

A photograph of several large, white, cylindrical water treatment tanks (clarifiers) situated on a concrete platform. The tanks are connected by a network of pipes and valves. The background shows a large body of water (a reservoir) under a clear blue sky, with some greenery in the foreground. The image is framed by a blue and black curved border.

Popular Annual Financial Report

For Fiscal Year Ended
June 30, 2024





A look into your water infrastructure

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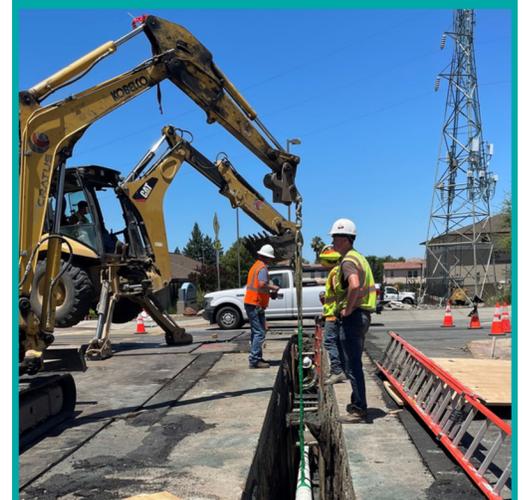
BOARD OF DIRECTORS

James G. Gunther, President
Judy C. Huang, Vice President
Aziz Akbari, Member
Paul S. Sethy, Member
John H. Weed, Member

MANAGEMENT

Ed Stevenson, General Manager
Girum Awoke, Director of Engineering & Technology Services
Laura J. Hidas, Director of Water Resources
Jonathan Wunderlich, Director of Finance & Administration
Dan Stevenson, Director of Operations & Maintenance

Cover photo: Groundwater PFAS Treatment Facility



Pictures (top to bottom): Alameda Reservoir; Water Treatment Plant #2; Driscoll Road Main Renewal Project

Letter from the General Manager

TO OUR RATEPAYERS AND COMMUNITY

On behalf of the Alameda County Water District Board of Directors and staff, I am pleased to present our Popular Annual Financial Report for the fiscal year ending June 30, 2024. This report aims to provide information about the District's finances and other details that uphold our mission to deliver a reliable supply of high-quality water at a reasonable price to our customers.

The Popular Annual Financial Report draws from the District's Annual Comprehensive Financial Report (ACFR) for fiscal years ending June 30, 2024, and 2023. The ACFR is prepared in accordance with generally accepted accounting principles and has been audited by Baker Tilly, LLP, resulting in an unmodified audit opinion. This means the financial statements accurately represent the District's financial position in all material respects.

The organizational structure, ACWD-at-a-Glance, and financial data represent the District during the timeframe reflected in this report.

I hope this report helps you better understand the District's finances and our unwavering commitment to our customers. You can find the Popular Annual Financial Report, the audited annual financial reports, and adopted budgets on the District's website at <https://acwd.org/finance>.

For any questions or comments, please feel free to reach out to our Finance and Administration team.

