of “nonfunctional turf” with potable water (single-family homes are exempt). Nonfunctional turf is considered areas of grass that are not located in recreational-
use areas or community spaces with open access for assembly. Exceptions exist for watering to the extent necessary to ensure the health of trees and other perennial plants. No restrictions exist on residential yards, cemeteries, parks, sports fields, or golf courses.

Funding	**Key Milestones:**
CIP Project 26767 $1.1 million Total for FY25/26 and FY 26/27 R&R Budget $150,000 for FY25/26	January 1, 2027 – All properties owned by the City and other government agencies January 1, 2028 – All other institutional and commercial properties January 1, 2029 – All common areas of homeowners’ associations, common interest developments, and community service organizations or similar entities January 1, 2031 – All government facilities in disadvantaged communities (or the date at which State funding is available)

Impact Analysis

To the City	**To Businesses**	**To Resident**
Upgrade City-owned nonfunctional turf by January	Establishing a plan and budget to	Reduction in turf areas around the city and removal of nonfunctional turf in

1, 2027	convert nonfunctional turf by the required deadline.	HOAs to meet compliance.

Current Status
Staff has facilitated a study to identify underutilized turf areas at selected City-owned properties with opportunities for water reduction through turf replacement. A CIP Project with a total budget of $1.1 million was approved by the City Council in May 2025 with an R&R budget of $150k.

To meet the requirements, the City must revise its municipal code to include the prohibition of potable water use among the AB 1572 specified potable water customer categories and must communicate the new requirements to customers on or before January 1, 2027. Staff recommends adding this to the Pleasanton Municipal Code (PMC) Section 14.04.060(G), which lists the City's current definitions of water "waste" as prohibited uses of water. This revision will be presented to the City Council in the first half of 2026.

Staff will engage the community through outreach to stakeholders and customer classes that will be impacted by the new prohibition, as well as by addressing public calls, inquiries, and water waste reports. Proactively, staff will develop outreach content to educate customer classes about the new prohibition and provide guidance on alternatives to turf. Additionally, staff anticipates an increase in customer calls with concerns and questions regarding the new requirements.

Addressing the new AB 1572 requirements has been incorporated into the Public Works FY 2025/26 work plan, which has the added benefit of supporting the City's efforts in achieving its obligations under the new Making Water Conservation a California Way of Life regulation.

Cross-Connection Control Regulations

Description
The goal of the new Cross-Connection Control Policy Handbook (CCCPH), which went into effect July 1, 2024, is the protection of public health through the establishment of standards to protect public drinking water distribution systems through the prevention of backflow from end-user sources into the potable distribution system. In accordance with these new regulations, the City developed a Cross-Connection Control Plan (CCCP), which was submitted to the Division of Drinking Water prior to the July 1, 2025, due date. Additionally, staff continues to participate in regional technical work groups, which periodically meet to share information and ideas about implementing this regulation.

Funding Operating Budget: $40,000	**Key Milestones:** July 2028 – Compliance target for identification and backflow of all parcels with wells and City potable supply July 2035 – City's proposed deadline for completion of initial hazard assessment over all

	connections	
Impact Analysis		
To the City Requires a substantial amount of staff time to implement.	**To Businesses** Businesses identified as being out of compliance will need to install backflow prevention devices.	**To Resident** Residents identified as having a level of cross-connection hazard requiring backflow protection, if not currently equipped, will be responsible for installing the appropriate backflow protection.
Current Status Staff is in the process of conducting hazard assessments of the potable distribution system to detect possible cross-connection hazards within the framework outlined in the CCCP. Educational content has been developed and is available on the City's website to support the community with any questions regarding backflow protection and cross-connection controls, which may result from staff outreach efforts. City website has been updated with the current information: Cross-Connection Control & Backflow Prevention Program - City of Pleasanton		

