As I close out my first full year as General Manager of Contra Costa Water District, I find myself reflecting a lot about Contra Costa Water District’s purpose in the community.

The past year was marked by unprecedented challenge. As the pandemic tested nearly every aspect of our business, we also endured wildfire, civil unrest and an uncertain economy. Throughout the year, we were guided by our purpose of serving a reliable supply of high-quality water. As I shared with our workforce this year, while I’m an engineer by trade, my roots lie deep in agriculture. As a farmer, one must adjust to the conditions that each year brings. Like seasoned farmers, our team too adjusted to the challenges of 2020 and embraced new approaches of getting the job done.

Throughout it all, we never lost sight of our purpose. We continued to treat tens of millions of gallons of water every day and guaranteed delivery to our customers. Importantly, in the face of a novel virus, we made certain that the water we delivered to homes and businesses was safe to use for drinking and cleaning. We completed more than $30 million dollars of critical infrastructure projects in fiscal year 2020, including our most extensive pipeline replacement in decades. We advanced work on major projects like Phase 2 Los Vaqueros Reservoir Expansion and Main Canal Modernization. We continued crucial maintenance activities and around-the-clock leak response, keeping water flowing to customers more than 99.9% of the time. And we did it all while maintaining water affordability for customers.

The past year emphasized the important role an organization’s structure plays in its success. In 2020, we began a transformation to a more efficient and responsive organization. We restructured our management team, strengthened our safety program with creative COVID-19 safety protocols, and created a position to head up Diversity & Inclusion efforts at Contra Costa Water District. We improved and added to our internal and external training. These strategic moves bring more diversity of skills to our workforce in the pursuit of our purpose.

While my first year as General Manager was not what I anticipated, I am proud of what was accomplished and how we continue to improve with every day. I have a renewed appreciation for what it means to be an essential service. There’s a lot of work left to be done and I’m as confident as ever in our ability to meet the needs of our customers.

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
Ernesto Avila, P.E.
Vice President
John A. Burgh
Director
Connstance Holdaway
Director
Antonio Martinez
Director

SERVICE AREA MAP
FISCAL YEAR 2020 FINANCES IN BRIEF

WATER SALES OVER TIME

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Acre feet</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 20</td>
<td>87,991</td>
</tr>
<tr>
<td>FY 19</td>
<td>85,223</td>
</tr>
<tr>
<td>FY 18</td>
<td>84,451</td>
</tr>
<tr>
<td>FY 17</td>
<td>79,355</td>
</tr>
<tr>
<td>FY 16</td>
<td>76,807</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>$140,334</td>
</tr>
<tr>
<td>Capital Financing</td>
<td>259</td>
</tr>
<tr>
<td>Grants</td>
<td>1,909</td>
</tr>
<tr>
<td>Contributions in Aid of Construction</td>
<td>8,071</td>
</tr>
<tr>
<td>Investment Income</td>
<td>5,814</td>
</tr>
<tr>
<td>Other Income</td>
<td>6,711</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>4,092</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$167,190</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>$81,694</td>
</tr>
<tr>
<td>Water Operations</td>
<td>51,047</td>
</tr>
<tr>
<td>Administrative &amp; General</td>
<td>28,770</td>
</tr>
<tr>
<td>Public Information &amp; Customer Service</td>
<td>5,298</td>
</tr>
<tr>
<td>Build Reserves</td>
<td>380</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$167,190</strong></td>
</tr>
</tbody>
</table>

Read our FY20 Comprehensive Annual Financial Report at ccwater.com/ArchiveCenter/ViewFile/Item/332
OUR IMPORTANT ROLE IN COVID-19

Safe and reliable water service is a cornerstone of public health. Clean water is used for drinking and washing, food production and firefighting. Indeed, water providers are essential services and our water systems are critical infrastructure that support life, business and public health.

We knew—and regulatory agencies confirmed—that the same disinfectants that make water safe to drink are also effective at killing the COVID-19 virus. In March, we took quick action to ensure our ability to continue providing our customers with safe water throughout this crisis. Staff were instructed to work from home when possible, highly trained employees were isolated, and our emergency operations team was activated to map out our response.

EARLY ACTIONS TO FIGHT THE SPREAD:

- **Cleaned and masked.** We increased our cleaning and sanitizing efforts with a focus on high contact surfaces. We sanitized our fleet of vehicles and required masks when around others.

- **Public spaces closed.** Our lobby, payment center and Los Vaqueros Watershed were closed to minimize exposure to the public and our employees until safe alternatives were put into place.

- **Field crews remained at work.** We initially scaled back field crews to critical activities only while we adjusted work schedules and practices to ensure safe maintenance and leak repairs.

- **Suspended shutoffs.** Recognizing the hardships facing many of our customers, we committed to not turning off water service for nonpayment.

As new information was learned about the spread of the virus, we developed our business continuity plans and updated our procedures to optimize the service we provide and to protect the public and our employees.

SAFETY ADVANCES BEYOND COVID-19

Our priority is the safety of our product, our people and our customers. As much as disinfectants, face coverings and social distancing grabbed our collective attention, we made significant progress in other areas of safety as well.

