A MESSAGE FROM THE GENERAL MANAGER

This year was filled with reasons to celebrate at Contra Costa Water District. As we continue to optimize our operational and financial performance, we find new ways to deliver the highest quality water at the lowest possible cost.

Atop our list of accomplishments is the Los Vaqueros Reservoir Expansion Project. We secured through a competitive open process the first outside investor in an expansion project and are working with 14 other water agencies and the state and federal government to make the project a reality. In partnership with other water providers, we’re collaboratively tackling the challenges of water supply reliability and water quality to make the service we provide you even better.

The influence of climate change challenges us to evaluate what we need to do to make our business ready for whatever challenges lie ahead. Nevertheless, it is our duty and our pride to make good on the promise of delivering a reliable supply of high-quality water. We’re doing our part. In fiscal year 2018, we reduced our greenhouse gas emissions by 17% compared to the previous fiscal year. We updated our rate structure to ensure what we charge continues to align with the actual cost of service. This kept fairness among all customers. We continued our quest to encase the Contra Costa Canal for increased resilience against earthquakes and better water quality. We’re just getting started with more and bigger challenges on the way. We’re developing a smarter maintenance program to prevent breaks and outages for customers. And above all else, we’re taking what is a fantastic customer experience and making it better by finding innovative ways to put data in the hands of customers who are the ones making buying decisions.

At every turn, we sought to add new value for those we serve and to increase stability for our future. This report offers a snapshot of our accomplishments. We look forward to more successes and reasons to celebrate in the years ahead.

Thanks for reading.

JERRY BROWN
General Manager

BY THE NUMBERS

9.8 billion
Gallons Sold of Treated Water*

17.7 billion
Gallons Sold of Untreated Water*

$114.8 million
Total Revenue from Water Sales*

41 million
Gallons Treated Per Day on Average*

99.992%
Uptime for Our Treated Water Service Area

0
Reportable Water Quality Citations or Violations

35,000
Calls to Our Customer Service Team

2:39
Average Minutes to Resolve Caller’s Question

99.5%
Customers Who Rate CCWD as Good or Excellent

299.5
CCWD Employees Who Keep Your Water System Running

28,783
Children Served by Our Water Education Program*

470
Water Education Programs*

51%
Increase in Registrations for My Water Report Web Portal

460
Free Water Efficiency Surveys Performed

420
Lawn to Garden Workshop Attendees

*July 1, 2017 through June 30, 2018
ACCOMPLISHMENTS

LOS VAQUEROS: MONUMENTAL STEP TOWARD REGIONAL WATER PLANNING

Los Vaqueros Reservoir Expansion Project Phase II was allocated $459 million of the Proposition 1 water storage funding. This exciting announcement from the California Water Commission came in July 2018 and marked the first outside investor in the Los Vaqueros Project. This significant milestone moved the project closer to becoming a reality for Contra Costa Water District and its 14 potential partners. The remainder of the project’s $980 million price tag will be funded by partners using a beneficiaries-pay model.

Our customers will continue to enjoy the security and high-quality water produced from the Los Vaqueros Project and could decide to invest in additional drought supply benefits. Board principles ensure that investments made by CCWD customers will be protected. CCWD will recoup costs for use of existing facilities by partners. This recoupment offsets what District customers pay, and it keeps water rates as low as possible.

HOW WE GOT HERE

1988 Voters approve $450 million for Los Vaqueros Project.

1997 Original Los Vaqueros Dam is complete bringing new levels of water quality to CCWD.

2004 Voters approve continued work to expand Los Vaqueros Project.

2012 Los Vaqueros Reservoir Expansion Project Phase I is complete and adds water supply for emergencies and drought, completed on time and within budget.

2018 Los Vaqueros Reservoir Expansion Project Phase II receives initial funding approval from Prop. 1 to make the reservoir a regional asset while fully maintaining all the local benefits.
CONTRA COSTA CANAL: PREPARING OUR SYSTEM FOR THE NEXT 100 YEARS

The 81-year-old Contra Costa Canal System sees flows of up to 82 million gallons per day and delivers more than 99% of the water that eventually arrives at your home or business. The canal is a critical asset that CCWD operates and maintains, but it is still owned by the U.S. government.

