

In the opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel to the Authority ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 2025 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2025 Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the 2025 Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

\$46,100,000

**ALAMEDA COUNTY WATER DISTRICT FINANCING AUTHORITY
WATER SYSTEM REVENUE BONDS, SERIES 2025**



Dated: Date of Delivery

Due: June 1, as shown on inside cover

The Alameda County Water District Financing Authority Water System Revenue Bonds, Series 2025 (the "2025 Bonds"), will be issued pursuant to a Trust Agreement, dated as of April 1, 2025 (the "Trust Agreement"), by and between the Alameda County Water District Financing Authority (the "Authority") and U.S. Bank Trust Company, National Association, as Trustee (the "Trustee"). The 2025 Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the 2025 Bonds is payable semiannually on June 1 and December 1, commencing June 1, 2025.

The 2025 Bonds will be issued as fully registered bonds and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the 2025 Bonds. Individual purchases of the 2025 Bonds will be made in book-entry form only.

The 2025 Bonds are being issued by the Authority to provide funds, together with available funds of the Alameda County Water District (the "Water District"), to (i) finance and/or reimburse the design, acquisition and construction of improvements (the "2025 Project") to the Water System (as defined herein), (ii) refund a portion of the Authority's Water System Revenue Bonds, Series 2015 (the "Refunded Bonds"), which are currently outstanding in the principal amount of \$22,790,000 and (iii) pay the costs of issuing the 2025 Bonds.

The 2025 Bonds are secured by a pledge of Authority Revenues, consisting of installment payments (the "2025 Installment Payments") and other payments paid by the Alameda County Water District (the "Water District") and received by the Authority pursuant to a 2025 Installment Purchase Contract, dated as of April 1, 2025, by and between the Authority and the Water District, and all interest or other income from any investment of any money in any fund or account established pursuant to the Trust Agreement (other than the Rebate Fund), and any other amounts held by the Trustee in any fund or account established under the Trust Agreement (other than amounts on deposit in the Rebate Fund). The Water District has previously incurred obligations and may issue or incur obligations payable from Net Revenues on a parity with the 2025 Installment Payments, subject to the terms and conditions of the 2025 Installment Purchase Contract, as more fully described herein. See "SECURITY FOR THE 2025 BONDS – Parity Obligations." and "Execution of Subordinate Obligations" herein.

The 2025 Bonds are subject to optional redemption and mandatory sinking fund redemption as described herein.

THE 2025 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY FROM AUTHORITY REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE TRUST AGREEMENT.

THE OBLIGATION OF THE WATER DISTRICT TO MAKE THE 2025 INSTALLMENT PAYMENTS IS A LIMITED OBLIGATION OF THE WATER DISTRICT PAYABLE SOLELY FROM A PLEDGE OF NET REVENUES, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE WATER DISTRICT, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS IS PLEDGED FOR THE PAYMENT THEREOF.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE OF BONDS. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE PURCHASE OF THE 2025 BONDS.

The 2025 Bonds are offered when, as and if issued by the Authority and accepted by the initial purchaser, subject to the respective legal opinions of Stradling Yocca Carlson & Rauth LLP, Bond Counsel to the Water District, and certain other conditions. Certain legal matters will be passed upon for the Authority and the Water District by Hanson Bridgett LLP. It is expected that the 2025 Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about April 8, 2025.

Dated: March 25, 2025

MATURITY SCHEDULE

\$37,130,000 Serial Bonds

<i>Maturity (June 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP[†]</i>
2026	\$1,080,000	5.000%	2.360%	102.967	01112CCV6
2027	1,135,000	5.000	2.360	105.492	01112CCW4
2028	1,195,000	5.000	2.400	107.833	01112CCX2
2029	1,255,000	5.000	2.450	109.994	01112CCY0
2030	1,315,000	5.000	2.530	111.847	01112CCZ7
2031	1,375,000	5.000	2.570	113.732	01112CDA1
2032	1,450,000	5.000	2.630	115.347	01112CDB9
2033	1,525,000	5.000	2.700	116.716	01112CDC7
2034	1,600,000	5.000	2.800	117.641	01112CDD5
2035	1,680,000	5.000	2.870	118.632	01112CDE3
2036	1,765,000	5.000	2.930	118.052 ^C	01112CDF0
2037	1,850,000	5.000	3.040	116.999 ^C	01112CDG8
2038	1,940,000	5.000	3.110	116.335 ^C	01112CDH6
2039	2,040,000	5.000	3.190	115.581 ^C	01112CDJ2
2040	2,145,000	5.000	3.310	114.461 ^C	01112CDK9
2041	2,250,000	5.000	3.420	113.446 ^C	01112CDL7
2042	1,045,000	5.000	3.510	112.623 ^C	01112CDM5
2043	1,100,000	5.000	3.640	111.447 ^C	01112CDN3
2044	1,155,000	5.000	3.740	110.553 ^C	01112CDP8
2045	1,210,000	5.000	3.810	109.932 ^C	01112CDQ6
2046	1,270,000	5.000	3.870	109.403 ^C	01112CDR4
2047	1,335,000	5.000	3.900	109.140 ^C	01112CDS2
2048	1,400,000	5.000	3.930	108.877 ^C	01112CDT0
2049	1,470,000	5.000	3.970	108.529 ^C	01112CDU7
2050	1,545,000	5.000	3.990	108.355 ^C	01112CDV5

\$3,330,000 5.000% Term Bonds due June 1, 2052 - Yield: 4.050%; Price: 107.835^C CUSIP No. 01112CDX1[†]

\$5,640,000 5.000% Term Bonds due June 1, 2055 - Yield: 4.110%; Price: 107.318^C CUSIP No. 01112CEA0[†]

^C Priced to par call on June 1, 2035.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2025 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither the Water District nor the Underwriter assumes responsibility for the accuracy of such numbers.

No dealer, broker, salesperson or other person has been authorized by the Authority or the Water District to provide any information or to make any representations in connection with the offering or sale of the 2025 Bonds other than as contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority or the Water District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2025 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2025 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matter of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. This Official Statement is submitted in connection with the sale of the 2025 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Authority and the Water District.

The information set forth herein has been obtained from sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the initial purchaser, the Authority, or the Water District. The information and expression of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the Water District since the date hereof.

THE 2025 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE 2025 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

IN CONNECTION WITH THE OFFERING OF THE 2025 BONDS, THE INITIAL PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2025 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE INITIAL PURCHASER MAY OFFER AND SELL THE 2025 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE INITIAL PURCHASER.

The initial purchaser has provided the following for inclusion in the Official Statement in connection with the offering of the 2025 Bonds: The initial purchaser has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities under the federal securities laws, as applied to the facts and circumstances of this transaction, but the initial purchaser does not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, the Projected Operating Results of the Water District in Table 9 herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AUTHORITY AND THE WATER DISTRICT DO NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

ALAMEDA COUNTY WATER DISTRICT

BOARD OF DIRECTORS

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

WATER DISTRICT OFFICERS AND STAFF

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

PROFESSIONAL SERVICES

BOND COUNSEL

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Sacramento, California

WATER DISTRICT COUNSEL

Hanson Bridgett LLP
San Francisco, California

MUNICIPAL ADVISOR

PFM Financial Advisors LLC
San Francisco, California

TRUSTEE

U.S. Bank Trust Company, National Association
San Francisco, California

VERIFICATION AGENT

Causey Public Finance, LLC
Denver, Colorado

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SERVICE AREA MAP

Service Area

- Fremont, Newark, and Union City – 105 square miles



OFFICIAL STATEMENT

\$46,100,000

ALAMEDA COUNTY WATER DISTRICT FINANCING AUTHORITY WATER SYSTEM REVENUE BONDS, SERIES 2025

INTRODUCTION

This Official Statement, including the cover page and Appendices hereto, is provided to furnish certain information in connection with the offering of Alameda County Water District Financing Authority Water System Revenue Bonds, Series 2025 (the “2025 Bonds”), in the aggregate principal amount of \$46,280,000*. Certain capitalized terms used herein are defined in “APPENDIX A- SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

The 2025 Bonds are secured by a pledge of Authority Revenues, consisting of installment payments to be made by the Alameda County Water District (the “Water District”), pursuant to the 2025 Installment Purchase Contract, dated as of April 1, 2025 (the “2025 Installment Purchase Contract”), by and between the Water District and the Alameda County Water District Financing Authority, a joint exercise of powers agency (the “Authority”), and all interest and or other income from any investment of any money in any fund or account established pursuant to the Trust Agreement, dated as of April 1, 2025 (the “Trust Agreement”), by and between the Authority and U.S. Bank Trust Company, National Association, as Trustee (the “Trustee”) (except the Rebate Fund), and any other amounts held by the Trustee in any fund or account established under the Trust Agreement (other than amounts on deposit in the Rebate Fund). The Authority is a joint exercise of powers authority organized under the laws of the State of California (the “State”) and composed of the Water District and Union Sanitary District, a public sanitary district duly organized and existing under and pursuant to the Sanitary District Act of 1923 (“USD”).

The 2025 Installment Purchase Contract is being executed and delivered to (i) finance and/or reimburse the design, acquisition and construction of improvements (the “2025 Project”) to the Alameda County Water District’s Water System (as defined herein), (ii) refund the Authority’s Water System Revenue Bonds, Series 2015 (the “Refunded Bonds”), which are currently outstanding in the principal amount of \$22,790,000, and (iii) pay the costs of issuing the 2025 Bonds See “FINANCING PLAN” herein. The Trust Agreement defines “Water System” as all facilities for the pumping, storage, transmission and treatment of water now owned by the Water District and all other properties, structures or works hereafter acquired and constructed by the Water District and determined to be a part of the Water System, together with all additions, betterments, extensions or improvements to such facilities, properties, structures or works or any part thereof hereafter acquired and constructed.

The 2025 Bonds are being issued pursuant to the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) (the “Act”) and the Trust Agreement. Pursuant to the Trust Agreement, the Authority will assign to the Trustee, for the benefit of the registered owners of the 2025 Bonds, all its rights to receive the payments of principal and interest payable by the Water District under the 2025 Installment Purchase Contract (the “2025 Installment Payments”) and certain other rights and interests of the Authority in the 2025 Installment Purchase Contract. The Authority shall not have any obligation or liability to the Bond owners with respect to the Water District’s performance of its obligations under the 2025 Installment Purchase Contract.

The 2025 Bonds are limited obligations of the Authority and are payable solely from Authority Revenues and the other assets pledged therefor under the Trust Agreement. The obligation of the Water District to make the 2025 Installment Payments is a limited obligation payable solely from a pledge of Net Revenues (as defined below), and neither the full faith and credit nor the taxing power of the Water District, the State of California or any of its political subdivisions is pledged for the payment thereof.

The Authority

The Authority was created by a Joint Exercise of Powers Agreement, dated as of November 14, 2011, between USD and the Water District, as amended. The agreement was entered into pursuant to the provisions of Articles 1, 2 and 4, Chapter 5, Division 7, Title 1 of the California Government Code. The Authority is empowered to assist in financing projects and certain public improvements, such as the design, acquisition and construction of additions, betterments and improvements to the Water System. Under the Act, the Authority has the power to issue revenue bonds to assist in the financing of public capital improvements.

The Water District

The Water District is a special district formed under California law. The Water District is located in southern Alameda County along the southeastern shore of San Francisco Bay in the State. It includes the cities of Fremont, Newark and Union City, and serves a population of approximately 342,000 as of January 1, 2024. The Water District provides water service and manages the Niles Cone Groundwater Basin in its service area.

Sources of Payment for the 2025 Bonds

Trust Agreement. The payment of principal of and interest on the 2025 Bonds is secured solely by a pledge of the Authority Revenues, consisting of mainly 2025 Installment Payments and other payments paid by the Water District and received by the Authority pursuant to the 2025 Installment Purchase Contract. The obligation of the Water District to make the 2025 Installment Payments is a limited obligation of the Water District payable solely from a Pledge of Net Revenues. “Net Revenues” means, for any period, an amount equal to all of the Revenues (as hereinafter defined) received by the Water District during such period less the amount of Maintenance and Operation Costs becoming payable during such period. See “SECURITY FOR THE 2025 BONDS - Net Revenues; Pledge of Net Revenues.”

Rate Covenant. In the 2025 Installment Purchase Contract, the Water District has covenanted that it will fix, prescribe and collect rates, fees and charges for the services and facilities furnished by the Water District’s Water System during each fiscal year, which are at least sufficient to yield in each fiscal year Net Revenues equal to 125 percent of the Debt Service for such fiscal year. See “SECURITY FOR THE 2025 BONDS - Rate Covenant.”

Parity Obligations. The 2025 Installment Purchase Contract provides that additional installment purchase contracts and bonds payable from Net Revenues may be issued or incurred on a parity with the 2025 Installment Payments provided that certain conditions are met. (Such additional installment purchase contracts or bonds payable from Net Revenues on a parity with the 2025 Installment Payments are referred to as “Parity Obligations.”) The Water District previously executed and delivered (i) the Refunded Bonds; and (ii) the Water System Revenue Bonds, Series 2022, which are currently outstanding in the principal amount of \$22,790,000 (the “2022 Bonds”). The Refunded Bonds are payable from installment payments to be made by the Water District pursuant to an Installment Purchase Agreement between the Water District and the Authority, dated as of March 1, 2015 (the “2015 Installment Purchase Agreement”). The 2022 Bonds are payable from installment payments to be made by the Water District pursuant to an Installment Purchase Agreement between the Water District and the Authority, dated as of April 1, 2022 (the “2022 Installment Purchase Agreement” and, together with the 2015 Installment Purchase Agreement, the “Prior Parity Obligations”). The 2025 Installment Purchase Agreement, when issued, will be secured by a pledge of Net Revenues on a parity with the Water District’s obligation to make payments with respect to the Prior Parity Obligations. See “SECURITY FOR THE 2025 BONDS - Parity Obligations.”