- Updated existing and developed new safety programs
  - Welding & Hot Work
  - Protection from Wildfire Smoke
  - Solitary Worker
  - Silica Exposure Control
  - Emergency Action Plan
  - Injury & Illness Prevention Plan
  - Respiratory Protection

- Implemented new contractor safety qualification requirements for engineering projects

- 134 submitted safety reports, including recognitions, suggestions, concerns and injuries

- 61% of safety reports were resolved on the day of submission
MEETING THE CHALLENGES OF 2020

As the pandemic affected nearly every corner of our community, Contra Costa Water District continued to meet the challenge for customers and avoid financial vulnerability. Our conservative fiscal approach of long-term planning and prudent financial spending helped us weather the storm throughout 2020.

The pandemic challenged our financial strength inside and out. As we took measures to modify workspaces for employees, increase janitorial services, and keep our workspaces safe, one-time and ongoing costs climbed to nearly $1 million in Fiscal Year 2021.

Externally, we watched as many businesses large and small closed temporarily and some, sadly, for good. In August, Marathon Petroleum Corporation announced it would indefinitely halt production at its Martinez refinery because of decreased demand. This closure has significant impacts to the refinery’s employees, many of whom work in our service area, as well as our revenues. Net revenues from Marathon represented approximately one-third of our industrial customer water sales. Our staff immediately reached out to the facility’s management to discuss long-term demand projections and worked those figures into our future financial planning.

We knew the pandemic would greatly affect our customers. At the onset, we made a decision to not turn off water service for nonpayment. As the effects of the stay at home order continued, we saw the number of past due accounts multiply from fewer than 50 in March 2020 to more than 400 by the end of July. Our customer service team worked diligently with customers to offer manageable payment plans and keep them aware of growing balances.

Our financial position at the end of 2020 remains in good standing as a result of well-planned reserve management, adjustments in spending, improved work practices, and wise capital investments. Our annual revenue increase is lower than it has been in years. We’ll continue to monitor the lingering effects of COVID-19 in our community and adjust our financial planning to ensure we always meet the challenge for our customers.

WATER EDUCATION IN THE DIGITAL WORLD

As students throughout our service area began logging on to Zoom and other virtual meeting platforms for school, so too did our Water Education Programs. In early March, we began adapting the field trips, classroom programs and assemblies that reach more than 25,000 children per year for a digital world.

We initially created a Water Education Resource Corner, sharing original and industry content adapted for school curriculum. We partnered with local schools who were still providing curbside meals to distribute water bottles with information about the resources available. Over the summer, we reconfigured our programs so children could virtually tour a treatment plant, wander about a watershed and step aboard a research vessel without concerns of exposure to COVID-19.

Additionally, we launched Water Wednesdays, a slate of programs available to the public that feature various parts of our Water Education Program and our water system.
STRUCTURING OUR ORGANIZATION FOR THE FUTURE

Contra Costa Water District strives to be a leader in the community and in the water industry by ensuring the highest quality water and service to its customers. Creating an organization of employees reflective of the diversity of its customers and building an increasingly inclusive work environment is the most effective approach to continuously achieving that goal.

In 2020, we made several strategic moves to restructure our leadership team, reorganize new workgroups, and update our dated job descriptions. These efforts bring more diversity of skills, of people and of ideas to our team. They are changes that will enhance the way we do business and the way we serve our customers.

Early in 2020, we reorganized our general management team from among existing managers to include four Assistant General Managers (Engineering, Operations and Maintenance; Planning; Policy and External Affairs; and Administration) while eliminating the new General Manager’s former position. This structure reflects the shifting focuses of the District, provides greater leadership opportunities, and allows growth for employees within the organization.

DIVERSITY AND INCLUSION

An employee-comprised Diversity and Inclusion Advisory Council was formed to assist our new Diversity and Inclusion (D&I) Department in establishing new communication paths, enhancing community outreach, and creating accountability and monitoring procedures, among other goals. A first of its kind D&I Master Plan is in development for June 2021 to guide future CCWD D&I initiatives. As one of the largest urban water agencies in Northern California, the District has an opportunity to provide leadership in this area and to coordinate and collaborate with other Bay Area water agencies to increase the diversity of the CCWD team and the productive inclusion of all employees and service providers in its goals and objectives. These efforts will help us better serve all District customers and will improve productivity across our organization.

STRATEGIC INITIATIVES

This newly created Division engages in statewide planning and regulatory efforts to protect the District’s water supply and water quality. A primary focus is to conduct studies and analysis for further expansion of the Los Vaqueros Reservoir and regional water reliability efforts.