Lead and Copper Rule	
Description The State Division of Drinking Water (DDW) developed new guidelines for lead and copper, which require water agencies to inspect all service lines for lead and copper within their respective service area. The next step is for DDW to review and provide a response to the lead service line inventory. Sampling is conducted every three years, and the last residential sampling occurred in September 2025. The new Lead and Copper Rule for 2025 requires that community water systems test for lead in drinking water in elementary schools and childcare facilities they serve; previously, there was no federal requirement for community water systems to test for lead in drinking water in these types of facilities.	
Funding Phase 1-Operation Phase 2-Unfunded Phase 3-Unfunded	**Key Milestones:** **Phase 1 - October 16, 2024** – City staff submitted a plan to Division of Drinking Water (DDW) using the stratified sampling method to inspect 764 homes and businesses for lead service lines. Zero lead was found. The identified homes were built pre-1985. The plan was approved by DDW. **Phase 2 - December 31, 2025** – State required water retailers to send notifications to all the unknown/unverified property owners with properties built before 1985. The City is exempt from this requirement. **Phase 3 - October 16, 2027** – City must submit a complete **Lead Service Line Inventory (LSLI)** to the State Water Board (all public and private

	service lines classified as lead, galvanized requiring replacement (GRR), non-lead, or unknown). **Starting 2027** – City must provide annual public access to the inventory and update as replacements occur. **Phase 4 - 2029–2039 – Mandatory 10-year lead service line replacement program (LSLR)** begins, targeting all identified LSLs and GRRs, with an annual replacement rate of at least 10 percent unless approved otherwise. **Ongoing** – Compliance with monitoring, customer notification within 24 hours of elevated lead results, and annual consumer confidence reporting.

Impact Analysis

To the City	To Businesses	To Resident
Additional coordination with water meter replacement project. Currently, no additional funding needed.	If lead pipes or connections are found on private property, property owner will need to mitigate the non-compliance.	If lead pipes or connections are found on private property, property owner will need to mitigate the non-compliance.

Current Status

The City is on schedule to complete all tasks required under the State's Lead and Copper Rule. Traditionally, the City is responsible for infrastructure from the water main to the water meter, while property owners are responsible for infrastructure from the meter to the building. Under the new State requirement, the City must now verify and document both public and private service line materials.

To meet this requirement, staff implemented a three-phase approach:

- Phase 1: EPA finalized the Lead and Copper Rule Improvements. The Initial LSLI submission for City of Pleasanton (CA0110008) was accepted as timely on October 9, 2024. The inventory submission and work plan were reviewed and approved by the Lead and Copper Rule Unit on January 10, 2025. Staff conducted visual inspections of approximately 750 residential, commercial, and industrial sites. No lead pipes were found in Pleasanton's drinking water system.
- Phase 2: Confirmed with the State Water Board that the City had fulfilled this requirement, as the statistical sampling completed in October 2024, showed the City has no lead pipes.
- Phase 3: The City will replace all 22,000 water meters by Spring 2028. Based on the State Water Board's requirement, staff is prioritizing 380 water meter replacements at properties built before 1985 and vulnerable facilities, such as schools, daycare facilities, and senior centers. During meter replacement, contractors will conduct concurrent inspections to confirm full compliance with lead and copper requirements. It is anticipated that 75 percent of the water meters (about 15,700) will be replaced by

the end of 2027, and 100 percent by 2028, exceeding the State's requirement.

1.6 Recent Test Results and Reports

Annual Water Quality Report

The State-mandated water quality report, also known as the Consumer Confidence Report (CCR), was completed in May. The technical and analytical water quality information presented in the CCR is required by State health regulations. These regulations require water suppliers to inform customers about the source of their water, the contents of their water, and any violations of safe drinking water standards that may have occurred during the preceding reporting period. This report provides the results of all tests required to be performed on Pleasanton's water supplies during 2024. The CCR reports that all 2024 water quality tests confirmed the water delivered to the Pleasanton community met all applicable federal and state drinking water standards without any violations. The report is posted online at www.PleasantonWater.com, and copies are available at the Public Works Department/Operations Service Center at 3333 Busch Road.