Respectfully submitted,



Ed Stevenson, General Manager

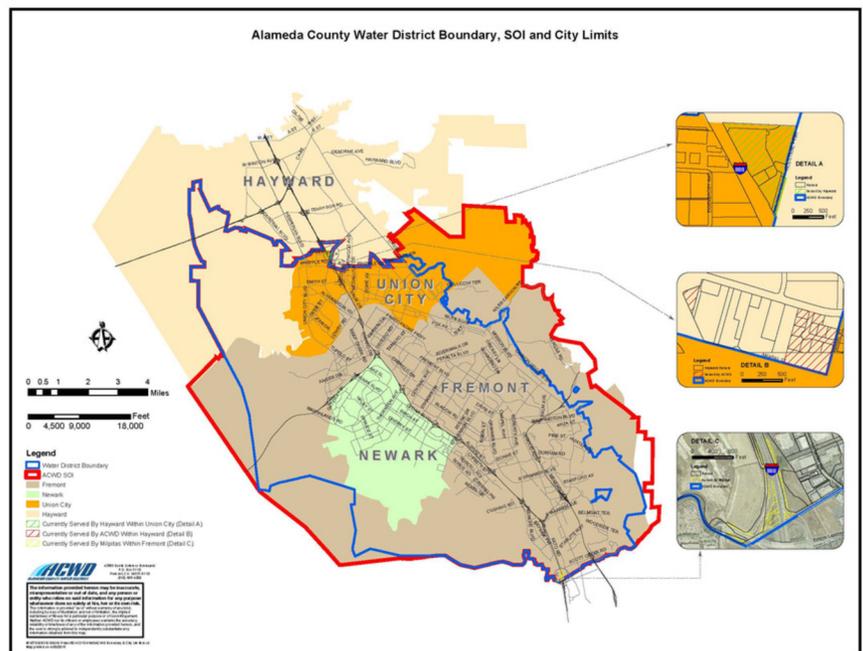


Niles Canyon Stroll & Roll

OUR DEDICATION

For over 110 years, the Alameda County Water District has supplied water to the residents and businesses of southern Alameda County. As our area has grown and changed from being an important agricultural center to supporting a growing suburban population, our water system has grown and changed with it.

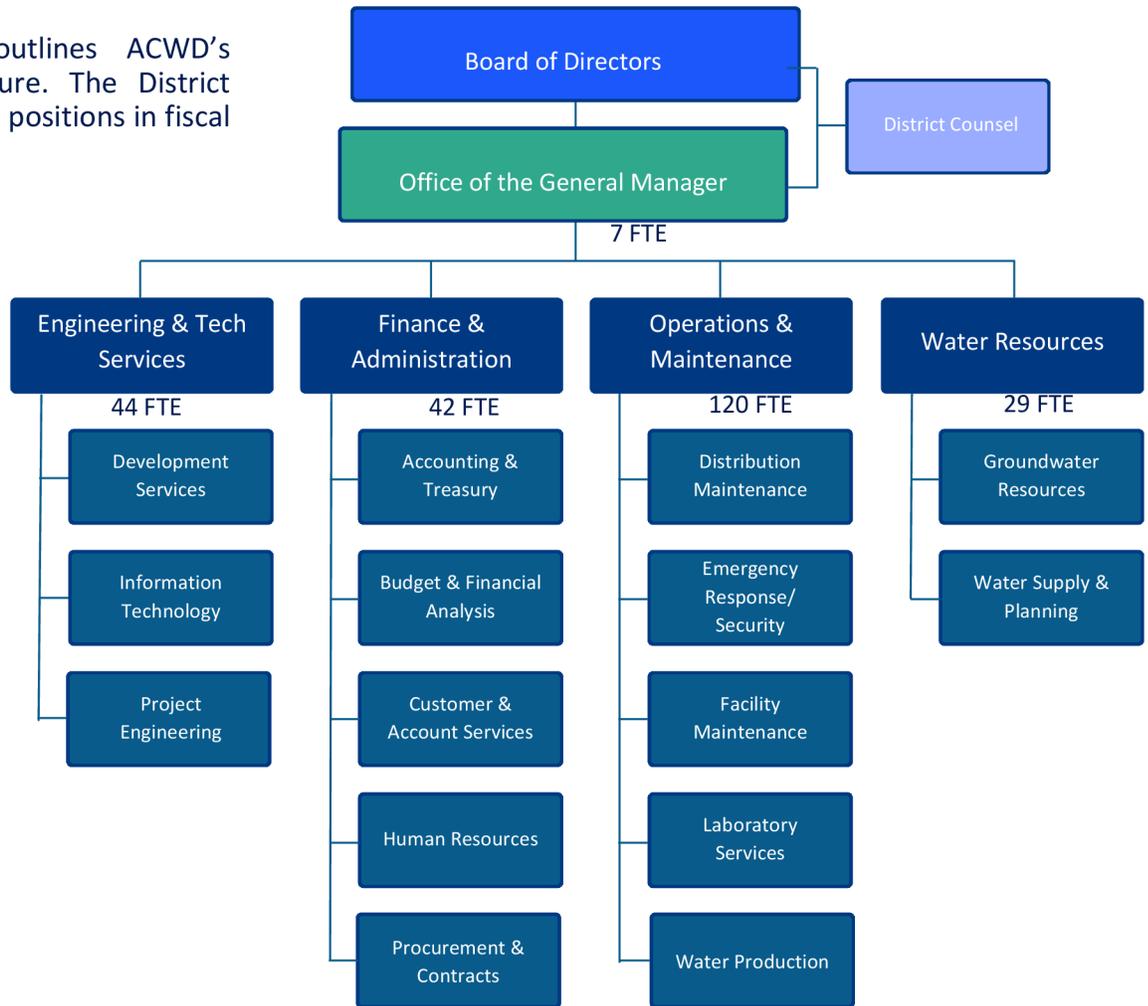
Today, we have a staff of 242 dedicated employees and supply drinking water to the more than 342,000 people living in the cities of Fremont, Newark, and Union City.