A LIFETIME OF ACHIEVEMENT

Longtime Director Bette Boatmun was recognized with the Association of California Water Agencies’ Lifetime Achievement Award in 2020. Director Boatmun announced she’d retire from Contra Costa Water District after 46 years of service. Under her leadership, CCWD has implemented many significant projects and programs including: building Randall-Bold Water Treatment Plant; fencing the Contra Costa Canal; constructing Los Vaqueros Reservoir; providing a conservation program and demonstration garden; upgrading Bollman Water Treatment Plant; providing a low-income assistance program; creating the D&I Department; building the Multi-Purpose Pipeline; building two new Delta intakes; and expanding Los Vaqueros Reservoir. ACWA President Steven LaMar said, “Bette is a trailblazer for women in the water industry and her community, and we are honored to present her with this award.” Division 4 covering Concord, Bay Point, Pittsburg and Antioch is now represented by Antonio Martinez.
WATER RATES AT WORK: INCREASING INFRASTRUCTURE INVESTMENTS

Every day, millions of gallons of safe, clean drinking water are transported around our communities by a complex network of pipes beneath our streets and neighborhoods. These pipes—many of which were constructed in the 1950s and 60s—deliver water to homes and businesses 24 hours a day, seven days a week. As with most infrastructure, water pipes need to be repaired or replaced as they age.

In 2020, Contra Costa Water District completed one of the most expansive water pipe replacement projects in its history. In the Holbrook Heights neighborhood of Concord, we replaced 1.5 miles of water pipes to improve service reliability. In addition, we added more than 20 fire hydrants to increase protection of life and property when fire breaks out. At more than 60 years old, pipes in this neighborhood were at the end of their useful life.

Community infrastructure projects like this one are funded with the rates our customers already pay for regular water service. Proactive maintenance that fits within our financial means is part of being a responsible water provider. We’re proud to say our Holbrook Heights project was completed on time and within budget.

As our communities and their infrastructure age, we are taking a proactive approach that focuses on neighborhoods that have a history of leaks. In 2021, we plan to begin two water pipe replacement projects that will each exceed three miles in length. Replacing old pipes with the longest-lasting materials and highest quality design and construction minimizes the risk of disruptive and costly breaks. We are committed to making these improvements for the benefit of customers for decades to come.
NATIONALLY RECOGNIZED WATER UTILITY
The Association of Metropolitan Water Agencies presented Contra Costa Water District with a 2020 Sustainable Water Utility Management Award, saying the agency is recognized as a statewide leader in water affairs with a focus on preserving Delta water quality and developing regional water supply reliability.

MAINTAINING THE UNDERWATER GATES
To ensure continued reliable operations at Los Vaqueros Reservoir, we completely rehabilitated the original hydraulic power unit, valves, meters, piping and fluids to each of the five underwater gates that bring water into and release water from Los Vaqueros Reservoir.

CONTRA COSTA CANAL LINER REPAIRS
New concrete liner was constructed in three critical locations along the Contra Costa Canal to ensure the safe, reliable delivery of source water. The new liner replaced sections that were damaged from cracks and buckling.

TREATMENT PLANT UPGRADES
Safety additions were completed at our Ralph D. Bollman, Randall-Bold and CCWD-City of Brentwood water treatment plants. Additionally, we improved the chemical storage and low voltage systems at our Bollman plant.

IMPROVEMENTS TO WATER STORAGE
We made important improvements to four of our treated water storage reservoirs. This work upgraded and replaced instrumentation, pipes and pumps, and added to the longevity of the facilities that ensure water is available each time you turn the tap.

EXERCISING REGIONAL RELIABILITY
In March, we exercised our ability to deploy an intertie in Pleasant Hill with neighboring East Bay Municipal Utility District. These interagency links, known as interties, connect various water systems and can be engaged to move water from one agency to another during an emergency or crisis.
PROGRESS CONTINUES ON LOS VAQUEROS EXPANSION

Amid the challenges of the pandemic, progress toward permitting and designing Phase 2 of the Los Vaqueros Reservoir Expansion Project has advanced in 2020. Geotechnical investigations within the Los Vaqueros Watershed continued around the dam site to test soils and other materials for strength to confirm they are sufficient for construction of the larger dam.

The District secured partial funding from the State and is pursuing additional funding from multiple regional partners to expand its Los Vaqueros Reservoir from 160,000 acre-feet to 275,000 acre-feet and construct appurtenant pipelines and pumping plant improvements to improve regional reliability. The Project recently received additional federal funding for construction of project components identified for early implementation.

Project milestones in 2020 include the final environmental documents and final feasibility report and authorization necessary to proceed with the next steps of the project. The current effort has no impact on operating cost. As the project proceeds to implementation, the increased operating costs would be offset by user fees paid by the local agency partners. The value of the assets already in place from ratepayer investment would be reimbursed at fair value by the new users, providing a return to ratepayers. The resulting strategic project thereby not only increases regional reliability, but also adds to the District’s financial stability.

Learn about the Los Vaqueros Reservoir Expansion Project Phase 2 at ccwater.com/lvstudies

FIRE BURNS THROUGH WATERSHED

In August 2020, the Deer Zone Fire burned 1,700 acres of the Los Vaqueros Watershed. CalFire’s Santa Clara Unit was on site to contain the fire, with assistance from our Watershed staff. CalFire was able to use mostly water from Los Vaqueros Reservoir to contain the fire, and due to their excellent work, no structures were lost during the fire. Once the fire was contained, our team along with CalFire began suppression repair efforts, as well as assessing hazards. CalFire did note that the vegetation management practices the District uses at the watershed were critical in containing the reach of this fire. The area continues to be monitored by our Watershed staff and is currently open to the public.