Modernizing the canal requires a substantial investment, as well as consideration of how it will be used over the next 100 years. The canal remains critical to moving your water and, as a responsible steward of your rate dollars, it is important that we hold the title to the canal system before investing hundreds of millions of dollars in improvements. Ownership means other opportunities for our community’s benefit that don’t exist with federal government involvement. In 2018, federal legislation was introduced to transfer the Canal System to Contra Costa Water District. We have already paid for the facility, but an act of Congress is necessary for the title transfer. With the successful passage of legislation, we expect to take ownership in the next few years.

The Canal System and related trails are a community gem in terms of recreational value and we are committed to maintaining recreation at its current state. We’ll also look for ways to incorporate cost effective enhancements as facilities are upgraded in perpetuity. We’re not in the recreation business, but we find that water service and recreation have compatibilities and we don’t want to stand in the way of our community enjoying both.

PROTECTING THE PUBLIC AND OUR WATER

In 2018, we completed another phase of the Canal Replacement Project. Approximately one mile of the canal’s open waterway in Oakley was replaced with a 10-foot concrete pipe. The new pipe improves security and safety while protecting water quality. In addition, we won’t lose as much water to evaporation or infiltration into the ground.

WORKING SMARTER

New systems will soon advance our management of maintenance activities on more than $1 billion in assets. In 2018, we awarded a contract to implement a computerized maintenance management upgrade. This advanced asset management tool is used for collecting field data, tracking assets, and recording maintenance history. Once deployed in the coming year, we’ll use the in-depth information to better evaluate system maintenance needs, resource utilization, and overall performance, all through one tool. The end goal is to more efficiently manage assets with optimized maintenance efforts through predictive asset management as opposed to reactive management. Additionally, the information gathered with this tool will enable the District to identify the most efficient investments for replacing aging assets.

RENEWAL AND REPLACEMENT

Part of our mission is to deliver reliable water at the lowest cost possible. A key part of accomplishing that goal is prioritizing when and where we replace aging infrastructure. There is what seems like an endless number of pumps, pipes and tanks hidden in our neighborhoods and beneath our streets. Each is critical to maintaining the service you expect and deserve. Building on past efforts to advance asset management, in 2018 we refined our Pipeline Renewal and Replacement models. We now consider other contributing factors for leaks and consequences of these failures, like property damage. As a result, at least three miles of high-risk pipeline are scheduled for replacement in the upcoming year. This proactive approach reduces the number of outages for customers and the costs associated with emergency repairs. And there’s more to come on this front. In the next five years the District will ramp up pipeline replacements.

Project delivery is another key factor being analyzed. This year, the District began piloting a more efficient project delivery method involving design-build for faster, lower cost implementation. We need to make the most of every dollar we collect to ensure the system can handle your needs.
SAFETY EDUCATION AND OUTREACH

Safety is top priority and inherent to superior service. Our employees worked safer than ever this year and we’re very proud of our safety record.

315 Days without a Lost-Time Injury— a New Record!

95% Our Safety Training Compliance

77th Percentile When Compared to 1,200 Other Organizations That Participated in the National Safety Council Safety Barometer Survey

These are great marks. And while there always is room for improvement, we’re well on our way to a world-class safety culture. In the past year, employees have developed a silica exposure program that is used as a model by other agencies; developed new valve turning equipment that will prevent injuries; and built a magnetic hook to create a safer way of working around the Contra Costa Canal. These initiatives protect our employees, our facilities, and our communities.

EDUCATION AND OUTREACH

We aim to invest in our community and in our customers in the interest of transparency and trust. We have a duty to inform our customers about District efforts and strive to continuously raise awareness about local and state water issues. In 2018, we retooled our approach to several outreach programs. We increased the number of public water facility tours by 75% to demonstrate what is involved in producing safe, reliable water. We attended numerous community events to raise awareness about water supply. We sent out electronic newsletters to provide relevant post-drought information to customers. We added new technologies to our school programs to appeal to today’s youths. The bottom line is that investing in customer engagement is good for the community and good for the future of your water service.