TTHM/ HAA5 Public Notification

Total Trihalomethanes (TTHM) and haloacetic acids (HAA5s) are disinfection byproducts (DBPs) that form when water disinfectants, such as chlorine and chloramine, react with other naturally occurring organic matter (dissolved leaves and other vegetation) in the water. Levels of TTHMs and HAA5s are affected by the organic content in the water, water age, storage practices, and warmer temperatures.

Since 2022, the City has relied solely on Zone 7 surface water. Surface water generally contains higher organic matter and DBP precursors compared to groundwater.

As part of our ongoing monitoring, if the City identifies a result above a drinking water standard, we are required to notify customers. These notices are not emergencies, but they provide important information about what was found, what it means, and the steps being taken to ensure compliance with state and federal standards.

On June 10, 2025, testing at one of the City's 19 storage tanks (Tank 1600 in the Kilkare area) showed levels of TTHM and HAA5 above regulatory standards. This exceedance affected fewer than 200 customers and was addressed immediately. The City met with regulators and proposed a corrective action plan that includes three mitigation measures: ongoing flushing of the water distribution system, installation of a solar mixing device in Tank 1600 to reduce water age and improve circulation, and the engagement of a consultant to develop a long-term mitigation plan.

In December 2025, the City submitted a proposed near-term and long-term mitigation plan to the State for review. While the City is working with the State to implement an approved permanent solution, the City has implemented an interim action plan by flushing the affected system to prevent stagnant water and reduce the development of byproducts. The intermediate action plan has shown positive improvements, as evidenced by test results that indicate the TTHM/HHA5 level is below the MCL.

SECTION 2. SANITARY SEWER SYSTEM

2.1 Sewer Enterprise Fund Financials

The Sewer Enterprise Fund remains financially stable through the first half of FY 2025–26. Revenues and expenditures are tracking close to budgeted projections, with expenditures primarily related to system maintenance, regulatory compliance, and capital improvement projects. Fund reserves remain within the adopted reserve policy levels, providing adequate capacity to support planned rehabilitation and replacement projects.

Table 3: Sewer CIP Summary for FY 2025/26

Project Name	FY25/26 Budget	Status
Annual Sewer Inspection System Improvements	$730,000	On schedule, In implementation On Budget
Sewer System Emergency Power Improvements Program	$2,167,532	On schedule, At 65% design. Target to start construction Summer 2026. On Budget
Sewer Capacity Evaluation	$36,673	Completed On Budget
Sewer System Management Plan	$132,759	Completed On Budget
Sewer Station S-14 Electrical Improvements	$643,138	On schedule, In Construction On Budget
Denker Drive Emergency Sewer Repairs	$650,000	Completed Not budgeted
Sunol Boulevard Sewer Improvements	$1,600,000	On schedule, In Design On Budget

Sewer Operating Budget Summary for FY25/26:

Sewer

Enterprise Fund

	ACTUALS FY 2023/24	MODIFIED FY 2024/25	PROJECTED FY 2025/26	PROJECTED FY 2026/27
Revenues				
Intergov Revenue	$83,392	–	–	–
Charges for Services	$16,781,934	$17,932,310	$18,470,279	$19,024,387
Reimb & Misc	$11,458	–	–	–
Interfund Revenue	$403	$2,500	$2,500	$2,500
REVENUES TOTAL	**$16,877,187**	**$17,934,810**	**$18,472,779**	**$19,026,887**
Expenditures				
Personnel Services	$2,180,857	$2,798,606	$3,293,349	$3,455,231
Transportation & Training	$38,875	$90,000	$80,000	$80,000
Repairs and Maintenance	$1,008,711	$87,000	$87,000	$87,000
Materials, Supplies, and Services	$13,731,706	$13,484,300	$14,488,000	$15,146,203
Capital Outlay	$70,782	$1,750,000	$1,375,000	$1,095,000
EXPENDITURES TOTAL	**$17,030,930**	**$18,209,906**	**$19,323,349**	**$19,863,434**

2.2 Sewer System Management Plan (SSMP)

Public Works continues implementation of the City's Sewer System Management Plan (SSMP), consistent with the State's Waste Discharge Requirements. Recent efforts include updates to maintenance standards, staff training, and data collection for performance tracking. A full SSMP was approved by the City Council in June and submitted to the State Water Board in July 2025, as required every five years.