About ACWD

ORGANIZATIONAL STRUCTURE

This presentation outlines ACWD's organizational structure. The District employs 242 full-time positions in fiscal year 2024/25.



ACWD-at-a-Glance

The District provides, stores, treats, and distributes water for a population of approximately **342,000 people** in its service area, including the Cities of Fremont, Newark, Union City and a southern portion of Hayward. The District covers approximately **105 square miles** and, as of June 2024, provided water service through approximately **87,600 connections**.

SOURCES OF SUPPLY

State Water Project - 40%
 San Francisco PUC (Hetch Hetchy) - 20%
 Alameda Creek Watershed runoff - 40%



MILES OF PIPE

930

RESERVOIRS & TANKS

13

AVERAGE DAILY PRODUCTION

34 MILLION GALLONS PER DAY (2024)

TREATMENT FACILITIES

3

District's Strategic Goals

The Board of Directors established these strategic goals to identify priority programs and projects that will set the strategic direction for the future of ACWD.

1. Maintain and improve the cost effectiveness and value of District services
2. Sustain a reliable, high quality water supply for District customers
3. Improve the District's financial stability and transparency
4. Improve workforce recruitment, maintain retention, and enhance employee engagement
5. Promote clear and open communications, outreach, and engagement with customers and communities

Highlights of Our Accomplishments

The following are some highlights of our accomplishments in FY 2023/24. More detailed information on the events and accomplishments is included in the annual financial report.

Water Supply

The District's water production was approximately 38,469 acre-feet in FY 2023/24 and is expected to be approximately 40,440 acre-feet in FY 2024/25. This increase in customer demand is anticipated as a result of expected gradual increases in water consumption following the end of the recent drought as some customers return to their traditional water use patterns, as well as ongoing development in the service area and increasing numbers of service connections. To address future water supply uncertainty, the District continues to look ahead and evaluate potential future water supply initiatives to maintain and improve water supply reliability.

Water Quality

The District's State-certified laboratory continues to collect samples and conduct analyses for monitoring the quality of water as required by state and federal regulations. The District continues to meet or surpass all federal and state health-based drinking water quality and treatment regulations, including those for lead. In FY 2023/24, the federal Environmental Protection Agency (EPA) announced National Drinking Water Standards for six PFAS compounds. While the District did detect very low concentrations of PFAS in several groundwater wells, the District blends groundwater with its SFPUC-supplied water and no PFAS was detected in the treated water delivered to customers at levels above the notification levels established by California State Water Resources Control Board Division of Drinking Water or the maximum contaminant levels established by EPA. The District is also constructing a PFAS Treatment Facility that will be online in FY 2024/25.