Continuing Disclosure

The Water District has covenanted, on behalf of itself and the Authority, for the benefit of owners of the 2025 Bonds to provide certain financial information and operating data relating to the Water District by not

later than nine months after the end of the Water District's fiscal year (which is currently June 30) in each year commencing with the report for the Fiscal Year 2024-25 (the "Annual Report") and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of material events will all be filed with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the initial purchasers in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be contained in the Annual Report or the notices of material events by the Water District is set forth in APPENDIX C - "Form of Continuing Disclosure Certificate."

The Water District entered into undertakings to provide annual reports, and to provide notice of certain events, in connection with the issuance of the Refunded Bonds and the 2022 Bonds. The Water District has prepared annual reports pursuant to such undertakings each of the last five years, and provided the annual reports to the Dissemination Agent in a timely manner. However, in one year, the annual report was not correctly linked to all applicable CUSIPs.

Summaries Not Definitive

Brief descriptions of the 2025 Bonds, the security for the 2025 Bonds and the Water District are provided herein. Such descriptions do not purport to be comprehensive or definitive. Definitions of certain capitalized terms used herein may be found in APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - Certain Definitions. All references made to various documents herein are qualified in their entirety by reference to the forms thereof, all of which are available for inspection at the office of the Director of Finance of the Water District.

THE 2025 BONDS

General

The 2025 Bonds will be issued in denominations of \$5,000 or any integral multiple thereof, and will be dated the date of delivery thereof and will mature on June 1 in the years and in the amounts set forth on the cover page hereof. Interest on the 2025 Bonds is payable from their dated date at the rates set forth on the cover page hereof, on June 1 and December 1 of each year, commencing June 1, 2025.

The 2025 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC," and, together with any successor securities depository, the "Securities Depository"). DTC will act as Securities Depository for the 2025 Bonds so purchased. Individual purchases will be made only in book-entry form. Purchasers will not receive physical certificates representing their beneficial ownership interest in the 2025 Bonds. So long as the 2025 Bonds are registered in the name of Cede & Co., payment of the principal of, premium, if any, and interest on the 2025 Bonds will be payable to DTC or its nominee. DTC in turn will remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners. See "APPENDIX F - BOOK-ENTRY ONLY SYSTEM."

THE 2025 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE, AS TO INTEREST THEREON, PRINCIPAL THEREOF AND ANY PREMIUMS UPON THE REDEMPTION OF ANY THEREOF, SOLELY FROM THE AUTHORITY REVENUES (AS DEFINED IN THE TRUST AGREEMENT), AND THE AUTHORITY IS NOT OBLIGATED TO PAY THE INTEREST OR PREMIUM, IF ANY, ON AND PRINCIPAL OF THE 2025 BONDS EXCEPT FROM AUTHORITY REVENUES. THE AUTHORITY HAS NO TAXING POWER AND THE FULL FAITH AND CREDIT OF THE WATER DISTRICT IS NOT PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE 2025 BONDS. NO TAX SHALL EVER BE LEVIED OR COLLECTED TO PAY THE INTEREST ON OR PRINCIPAL OF THE 2025 BONDS. THIS BOND IS NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF OR CHARGE OR LIEN UPON ANY PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS EXCEPT THE AUTHORITY REVENUES.

Redemption

Optional Redemption. The 2025 Bonds are subject to optional redemption prior to their respective stated maturities at the direction of the Authority, from moneys deposited by the Authority or the Water District from any source of available funds, in whole on any date, or in part (in such maturities as are designated by the Authority at the direction of the Water District) on any date on or after June 1, 2035, at a redemption price equal to 100 percent of the principal amount of Bonds called for redemption, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Term Bonds maturing on June 1, 2052 are subject to redemption prior to their respective stated maturities, on any June 1 on or after June 1, 2051, in part, by lot, from mandatory sinking account payments at a redemption price equal to the principal amount thereof and interest accrued thereon to the date fixed for redemption date, without premium, as set forth below.

Sinking Fund Redemption Date (June 1)	Principal Amount
2051	\$1,625,000
2052*	1,705,000

*Final Maturity

The Term Bonds maturing on June 1, 2055 are subject to redemption prior to their respective stated maturities, on any June 1 on or after June 1, 2053, in part, by lot, from mandatory sinking account payments at a redemption price equal to the principal amount thereof and interest accrued thereon to the date fixed for redemption date, without premium, as set forth below.

Sinking Fund Redemption Date (June 1)	Principal Amount
2053	\$1,790,000
2054	1,880,000
2055*	1,970,000

*Final Maturity

Partial Redemption of the 2025 Bonds. If less than all Outstanding Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the 2025 Bonds and maturity date to be redeemed in any manner that it deems appropriate and fair and shall promptly notify the Authority in writing of the numbers of such Bonds so selected for redemption. For purposes of such selection, Bonds shall be deemed to be composed of \$5,000 multiples and any such multiple may be separately redeemed.

Notice, Rescission and Effect of Redemption

Notice of Redemption. Notice of redemption is required to be mailed by first-class mail by the Trustee, not less than 20 nor more than 60 days prior to the redemption date to (i) the respective Holders of the 2025 Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, (ii) the Securities Depositories and (iii) one or more Information Services. Notice of redemption to the Securities Depositories and the Information Services is required to be given by registered mail, overnight delivery, electronic mail or facsimile transmission. Each notice of redemption is required to state the date of such notice, the Series being redeemed, the redemption price, if any (including the name and appropriate address of the Trustee), the CUSIP number (if any) of the maturity or maturities, and if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the 2025 Bonds of such maturity to be redeemed and, in the

case of 2025 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice is also required to state that on said date there will become due and payable on each of said 2025 Bonds to be redeemed in part only, the specified portion of the principal amount thereof to be redeemed, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon will cease to accrue, and require that the 2025 Bonds be then surrendered at the address of the Trustee specified in the redemption notice.

So long as the 2025 Bonds are held in book-entry only form, notice of redemption will be mailed by the Trustee only to DTC and not to the Beneficial Owners of Bonds under the DTC book-entry only system. Neither the Authority nor the Trustee is responsible for notifying the Beneficial Owners, who are to be notified in accordance with the procedures in effect for the DTC book-entry system. See “APPENDIX F - BOOK-ENTRY ONLY SYSTEM.”

Neither the failure to receive any such notice of redemption nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest on the redemption date. Neither the Authority nor the Trustee shall have any responsibility for any defect in CUSIP numbers which appears on any Bond or in any redemption notice with respect thereto.

Conditional Notice of Optional Redemption. Any notice of optional redemption of the 2025 Bonds may be conditional and if any condition stated in the notice of redemption is not satisfied on or prior to the redemption date, said notice will be of no force and effect and the Authority (at the direction of the Water District) will not redeem such 2025 Bonds. The Trustee will within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled.

Right to Rescind Redemption. The Authority (at the direction of the Water District) has the right to rescind any redemption by written notice of rescission. Any notice of redemption will be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the 2025 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Trust Agreement. The Trustee will mail notice of rescission of such redemption in the same manner as the original notice of redemption was sent.

Effect of Redemption. If notice of redemption is given as provided in the Trust Agreement and money for the payment of the redemption price of the 2025 Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice the 2025 Bonds so called for redemption will become due and payable, and from and after such redemption date interest on such Bonds will cease to accrue, and the Holders of such Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

FINANCING PLAN

The 2025 Bonds are being issued by the Authority to provide funds, together with available funds of the Water District, to (i) finance and/or reimburse costs of the 2025 Project, (ii) refund the Refunded Bonds, which are currently outstanding in the principal amount of \$22,790,000; and (iii) pay the costs of issuing the 2025 Bonds.

2025 Project. The 2025 Project to be paid or reimbursed with the Series 2025 Bond proceeds consists of a number of significant recent and near-term infrastructure investments include reservoir roof replacements and seismic upgrades, small and large diameter pipeline upgrades, service line emergency replacements, and other system improvements. The 2025 Project also includes a portion of the costs of the recently completed Advanced Metering Infrastructure upgrade project (the “AMI Project”). The AMI Project included the deployment of both AMI metering technology for all consumption meters and a user-friendly customer web portal to provide customer self-service access to the AMI data and customer service functions. The Water District also recently completed other capital improvement projects such as the Groundwater Interim PFAS Treatment

project which treats up to 6 million gallons per day (“MGD”) of groundwater by removing PFAS, help the Water District comply with current and future regulatory requirements, and enhance local water supply reliability. See “DISTRICT AND WATER SYSTEM INFORMATION - Environmental Regulation.” The Water District plans to expand the interim PFAS system to 15 MGD depending on prevailing water quality and water supply parameters. In addition, the Water District has a robust Main Renewal Program and has multiple large main renewal projects in progress.

The following projects are identified to be funded/reimbursed with the \$35 million of Series 2025 proceeds:

Project	Cost (millions)
Driscoll Road Main Renewal Project	\$11.0
Groundwater PFAS Treatment Facility	10.5
Advanced Metering Infrastructure	5.2
Alameda Reservoir Roof Replacement	5.1
Central Newark Thornton Ave. Main Renewal	3.2

Refunding of the Series 2015 Bonds. A portion of the proceeds of the Series 2025 Bonds, together with other available funds, will be deposited in an escrow fund (the “Escrow Fund”) held by U.S. Bank Trust Company, National Association, as escrow agent for the Refunded Bonds (the “Escrow Agent”) under an escrow agreement for the Refunded Bonds (the “Escrow Agreement”). A portion of the amounts deposited in the Escrow Fund will be invested in certain investments permitted by the terms of the Trust Agreement (the “Defeasance Securities”). The principal of and interest on the Defeasance Securities, together with uninvested amounts held in the Escrow Funds, will be sufficient to pay the principal of and interest on the Series 2015 Bonds to July 7, 2025 (the “Redemption Date”) and to pay or redeem the Refunded Bonds on the Redemption Date, as set forth in the tables below, at redemption prices equal to 100% of the outstanding principal amount thereof plus all accrued but unpaid interest on the Refunded Bonds on the Redemption Date.

For information on mathematical verification of the sufficiency of the principal of and interest on the Defeasance Securities and the funds held by the Escrow Agent to make such payments, see “VERIFICATION OF MATHEMATICAL COMPUTATIONS.” Upon such deposits with the Escrow Agent, the Refunded Bonds will be defeased, and the owners of the Refunded Bonds will no longer be entitled to the benefits of the Trust Agreement.

Certain information relating to the Refunded Bonds is set forth below.

ALAMEDA COUNTY WATER DISTRICT FINANCING AUTHORITY
Water System Revenue Bonds, Series 2015
Redemption Date: July 7, 2025

Maturity Date (June 1)	Principal Amount	Interest Rate	CUSIP [†] Number
2025	\$705,000	5.00%	01112CBJ4
2026	740,000	4.00	01112CBK1
2027	770,000	4.00	01112CBL9
2028	800,000	4.00	01112CBM7
2029	835,000	4.00	01112CBN5
2030	870,000	4.00	01112CBP0
2031	900,000	4.00	01112CBQ8
2032	940,000	4.00	01112CBR6
2033	975,000	4.00	01112CBS4
2034	1,015,000	4.00	01112CBT2
2035	1,055,000	4.00	01112CBU9
2036	1,100,000	4.00	01112CBV7
2039	3,560,000	4.00	01112CBW5
2042	2,620,000	4.00	01112CBX3

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2025 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither the Water District nor the Underwriter assumes responsibility for the accuracy of such numbers.

ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds in connection with the 2025 Bonds are as follows:

SOURCES:

Principal Amount of the 2025 Bonds	\$46,100,000.00
Plus Net Original Issue Premium	5,405,016.70
Plus Available Amounts from Refunded Bonds and District Contribution	228,317.78
TOTAL:	<u>\$51,733,334.48</u>

USES:

2025 Acquisition Fund ⁽¹⁾	\$35,000,000.00
Escrow for Refunded Bonds	16,395,039.63
Underwriter's Discount	57,625.00
Costs of Issuance ⁽²⁾	280,669.85
TOTAL:	<u>\$51,733,334.48</u>

⁽¹⁾ Pursuant to the Trust Agreement, the 2025 Acquisition Fund will be established and held by the Water District. Amounts in the 2025 Acquisition Fund are not pledged pursuant to the Trust Agreement.

⁽²⁾ Includes legal fees, municipal advisory fees, rating fees, printing expenses and other costs relating to the execution and delivery of the 2025 Bonds.

DEBT SERVICE REQUIREMENTS

Annual debt service on the 2015 Bonds (which will remain outstanding after the issuance of the 2025 Bonds), the 2022 Bonds and the 2025 Bonds is presented below.