2.3 Sewer Rate Study

The City's multi-year Sewer Rate Study is underway to assess the adequacy of existing rates in supporting operating, maintenance, and long-term capital needs. Preliminary findings indicate that projected needs will necessitate rate adjustments to maintain fiscal sustainability. Staff presented the Long Term Sewer CIP on November 4, 2025 that will be used as the basis for the sewer rate study. Staff anticipates presenting financial model results in early 2026, preliminary rates by mid-2026, and the completed sewer rate study and Prop 218 process by late 2026. Staff targets new sewer rates to be effective January 1, 2027.

2.4 Regulatory Requirements and Implementation

Staff continues to monitor and implement new and evolving State and Regional regulatory requirements, including compliance with the San Francisco Bay Regional Water Quality Control Board's updated sanitary sewer order and reporting mandates. Implementation efforts focus on Fat, Oil, and Grease (FOG) inspection and enforcement, sewer condition assessment using CCTV, force main inspection, siphon inspection, and root foaming.

SEWER PIPE BLOCKAGE CONTROL PROGRAM
Description In California, FOG (Fats, Oils, and Grease) management is regulated under the State Water Resources Control Board's Waste Discharge Requirements (WDRs) for sanitary sewer systems. Specifically, the Statewide General Waste Discharge Requirements Order No. 2006-0003-DWQ, as amended by Order No. WQ 2013-0058-EXEC, requires all sewer

system agencies to implement a Sanitary Sewer Management Plan (SSMP). One of the mandatory SSMP elements is a FOG Control Program, which outlines how the agency will identify and control sources of FOG that may cause blockages in the collection system. Agencies must implement measures such as public education, inspection of food service establishments, enforcement of grease control device requirements, and maintenance of high-FOG areas in the system. These regulations are designed to reduce sewer spills, protect public health, and ensure compliance with state and federal Clean Water Act requirements.

Funding Sewer Enterprise Fund	**Key Milestones:** 2025 - Establish FOG Program

Impact Analysis

To the City	**To Businesses**	**To Resident**
Resources and training requirements	Educate on regulations, implement measures, and maintain compliance. Non-compliance may result in fines and service interruptions.	Little impact. Regulations mainly target businesses and commercial facilities.

Current Status
Council approved adding an Environmental Services Specialist to the Environmental Services Division under the Utility Operation 2025 budget cycle to conduct FOG-related tasks, and this position was filled in December 2025. In addition, to support compliance with WDR requirements, the City hired a consultant to finalize the Sewer Pipe Blockage Control Program manual and provide as-needed temporary support with conducting FOG inspections while the program is being established.

Staff has conducted educational outreach to food service establishments that will receive FOG inspections, providing guidance on best management practices (BMPs) and advanced notification of inspections. In addition, City staff met with the Pleasanton Downtown Association (PDA) in October 2025 to provide information about the program and its impact on food service establishments. They also partnered with the PDA to distribute educational materials to downtown businesses.

To support food service establishments, staff have created educational outreach materials and updated the City's website with current information. Staff also conducted the first public outreach engagement at the 2025 Fire Expo Public Works booth in October 2025. The inspection program will be in full effect early in 2026.