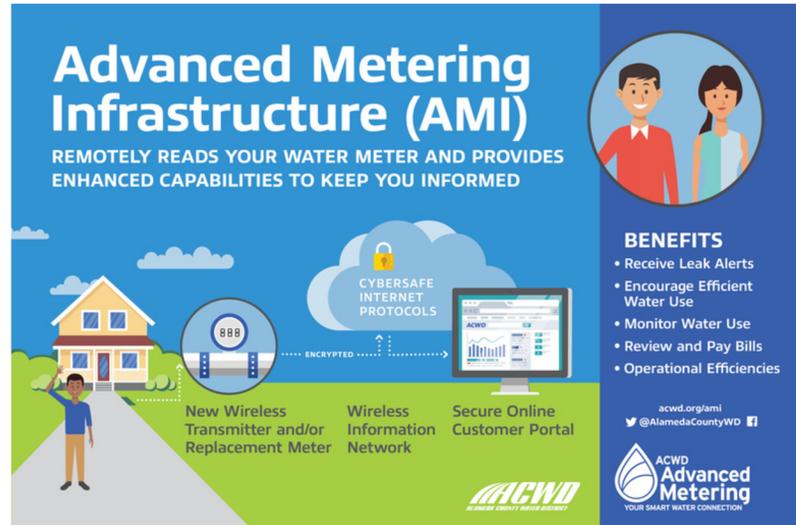


ACWD staff conducting water sampling

Highlights of Our Accomplishments

Productivity and Efficiency

In FY 2023/24 the District completed its five-year project to fully deploy advanced metering infrastructure (AMI) throughout its service area. AMI provides customers with improved tools to track and manage water use, as well as seamless integration of water metering information, customer account access, electronic bill presentment and payment, and water conservation programs and tools through access to a new customer portal and smart phone app, "My Smart Water Connect." The AMI system is currently operational and is bringing numerous benefits to the District and its customers, most notably access to leak detection and water use efficiency tools; improvements in the District's customer service; and improvements to the District's operational efficiencies related to metering, water supply, rate development, water use efficiency, infrastructure replacement, and demand management modeling.



Service Reliability

Much of the District's water infrastructure is aging and susceptible to damage as a result of ground shaking and ground failure due to regional earthquakes. Since 2013, the District has embarked on a Main Renewal and Seismic Improvement Program (MRSIP), which 1) improves the overall seismic reliability of the District's distribution system by strategically making improvements in areas of potential seismic-induced earth movement; 2) improves fire flows and service reliability in the older portions of the service area; 3) reduces long term water system maintenance costs; and 4) improves the seismic reliability of the District's distribution storage and production facilities. As part of the MRSIP, the District has invested over \$50 million in water main renewals, replacements and seismic upgrades in addition to other projects including distribution storage tank replacements and upgrades and seismic improvements. The program focuses on the proactive renewal of aging pipeline infrastructure. The District has replaced nearly 35,000 feet of pipeline and plans to invest an average of \$10 million per year with increasing investments over time to renew pipeline infrastructure to improve system hydraulics and enhance reliability by limiting the number of pipeline failures while minimizing overall costs in the long term.

Environmental Stewardship

The District recognizes that water agencies must balance the needs of people and the environment to be sustainable and resilient. To ensure the reliability of the District's water supply from Alameda Creek and restore Central Coast Steelhead trout, a federally listed species, the District and multiple Bay Area agencies, including the Alameda County Flood Control District, have worked for more than two decades to make the creek a more fish-friendly waterway through the District's Fish Passage Improvements Program. The program consists of design, construction, and permit compliance for implementation of improvements at the District's groundwater management facilities within the Alameda Creek Flood Control Channel, including two new fish ladders. The goal of the program is to restore the migratory fish passage corridor past facilities owned and operated by the District as well as Alameda County.

The District's Clean Energy Program will implement solar photovoltaic systems at several District facilities and properties. The program will be implemented over several fiscal years under Power Purchase Agreements with a solar developer in order to maximize value to the District while enhancing the environmental sustainability of the District's operations. In the first phase of the program, photovoltaic systems will be installed at Headquarters, Mayhew Reservoir, Newark Desalination Facility, and Whitfield Reservoir. In FY 2023/24, the District's contracted energy developer completed 65% of planning and is looking to start construction in FY 2024/25. Depending upon potential energy cost savings, a second phase of the program will be implemented at Alameda and Decoto Reservoirs. Implementation of this program will result in energy cost savings over the next 25 years.

Customer Assistance: Help on Tap

Since 2017 the District has offered qualifying customers a discount through the Help on Tap program. Customers that apply and are approved receive a benefit equal to the typical single-family residential service fee (currently \$63.75) toward the bi-monthly bill. As of June 30, 2024, 1,657 customers were enrolled in the program. Funding for this program comes from sources other than water rates, such as cell tower leases, scrap sales, and various other sources of non-rate revenue that the District collects. More information can be found at ACWD.org/HOT.



Community Engagement

Public Information, Education, and Water Use Efficiency

The District's public information and education programs aim to provide customers and the community with important information related to water supply, emergency preparedness, water quality, infrastructure projects, and the importance of water use efficiency, along with other issues related to the District as a service provider. Water use efficiency extends water supplies, benefits the environment, continues to be the most cost-effective source of supply, and allows the District to "bank" water for dry years. Water use efficiency activities this past year focused on encouraging long-term water use efficiency and best practices for all climate and water supply conditions.

The District's School Education Program provides local schools with educational resources that stress the various facets of water science and water management, with the objective of producing citizens capable of making informed decisions regarding state and local water resources. The District continued to follow and engage with the State on the implementation of a statewide framework that establishes water use objectives to improve water use efficiency and "Make Water Conservation a California Way of Life." The District will have a unique water use objective based on standards for indoor residential per capita use, outdoor irrigation, commercial water use, and other factors.