<i>Period Ending (June 1)</i>	<i>2015 Bonds Principal</i>	<i>2015 Bonds Interest</i>	<i>2022 Bonds Principal</i>	<i>2022 Bonds Interest</i>	<i>2025 Bonds Principal</i>	<i>2025 Bonds Interest</i>	<i>Total Debt Service</i>
2025	\$705,000	\$823,368	\$2,605,000	\$1,682,138		\$339,347	\$6,154,853
2026	--	236,200	2,715,000	1,551,888	1,080,000	2,305,000	7,888,088
2027	--	236,200	2,865,000	1,416,138	1,135,000	2,251,000	7,903,338
2028	--	236,200	3,015,000	1,272,888	1,195,000	2,194,250	7,913,338
2029	--	236,200	1,555,000	1,122,138	1,255,000	2,134,500	6,302,838
2030	--	236,200	1,635,000	1,044,388	1,315,000	2,071,750	6,302,338
2031	--	236,200	1,720,000	962,638	1,375,000	2,006,000	6,299,838
2032	--	236,200	1,810,000	876,638	1,450,000	1,937,250	6,310,088
2033	--	236,200	1,905,000	786,138	1,525,000	1,864,750	6,317,088
2034	--	236,200	2,010,000	690,888	1,600,000	1,788,500	6,325,588
2035	--	236,200	2,085,000	610,488	1,680,000	1,708,500	6,320,188
2036	--	236,200	2,175,000	527,088	1,765,000	1,624,500	6,327,788
2037	--	236,200	2,260,000	440,088	1,850,000	1,536,250	6,322,538
2038	--	236,200	2,355,000	349,688	1,940,000	1,443,750	6,324,638
2039	--	236,200	2,455,000	255,488	2,040,000	1,346,750	6,333,438
2040	--	236,200	2,535,000	181,838	2,145,000	1,244,750	6,342,788
2041	--	236,200	2,610,000	105,788	2,250,000	1,137,500	6,339,488
2042	1,390,000	236,200	645,000	20,963	1,045,000	1,025,000	4,362,163
2043	1,445,000	180,600	--	--	1,100,000	972,750	3,698,350
2044	1,505,000	122,800	--	--	1,155,000	917,750	3,700,550
2045	1,565,000	62,600	--	--	1,210,000	860,000	3,697,600
2046	--	--	--	--	1,270,000	799,500	2,069,500
2047	--	--	--	--	1,335,000	736,000	2,071,000
2048	--	--	--	--	1,400,000	669,250	2,069,250
2049	--	--	--	--	1,470,000	599,250	2,069,250
2050	--	--	--	--	1,545,000	525,750	2,070,750
2051	--	--	--	--	1,625,000	448,500	2,073,500
2052	--	--	--	--	1,705,000	367,250	2,072,250
2053	--	--	--	--	1,790,000	282,000	2,072,000
2054	--	--	--	--	1,880,000	192,500	2,072,500
2055	--	--	--	--	1,970,000	98,500	2,068,500
Total⁽¹⁾	\$6,610,000	\$5,204,768	\$38,955,000	\$13,897,309	46,100,000	\$37,428,347	\$148,195,424

⁽¹⁾Totals may not add due to rounding.

SECURITY FOR THE 2025 BONDS

Capitalized terms used herein and not otherwise defined shall have the meanings set forth in APPENDIX A- SUMMARY OF PRINCIPAL LEGAL DOCUMENTS- Certain Definitions.

General

The 2025 Bonds are secured by a pledge of Authority Revenues, consisting of the 2025 Installment Payments and other payments paid by the Water District and received by the Authority pursuant to the 2025 Installment Purchase Contract and all interest or other income from any investment of any money in any fund or account established pursuant to the Trust Agreement (other than the Rebate Fund), and any other amounts held by the Trustee in any fund or account established under the Trust Agreement (other than amounts on deposit in the Rebate Fund).

The 2025 Bonds are limited obligations of the Authority and are payable solely from Authority Revenues and the other assets pledged therefor under the Trust Agreement. The obligation of the Water District to make the 2025 Installment Payments is a limited obligation of the Water District payable solely from a pledge of Net Revenues, and neither the full faith and credit nor the taxing power of the Water District, the State of California or any of its political subdivisions is pledged for the payment thereof.

Pledge of Revenues

“Authority Revenues” is defined in the Trust Agreement to mean all 2025 Installment Payments and other payments paid by the Water District and received by the Authority pursuant to the 2025 Installment Purchase Contract and all interest or other income from any investment of any money in any fund or account established pursuant to the Trust Agreement (other than the Rebate Fund).

All Authority Revenues and any other amounts held by the Trustee in any fund or account established under the Trust Agreement (other than amounts on deposit in the Rebate Fund) are irrevocably pledged to the payment of the interest and premium, if any, on and principal of the 2025 Bonds as provided in the Trust Agreement, and the Authority Revenues are not permitted to be used for any other purpose while any of the 2025 Bonds remain Outstanding. The pledge of Authority Revenues under the Trust Agreement constitutes a first pledge of and charge and lien upon the Authority Revenues and all other moneys on deposit in the funds and accounts established under the Trust Agreement (other than amounts on deposit in the Rebate Fund) for the payment of the interest on and principal of the 2025 Bonds in accordance with the terms of the Trust Agreement.

Deposit of Authority Revenues; Funds and Accounts

Under the Trust Agreement, all Authority Revenues are required to be deposited in the Authority Revenue Fund and all money in the Authority Revenue Fund is required to be disbursed, allocated, and applied by the Trustee solely for the uses and purposes set forth in the Trust Agreement.

Allocation of Authority Revenues. The Trustee is required under the Trust Agreement to set aside the moneys in the Authority Revenue Fund in the following respective accounts or funds in the following order of priority:

First:	Interest Account
Second:	Principal Account

Interest Account. On or before each June 1 and December 1, commencing June 1, 2025, the Trustee is required to set aside from the Authority Revenue Fund and deposit in the Interest Account that amount of money that is equal to the amount of interest coming due and payable on all Outstanding 2025 Bonds on such June 1 or December 1.

No deposit need be made in the Interest Account if the amount contained therein is at least equal to the aggregate amount of interest becoming due and payable on all 2025 Bonds on such interest payment date.

All money in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the 2025 Bonds as it becomes due and payable (including accrued interest on any 2025 Bonds purchased or redeemed prior to maturity).

Principal Account. On each June 1, the Trustee is required to set aside from the Authority Revenue Fund and deposit in the Principal Account an amount of money equal to the principal amount of all Outstanding Serial Bonds maturing or becoming subject to mandatory sinking account redemption on such June 1.

No deposit need be made in the Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding 2025 Bonds maturing or becoming subject to mandatory sinking account redemption by their terms on such June 1.

All money in the Principal Account is required to be used and withdrawn by the Trustee solely for the purpose of paying the principal of the 2025 Bonds as it becomes due and payable, whether at maturity or redemption.

No debt service reserve fund to secure the 2025 Bonds is created under the Trust Agreement.

2025 Installment Payments

Pursuant to the 2025 Installment Purchase Contract, the Water District is obligated to make 2025 Installment Payments, solely from Net Revenues, the combined totals of which 2025 Installment Payments equal the principal of and interest on the 2025 Bonds. The obligation of the Water District to pay such 2025 Installment Payments is absolute and unconditional, and until such time as the 2025 Installment Payments have been paid in full (or provision for the payment thereof shall have been made pursuant to the 2025 Installment Purchase Contract, the Water District will not discontinue or suspend any 2025 Installment Payments required to be paid by it under the 2025 Installment Purchase Contract required to be paid when due, whether or not the Water System or any part thereof is operating or operable, or its use is suspended, interfered with, reduced, curtailed or terminated in whole or in part, and such payments will not be subject to reduction whether by offset, abatement or otherwise and will not be conditional upon the performance or nonperformance by any party to any agreement for any cause whatsoever. The obligation of the Water District to make the 2025 Installment Payments is not subject to annual appropriation by the Water District.

The obligation of the Water District to make the 2025 Installment Payments pursuant to the 2025 Installment Purchase Contract is a limited obligation of the Water District payable solely from a pledge of Net Revenues, and neither the full faith and credit nor the taxing power of the Water District, the State of California or any of its political subdivisions is pledged for the payment of the 2025 Installment Payments.

Net Revenues

Pledge of Net Revenues. Under the 2025 Installment Purchase Contract, all Net Revenues are irrevocably pledged to the payment on a parity of the 2025 Installment Payments and all other Installment Payments (including the 2025 Installment Payments) and Bonds, and the Net Revenues shall not be used for any other purpose while any of the 2025 Installment Payments remain unpaid; provided, that out of the Net Revenues there may be apportioned such sums for such purposes as described below. The pledge under the 2025 Installment Purchase Contract constitutes a first lien on the Net Revenues for the payment of the 2025 Installment Payments and all other Installment Purchase Contracts and Bonds in accordance with the terms of the 2025 Installment Purchase Contract, and the 2025 Installment Payments shall be secured by and payable on a parity with all such payments.

“Net Revenues” are defined in the 2025 Installment Purchase Contract as, for any designated period, the Revenues during such period, less the Maintenance and Operation Costs during such period.

“Revenues” are defined in the 2025 Installment Purchase Contract as all gross income and revenue received or receivable by the Water District from the ownership or operation of the Water System, determined in accordance with Generally Accepted Accounting Principles, including all rates, charges and connection fees received by the Water District for water and the other services of the Water System and all proceeds of insurance covering business interruption loss relating to the Water System and all other income and revenue howsoever derived by the Water District from the ownership or operation of the Water System, but excluding all proceeds of taxes imposed by the Water District to pay costs of water purchased for the Water System and all refundable deposits made to establish credit and advances or contributions in aid of construction.

“Maintenance and Operation Costs” are defined in the 2025 Installment Purchase Contract as the reasonable and necessary costs paid or incurred by the Water District for maintaining and operating the Water System, determined in accordance with Generally Accepted Accounting Principles, including all costs of water purchased for the Water System (except those costs paid from taxes imposed by the Water District), and including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Water System in good repair and working order, and including all administrative costs of the Water District that are charged directly or apportioned to the operation of the Water System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of the Water District or charges required to be paid by it to comply with the terms of the 2025 Installment Purchase Contract and of any resolution authorizing the execution of any Installment Purchase Contract or of such Installment Purchase Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds, such as compensation, reimbursement and indemnification of the trustee, seller or lessor for any such Installment Purchase Contracts or Bonds and fees and expenses of Independent Certified Public Accountants and Independent Engineers, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles.

Allocation of Revenues. In order to carry out and effectuate the pledge and lien contained in the 2025 Installment Purchase Agreement, the Water District agrees and covenants that all Revenues shall be received by the Water District in trust hereunder and shall be deposited when and as received in the Water District Revenue Fund, which fund the Water District agrees and covenants to continue to maintain in the treasury of the Water District so long as any 2025 Installment Payments remain unpaid, and all money in the Water District Revenue Fund shall be applied and used as provided in the 2025 Installment Purchase Agreement. The Water District shall pay all Maintenance and Operation Costs (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs the payment of which is not then immediately required) from the Water District Water Revenue Fund as they become due and payable. After such payment, amounts in the Water District Water Revenue Fund shall be set applied by the Water District at the following times in the following amounts.

On or before the fifth (5th) Business Day before June 1 and December 1 of each year, beginning on June 1, 2025, the Water District shall, from the money in the Water District Revenue Fund, transfer to the Trustee (on a parity with the transfers for the payment of all other Debt Service) for deposit in the Authority Revenue Fund a sum equal to the amount of the interest installment becoming due under the 2025 Installment Purchase Contract on the next succeeding June 1 or December 1, as the case may be, and on or before the fifth (5th) Business Day before June 1 of each year, beginning on June 1, 2025, the Water District shall, from the money in the Water District Revenue Fund, transfer to the Trustee (on a parity with the transfers for the payment of all other Debt Service) for deposit in the Authority Revenue Fund a sum equal to the amount of the principal installment becoming due under the 2025 Installment Purchase Contract on the next succeeding June 1.

No transfer to and deposit in the Authority Revenue Fund need be made if the amount available and contained therein is at least equal to the amount of the interest installment becoming due under the 2025 Installment Purchase Contract on the next succeeding June 1 or December 1, as the case may be, plus (in the

case of deposits required to be made on or before the fifth (5th) Business Day before each June 1) the amount of the principal installment becoming due hereunder on the next succeeding June 1.

All remaining money in the Water District Revenue Fund may be withdrawn from the Water District Revenue Fund from time to time for expenditure for any lawful purpose of the Water District.

Rate Covenant

The Water District covenants under the 2025 Installment Purchase Contract that it will fix, prescribe and collect charges, fees and rates for the Water Service which are reasonably fair and nondiscriminatory and which will be at least sufficient to yield, during each Fiscal Year, Net Revenues equal to one hundred twenty-five per cent (125%) of the Debt Service for such Fiscal Year. The Water District may make adjustments from time to time in such charges, fees and rates and may make such classification thereof as it deems necessary, but shall not reduce the charges, fees and rates then in effect unless the Net Revenues from such reduced charges, fees and rates will at all times be sufficient to meet the requirements described in this section. If for any Fiscal Year the Water District does not meet the rate covenant, the Water District covenants under the 2025 Installment Purchase Contract to engage an Independent Engineer to recommend revised charges, fees and rates, and the Water District will, to the extent practicable and subject to applicable requirements and restrictions imposed by law and subject to a good faith determination by the Water District that such recommendations, in whole or in part, are in the best interests of the Water District, implement such revised charges, fees and rates so as to produce the necessary Net Revenues.

The 2025 Installment Purchase Contract provides that, so long as the Water District has complied with its obligations set forth in paragraph above, the failure of Net Revenues to meet the threshold set forth above at the end of a Fiscal Year shall not constitute a default or an Event of Default under the 2025 Installment Purchase Contract, so long as the Water District has complied with the requirements of the paragraph above at the commencement of the succeeding Fiscal Year.

Parity Obligations

The 2025 Installment Purchase Contract provides that the Water District will not incur any obligations payable from the Net Revenues superior to the payment of the 2025 Installment Payments, although the Water District may at any time execute any Installment Purchase Contract or issue any water revenue bonds ("Bonds"), as the case may be, to finance or refinance any Project the Debt Service on which Installment Purchase Contract or Bonds are payable on a parity with the payment by the Water District of the 2025 Installment Payments from the Net Revenues, provided that the following conditions are met:

(a) (a) The Net Revenues for the most recently audited Fiscal Year, as evidenced by a calculation prepared by the Water District, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service for such Fiscal Year on all then outstanding Installment Purchase Contracts and Bonds; and

(b) The estimated Net Revenues for the first Fiscal Year commencing after the issuance of the additional Installment Purchase Contract or Bonds as evidenced by a calculation prepared by the Water District, plus an allowance for estimated Revenues for such Fiscal Year arising from any increase in the charges, fees or rates adopted prior to issuance of such Additional Bonds to be fixed and prescribed for the use of the Water System in an amount equal to ninety percent (90%) of the amount by which such Revenues would have been increased if such increase had been in effect during such Fiscal Year (as similarly evidenced), shall produce a sum equal to at least one hundred twenty-five percent (125%) of the estimated Debt Service for such Fiscal Year;

provided, that notwithstanding the foregoing conditions, any Installment Purchase Contract may be executed and delivered and any Bonds may be issued without regard to such conditions if the Debt Service in each fiscal year after the execution and delivery of any such Installment Purchase Contract or the issuance of any such

Bonds, as the case may be, is not increased by reason of the execution and delivery of such Installment Purchase Contract or the issuance of such Bonds; and provided further, that notwithstanding the foregoing conditions, no such Installment Purchase Contract shall be executed and delivered nor such Bonds shall be issued if an Event of Default shall have occurred and shall be then continuing.