SEWER SYSTEM CONDITION ASSESSMENT- CLOSED-CIRCUIT TELEVISION (CCTV)

Description
Under the State Water Board's Waste Discharge Requirements (WDRs) Order No. 2006-

0003-DWQ, as amended by Order No. WQ 2013-0058-EXEC, all wastewater collection system agencies in California are required to implement a Sanitary Sewer Management Plan (SSMP) to minimize the risk of sanitary sewer overflows. One of the key components of the SSMP is the requirement to evaluate and assess the condition of the sewer system using inspection techniques such as Closed-Circuit Television (CCTV). CCTV inspections provide detailed visual documentation of pipe conditions, helping agencies identify maintenance needs, structural deficiencies, and potential sources of blockages. This regulatory requirement ensures that agencies maintain an ongoing assessment program to support preventive maintenance, rehabilitation planning, and overall system reliability in compliance with state standards.

Funding Sewer Enterprise Fund	**Key Milestones:** Complete CCTV inspections of the entire sewer system every 7 years

Impact Analysis

To the City	**To Businesses**	**To Resident**
Resource and budget needs	None	None

Current Status
The City has completed approximately 30 percent of the CCTV inspection of the sewer collection system. Funding is in place for FY 2025/26 and FY 2026/27 to continue the inspection program. Continuation of the program beyond FY 2026/27 will be contingent upon approval and adoption of updated sewer rates.

Internal sewer operations capacity remains constrained due to ongoing recruitment challenges. To support continuity of the inspection and cleaning program, the City has established on-call contractor services to augment internal staff resources.

Year-to-date, the City has completed approximately 239,561 linear feet of sewer cleaning and 127,023 linear feet of CCTV inspection, using a combination of City staff and contractor support. These production levels represent strong progress early in the fiscal year.

FORCE MAIN INSPECTION PROGRAM

Description
Under the State Water Board's Waste Discharge Requirements (WDRs) Order No. 2006-0003-DWQ, as amended by Order No. WQ 2013-0058-EXEC: Wastewater collection system agencies are required to properly operate, maintain, and manage all components of their sewer systems, including force mains. The SSMP requires the City to have a proactive program to assess the condition, reliability, and performance of these pressurized pipelines. Inspections may include visual assessments, pressure testing, acoustic monitoring, or internal condition evaluation using specialized technologies. Regular force main inspections are critical for identifying potential leaks, corrosion, or structural failures, thereby reducing the risk of sanitary sewer overflows and ensuring compliance with state requirements for system integrity and environmental protection.

Funding:	**Key Milestones:**

Sewer Enterprise Fund	2025 - Establish Force Main inspection program and start inspection

Impact Analysis

To the City	To Businesses	To Resident
Resource and budget needs	None	None

Current Status
A consultant is being brought on board to establish a force main inspection program and initiate inspections in 2026, with projected completion in 2026. The result of the inspection will be used to initiate the CIP or R&R project. The current funding is allocated for the inspection. Funding for CIP and R&R projects on the force main system is pending approval and adoption of the new 20-year sewer CIP program, as well as approval of the new sewer rate adoption. Inspection will start after the City Council approves the issuance of an as-needed contract.

LIFT STATION INSPECTION PROGRAM

Description
Under the State Water Board's Waste Discharge Requirements (WDRs) Order No. 2006-0003-DWQ, as amended by Order No. WQ 2013-0058-EXEC, agencies that own or operate sanitary sewer systems are required to properly manage, operate, and maintain all parts of the collection system, including lift stations. As part of the SSMP, agencies must establish and implement inspection, maintenance, and monitoring procedures to ensure lift stations function reliably and do not contribute to sanitary sewer overflows. This includes routine inspections of pumps, wet wells, electrical and control systems, alarms, and backup power equipment to verify proper operation. Lift station inspection and maintenance programs must be documented and supported by appropriate staffing, preventive maintenance schedules, and emergency response plans to ensure compliance with state regulations and protection of public health and the environment.

Funding: Sewer Enterprise Fund	**Key Milestones:** 2025 - Establish lift station inspection program

Impact Analysis

To the City	To Businesses	To Resident
Resource and budget needs	None	None

Current Status
The City completed inspection of all lift stations in 2024. Based on inspection results, several lift stations have been identified as requiring Priority A and B improvements, which are primarily minor in nature and intended to extend the useful life of assets through the end of the 20-year Capital Improvement Program (CIP) planning horizon. Only Lift Station S-5 is currently targeted for near-term full replacement.