Photos (left to right): Water Education Family Science Day; 4th of July Parade; Treatment Plant #2 Tour

Financial Performance

Based on Annual Comprehensive Financial Report

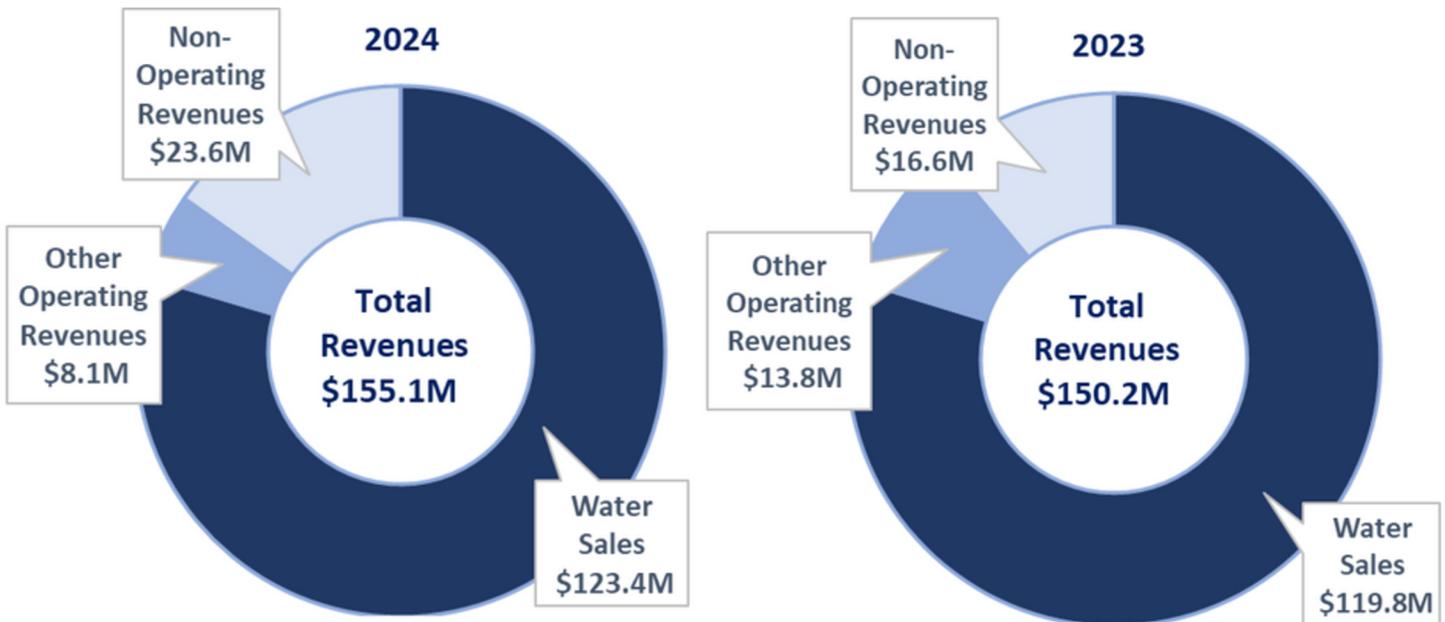
REVENUES

A significant portion of the District’s revenue is generated from water sales. The District also receives funds from property taxes, facilities connection charges, grants, reimbursements, interest income, and other fees. These revenues cover a wide range of costs, including water purchases, water treatment, capital expenditures, labor and benefits, and debt service.

The table and chart below illustrate the types of revenues for fiscal years ending 2024 and 2023.

\$ in thousands

REVENUES	2024	2023
OPERATING REVENUES	\$131,506	\$133,615
NON-OPERATING REVENUES	23,636	16,588
TOTAL REVENUES	\$155,142	\$150,203



Water Sales



Revenue comes from commodity and service charges billed to customers. A typical residential water bill includes a commodity rate of \$4.97 per 100 cubic feet of water (around 748 gallons) plus a fixed service charge of \$63.75 every two months.

Other Operating Revenues



Includes the facilities connection charges (FCC), fees and rental, grants and reimbursements, and other non-operating revenue. FCC is a one-time charge that property developers pay for the costs of water system facilities needed for growth.



Non-Operating Revenues

Includes property tax revenues, investment income, and other non-operating revenues.