Upon issuance of the 2025 Bonds, the 2025 Installment Payments will be payable from Net Revenues on a parity with the Water District's obligation to make payments with respect to the Prior Parity Obligations.

The Projected Operating Results in Table 9 assume that the Water District will issue additional Parity Obligation in Fiscal Year 2027-28 in the amount of \$55 million to finance capital costs of the Water District. See "DISTRICT AND WATER SYSTEM INFORMATION - Historical and Projected Net Revenues and Debt Service Coverage."

Execution of Subordinate Obligations

Pursuant to the 2025 Installment Agreement, the Water District may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose which are payable from and secured by a pledge of and lien on any Net Revenues then remaining in the Water District Revenue Fund as provided in the 2025 Installment Agreement so long as such pledge and lien shall be subordinate in all respects to the pledge of and lien on the Net Revenues provided herein.

Eminent Domain Proceeds

The 2025 Installment Purchase Contract provides that if all or any part of the Water System is taken by eminent domain proceedings, then if: (1) the Water District obtains and files with the Trustee an Engineer's Report showing (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the Water District by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the Water System proposed to be acquired and constructed by the Water District from such Net Proceeds, and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) the Water District, on the basis of such Engineer's Report, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the Water District to meet its obligations under the 2025 Installment Purchase Contract will not be substantially impaired (which determination shall be final and conclusive), then the Water District shall promptly proceed with the acquisition and construction of such additions, betterments, extensions or improvements substantially in accordance with such Engineer's Report and such Net Proceeds shall be applied as set forth in a Written Request of the Water District for the payment of the costs of such acquisition and construction, and any balance of such Net Proceeds not required by the Water District for such purpose shall be deposited in the Water District Revenue Fund.

Insurance

The Water District covenants in the 2025 Installment Purchase Contract to procure and maintain insurance on the Water System with responsible insurers in such amounts and against such risks (including accident to or destruction of the Water System) as are usually covered in from reputable insurance companies. In the event of any damage to or destruction of the Water System caused by the perils covered by such insurance, the Net Proceeds thereof shall be applied to the reconstruction, repair or replacement promptly after such damage or destruction shall occur, and the Water District shall continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the Water System shall be free and clear of all claims and liens.

The Water District further covenants in the 2025 Installment Purchase Contract to procure and maintain such other insurance which it shall deem advisable or necessary to protect its interests and the interests of the

Owners, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with water systems similar to the Water System; provided, that any such insurance may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with water systems similar to the Water System.

DISTRICT AND WATER SYSTEM INFORMATION

Background

In 1914, the Water District became the first agency formed under the State's County Water District Law (California Water Code Sections 30000 et seq.). The Water District was formed originally to halt the exportation of water from the local groundwater basin and to conserve the water of Alameda Creek. It is responsible for the groundwater supply underlying the cities of Fremont, Newark, Union City, and the southern portion of Hayward in southern Alameda County.

Since 1930, the Water District has also been a water distribution agency. From purchase of a small distribution system in Alvarado (now a part of Union City), the Water District has expanded to serve almost all of the area covering the cities of Fremont, Newark, and Union City. The Water District produces, stores, treats, and distributes water for a population of approximately 342,000 people (as of January 1, 2024) in southern Alameda County. The Water District covers approximately 105 square miles and as of June 2024 had over 87,000 customer accounts. For Fiscal Year 2023-24, average daily water production was approximately 34.2 million gallons per day ("MGD") and peak monthly average demand was approximately 44 MGD.

District Facilities and Infrastructure; Capital Improvement Planning

The Water District includes four water production facilities, as described below:

The Water Treatment Plant 2 ("WTP2") produces up to 28 MGD. WTP2 receives water from the South Bay Aqueduct of the State Water Project ("SWP"), which began operation in 1993, and utilizes pre-ozonation and biologically-active filtration as major components of the water treatment process.

The Newark Desalination Facility ("NDF") produces up to 12.5 MGD. The NDF is one of the first water plants in northern California using reverse osmosis membranes to remove salts from brackish water. The NDF not only helps restore saline-intruded portions of the Niles Cone groundwater basin but also turns a previously untapped local resource into high quality potable supply. Placed into service in 2003, the production capacity of the facility was increased to its current maximum capacity of 12.5 MGD in a 2009 expansion. Production at the NDF is currently reduced due to the detection of certain substances in the groundwater well supplying the blending water to the facility as described in "Per- and Polyfluoralkyl substances ("PFAS").

The Blending Facility (the "Blending Facility") is capable of producing up to 27 MGD. Placed into service in 1992, the Blending Facility enables more uniform water quality and moderation of groundwater hardness from the Water District's Peralta-Tyson and Mowry Wellfields, comprised of eight wells each. The quality of blended water is comparable in hardness to the Water District's treated surface water, which is achieved by combining the higher hardness water from wells with the very low hardness water purchased from the San Francisco Hetch Hetchy Regional Water System, owned and operated by the City and County of San Francisco. Production at the Blending Facility is reduced due to the detection of certain substances in the groundwater wells supplying the facility as described in "Per- and Polyfluoralkyl substances ("PFAS")." As more fully described in "- Environmental Regulation," production at the Blending Facility was recently restored to normal operating levels due to completion of a PFAS treatment system; however, the facility can no longer meet the pre-PFAS peak production level of 48 MGD.

The Mission San Jose Water Treatment Plant ("MSJWTP"), which historically produced up to 8 MGD, is currently decommissioned. The MSJWTP was placed on-line in 1975 using conventional water treatment

processes, underwent major treatment process changes in 2004 with a conversion to ultrafiltration technology, and was decommissioned in 2015 due to low water demand at the height of the 2012-2016 statewide drought. The MSJWTP could be brought back online if needed in the future to address higher demands resulting from population growth; however, a substantial rehabilitation project would be needed.

The Water District has approximately 930 miles of pipes in its distribution system (not including “service lines” which bring water from the distribution pipes to particular residential or commercial locations), of which about two-thirds are older than forty years.

Much of the Water District's water infrastructure is aging and susceptible to damage as a result of ground shaking and ground failure due to earthquakes. Of primary concern is the Hayward Fault, which bisects the Water District's service area. Accordingly, the Water District has embarked on a Main Replacement and Seismic Improvement Program (“MRSIP”) which will (1) improve the overall seismic reliability of the Water District's distribution system by strategically making improvements in areas of potential seismic induced earth movement, (2) improve fire flows in the older portions of the service area that are currently served by mains that do not meet current standards, (3) improve water service reliability and manage maintenance costs by renewing aging water distribution infrastructure, and (4) improve the seismic reliability of its distribution storage and production facilities. Over the past several years, the Water District has implemented significant seismic improvements including retrofitting more than 8.5 miles of large diameter main along the Hayward Fault; replacing more than 4,500 feet of pipeline to improve flows and ensure better fire protection in one of the older residential areas of Fremont, and more than 5,000 feet of pipeline in the older parts of Newark; replacing approximately 8,700 feet of aging water pipeline in Union City to enhance transmission capacity during a seismic event; completing upgrades to its Canyon Heights Booster Station; repairing the Vallecitos Channel to improve the reliability of water imported for groundwater recharge near Quarry Lakes; replacing the roof of a 4.3 million gallon water storage reservoir to meet current seismic codes, and increase seismic resiliency; and completing the installation of a backup power system at the Blending Facility.

In recent years, the Water District improved the reliability of distribution storage by replacing the existing roof on the Canyon Heights Tank, one of the Water District's upper zone storage facilities with a capacity of 0.5 million gallons. The Water District has also completed the Appian Tank Seismic Upgrade project to maintain water pressure and provide firefighting capabilities during and after a seismic emergency. This project included complete replacement of the 0.8 million gallon capacity tank, improved and modernized tank monitoring and control systems, and replaced several thousand feet of transmission pipeline served by the tank. The Water District completed construction of slope protection work at the Avalon Tank site and the reconstruction of the Curtner Booster Station which is a critical facility needed to deliver water to customers in upper pressure zones. The Water District is currently constructing and upgrading more than 17,000 feet of water mains across the service area including mains along Driscoll Road in Fremont, Thornton Avenue in Newark, and H Street in Union City.

The Water District utilizes three main comprehensive long range integrated planning tools: the Integrated Resources Plan (“IRP”), Capital Improvement Program (“CIP”) and the Financial Planning Model (“FPM”). The IRP process evaluates a wide range of water supply, production and water conservation options as well as land use projections in the Water District's service area to develop the Water District's long range water supply strategy necessary to meet projected demands. The Water District is currently preparing a major IRP update that is expected to be completed by the end of calendar year 2025 that will cover a 25-year planning horizon. The CIP includes project schedules and projected costs for production facilities and other projects identified in the IRP and other planning-level reports (such as seismic vulnerability and facility condition assessment reports, and other engineering evaluations of system capacity and redundancy) needed to support and maintain water supply and system reliability, public health and water quality, and environmental compliance over a 25-year planning horizon. The FPM includes short- and long-range projections of the Water District's revenues, operating and maintenance expenses, capital expenditures, and reserves over a 25-year planning horizon. The CIP and FPM are updated at least annually. While the IRP provides guidance on long range planning of District's supply portfolio, the CIP details capital projects encompassing everything from IRP

recommendations for new facilities to rehabilitation and replacement of existing aging infrastructure. A supporting engineering report, evaluates project priorities within the 10-year planning horizon, primarily focusing on addressing supply and demand gaps, ensure regulatory compliance, and maintain supply reliability. The District is nearing completion of an updated interim engineering report. See “Capital Expenditures.”

District Board Members

The Water District is governed by a five member Board of Directors, with each director elected to four-year terms by the voters. Brief biographies of each director and principal members of the Water District staff are set forth below.

Ms. Judy C. Huang is the current Board President and has served on the Water District Board since 2002. Ms. Huang is a Registered Professional Engineer in California. She worked for the San Francisco Bay Region of the California Regional Water Quality Control Board as a Water Resource Control Engineer from 1993 to 1997 and as an Associate Water Resource Control Engineer from 1997 to 2006. She is currently an environmental engineer/project manager for the U.S. Environmental Protection Agency.

Ms. Huang has a Bachelor of Science degree in Chemical Engineering from the University of California, Berkeley.

Mr. Aziz Akbari is the current Board Vice President and has served on the Water District Board since 2016. He currently serves on the Business Development committee for the Association of California Water Agencies. Previously, Mr. Akbari served as a Consumer Affairs Commissioner in Alameda County – the youngest to ever serve in this capacity. Outside of his duties on the Water District Board, Mr. Akbari volunteers with several local organizations and is an active member in the Niles Rotary Club.

Mr. Akbari obtained his Bachelor’s degree in Industrial and Systems Engineering with concentrations in Data Science and Resource Planning from the University of Southern California.

Mr. John H. Weed has served on the Water District Board since 1995. He is an attorney, member of the California Bar, and also works in property development as President of Niles Properties, Inc. He has military experience as a Civil Engineer and water utility consultant with the United States Air Force on installations worldwide. He retired as a Colonel with the U.S. Air Force Reserves in 2000. He was previously employed as an Engineer Technician with the Santa Clara Valley Water District and was the Special Assistant to the Division Manager of Ordnance Engineering at FMC Corporation. He formerly served as an elected Trustee of the Ohlone Community College District from 1977 to 2010.

Mr. Weed currently serves on the Board of Directors of the Bay Area Water Supply and Conservation Agency and is an appointed member of the Alameda County Assessment Appeals Board. Mr. Weed is past Chair of the Association of California Water Agencies (ACWA) Region 5 Council. He serves as a Director on the Board of the California Delta Conveyance Design and Construction Authority, a member of the Risk Management Committee of Joint Power Insurance Authority of ACWA, President of the Washington Township Historical Society, and member of the Newark Rotary Club.

Mr. Weed has a Bachelor of Science degree in Civil Engineering, and Juris Doctor degree from Santa Clara University. He has a Master of Business Administration degree in Finance from Eastern New Mexico University. He conducted doctoral level graduate studies in Water Resource Administration and was a Graduate Research Associate in Agricultural Economics at the University of Arizona.

Mr. Paul Sethy has served on the Water District Board since 2010. He also currently serves on the Local Government and Water Management committees for the Association of California Water Agencies and serves as Board President of the Board of Directors of the California Delta Conveyance Finance Authority and

as a member of the Board of the Los Vaqueros Reservoir Joint Powers Authority. In addition, Mr. Sethy serves on the Board of Directors of the Southern Alameda County GIS Authority.