The CIP scope and associated budget needs are identified in the 20-Year Sewer CIP Plan approved by the City Council on November 4, 2025. Funding to support the implementation of the CIP is contingent upon the completion of the sewer rate study and the adoption of

updated sewer rates, anticipated in January 2027.

SEWER SIPHON INSPECTION PROGRAM

Description
Under the State Water Board's Waste Discharge Requirements (WDRs) Order No. 2006-0003-DWQ, as amended by Order No. WQ 2013-0058-EXEC, agencies that own or operate sanitary sewer systems are required to properly manage, operate, and maintain all parts of the collection system. This requirement includes sewer siphons, which are critical infrastructure elements designed to convey wastewater beneath roadways, waterways, and other obstructions. As part of the SSMP, the sewer siphon inspection program establishes routine inspection, maintenance, and monitoring procedures to ensure siphons remain structurally sound, hydraulically functional, and free of obstructions or excessive sediment buildup. Inspections typically include visual assessments of siphon barrels and appurtenances, evaluation of flow conditions, confirmation of accessibility and operability, and identification of conditions that could contribute to blockages or sanitary sewer overflows. The program is documented and supported by appropriate staffing, inspection frequencies, maintenance protocols, and corrective action procedures to ensure compliance with WDR requirements and to protect public health and the environment.

Funding:	**Key Milestones:**
Sewer Enterprise Fund	2025 - Establish siphon inspection program 2025 - Root Foaming

Impact Analysis

To the City	To Businesses	To Resident
Resource and budget needs	None	None

Current Status
The City is implementing a consistent siphon inspection program. City staff have completed inspections of six out of the eight siphons, including locations that had not been previously inspected. During the inspections, heavy cleaning needs were identified, water valve pot lids were found, a siphon sag was observed at the Laguna Creek location, and several areas requiring corrective action were identified at the Highland Oaks siphon. Additionally, trough work was identified as needed at the Nob Hill siphon.

Lift Station S-5 had already been identified as requiring rehabilitation, and inspection results confirmed additional deficiencies to be addressed as part of that effort. The Meadowlark siphon, which was repaired several years ago and was not included in the initial inspection scope, was also evaluated.

Moving forward, siphon inspections will be conducted on a seven-year inspection cycle consistent with the City's Sewer System Management Plan (SSMP).

The City also implemented root foaming within the sewer collection system for the first time. During the fiscal year, approximately 64,699 linear feet of pipeline were treated, with efforts focused on known root intrusion areas and locations where sanitary sewer overflows had been historically root-related. CCTV inspection data were used to prioritize segments with

operation and maintenance ratings of 4 or 5, where root intrusion was the primary contributing factor to the rating. This effort represents a significant milestone in the City's proactive management of the sewer collection system.

2.5 Sewer Spill Report and Other Reportable Events

From January 2025 through the reporting period, the City did not have any sanitary sewer overflows (SSOs). This is evidence of a strong maintenance program by staff.

2.6 Asset Management and Capital Improvement Program

The City continues to implement its long-term sewer asset management program to guide reinvestment in aging infrastructure. Key activities during the reporting period include force main assessments, root foaming, siphon inspections, and the initial implementation of a maintenance hole inspection program utilizing SewerAI, as well as SCADA system upgrades.

Approximately 30 percent of the sewer collection system has been inspected through CCTV as part of the ongoing condition assessment program. Construction of priority replacement and rehabilitation projects is progressing on schedule and within budget.