Financial Performance

Based on Annual Comprehensive Financial Report

EXPENSES

Operating Expenses

The Alameda County Water District is committed to provide our customers with a high quality, reliable supply of water at a reasonable cost. Operating expenses cover water purchases, pumping, treatment, transmission and distribution, depreciation, and various administrative and general services.

The various expense types for every dollar the District spends for operations and maintenance include several key categories. As described below, these expense categories are allocated to ensure the efficient use of resources.

SOURCES OF SUPPLY



Costs for procuring water from the State Water Project and San Francisco Public Utilities Commission, along with expenses for pumping, power, and operating the supply system.

WATER TREATMENT



Costs associated with treating water.

TRANSMISSION & DISTRIBUTION



Costs for transporting water to treatment plants and storage reservoirs, and then distributing it to customers.

ADMINISTRATION OF CUSTOMER ACCOUNTS



Expenses related to the service of customer accounts including: billing services, printing, mailing, and payment processing.

ADMINISTRATION & GENERAL



Expenses related to the overall management of the District's operations including district-wide employee benefits, insurance, financial management, human resources, information technology, emergency services, public information, and automotive maintenance.

DEPRECIATION & AMORTIZATION



Expenses related to the use of capital assets over time.

Non-Operating Expenses

Non-Operating Expenses include gains and losses on disposal of capital assets, the cost of debt issuance expense, and interest expense.

NON-OPERATING EXPENSES

Profit or loss resulting from the disposal of capital assets, cost of issuance expense, and interest expense.

Financial Performance

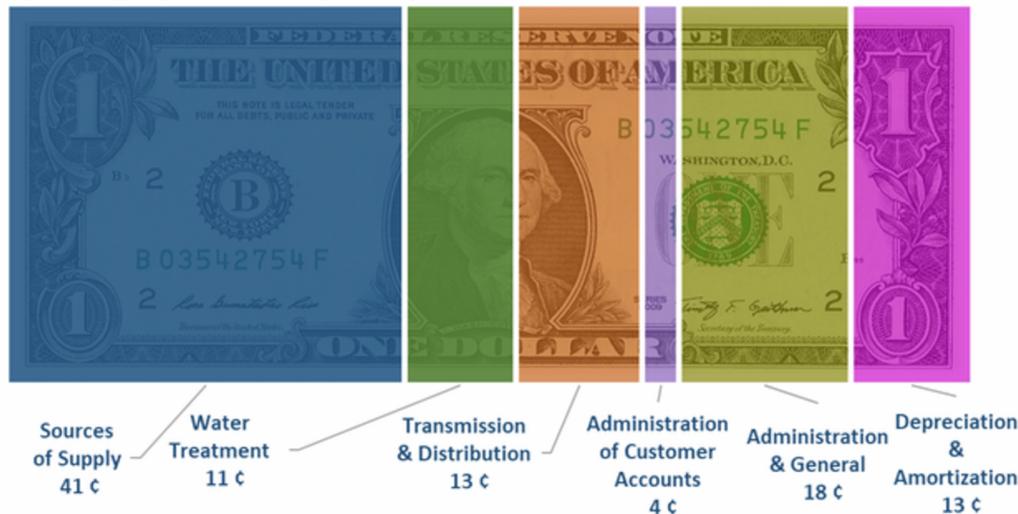
Based on Annual Comprehensive Financial Report

EXPENSES

The Alameda County Water District is committed to provide our customers with a high quality, reliable supply of water at a reasonable cost. Operating expenses cover water purchases, pumping, treatment, transmission and distribution, depreciation, and various administrative and general services. The table and graphic below illustrate the types of expenses for fiscal years 2024 and 2023.

	\$ in thousands	
	2024	2023
OPERATING EXPENSES		
Sources of Supply:		
Water Purchases	\$ 41,298	\$ 38,757
Pumping	2,191	2,160
Other	<u>13,150</u>	<u>11,077</u>
Total Sources of Supply	56,639	51,994
Water Treatment	15,727	15,641
Transmission and Distribution	18,019	19,093
Administration of Customer Accounts	5,104	5,335
Administration and General*	24,514	16,069
Depreciation and Amortization	17,240	15,552
TOTAL OPERATING EXPENSES	\$ 137,243	\$ 123,684
NON-OPERATING EXPENSES	16,517	2,878
TOTAL EXPENSES	\$ 153,760	\$ 126,562

Operating Expenses : Every \$1 Pays For



LONG-TERM DEBT

As of June 30, 2024, the District had \$61.7 million in outstanding revenue bonds compared to \$64.9 million on June 30, 2023 and \$67.7 million on June 30, 2022. The decrease in fiscal years ended June 30, 2024 and June 30, 2023 is due to scheduled debt service payments.