Professional/occupational history: Chairman and Chief Executive Officer; Founder in 1999 of AirPrime, Inc., raising a total of \$82 million in venture capital financing. The company eventually grew into a leading manufacturer of cellular modems for personal computer, smartphone, and industrial applications and was later acquired by Sierra Wireless, a NASDAQ listed company. AirPrime introduced the world's first internet-enabled smartphone which was retailed by both Sprint and Verizon. Mr. Sethy is a 35-year veteran of Silicon Valley's high technology industry working in various management positions for corporate leaders Verbatim, Xerox, 3Com, VeriFone and Hewlett-Packard, as well as for several startup companies. He has written numerous articles for industry trade publications and was co-author of the book, *The Wireless Industry*, which served as the subject of a PBS program, *The Wireless Future*, which aired on 200 television stations internationally during 2001 and 2002. Mr. Sethy is an active member of the Fremont Cultural Arts Council, Mission Peak Heritage Foundation, and the Washington Township Historical Society. He also serves on the Fremont Chamber of Commerce Government Affairs Committee.

Mr. Sethy attended the University of California, Berkeley, School of Letters and Sciences, majoring in Economics and Business Administration.

Mr. James G. Gunther has served on the Water District Board since 1995. Mr. Gunther was formerly a registered Professional Engineer in the State of Maryland and formerly a registered Environmental Assessor in the State of California. He holds a Hazardous Materials Management Certificate and served as a U.S. Coast Guard officer/engineer for 12 years. Mr. Gunther is currently an Operations Rules Instructor with Transit America Services Inc on the Caltrain system, where he previously served as a Conductor/Operations Supervisor. He also previously served as a facility supervisor with an environmental cleanup and emergency response firm. Mr. Gunther has served as an active member of the Association of California Water Agencies since 1995 and was previously a volunteer with the Fremont Fire Department.

Mr. Gunther has a Bachelor of Science degree in Ocean Engineering from the U.S. Coast Guard Academy.

District Staff

Mr. Ed Stevenson, General Manager, has been with the Water District since 1998. His background includes over 27 years of experience in engineering, operations, new development, water supply, water quality, information technology, customer service, and utility management. Prior to assuming the role of General Manager in July 2021, Mr. Stevenson managed various engineering and technology functions for a combined period of 17 years. As General Manager, Mr. Stevenson currently serves as the chief executive with responsibility for implementing the policy direction and decisions of the Board of Directors, and through subordinate managers all engineering, planning, design, and construction activities, as well as the administrative, operational, and financial affairs of the Water District.

Mr. Stevenson holds a Bachelor of Science degree in Civil and Environmental Engineering from San Jose State University and is a registered Civil Engineer in the state of California. He serves on the Board of California Urban Water Agencies and as Chair of the Bay Area Water Agencies Coalition. He is a member of the American Water Works Association and the Association of California Water Agencies and is Past President of the Bay Area Waterworks Association and a former member of the CalDesal Executive Committee. Mr. Stevenson also holds Special District Manager certification from the California Special District Association Special District Leadership Foundation.

Mr. Jonathan Wunderlich, Director of Finance and Administration, joined the Water District in February 2017. Previously, Mr. Wunderlich served as the Chief Financial Officer and Administrative Manager of the Goleta Water District in Santa Barbara County. Prior to working with the Goleta Water District, he spent

nine years with the State of California serving most of that time in various budget oversight capacities with the California Department of Finance. During his State service, he also worked as Assistant Deputy Director for Healthcare Financing at the California Department of Health Care Services. He has a diverse background and experience in financial management, financial planning, rate design, utility billing, and procurement. He is a member of the Government Finance Officers Association and the California Society of Municipal Finance Officers. He also represents the Water District as an alternate Board member to the Los Vaqueros Reservoir Joint Powers Authority and Delta Conveyance Finance Authority.

Mr. Wunderlich has both a Bachelor's degree in Economics and a Master's of Public Policy degree from Brigham Young University and holds Special District Manager certification from the California Special District Association Special District Leadership Foundation.

Ms. Laura J. Hidas, Director of Water Resources, has been with the Water District since 2001, with experience in water quality and treatment, water supply, water system operations, and public affairs, and has served as the Director of Water Resources for the past six years. Her areas of responsibility include oversight of the Water District's groundwater protection and management programs, water supply operations, imported water supply management, long-term water supply planning, and water conservation. She is a member of the American Water Works Association, the Association of Women in Water, Energy & Environment, and currently serves as Board President for the State Water Contractors.

Ms. Hidas holds a B.S. in Chemistry from Stanford University and a Master's of Science degree in Civil & Environmental Engineering from University of California, Berkeley. Ms. Hidas is a registered professional engineer and a licensed Water Treatment Operator and Water Distribution Operator in the State of California.

Mr. Girum Awoke, Director of Engineering and Technology, has been with the Water District since September 2021. He has over 20 years of professional experience in public works and utilities engineering in both the private and public sectors. For the past 10+ years, he has served in executive management roles, and his most recent assignments were as the Director of Public Works for the City of Vacaville, and Public Works Director for the City of Gilroy. He also served as Chief of Construction for Montgomery County in Maryland. As Director of Engineering and Technology, Mr. Awoke's areas of responsibility include oversight of the Water District's capital improvement program, engineering standards and procedures, new development and extensions of the distribution system, Geographic Information Systems and mapping, and Information Technology programs, standards, and processes.

Mr. Awoke holds a PhD and master's degree in Civil Engineering from the University of Maryland and has several certifications in project management, alternative project delivery, and leadership. He is a member of many industry associations including the American Water Works Association, American Public Works Association, Construction Management Association of America, and Municipal Information System Association of California. He is a Registered Professional Engineer in California, holds Water Distribution and Water Treatment Operator certifications from the State of California, and has served as adjunct faculty at California State University East Bay, Santa Clara University, and San Jose State University. Mr. Awoke also holds Special District Manager certification from the California Special District Association Special District Leadership Foundation.

Mr. Dan Stevenson, Director of Operations and Maintenance, has been with the Water District since 2017 and has served as Director of Operations and Maintenance since October 2024. Prior to that, he served as Facilities Maintenance Manager at the Water District and held multiple positions with several Bay Area public works agencies including the cities of Dublin, Emeryville, Sunnyvale, Albany, and Hayward. As Director of Operations and Maintenance, Mr. Stevenson's areas of responsibility include oversight of distribution maintenance and construction, water treatment and production, water quality, facility maintenance, environmental compliance, laboratory services, emergency and disaster preparedness and response, and security services.

Mr. Stevenson holds a B.A. in Leadership and Organizational Studies from St. Mary's College of California, is a member of the Association of California Water Agencies, California Water Environment Association, and the American Water Works Association, is a graduate of the Alameda County Leadership Academy and Silicon Valley Leadership Group Leadership Sunnyvale, and holds Water Distribution and Water Treatment Operator certifications from the State of California and other related certifications and licenses.

Ms. Jackie McCloud, Special Assistant to the General Manager, has been with the Water District since October 2024. She has 20 years of water resources management experience at the Cities of Watsonville and Santa Cruz working in drinking water, wastewater, stormwater, environmental quality programs, and legislative engagement with her most recent role as the Environmental Sustainability Division Manager. Ms. McCloud serves on the American Water Works Association CA-NV Water Utility Council and CalDesal Executive Committee. As Special Assistant to the General Manager, Ms. McCloud's areas of responsibility include legislative and intergovernmental affairs and programs, agency-wide policies, strategic planning, external workforce development and other plans, programs, and projects, and representing the Water District to federal, state, and local agencies, industry groups, community groups, educational institutions, and the public.

Ms. McCloud holds a B.S. in Earth Sciences from the University of California Santa Cruz and a M.A. in Security Studies from the Naval Post Graduate School, Center for Homeland Defense and Security. She is currently enrolled at Duke University Water Innovation Leadership and Development Program and has previously held water distribution and laboratory analyst certifications.

District Employees

As of July 1, 2024, the Water District has an authorized staff of 242 full-time employees of which 115 are unrepresented management, confidential and professional ("MCP") employees. The Water District's non-MCP employees are currently represented by two labor organizations:

- Operating Engineers Local No. 3 of the AFL-CIO, represents 105 of the Water District's employees in the Finance, Operations and Maintenance, Engineering and Technology Services, and Water Resources departments with wages, benefits, and conditions of employment covered by a memorandum of understanding with Operating Engineers Local No. 3 that expires March 31, 2025.
- 22 employees in the Operations and Maintenance Department are self-represented by the Alameda County Water District Operators Association with wages, benefits, and conditions of employment covered by a memorandum of understanding with the Alameda County Water District Operators Association that expires June 30, 2025.

Water Supply

The Water District's fiscal year 2023-24 potable water production was approximately 38,500 acre-feet. Water is typically provided from the following sources:

- the Niles Cone Groundwater Basin, consisting of fresh groundwater produced from 16 wells in the Peralta-Tyson and Mowry wellfields plus brackish water produced from 6 wells that supply the NDF;
- surface water from the Sacramento-San Joaquin Delta (including water stored from prior years) and supply (when available) from the Lake Del Valle watershed delivered via the South Bay Aqueduct branch of the SWP, which is then treated at the WTP2 (or, potentially, the MSJWTP, subject to recommissioning); and

- water purchased from the San Francisco Public Utility Commission’s (“SFPUC”) Hetch Hetchy Regional Water System.

The amount of water available from these sources is variable in any given year due to hydrologic conditions and other factors. Assuming locally high levels of precipitation and full delivery of imported water supplies, these sources can theoretically provide over 125,000 acre-feet in a given year. In recent years production from the Water District’s groundwater wells has been reduced due to the detection of certain substances in the groundwater wells supplying the facility as described in “Per- and Polyfluoralkyl substances (“PFAS”).”

The Water District’s contract with the State provides that in the event of a shortage in supply due to drought, the Department of Water Resources (“DWR”) will reduce deliveries from the SWP to its contractors in proportion to their maximum contractual amounts. See “State Water Project” below for further details.

The Water District’s contract with the City and County of San Francisco (“San Francisco”) provides for a division in supply between the wholesale customers, collectively, and retail customers in San Francisco, in the event of a shortage of supply in the Hetch Hetchy Regional Water System. In the event of a shortage of up to 20%, the wholesale customers will receive between 62.5% and 64.5% of the total water available, depending on the severity of the shortage. See “San Francisco Hetch Hetchy Regional Water System” below for further details.

Supply agreements with both DWR and San Francisco permit these suppliers to increase the unit charges for water. The cost of water purchased from DWR is determined by formula based on capital and operating expenses. Water is purchased from San Francisco in accordance with a wholesale rate schedule as adjusted annually by the SFPUC, in accordance with cost allocation rules contained in the water supply agreement with its wholesale customers, such as the Water District.

In addition to groundwater used for the distribution system by the Water District, approximately 11.5 percent of the groundwater extracted from the Niles Cone is used by other private and public well owners and operators. For Fiscal Year 2023-24, private pumping was approximately 1,800 acre-feet (includes some estimated pumping of private wells with non-functioning meters). The following table shows the acre-feet of water from each of the Water District’s sources during the last five fiscal years:

**TABLE 1
WATER SUPPLY BY SOURCE
(Acre-Feet)**

<u>Fiscal Year</u> <u>Ending</u>	<u>Groundwater</u> ¹	<u>Desalination</u>	<u>SWP</u> ²	<u>Del Valle</u> <u>Reservoir</u>	<u>SFPUC</u>	<u>Total</u> ³
2020	7,100	8,600	14,900	5,400	8,800	44,900
2021	6,500	8,600	20,100	500	10,500	46,300
2022	8,800	7,400	12,600	2,800	10,600	42,200
2023	6,600	6,800	8,100	6,200	10,900	38,600
2024	6,300	5,600	9,700	7,200	11,500	40,300

¹ Groundwater includes the volume of untreated groundwater extracted from the Niles Cone by private and public well owners, but does not include Del Valle Reservoir supplies or imported supplies used for recharge of the groundwater basin, as these volumes are listed under the Del Valle Reservoir and SWP columns, respectively, and are considered to be produced at the Water District’s production facilities immediately upon recharge. Groundwater also does not include brackish groundwater desalination production volumes, which are listed under the Desalination column.

²SWP supplies include water stored in prior years and returned to the Water District during the applicable fiscal year.

³ Total includes both potable production from the Water District’s production facilities as well as untreated groundwater supplies from the Niles Cone extracted by private and public well owners.

*Totals may not add due to rounding.

Source: Alameda County Water District

San Francisco Hetch Hetchy Regional Water System

The Water District has a 25-year contract with San Francisco that runs through 2034 and provides up to 15,400 acre feet (“AF”) per year (13.76 MGD) from the San Francisco Hetch Hetchy Regional Water System. The supply is derived predominantly from runoff and melted snowpack collected in Hetch Hetchy Reservoir located within Yosemite National Park in the Sierra Nevada mountain range. It is seasonally supplemented by treated water produced from SFPUC lands and facilities within the Alameda Creek Watershed. This water does not require further treatment by the Water District to meet potable water requirements. The Water District is one of 26 wholesale customers that have collectively contracted with San Francisco for up to 184 MGD on an annual average basis, but the supply can be, and has been, reduced at San Francisco’s discretion in times of drought.

The water purchased from the San Francisco Regional Water System has proven to be the Water District’s most reliable imported supply. However, it is also the most expensive source of supply because of the high capital, operations and maintenance costs associated with extensive water supply works virtually spanning the breadth of California.

The Water District is a member of the Bay Area Water Supply and Conservation Agency (“BAWSCA”) which represents the interests of 24 cities and water districts, and two private utilities that purchase wholesale water from the Public Utilities Commission of the City and County of San Francisco, through the facilities of the San Francisco Regional Water System. In February 2013, BAWSCA issued bonds in the amount of \$335.8 million to raise the funds necessary to prepay the remaining capital recovery payments owed to San Francisco by BAWSCA member agencies for interest savings. (The BAWSCA bonds were refunded for savings in 2023.) BAWSCA’s revenue bonds are secured by a surcharge on BAWSCA member agencies. San Francisco collects the surcharge and sends the amount to BAWSCA’s trustee for debt service payments. The surcharge is in place for the term of the bonds which end in 2034. The surcharge is listed on the San Francisco wholesale water bill and is accounted for by the Water District as water purchases expense. The Water District’s annual bond surcharge for Fiscal Year 2025-26 is estimated to be approximately \$1.96 million, based on all member agencies’ actual wholesale water use in fiscal year ended June 30, 2024. A “true-up” adjustment for the Fiscal Year 2025-

26 surcharge for each agency will be based on the actual wholesale water purchase percentage in Fiscal Year 2025-26.