2.7 Operations and Maintenance

During the reporting period, staff completed 239,561 linear feet of sewer main cleaning and 127,023 linear feet of CCTV inspection. Staff also initiated a root foaming program, treating 64,699 linear feet of pipeline. Targeted work focused on known root intrusion areas, existing trouble spots, and locations where SSOs had historically been root-related. CCTV inspection data are used to prioritize segments with operation and maintenance ratings of 4 or 5, identifying areas with O/M ratings of 4 or 5 where root intrusion is the primary contributing factor. Routine preventive maintenance continues to reduce the need for emergency responses. In addition, staff initiated updates to the computerized maintenance management system (CMMS) to improve data tracking and efficiency. Equipment replacements and training investments are ongoing to support system reliability and safety.

SECTION 3. STORM DRAIN SYSTEM

3.1 Storm Drain Fund Financials

The Storm Drain Fund remains within budget. Expenditures this period primarily supported maintenance activities, regulatory compliance, and preliminary design of infrastructure improvements. Staff continue to evaluate long-term funding needs for capital reinvestment to support aging infrastructure and compliance with stormwater permit requirements. The City's storm drain system is currently supported by the General Fund. Development of a Storm Water Management Plan (SWMP) is currently underway, with target completion in 2028. The SWMP will be used as the foundational document in 2029 to evaluate the financial needs of the City's storm drain infrastructure and to establish revenue sources to support the utility infrastructure. The current CIP budget for the Storm Water System is approximately $13.4 million.

The Storm Water Operating Fund for FY25/26 is approximately $1.7 million. The budget is sufficient only to meet the minimum effort required to maintain compliance with the stormwater permit's operational needs outlined in the Municipal Regional Permit (MRP 3.0). Additional funding is needed to support ongoing system inspection, assessment, inspection, repair, replacement, and capital improvement needs.

Storm Drain

Enterprise Fund

	ACTUALS FY 2023/24	MODIFIED FY 2024/25	PROJECTED FY 2025/26	PROJECTED FY 2026/27
Revenues				
Intergov Revenue	$51,676	–	–	–
Charges for Services	$528,755	$530,000	$530,000	$530,000
Reimb & Misc	$6,310	–	–	–
Interfund Revenue	$357,830	$200,000	$457,000	$457,000
REVENUES TOTAL	**$944,570**	**$730,000**	**$987,000**	**$987,000**
Expenditures				
Personnel Services	$636,841	$931,916	$772,028	$821,545
Transportation & Training	$3,612	$8,295	$7,750	$7,750
Repairs and Maintenance	$17,518	$4,000	$13,500	$13,500
Materials, Supplies, and Services	$971,950	$904,199	$947,644	$961,405
EXPENDITURES TOTAL	**$1,629,922**	**$1,848,410**	**$1,740,922**	**$1,804,200**

3.2 Municipal Regional Stormwater Permit Compliance

The City is obligated to implement requirements under the San Francisco Bay Regional Water Quality Control Board's (Regional Water Board) Municipal Regional Stormwater NPDES Permit (MRP 3.0, Order R2-2022-0018), which governs stormwater discharges from municipal separate storm sewer systems (MS4s) in the Bay Area. Under MRP 3.0, the City implements a broad range of pollution prevention, maintenance, and planning activities designed to protect water quality and reduce pollutant discharges to local creeks. Staff submitted the City's FY 2024/25 Annual Report to the Regional Water Board in September 2025, documenting the City's compliance activities throughout FY 2024/25.

Key ongoing program implementation efforts during this reporting period include:

- Continued maintenance activities are necessary to maintain and demonstrate the 100 percent trash load reduction requirement as defined under the permit, through a combination of full trash capture devices, enhanced street sweeping, and hotspot cleanups.
- Continued implementation of the City's green infrastructure strategies, integrating stormwater treatment measures into public and private development projects, and tracking cumulative impervious surface treated as part of the regional compliance effort.
- Inspection of business facilities, industrial, and construction sites to ensure compliance with stormwater best management practices (BMPs).
- Addressing illicit discharge response and enforcement.
- Coordinating with the Alameda Countywide Clean Water Program (ACCWP) in regional programming, including staff training, public outreach, monitoring, and reporting programs related to mercury and PCB controls.