FINANCES

We’re modernizing the way we operate and are updating the way we do business for the benefit of improving our already top-notch customer service. In fiscal year 2018, we realized savings over the budget in an amount of $8.4 million through optimizing our operations and getting the most out of our assets. This money goes right back into your system to pay for future obligations.

Meanwhile, we paid down $28 million in debt principal obligations, reducing all obligations by 5%. This is a big number considering we’ve peaked on debt service and foresee a drop in payments in the coming years. The timing is perfect. In the years ahead, this money will be applied to upgrading and replacing your aging system. These actions keep current and future rate increases to a minimum and maintain reserves to weather challenging years such as extended droughts.

This year also saw the culmination of our extensive rate structure study. In response to long-term changes in water use behaviors, we examined our current rate model to ensure customers pay only their fair share for water service. This revenue-neutral process resulted in a new model that keeps us in compliance with state rules and ensures equity among customers.

ENHANCEMENT AHEAD

Next year, customers will begin to see a new billing statement. It was designed to quickly deliver the information customers need—what they owe, when it’s due, and how it was calculated. On the back, each part of the amount due is broken down and clearly explained.

We’re aiming to improve customer experience by evaluating payment methods, continuing our advanced metering infrastructure evaluations, and testing other new consumer water measuring technologies.
### ABOUT CCWD

#### MISSION STATEMENT

The mission of the Contra Costa Water District is to strategically provide a reliable supply of high quality water at the lowest cost possible, in an environmentally responsible manner.

In fulfilling our mission, we will:
- Responsibly serve the public
- Provide District employees a safe and healthy work environment
- Ensure fair and equitable rates and charges
- Work cooperatively with local, regional, state and federal agencies
- Practice ethical behavior
- Ensure an open process
- Ensure equal opportunity and diversity in personnel matters and contracting

#### BOARD OF DIRECTORS

- **LISA M. BORBA, AICP**, President
- **CONNISTANCE HOLDAWAY**, Vice President
- **ERNESTO AVILA, P.E.**, Director
- **BETTE BOATMUN**, Director
- **JOHN A. BURGH**, Director

### FACTS AND FIGURES

#### SOURCES AND USES OF FUNDS (CASH FLOWS)

- **WHAT WE RECEIVED** (in thousands of dollars)
  - Receipts from Customers: $120,272, 76%
  - Capital Financing: $2,827, 2%
  - Grants: $9,652, 6%
  - Contributions in Aid of Construction: $8,150, 5%
  - Investment Income: $2,561, 2%
  - Other Income: $2,964, 2%
  - Property Taxes: $3,859, 2%
  - Reserves: $7,519, 5%

- **HOW IT WAS USED** (in thousands of dollars)
  - Investment in Infrastructure: $79,957, 51%
  - Water Operations: $46,369, 29%
  - Administrative and General: $26,914, 17%
  - Public Information and Customer Service: $4,563, 3%

- **WHAT WE RECEIVED** = **HOW IT WAS USED**

  - Total: $157,804, 100%

#### WATER SALES OVER TIME

![Water Sales Over Time Graph](chart)

- **2014**: 100,472 Acre Feet
- **2015**: 87,780 Acre Feet
- **2016**: 76,807 Acre Feet
- **2017**: 79,355 Acre Feet
- **2018**: 84,451 Acre Feet

#### FUNDING RATIOS

- **OPEB Funding Level**: 64.0%
- **Pension Plan Funding Level**: 87.5%
CONTRA COSTA WATER DISTRICT SERVICE AREA

Contra Costa Water District Untreated Water Service Area
Contra Costa Water District Treated Water Service Area
Multi-Purpose Pipeline
Los Vaqueros Pipeline
Shortcut Pipeline
Contra Costa Canal

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