State Water Project; State Water Project Tax Revenues

On November 29, 1961, the Water District entered into a water supply contract with DWR for a water supply from the State Water Project Contract (“SWP”), under which the Water District has agreed to make payments which include, among other charges, capital charges and operation and maintenance charges. Under the SWP, in any year the Water District fails or is unable to raise sufficient funds by other means, the Water District is required to levy upon all property in the Water District not exempt from taxation a tax sufficient to provide for all payments thereunder then due or to become due within such year.

The Water District is one of 27 public water agencies that contract with DWR for the purchase of water supply from the SWP. These public agency SWP contractors collectively serve 27 million people and cover 750,000 acres of irrigated agriculture within the State. Although the SWP was not required to be, and was not, submitted for approval by voters in the Water District, relevant current case law (*Goodman v. County of Riverside*, 140 Cal. App. 3d 900, 190 Cal. Rptr. 7 (Cal. App. 4th Dist. (1983)) (the “Goodman Case”) has held that similar State Water Project contracts not approved by the voters are nevertheless deemed to be voter approved indebtedness for purposes of Article XIII A of the California Constitution (Proposition 13). The Goodman Case held that, when the voters approved the Burns-Porter Act in 1960 (which authorized the construction and financing of the State Water Project), they intended that the cost to finance construction, operation, maintenance and replacement of the State Water Project would be paid by local agencies through their water contracts, which in turn could be paid through local property taxes.

Based on current case law, the Water District has historically levied, and expects to continue to levy, property taxes to pay a percentage of amounts due under the SWP. The Authority has covenanted in the Indenture to comply with the provision of the SWP which requires the levying of property taxes to the extent necessary. Table 7 shows the amount of the taxes levied for payment of SWP costs the last five years. In accordance with the 2025 Installment Purchase Contract, taxes imposed by the Water District for the payment of SWP costs do not constitute “Revenues” and are not pledged for the payment of the 2025 Installment Purchase Payments. SWP costs paid from such taxes do not constitute Maintenance and Operation Costs.

The majority of the water supply from the SWP enters the Water District’s distribution system after surface water treatment at the WTP2, or potentially, the MSJWTP. (As described herein, MSJWTP is currently decommissioned as a cost savings measure due to current low demands.) The remainder of the Water District’s State allotment is diverted to Alameda Creek, destined for Water District groundwater recharge facilities, or can be delivered for storage in the Semitropic Water Bank described below. The Water District has a contract with the State for a maximum annual amount of 42,000 AF (“Table A amount”). However, not all of the SWP planned facilities to provide the full project reliability have been constructed by the State, so the State is left with reduced delivery capability under certain conditions.

Environmental-related regulations and court rulings have resulted in new Delta export pumping constraints which have further reduced the SWP delivery reliability. As such, the amount the State will be able to deliver to the Water District and its other customers in the future depends on several physical, environmental, and political factors beyond the control of the Water District.

In addition, deliveries of SWP water to the Water District have been historically curtailed depending on drought severity. The most extreme example of this is when, on January 31, 2014, DWR announced a 0% allocation of State Water Project entitlements for the first time in its 54-year history. Although the allocation was subsequently raised to 5%, this water was not available before September 1, 2014, after the typically high summer demand season. At the time of preparation, the current calendar year 2025 SWP allocation is 35%.

Recognizing the need to increase long-term water supply reliability, in 1996 the Water District entered into a water banking agreement with the Semitropic Water Storage District (“Semitropic”) to enable the storage of wet year surpluses of SWP water for use in subsequent dry years. This agreement provided for 50,000 acre-feet of storage capacity at the Semitropic Groundwater Banking Program (the “Semitropic Water Bank”). In 2001, the Water District acquired an additional 100,000 acre-feet of storage capacity by purchasing a portion of the entitlement owned by the Vidler Water Company, Inc. and therefore has a combined contractual maximum storage volume available of 150,000 acre-feet. Under both of the Water District’s agreements with Semitropic, farmers in the Semitropic service area use surplus water from the Water District’s SWP supplies in lieu of pumping from Semitropic’s groundwater basin during water surplus years. During dry years, the Water District is entitled to withdraw water previously stored in the Semitropic Water Bank. The Water District’s water banking contracts run through 2035. The operating costs of the Water District’s participation in the water banking project are accounted for in the Water District’s audits under “water purchases.”

The primary use of stored water in Semitropic is for return and use during droughts, when SWP or other supplies are limited. During the previous critically dry period of 2013 and 2014, the Water District recovered more than 18,700 acre-feet of banked supplies to bolster local groundwater recharge and provide a reliable supply of water when the SWP was at a record low allocation of 5% of contract. The recovered water from the Semitropic Water Bank was pivotal to ensuring the sufficiency of supply to the Water District’s treatment plants during the high-demand summer season. Apart from droughts, the Water District uses Semitropic to optimize and reduce operating costs during moderately dry years as an alternative to increased purchases of more costly water from the SFPUC.

Semitropic is located within the greater Kern County Subbasin. The Kern County Subbasin has been identified by the California Department of Water Resources (“DWR”) as a critically overdrafted basin and is subject to the Sustainable Groundwater Management Act (“SGMA”). SGMA allows for multiple Groundwater Sustainability Plans (“GSP”) to be implemented by multiple intra-basin Groundwater Sustainability Agencies (“GSAs”) and coordinated pursuant to a single coordination agreement that covers the entire basin. For the Kern County Subbasin, five GSPs were originally prepared for management areas established in the Subbasin. The GSP for Semitropic was submitted under the Kern Groundwater Authority GSP in January 2020. In January 2022, DWR designated that the plans were “incomplete” and gave 180 days to address the deficiencies identified. On July 27, 2022, six GSPs were amended and resubmitted. On March 2, 2023, DWR announced that it had evaluated the revised GSPs for the Kern County Subbasin and determined that the actions taken to correct the deficiencies identified by DWR were insufficient, deeming the GSPs for the Subbasin “inadequate.”

With the inadequate determination, the primary jurisdiction of SGMA oversight shifts from DWR to the State Water Resources Control Board (the “State Water Board”). SGMA gives the State Water Board authority to protect groundwater resources through a process called “state intervention” when local agencies are unable or unwilling to sustainably manage their groundwater basins. There are several steps to the intervention process; however, the state intervention ends when GSAs have demonstrated to the State Water Board, in consultation with DWR, that they have addressed the issues that caused the initial probationary designation.

The next step is for the State Water Board to consider making a “probationary” determination of the Kern County Subbasin. If the issues that caused the basin to be deemed probationary are not addressed during the probationary period, the State Water Board may begin another public process to determine whether to develop and implement an interim plan for the basin. An interim plan cannot be implemented until the GSAs within the probationary basin are allowed at least one year to remedy the deficiencies that resulted in the probationary designation. If the State Water Board adopts an interim plan, the State Water Board would temporarily manage groundwater in the basin until the local agencies could demonstrate their ability to manage the basin sustainably and resume management.

The Kern County Subbasin’s probationary hearing was held on February 20, 2025. In December 2024, the GSAs had submitted updated plans to the State Water Board and DWR for their review, which were considered as part of the hearing. The State Water Board voted to allow the GSAs until June 20, 2025 to make

additional revisions to the plans and to continue the probationary hearing to September 17, 2025, if needed, following review of the updated plans. Depending on the State Water Board's review, the State Water Board may accept the amended GSP (and may cancel the probationary hearing or keep it), or the probationary process will continue.

The implications of the SGMA process on the operation of the Semitropic Water Bank are currently unclear. During the probationary period, no changes to operations will be required, meaning the Water District can expect no alterations to the historic operation of the basin for at least the next year. Until a final ruling is provided by the State Water Board, the Water District is taking proactive steps to mitigate future uncertainty. The Water District's water resources planning staff is evaluating hypothetical State Water Board rulings or potential changes to operations as a result of SGMA compliance, as well as other potential remedies, including:

- *Potential additional operating costs.* SGMA compliance could result in increased operating costs for all Kern County Subbasin users including the Water District.
- *Potential reductions in withdrawal limits.* SGMA could limit total basin pumping during critically dry periods. While it is uncertain as to whether this would apply to "banked water," the Water District is considering the possibility that there could be a reduction in the amount of water it is able to withdraw during droughts.
- *Increased water losses.* Currently, 10% of banked water is considered "lost" or "left behind." This is a requirement of the Water District's contract with Semitropic, and the leave-behind water indirectly benefits the Water District by contributing toward the replenishment and health of the groundwater basin and thereby sustaining the viability of the Semitropic Water Bank. This percentage could be increased in the future as a result of SGMA.
- *Constructive engagement with State Water Board and DWR staff working on SGMA.* The Water District, in coordination with other banking partners, has been proactively meeting with State regulators to discuss the importance of groundwater banking for the overall health of California's water supply and for meeting the State's water resilience objectives, such as the 2022 Water Supply Strategy goals.
- *Exploring alternative banking options.* While the Water District is currently confident that the State will protect groundwater banking, the Water District is prudently assessing alternative water storage options to supplement or potentially replace Semitropic in the future.

Since 1996, the Water District has stored approximately 226,900 acre-feet of water and withdrawn nearly 100,700 acre-feet. As of the end of December 2024, the Water District had approximately 126, 200 acre-feet of water stored in the Semitropic Water Bank.

Groundwater Resources

Runoff from the Alameda Creek Watershed provides the primary source of recharge to the Niles Cone Groundwater Basin ("Niles Cone"). Alameda Creek is a large perennial stream, flowing 45 miles to the eastern shore of the San Francisco Bay by way of Niles Canyon and through the Water District's service area. The Alameda Creek Watershed is the largest watershed within the southern San Francisco Bay, draining approximately 660 square miles. The Alameda Creek drainage system consists of two main branches which join near the town of Sunol and jointly discharge through the approximately six-mile-long Niles Canyon with an outlet near the historic Niles District within the City of Fremont. The Southern branch, Alameda Creek, receives drainage from Calaveras Creek, San Antonio Creek, and several smaller streams. The northern branch, Arroyo de la Laguna, is the outlet from the Livermore Valley that consists of several large streams (most notably Arroyo de Valle and Arroyo Mocho).

Average rainfall in the watershed is approximately 20 inches per year. Runoff from much of the southern region is collected in the Calaveras and San Antonio reservoirs and is part of the San Francisco Regional Water System. Runoff from much of the southeastern portion is collected in Del Valle Reservoir, to which the Water District and Zone 7 Water Agency equally share the right to store water. The remainder of Lake Del Valle storage is allotted to DWR. Stored water from Del Valle Reservoir can be delivered through the South Bay Aqueduct. Runoff from the Alameda Creek watershed that is not captured in Calaveras, San Antonio or Del Valle Reservoirs flows through Niles Canyon and into the Water District's service area where it can be used for groundwater recharge, primarily at Quarry Lakes. A continuous flow record has been kept for Alameda Creek since 1892 at the stream gauging station located about 1.2 miles above Niles. The average annual flow at this station is about 90,000 acre-feet per year. Since 2014, the average diversions from Alameda Creek for groundwater recharge under the Water District's Alameda Creek water right, are about 11,400 acre-feet per year but can vary year-to-year depending on conditions.

Management of Niles Cone Subbasin by the Water District. For over 100 years, the Water District has managed the groundwater of the Niles Cone to protect and improve water supplies for all groundwater users and the environment. The Water District has in place an existing plan developed pursuant to laws authorizing groundwater management. Under these laws, the Water District has a number of planning and operational documents and policies under which it carries out groundwater management activities to ensure a reliable and sustainable supply of high-quality water that satisfies present and future water needs for its distribution system customers and owners and operators of private wells.

SGMA specifically identifies the Water District as one of 18 agencies that were created by statute to manage groundwater and deemed to be the exclusive local agency to comply with SGMA (California Water Code Section 10720 *et seq.*). On December 31, 2016, the Water District submitted an Alternative to a Groundwater Sustainability Plan (the "Alternative") for Niles Cone. The Alternative preserves and continues the successful sustainable groundwater management already being performed by the Water District. The Water District believes that the existing planning and operating policies and documents, under which the Water District manages the Niles Cone, show that the Water District has managed the Niles Cone sustainably for decades, meeting the objective of SGMA.

On July 17, 2019, DWR evaluated the Alternative and determined that it satisfies the objectives of the SGMA and approved the Alternative. Accompanying DWR's letter of approval and staff report was a Statement of Findings Regarding the Approval of the Niles Cone Subbasin Alternative which included seven recommended actions from the staff report for the Water District to incorporate in the Alternative Update, which was due by January 1, 2022. The Water District submitted the Alternative Update to DWR on December 29, 2021.

This Alternative Update is not a plan amendment but is a written assessment that describes and provides an update on the Water District's groundwater management efforts, an explanation of how the Alternative Update is functionally equivalent to elements of a Groundwater Sustainability Plan, incorporates DWR's seven recommended actions, and includes information on proposed projects and ongoing management actions, to ensure the continued sustainable management of the Niles Cone. On June 27, 2024, DWR approved the Alternative Update. As with the original submittal, accompanying DWR's letter of approval and staff report was a Statement of Findings Regarding the Periodic Review and Approval of the Niles Cone Subbasin Alternative Groundwater Sustainability Plan which included five recommended actions from the staff report for the Water District to incorporate in the next periodic evaluation or Alternative Update, which is due to DWR by January 1, 2027.