3.3 Operations and Maintenance

Maintenance crews completed 60 catch basin cleanings and addressed 53 targeted hotspot locations, in addition to performing routine maintenance on storm lift stations. In addition, all

140 catch basins equipped with full trash capture devices were inspected and cleaned.

Maintenance activities are ongoing during the winter storm season to ensure stormwater conveyance systems remain clear and fully operational, including work within Stream and Pond Maintenance Program areas. Preventive maintenance remains a key focus for reducing localized flooding and protecting water quality.

3.4 Capital Improvement and green infrastructure strategies

The City continues to integrate storm drain capital improvement needs with implementation of green infrastructure strategies in support of compliance with the San Francisco Bay Regional Water Quality Control Board's Municipal Regional Stormwater NPDES Permit (MRP 3.0). Current projects include the Sassafras Court Storm Drain Interceptor, Sycamore Creek Storm Drain Improvements, and the development of the Stormwater System Management Plan.

These efforts support the required stormwater treatment, pollutant load reduction, and long-term system performance objectives under the permit. In addition, staff is evaluating long-term funding strategies through the Management Plan to support ongoing system renewal, regulatory compliance, and stormwater quality improvements.

Table 4. Storm Drain CIP Summary for FY25/26

Project Name	Revised Budget	Status
Annual Storm Repair/ Replacement (Puri Court)	$1,612,944	In Closeout
Sycamore Creek Storm Drain Improvements	$4,904,137	Design on schedule
Sycamore Creek Storm Improvements (Sycamore Road)	$1,000,000	Design on schedule
Augustin Bernal Trail Creek Crossing Culverts and Retaining Wall	$1,125,695	Design on schedule
East Vineyard Detention Pond Outfall Repair	$511,261	Design on schedule
Oak Tree Farm Outfall and Channel Stabilization	$562,897	Design on schedule
Park Pathway Restoration (Alviso Adobe & Tawny Parks)	$150,000	Design on schedule
Sassafras Court Storm Drain Interceptor	$549,254	Design on schedule
Storm Water System Management Plan	$2,200,000	Implementation on schedule

Annual Storm Water Repair and Replacement	$200,000	Reserve
Annual Installation of Trash Capture Devices	$20,490	Reserve

EQUITY AND SUSTAINABILITY

The water system improvements and planning efforts support the City's Climate Action Plan 2.0 (CAP 2.0), specifically the Water Resources goal to reduce greenhouse gas emissions associated with water use and prepare community water resources for a changing climate. These actions enhance system reliability and resiliency while supporting long-term sustainability.

OUTREACH

The City conducts ongoing outreach to residents, businesses, and community partners to share information on utility system operations, regulatory programs, and infrastructure investments. Outreach efforts include Citywide communication channels such as the *Pleasanton Pipeline* e-newsletter, updates to the City's website, participation in community events, and targeted coordination with business groups and regional partners to support program awareness and regulatory compliance.

STRATEGIC PLAN ALIGNMENT

This item advances the ONE Pleasanton Strategic Plan goal of *Investing in Our Environment*, specifically Strategy 2 (Asset Management Planning), Strategy 4 (Complete the Water System Master Plan), Strategy 8 (Update the Sewer System Master Plan), and Strategy 9 (Develop the Stormwater Master Plan), by supporting ongoing utility system planning, operations, inspections, and capital improvements to maintain reliable, sustainable, and resilient infrastructure.

FISCAL IMPACT

The activities described in this report are supported through existing adopted operating and capital budgets including the year-end report. No immediate fiscal action is requested as part of this item. Ongoing and future program costs will continue to be evaluated and addressed through the City's annual budget process, Capital Improvement Program, and related long-term financial planning efforts.

Prepared by:	Submitted by:	Approved by:
Siew-Chin Yeong, Director of Public Works	Siew-Chin Yeong, Director of Public Works	Gerry Beaudin, City Manager

Attachments:

1. January 2026 Utilities System Update Presentation