Leading Contra Costa Water District is the greatest honor of my career, and this annual report message gives me the opportunity to highlight the outstanding accomplishments of this organization this past year and the bright future ahead.

It is imperative to me that the District continues to make efficient use of every dollar earned with a strong focus on safety, productivity, customer service, advances in technology, and water quality.

This past year the District continued its emphasis on infrastructure renewal with pipeline, pump station, reservoir, treatment and canal improvements. We focused on developing technology to analyze our existing system and maintenance practices to ensure we maximize the useful life of our extensive assets, with a focus on the pipes and pumps providing safe and reliable water service to customers. We continued the permitting and development of the Los Vaqueros Reservoir Expansion Project, positioning this important facility as a regional water storage solution that provides financial benefits to both our current and potential future customers. And safety continues to be our top priority. We ended the year with 167 days worked without a lost-time injury—a streak that will continue into 2020.

We are operating and maintaining a complex network of nearly 900 miles of pipes, a Contra Costa Canal that is over 80 years old and conveying nearly all the District’s water, and a vast array of related pumping and storage facilities. These facilities have served our community well. I have a personal connection to this community as my family has been part of Contra Costa for six generations and I am committed to ensuring we have safe and reliable water service now and for future generations. As we face critical re-investment decisions for our water system, we will be financially responsible and efficient investing in the longest lasting materials, highest quality installations, and lowest maintenance designs. This mindful attention to detail provides you, the owners of an essential engine serving our community, a water system with a durable operating structure that will continue to serve and grow our community for decades.

The organization and employees we have today are well positioned to bring the solutions for tomorrow. We are dedicated to serving all customers’ needs and this community, and I look forward to this great responsibility.

Thanks for reading.

Stephen J. Welch
General Manager
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

Connstance Holdaway
Vice President

Ernesto Avila, P.E.
Director

Bette Boatmun
Director

John A. Burgh
Director

SERVICE AREA MAP
12.2 billion gallons sold of treated water*
17.7 billion gallons sold of untreated water*
122.1 million total revenue from water sales*
38.3 million gallons treated per day on average
99.89% average uptime for our treated water service area
$1.2 billion value of capital assets in water system**
303.5 employees who kept the water system running
0 reportable water quality citations or violations
35,500 calls to our customer service team
100% callers who rated CCWD as Good or Excellent
27,694 children served by our Water Education Program*
190,000 square feet of lawn converted to water-wise landscape
567 free water efficiency surveys performed
0 reportable water quality citations or violations
35,500 calls to our customer service team
100% callers who rated CCWD as Good or Excellent
27,694 children served by our Water Education Program*
190,000 square feet of lawn converted to water-wise landscape
567 free water efficiency surveys performed
*July 1, 2018 through June 30, 2019
**As of June 30, 2019

FISCAL YEAR 2019 FINANCES IN BRIEF

WATER SALES OVER TIME

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Acre feet</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 15</td>
<td>87,780</td>
</tr>
<tr>
<td>FY 16</td>
<td>76,807</td>
</tr>
<tr>
<td>FY 17</td>
<td>79,355</td>
</tr>
<tr>
<td>FY 18</td>
<td>84,451</td>
</tr>
<tr>
<td>FY 19</td>
<td>85,223</td>
</tr>
</tbody>
</table>

WHAT WE RECEIVED (in thousands)

<table>
<thead>
<tr>
<th>Source</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from Customers</td>
<td>$ 131,833</td>
</tr>
<tr>
<td>Capital Financing</td>
<td>607</td>
</tr>
<tr>
<td>Grants</td>
<td>5,988</td>
</tr>
<tr>
<td>Contributions in Aid of Construction</td>
<td>9,777</td>
</tr>
<tr>
<td>Investment Income</td>
<td>5,402</td>
</tr>
<tr>
<td>Other Income</td>
<td>6,711</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>4,092</td>
</tr>
<tr>
<td>Reserves</td>
<td>3,219</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 167,629</strong></td>
</tr>
</tbody>
</table>