Lower Alameda Creek Flood Control and Restoration Project. As previously discussed, runoff from the Alameda Creek Watershed provides the primary source of recharge to the Niles Cone through Alameda Creek, a large perennial stream, flowing 45 miles to the eastern shore of the San Francisco Bay by way of Niles Canyon and through the Water District's service area. The Alameda County Flood Control and Water Conservation District's ("ACFCD") has proposed the Lower Alameda Creek Fish Passage Restoration in Flood Control District Zone 5 ("ACFCD Project"), which includes a Low-Flow Channel Modification designed to

facilitate improved sediment transport (reduce the maintenance desilting frequency of the flood control channel) and fish passage but may impact the Water District’s groundwater supply through upwelling into the channel.

The proposed ACFCD Project extends approximately 5.6 miles within the U.S. Army Corps of Engineers (“USACE”) Flood Control Channel within the cities of Fremont and Union City, between the BART Weir fish ladder upstream to 600 feet below the Union Pacific Railroad (“UPRR”) crossing in Union City, near Lowry Road. The ACFCD proposed Project involves a number of activities including: modification of the existing channel geometry within the 230 feet wide flood control channel from the scour pool immediately downstream of the BART Weir. The Water District is generally in support of the ACFCD Project objectives, but is concerned that the ACFCD Project, through a Low-Flow Channel Modification, may cause impacts to the Niles Cone, including groundwater losses, potential irreversible aquifer/aquitard damage, and/or groundwater quality impacts from inland tidal migration.

Because of this concern, in 2022 the Water District commented on the ACFCD’s 90% drawings for Phase 1 & 2 of the ACFCD Project. At that time, the Water District raised questions and concerns regarding the proposed construction of approximately 2,000 dewatering wells, the anticipated volume of temporary construction dewatering, and other elements of the ACFCD Project. The Water District had concerns regarding certain elements of the ACFCD Project – specifically, whether they would induce groundwater upwelling, substantially affecting groundwater storage.

To evaluate its concerns, the Water District performed a preliminary groundwater modeling analysis to evaluate whether the ACFCD Project could present a significant risk of loss of groundwater supplies in the Niles Cone. The Water District concluded that, although its modeling was preliminary, it warranted additional modeling analyses to better evaluate the extent of ACFCD Project impacts on groundwater due to deepening the channel thalweg. The Water District’s groundwater-related concerns included impacts to both groundwater supply and, potentially, groundwater quality.

The Water District commissioned additional analysis. Based on the Water District’s two separate modeling efforts indicating potential impacts to the water supply, the Water District and ACFCD concurred that a more in-depth project-level analysis was needed. The Water District, ACFCD, and their consultant teams have since engaged in extensive data-sharing efforts.

Modeling of ACFCD Project impacts remains incomplete but in progress, and the Water District continues to have concerns about impacts to water supply and water quality. The Water District has engaged with USACE, a key permitting agency for ACFCD Project construction, in response to USACE inquiries about potential Project impacts. The Water District has shared extensive technical information and impacts analyses with USACE and ACFCD and has requested USACE to withhold permits needed for construction until completion of additional studies, which are expected to be completed in Spring 2025. USACE has thus far been considerate of the Water District’s concerns and supportive of the Water District’s approach.

California Drought and Preparedness

California is a drought-prone state, and while water supply conditions are healthy for calendar year 2025, the Water District remains vigilant, always preparing for the possibility that the next rain year could mark the beginning of an extended drought. The Water District maintains a dedicated internal workgroup that continuously evaluates weather and climate risks while developing long-term strategies to ensure water supply reliability amid hydrologic uncertainty.

The Water District’s recent experience managing drought conditions has bolstered its ability to maintain reliable water supplies during challenging periods. While the state is not currently in a drought, recent dry years have reinforced the Water District’s practice of proactive planning, infrastructure investments, and adaptive management. Over the years, the Water District has implemented key strategies to enhance drought preparedness, including investments in water use efficiency, expanding storage capacity in the local groundwater

basin, developing offsite groundwater banking in Semitropic, and maintaining a diversified water supply portfolio.

During the most recent drought, the Water District believes it demonstrated its ability to adapt and optimize resources effectively. Notable actions included early leadership by the Water District's Board of Directors to ask customers for voluntary conservation, and subsequently declaring a Water Shortage Emergency, adopting regulations to achieve a 15% system-wide demand reduction, increasing imported water purchases from the SFPUC regional system, maximizing returns from the Semitropic Groundwater Bank, and optimizing local groundwater storage. The Water District expanded public outreach and community partnerships with its "One Saves Water" campaign which successfully encouraged voluntary conservation before a mandatory reduction request through a service area-wide mailer followed by the Water District's Rapid Alert Notification System. Augmented conservation staffing supported customer inquiries about how to use water more efficiently and participation in conservation programs. The Water District achieved its 15% reduction goal within four months.

Looking ahead, the Water District continues to evaluate new technologies, pursue infrastructure improvements, and adapt its strategies to evolving conditions. Recognizing that climate change will likely increase the frequency and severity of droughts, the Water District remains committed to forward-thinking management approaches that mitigate future challenges and completed a Climate Adaptation Plan in 2023. By combining lessons learned from past droughts with innovative solutions, the Water District is well-positioned to ensure reliable water supplies for the community, even as climate conditions continue to change.

Financial Preparedness for Periodic Droughts

Water Revenues collected from District customers consist primarily of a fixed service charge and commodity charges based on consumption volume. (36.7% of these revenues were derived from fixed charges and 63.3% from commodity charges in Fiscal Year 2023-24.) This source represents the majority of District revenues and totaled about 78.5% of all revenues in Fiscal Year 2023-24. Reduced water consumption during a drought can have an impact on revenues – as occurred in Fiscal Year 2014-15 when billed demands fell to 31.9 million gallons per day from 40.5 MGD in the prior year. Billed demands fell again to 28.5 MGD in Fiscal Year 2015-16, which was the lowest demand year during the last 20 years. Billed demands gradually increased after the then-current drought and reached 36.5 MGD in Fiscal Year 2020-21. Another drought starting soon thereafter caused billed water demands to fall to 30.3 MGD in Fiscal Year 2022-23 and then increasing slightly to 31.2 MGD in Fiscal Year 2023-24 after the drought ended. While only 36.7% of water revenues last fiscal year were derived from the fixed service charge, the Water District considers most commodity charge revenue to be highly reliable because, due to the conservation that has occurred through the two recent droughts, customer demand is less subject to significant further reductions.

To mitigate the revenue loss associated with lower water demands during a drought, the Water District has made drought surcharges a standard part of its rate structure. These charges are only implemented during a declared water shortage emergency and were implemented from March 2022 – April 2023 during the most recent drought. The charges implemented during the recent drought and currently included in the Water District's rate structure are sufficient to fully fund the expected net revenue loss associated with customer conservation during a drought. The Water District collected \$3.0 million in Fiscal Year 2021-22 and \$10.3 million in Fiscal Year 2022-23 in drought surcharge revenue. The drought surcharges are calculated to compensate for the combined financial effect of 1) lost revenue due to conservation during a drought, and 2) modest water production savings from lower water purchases and production from the Water District's lowest cost source of supply.

While the revenue impact of a drought is clear, the cost impact of a drought is less predictable. During the drought from 2014-2016, the Water District was able to save money because less water was available from SFPUC (the Water District's most expensive source of supply). However, if SFPUC supplies were plentiful while other supplies were severely constrained, it is possible that costs would go up during a drought if the Water

District increased purchases from SFPUC. During the most recent drought, the Water District maintained higher levels of SFPUC water purchases to help achieve water quality objectives related to PFAS.

In addition to drought surcharges, the Water District expects the following factors to provide for financial resiliency during any future droughts:

- Per capita water use is much lower than it was before the last two droughts, so there is less potential for revenue loss due to customer conservation. (Fiscal Year 2013-14 billed demands were 40.5 MGD for 81,700 customer accounts while the Fiscal Year 2024-25 budget assumes billed demands of 33.0 MGD from 87,634 customer accounts). In light of recent water use efficiency regulations, the Water District expects customer water use to continue to decline which will further limit the potential revenue impact of a drought.
- The rate increase in 2022 was focused solely on the fixed service charge, which has led to an increase in the share of water revenues collected from fixed charges.
- The Water District believes it maintains a robust reserve target, which is currently \$65.8 million and expected to grow annually as it is tied to factors that will typically increase year-over-year (such as water revenues). Additionally, the current reserve policy provides for a combined \$17.5 million specifically for emergency expenses and rate stabilization.
- The Water District also believes it maintains a low debt profile and can reasonably issue bonds if needed to fund critical infrastructure projects.

The Water District’s financial performance during the most recent drought is indicative of how it would manage through future droughts. The revenue impact was mitigated by the referenced demand hardening (from 36.5 MGD in Fiscal Year 2020-21 to a low of 30.3 MGD in Fiscal Year 2022-23; which is only about half the demand reduction during the prior drought) with drought surcharge revenue compensating for the reduction in billed water demand. The Water District also used \$10 million of the proceeds of the Series 2022 Bonds for critical infrastructure projects to mitigate the cash flow impact of the capital program.

Environmental Regulation

Operation of the Water System is subject to a variety of state and federal regulations. Following is a description of certain of those regulations as well as the Water District’s compliance efforts.

PER- AND POLYFLUORALKYL SUBSTANCES (“PFAS”)

Water Quality-PFAS.

State Law. PFAS are common compounds used in many household items, including most items that are waterproof, stain-resistant or non-stick. In August 2019, the California Office of Environmental Health Hazard Assessment (“OEHHA”) (a department within the California Environmental Protection Agency) recommended a notification level for perfluorooctanoic acid (“PFOA”) and perfluorooctanesulfonic acid (“PFOS”) at the lowest levels at which such substances can be reliably detected in drinking water using currently available and appropriate technologies. The California State Water Resources Control Board (“SWRCB”) Division of Drinking Water (“DDW”) subsequently set the notification levels (“NL”) at 6.5 parts per trillion (“ppt”) for PFOS and 5.1 ppt for PFOA. If exceeded, water providers must notify their governing bodies, and the SWRCB recommends they inform customers. In February 2020, the SWRCB also set the response levels (“RL”) at 10 ppt for PFOA and 40 ppt for PFOS. If exceeded, water providers are required to either take the water source out of service, provide treatment, or notify customers in writing. On March 5, 2021, DDW issued the NL and RL for perfluorobutane sulfonic acid (“PFBS”) at .5 parts per billion (“ppb”) and 5 ppb respectively. On October

31, 2022, DDW issued the NL and RL for perfluorohexane sulfonic acid (“PFHxS”) at 3 ppt and 20 ppt respectively.

On April 5, 2024, OEHHA adopted public health goals (“PHGs”) for two PFAS compounds: PFOA and PFOS. The PHG for PFOA is 0.007 ppt. The PHG for PFOS is 1 ppt. A PHG is the level of a drinking water contaminant at which adverse health effects are not expected to occur from a lifetime of exposure. The PHGs are established by OEHHA and are based on current risk assessment principles, practices, and methods. OEHHA establishes PHGs for contaminants with MCLs. The regulations require a contaminant's MCL to be established at a level as close to its PHG as is technologically and economically feasible placing primary emphasis on the protection of public health.

Federal Law. On January 14, 2021, U.S. Environmental Protection Agency (“USEPA”) released an Advance Notice of Public Rulemaking (“ANPRM”), seeking public comment on the designation of PFOA and PFOS as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (“CERCLA”) and/or hazardous waste under the Resource Conservation and Recovery Act (“RCRA”). On May 8, 2024, the USEPA designated PFOA and PFOS as hazardous substances pursuant to CERCLA. USEPA released a CERCLA enforcement discretion policy memo on April 9, 2024, which clarifies that they do not intend to pursue otherwise potentially responsible parties where equitable factors do not support seeking response actions or costs under CERCLA, including community water systems.

On March 3, 2021, the USEPA announced via the Federal Register its final determination to regulate PFOA and PFOS in drinking water. On March 11, 2021, the USEPA revised the Unregulated Contaminant Monitoring Rule (UCMR 5) for public water systems to include monitoring for 29 PFAS compounds in drinking water. The UCMR 5 requires pre-sampling preparations in 2022, sample collection from 2023-2025, and reporting of final results through 2026. The Water District conducted UCMR 5 sample collection in 2024.

On April 10, 2024, USEPA announced final National Drinking Water Standards and established Maximum Contaminant Levels (MCLs) for six PFAS compounds: PFOS, PFOA, PFBS, PFHxS, perfluorohexane sulfonic acid (PFNA), and GenX. The MCLs for PFOS and PFOA are set at 4 ppt, the MCLs for PFNA, PFHxS and GenX are set at 10 ppt, and a calculated Hazard Index MCL has been established at a level of 1 (unitless) which includes a mixture of two or more of these 4 PFAS compounds – PFNA, PFHxS, GenX, and PFBS.

In November 2024, the USEPA released the third annual progress on the PFAS Strategic Roadmap (Roadmap). The Roadmap was released on October 18, 2021, and outlines multiple regulatory efforts to address the health risks associated with PFAS compounds. The Roadmap is structured around three overarching goals: 1.) restricting PFAS from entering air, land, and water at levels that can adversely impact human health and the environment; 2.) remediating by broadening and accelerating the cleanup of PFAS contamination to protect human health and ecological systems; and 3.) research around increasing understanding PFAS analysis methods, human health and environmental risks, and treatment technologies.

District Response. In June 2020, the Water District began a voluntary monitoring program for PFAS in the treated water served to customers, surface water sources, and groundwater sources (wells), and in January 2023 the Water District received orders from DDW to monitor for PFAS compounds on a quarterly basis in all groundwater sources. The monitoring confirmed that no customers were receiving water with concentrations of PFOA, PFOS, or PFBS above the notification levels. PFOA, PFOS, PFHxS, and PFBS were not detected in imported surface water supplies (SWP and SFPUC), which accounts for nearly two-thirds of water delivered to customers.