Credit Ratings

The District continues to maintain a AAA rating by Standard & Poor's and a Aa1 rating by Moody's Investor Service.

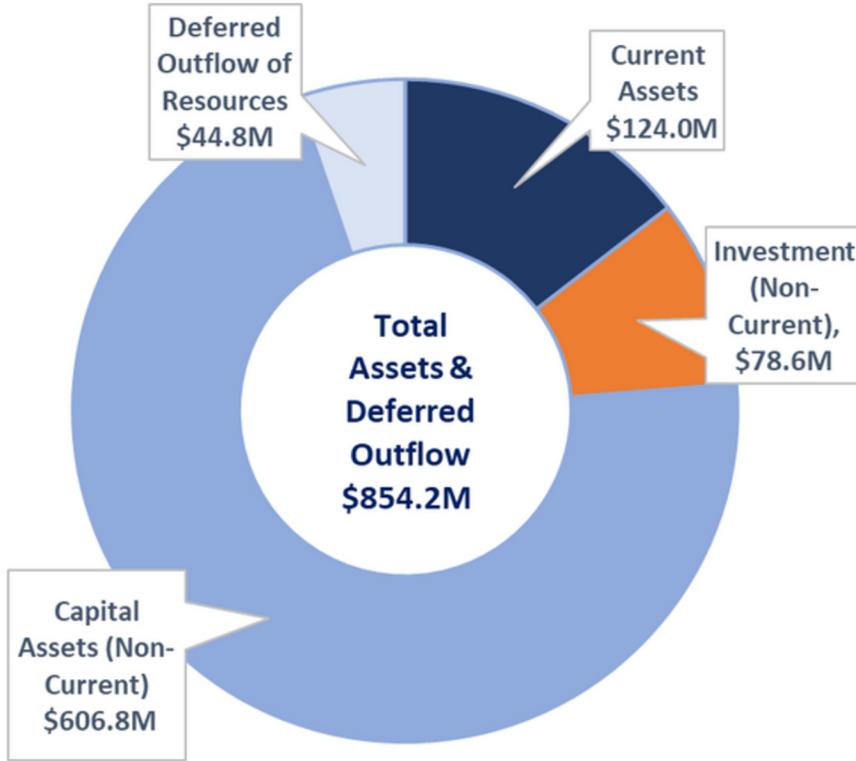
Description	Interest Rate	Fiscal Year Maturity	\$ in thousands	
			Original Amount	Ending Balance June 30, 2024
2015 Water System Revenue Bonds	4 to 5%	2045	\$ 27,810	\$ 22,790
2022 Water System Revenue Bonds	3 to 5%	2042	43,575	38,955
Total Long-term Debt			\$ 71,385	\$ 61,745

*Administrative & General Costs can vary significantly from year-to-year based on recognition of pension plan earnings or losses

Statement of Net Position

Net position is the difference between the District's total assets and its total liabilities. The information presented below applies to fiscal year ending June 30, 2024.

ASSETS & DEFERRED OUTFLOW



Current Assets

Cash and cash equivalents, customer utility receivables, inventory, prepaid expenses, and other liquid assets that can be readily converted to cash.



Investment (Non-Current)

Investments that are set aside for future use and not expected to be converted into cash or sold within one year.



Capital Assets (Non-Current)