HOW IT WAS USED (in thousands)

<table>
<thead>
<tr>
<th>Program</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in Infrastructure</td>
<td>$ 88,515</td>
</tr>
<tr>
<td>Water Operations</td>
<td>46,839</td>
</tr>
<tr>
<td>Administrative &amp; General</td>
<td>27,470</td>
</tr>
<tr>
<td>Public Information &amp; Customer Service</td>
<td>4,805</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 167,629</strong></td>
</tr>
</tbody>
</table>

Read our FY19 Comprehensive Annual Financial Report at ccwater.com/ArchiveCenter/ViewFile/Item/321
DELIVERING ON PROMISES DURING POWER SHUTOFFS

While hundreds of thousands of Californians went days without power this year during Pacific Gas & Electric’s pre-emptive power shutoffs, water users in central and eastern Contra Costa County were able to depend on Contra Costa Water District to keep the water flowing.

Water agencies are heavily dependent on power to pump, treat, and distribute water for homes, businesses, and firefighting. In 2019, as Public Safety Power Shutoffs threatened or hit regions of our service area, our early preparations ensured not a single customer’s water service was impacted while our power was out.

HERE’S HOW WE PREPARED:

Standby Power: We’ve invested heavily in onsite generators at our major facilities. In the face of power shutoffs, we proactively rented additional generators and staged and fueled them in critical locations throughout our system.

Full Reservoirs: Large holding tanks hidden throughout the community use gravity to push water to nearby homes and businesses but require electricity to pump full of water. Ahead of announced power shutoffs, we filled these reservoirs to capacity to maximize available water.

Communication: We notified customers about the risks and let them know what actions they could take to best prepare for a power shutoff event. We coordinated our response across agencies to optimize resources and maximize reliability.

WORK BEGINS ON LOS VAQUEROS PROJECT

As significant strides are made toward permitting Phase 2 of the Los Vaqueros Reservoir Expansion Project, preliminary fieldwork began in 2019. Geotechnical investigations within the Los Vaqueros Watershed are testing soils and other materials for strength to confirm they are sufficient for construction of the larger dam.

Contra Costa Water District and nine local agency partners, as well as the state and federal government, are exploring a 72% increase to the overall storage of Los Vaqueros Reservoir as well as upgrading and constructing pumps, pipelines, and related facilities to connect key water infrastructure and improve regional reliability.

In 2018, the state awarded $459 million in eligible funding for Phase 2 of the Los Vaqueros Reservoir Expansion Project. We’re now working with our potential partners on agreements and permitting. If the project makes financial sense for the District and its partners and moves forward, final funding agreements and construction could begin as early as 2022.

Learn about the Los Vaqueros Reservoir Expansion Project Phase 2 at ccwater.com/lvstudies
DISTRICT TO TAKE OWNERSHIP OF CONTRA COSTA CANAL

Nearly a decade after Contra Costa Water District made its final reimbursement payment to the federal government for the Contra Costa Canal, an Act of Congress was signed into law authorizing the transfer to the District. Transferring ownership of the Canal from the federal government to the District will improve operational efficiencies and allow decisions regarding future investments to be made based on the needs of our local community.

The federal government agreed to build the Contra Costa Canal in the 1930s and 40s with an understanding it would be reimbursed for the construction. The District and its customers repaid the federal government for the canal in 2010, but an Act of Congress was necessary to transfer the title to the District. President Trump signed that legislation in March 2019. The next step is like an escrow period and involves lengthy discussions with the U.S. Department of the Interior’s Bureau of Reclamation regarding existing contracts and operating agreements, facility evaluations, and required environmental and property reviews. That process should be complete within two years.

HISTORY OF THE CANAL

1920s: Drought and increased Delta salinity has farmers and business owners looking for water solutions.

1931: California Legislature adopts State Water Plan, including a “Contra Costa Conduit.”

1933: California Governor James Rolph signs the California Central Valley Project Act, authorizing construction of water infrastructure, including Contra Costa Canal. However, the state has no money and is unable to sell project bonds during the Great Depression.

1937: The project is transferred to the federal government to be carried out by the U.S. Bureau of Reclamation.

1937: Groundbreaking ceremonies for the Contra Costa Canal are held in Oakley.

1940: Water is delivered to City of Pittsburg for first time.

1948: Entire 48-mile canal, from Rock Slough to Martinez, is completed.

1972: Contra Costa Water District takes over operations of Contra Costa Canal.

1973: Fencing is installed along Contra Costa Canal to reduce drownings.

2010: District customers fully repay federal government for Contra Costa Canal components.

BUILDING AN EFFICIENT APPROACH TO WATER PIPE REPLACEMENTS

Since 2014, Contra Costa Water District has used construction and repair services agreements to quickly and cost-effectively construct small projects, including safety improvements and emergency response. The construction and repair services agreements are made with one or two firms that are competitively selected based on a combination of quality, qualifications, and pricing. Once in contract, pricing is compared to similar competitively bid work to ensure fair value. It’s an approach that allows us to complete urgent work at a low cost, with less administration, and in a timely fashion.

We expanded the program in late 2018 with another construction and repair services agreement to tackle main replacement projects. The benefits were clear. In fiscal year 2019, the District increased its investment in pipeline replacement projects by $3.4 million without increasing its Engineering staffing levels. During that fiscal year, we authorized construction of 11,600 linear feet of total pipeline construction, more than doubling the annual average of the previous nine years.

With this approach, the pipeline construction and repairs services contractor is engaged in the design process—and in some cases performs the design work—which results in fewer changes during construction and creates a more efficient construction approach and high-quality installations.

Find out more about our capital projects at ccwater.com/projects

SAFETY

The past few years at Contra Costa Water District have been among the safest—and it’s not by accident. Contra Costa Water District believes in providing a safe work environment for employees. Safety is good for morale, it’s good for getting the job done, and it’s good for business. While our safety programs excel, we continue to find new ways to improve.

Over the past four years, we’ve reduced the time it takes to improve upon a safety event from an average of 65 days to just 16. That means all follow-up actions for a safety event are completed—whether that’s a repair, purchasing new equipment, training, or anything else—in just over two weeks.

We know that employees are likely to report safety issues when those reports are acted upon. In 2019, 68% of reported safety events were addressed on the same day they were reported. We’re committed to responding to all safety events within 24 hours.

96% safety training compliance
30 employee safety awards issued
27% of safety awards involved public safety
CONTROL ROOM IMPROVEMENTS

Control rooms in our east Contra Costa water treatment plants received complete overhauls this year to improve ergonomics, modernize outdated equipment, and better manage the operating systems. Updates to the Randall-Bold and CCWD-City of Brentwood water treatment plants included new workstations and console systems, upgraded cable routing, new file and storage systems, and printer stands. These locations are operated 24 hours a day and act as backup control centers for the District’s distribution system. These updates were completed in April 2019 and have resulted in improved productivity while reducing chronic fatigue. Similar upgrades are planned in 2020 for the District’s Ralph D. Bollman Water Treatment Plant in Concord.

A CUSTOMER-FOCUSED, UPDATED WATER STATEMENT

We’re all about providing superior customer service. When our customers said our bills looked antiquated and were hard to read, we went to work designing a new water statement that is user-friendly, informative, and modern. We solicited customer feedback during the process to ensure we were on the right track and making the right moves. The updated design launched midyear and provides more detail about water use, clearly explains the charges, and does so in a tighter, easier-to-read format.

This move also changed the way our water bills are printed and mailed. In August, we ceased printing and mailing nearly all our water bills onsite and contracted the work with a mail processing firm. Contracting these services maintains the security and accuracy of customer information, while saving money and allowing us to make some of the improvements to the design of our statement. In addition, we gain additional flexibility with bill inserts and on-statement messages.

Watch a video about our updated water statement at ccwater.com/1038/New-Bill-Statement