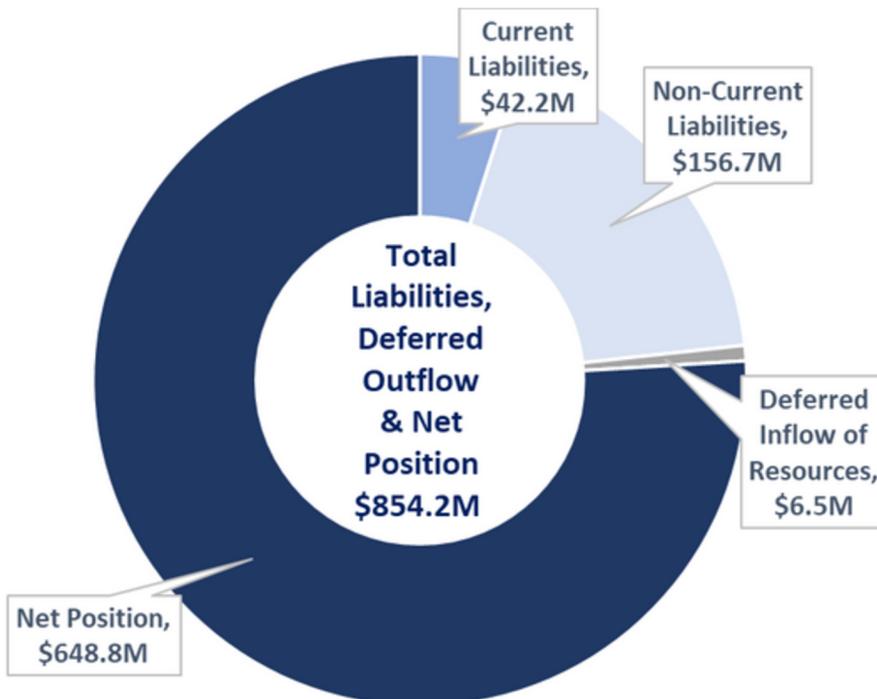
Includes land, buildings, equipment, vehicles, inventory, treatment plants, pipeline, and water distribution systems.



Deferred Outflow of Resources

Represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

LIABILITIES & DEFERRED INFLOW



Current Liabilities

Present obligations and payments due including, payments to vendors, payroll, and employee benefits.



Non-Current Liabilities

Long-term financial obligations including payments for loans, bonds, and employee retirement benefits.



Deferred Inflow of Resources

Represents an acquisition of net assets that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.



Net Position

Represents the District's fiscal position after liabilities and deferred inflows are taken out from assets, and deferred outflow.

Condensed Statements of

Net Position & Revenues, Expenses and Changes in Net Position

End of year net position is the beginning of year net position plus change in net position for the year. The information presented below applies to fiscal years ending June 30, 2024 and 2023.

Statement of Net Position - Condensed June 30, 2024 and 2023 (\$ in Millions)			Statement of Revenues, Expenses, and Changes in Net Position - Condensed June 30, 2024 and 2023 (\$ in Millions)		
ASSETS	2024	2023		2024	2023
Current	\$ 124.0	\$ 157.6	Operating Revenues	\$ 131.5	\$ 133.6
Non-Current (Other)	78.6	77.0	Operating Expenses	<u>137.2</u>	<u>123.7</u>
Non-Current (Capital Assets)	606.8	543.6	Operating Income (Loss):	(5.7)	9.9
DEFERRED OUTFLOWS OF RESOURCES	<u>44.8</u>	<u>42.1</u>			
TOTAL ASSETS	854.2	820.3	Nonoperating Revenues (Expenses)	7.1	13.7
			Net Income before Capital Contributions	1.4	23.6
LIABILITIES			Capital Contributions	13.9	19.9
Current	42.2	26.1	Changes in Net Position	15.3	43.5
Non-Current	156.7	154.4	Net Position, Beginning of Year	<u>633.5</u>	<u>590.0</u>
DEFERRED INFLOWS OF RESOURCES	<u>6.5</u>	<u>6.3</u>	Net Position, End of Year	\$ 648.8	\$ 633.5
TOTAL LIABILITIES	205.4	186.8			
NET POSITION	\$ 648.8	\$ 633.5			



Operating Revenues

Money earned from the core activities of the District, primarily from the sale of water and related services, as well as developer fees.



Operating Expenses

Costs incurred in the day-to-day operations of the District, including expenses for employee salaries, maintenance, and utilities.



Nonoperating Revenue (Expenses)

Income or costs not related to the primary operations of the District, such as investment income, interest expenses, and gains or losses from the sale of assets.



Capital Contributions

Funds received by the District from external sources, such as grants or customer capital contributions, specifically for the purpose of funding infrastructure projects and capital improvements.

Stay Connected to the District

Alameda County Water District
43885 S. Grimmer Blvd.
Fremont, CA 94538
510.668.4200



Business Hours:
8 a.m. to 5 p.m.
Lobby Hours:
9 a.m. to 4 p.m.
Monday - Friday (except holidays)





Alameda Creek at dusk near Coyote Hills