The Water District’s PFAS monitoring program detected varying low concentrations of PFOA, PFOS, PFHxS, and PFBS in the production wells feeding the Blending Facility and Newark Desalination Facility (NDF). The NDF treats drinking water using a combination of reverse osmosis (“RO”), which is an effective technology for PFAS removal, and blending this treated water with well water which has not undergone RO

treatment. PFOS was detected at average concentrations up to 9.0 ppt; PFOA was detected at average concentrations up to 3.5 ppt; PFHxS was detected at average concentrations up to 13.7 ppt; and PFBS was detected at average concentration up to 8.4 ppt in the primary well used for blending at the NDF. PFOS was detected at average concentrations between 10 and 15 ppt; PFOA was detected at concentrations up to 6.4 ppt; PFHxS was detected at concentrations up to 7 ppt; PFNA was detected at concentrations up to 2.1 ppt; and PFBS was detected at concentrations up to 6.8 ppt in the Mowry and PT wellfields, which supply the Blending Facility.

The Water District has also detected low levels of PFHxA, PHPpA, PFPeA, PFPeS, and PFBA in its groundwater sources; however, no NL or MCL has been established for these compounds. While the well concentrations exceed the State of California established notification levels for PFOS, PFOA, and PFHxS, set at 6.5, 5.1, and 3 ppt respectively, and the federally established maximum contaminant levels for PFOS and PFOA at 4 ppt, the Water District has managed the levels in the treated water actually delivered to customers to be below the NLs and MCLs using a combined strategy of blending ratios, with purchased SFPUC treated water, and running various well combinations. This modified operational strategy had led to a reduction in Blending Facility production of up to 60% depending on operating conditions and facility availability.

The Water District blends local groundwater with imported San Francisco water at its Blending Facility to achieve multiple water quality goals, including goals for water hardness and PFAS levels. Traditionally water was blended at a one-to-one ratio to achieve the Water District's hardness targets which allowed for up to 24 MGD of total water production, and absent PFAS that production rate could be increased when necessary by using more groundwater. In recent years the ratio of San Francisco water to local groundwater has increased to meet PFAS water quality goals. The Water District is limited in how much San Francisco water can be delivered to the Blending Facility which has led to a decrease in overall production capacity since PFAS detection. The Water District therefore completed a PFAS treatment study to identify and implement an interim PFAS treatment system to restore Blending Facility production rates close to the rates pre-PFAS detection. Following the study, the Water District designed and constructed an Ion Exchange (IX) PFAS treatment system at the Blending Facility that can remove PFAS from up to 6 MGD of groundwater. The IX PFAS treatment system went into production in September 2024 and is currently being operated in a manual mode with completion of the instrumentation and control systems anticipated in early 2025. Based on currently detected levels of PFAS in its source wells and with the new IX PFAS treatment system in operation, the Water District is able to meet its normal 24 MGD of production at the Blending Facility (based on water hardness targets) and when necessary can produce up to 27 MGD of water at the Blending Facility while staying below the PFAS notification and maximum contaminant levels. The IX PFAS treatment system was designed so it could be readily expanded to 15 MGD of treatment capacity when water quality or supply conditions warrant. Expanding the IX PFAS treatment system would allow production of up to 39 MGD of water when necessary while staying within current PFAS notification and maximum contaminant levels based on current PFAS levels within the local groundwater. Total production capacity at the Blending Facility will continue to be dependent on the evolving regulatory landscape and be sensitive to changes in PFAS levels within groundwater production wells; therefore, the primary purpose of a future expansion would be to provide more operational resiliency to maintain current water production capacity.

The Water District has also initiated a PFAS Source Investigation monitoring effort to identify the source of PFAS contamination in its groundwater basins. As a result of the low levels of PFAS detected in the production wells, the Water District expanded sampling to District owned groundwater monitoring wells in the general vicinity of the wellfields, and surface water samples from recharge facilities at Quarry Lakes (Kaiser AHF, Shinn, and Rainbow), and Alameda Creek. In summary, PFAS was detected at levels similar to those in the production wells with the exception of higher concentrations in upstream Arroyo de la Laguna and one former production well (the "Monticeto Well"). The Water District is preparing to issue a Request for Proposals for consulting services to review and analyze the existing groundwater and surface water PFAS water quality data, watershed hydrology, hydrogeologic data, and develop a general understanding of potential or specific upgradient areas contributing to the PFAS detected in Arroyo de la Laguna, the approximate time frame when PFAS likely may have started to be discharged or would have been discharged into watershed tributaries, and when such water likely began impacting the recharge facilities and Niles Cone. Based on already completed

monitoring, the lateral and vertical extent of the PFAS in groundwater has been largely characterized for the most part, but part of the work performed under the RFP will confirm that. The evaluation may include identification of data gaps and recommendations for more in-depth understanding of potential sources of the PFAS concentrations detected above the notification levels.

The Water District is committed to delivering safe drinking water to its customers. In line with this commitment, the Water District will continue to monitor drinking water and source water supplies for PFAS. This testing confirms that no District customers are receiving water with concentrations of PFAS above the Notification Levels or Maximum Contamination Levels. The Water District continues to identify potential sources of PFAS, evaluate operational strategies to mitigate their impacts, and investigate ways to maximize benefits of existing and future treatment processes.

The Water District is actively involved in a nationwide lawsuit against several defendants for the companies' roles in contaminating the Water District's water system with PFAS. The lawsuit seeks damages to compensate the Water District for the costs related to PFAS contamination of its water system, including the investigation, monitoring, treatment, testing, remediation, removal, and disposal of PFAS, as well as replacement water supplies. To date, settlements have been reached with DuPont, 3M, Tyco and BASF, and the Water District will be entitled to a portion of those settlement class funds. Additional settlements may also be reached with other defendants. The total amount of the settlements the Water District will receive is unknown until final determination by the claims administrator and the special master. As part of the settlements, class members release the settling defendants from certain further liability in the future.

LEAD AND COPPER RULE REVISIONS ("LCRR")

LCRR- USEPA published Lead and Copper Rule Revisions (LCRR) to improve public health protection by reducing exposure to lead and copper in drinking water. The LCRR requires water utilities to conduct a lead service line inventory ("LSLI") of the material types of all water service lines in their area, including the portions of the service line owned by the utility and the portions of the service line owned by the customer. The Water District completed the LSLI and submitted in October 2024. No lead service lines were identified; however, the material type has not been identified on the customer-owned portion of 146 service lines, and those remain classified as "unknown" for purposes of the LSLI. The Water District is in the process of identifying the materials of these service lines. The LSLI is a living dataset and will require continuous updates and ongoing validation.

USEPA published the Lead and Copper Rule Improvements ("LCRI") in November 2024. The LCRI expands upon the LCRR and will require the Water District to revise its customer lead and copper tap sampling program as well as develop and implement a sampling program for schools in its service area. The LCRI also revises corrosion control treatment and water quality parameters which will require the Water District to identify new water quality parameters to assess and control water corrosivity. The compliance date for the LCRI is November 2027.

MANGANESE

Manganese is an essential nutrient that can naturally occur in both surface water and groundwater sources. Although Manganese has nutritional benefits, adverse health effects can be caused by over-exposure. DDW has an established notification level (NL) for manganese of 0.5 parts per million (0.5 ppm). On January 27, 2023, DDW provided a public notice proposal lowering of the manganese NL and RL to 20 parts per billion (ppb) and 200 ppb, respectively. On March 21, 2023, DDW presented an informational item on the proposed manganese NL and RL revisions during the regularly noticed meeting of the State Water Board. DDW recommends that water systems monitor quarterly any source in which manganese has been detected above the NL.

In 2012, the Water District began investigating manganese at Water Treatment Plant No. 2 (“WTP2”) as part of an effort to identify sources of discolored water in the distribution system (a phenomenon consistent with the presence of manganese). After confirming WTP2 was one of the major sources of manganese in the distribution system, several demonstration-scale studies have been conducted to identify causes and solutions, including a tailored collaboration project (#4749) between 2017 and 2019 with the Water Research Foundation to study strategies for optimizing biofiltration to improve manganese control under cold water conditions.

These studies have led to the implementation of operational strategies to control manganese, such as: shutdown practices to minimize cold water plant startups; increasing empty bed contact time at the filters by lowering the plant rate; pH adjustment for manganese control; and ongoing operational manganese monitoring programs.

Based on customer sensitivities, the Water District established an internal manganese goal of 15 ppb which is lower than the current and proposed NLs, in finished water. Monitoring between 2020 and 2024 indicates the operational strategies have been largely effective and WTP2 was able to maintain manganese levels below the Water District’s goal of 15 ppb about 94 percent of the time, and below the secondary MCL approximately 99 percent of time. The range of finished water manganese concentrations were from non-detect to 72 µ/L between 2020 and 2024. These strategies can result in reduced production at WTP2 since the WTP2 production rate needs to be lowered whenever manganese levels elevate above the finished water threshold of 15 µg/L. Additionally, these strategies restrict the Water District’s flexibility in shutting down WTP2 for maintenance during low demand periods or cold weather, due to manganese concerns following startup with cold water temperatures.

The Water District is evaluating other means of manganese control. In May 2024, the Water District began a full-scale coagulant study with the goal of reducing manganese concentrations in the finished water. WTP2 currently uses Ferric chloride, a chemical which contains manganese impurities and can increase manganese levels in the finished water, as a primary coagulant. The study is currently in progress and investigates the use of Aluminum sulfate, which does not contain manganese impurities, to potentially replace Ferric chloride as a primary coagulant.

LOW/ZERO EMISSION VEHICLE STANDARDS

On April 28, 2023, the California Air Resources Board (“CARB”) approved adoption of the Advanced Clean Fleets (ACF) regulation, as part of a comprehensive strategy to achieve a zero-emissions truck and bus fleets by 2045 statewide where feasible, and earlier in some market segments including public fleets.

Beginning January 1, 2024, the ACF regulation required new reporting and fleet hiring/contracting requirements, and, that fifty percent of new vehicles added to the Water District’s fleet each year are either Zero Emission Vehicles (“ZEVs”) or Near-Zero Emission Vehicles (“NZEVs”). Starting January 1, 2027, the ACF will require that one-hundred percent of new vehicles added to the Water District’s fleet each year are ZEVs. The Water District is completing a Fleet Transition Master Plan to help prepare for transitioning the fleet to ZEVs and NZEVs, as well as identify and install the infrastructure necessary to support electric or alternative fuel vehicles.

On October 1, 2023, CARB amended the In-Use Off-Road Diesel-Fueled Fleets Regulation (the “Off-Road Regulation”). The Off-Road Regulation requires fleets to reduce emissions by retiring oldest engines first, replacing older off-road vehicles with newer equipment, or installing diesel emission control strategies. Amendments included new reporting and fleet hiring/contracting requirements and use of renewable diesel fuel. On January 1, 2028, the amendments require the Water District to cease operation of off-road vehicles with older tier engines and begin transitioning to ZEVs or technology that creates zero-combustion emissions by 2030.

HEXAVALENT CHROMIUM

Hexavalent chromium is a heavy metal that has been used in industrial applications and found naturally occurring throughout the environment. Hexavalent chromium is among the chemicals known to the state of California to cause cancer. In 2014 DDW had adopted an MCL for Hexavalent Chromium. In 2017 the Superior Court of Sacramento County invalidated the MCL, finding that the regulation did not adequately document economic feasibility of the MCL, and ordered the SWRCB to adopt a new MCL.

In 2024 DDW adopted a new MCL for Hexavalent Chromium of 10 parts per billion (ppb), which became effective on October 1, 2024, and also reduced the Detection Limits for Purposes of Reporting (DLRs) from 1 ppb down to 0.1 ppb. The Water District is currently conducting initial monitoring of its water sources for Hexavalent Chromium in compliance with the MCL.

Prior monitoring of the Water District's sources, conducted between 2014 and 2017 in compliance with the previous MCL, did not detect Hexavalent Chromium at levels above 1.4 ppb, which is well below the MCL, though above the new DLR. The Water District does not anticipate detections of Hexavalent Chromium in its water sources at levels requiring treatment, though the detections will likely be at levels which will require reporting in the Water District's annual water quality report.

INVASIVE MUSSELS

In October 2024, golden mussels were discovered in the southern Sacramento-San Joaquin Delta and in the O'Neill Forebay. This is the first North American detection of golden mussels. Golden mussels are similar in biology and impacts as quagga and zebra mussels. The mussels can clog water intakes, trash racks and other protective screens. Once established, the mussels cannot be easily eradicated and infestation will result in a significant increase in the cost of operation and maintenance of water delivery systems. In addition, there can also be adverse ecological impacts. To prevent the spread of the mussels into the SWP, the Delta and other bodies of water and water systems, including the South Bay Aqueduct, the California Department of Water Resources (DWR) has joined with other state and federal agencies on a number of activities. These include boat inspections, monitoring of water bodies and water systems and education of the public, especially boat owners and operators. In addition, DWR has implemented multiple plans for response, management and control of mussels, as well as containment measures in O'Neill Forebay to prevent their spread.

Locally, the Water District receives regular updates from DWR on monitoring, detection, and preparations for mussel management in the SWP. Additionally, the Water District and its partners have been carrying out quagga and zebra mussel prevention programs at Lake Del Valle on the SWP and at Quarry Lakes since 2008, which will also help impede the introduction of golden mussels into these local water bodies. Boat inspections are conducted at Lake Del Valle and jointly funded by the Water District, along with two additional water agency partners and the East Bay Regional Park District (EBRPD). At Quarry Lakes, boat inspections are jointly funded by the Water District and EBRPD, and the two agencies also coordinate and conduct regular mussel monitoring activities at the lakes.

Wildfires

While the Water District cannot guarantee that none of its facilities are susceptible to damage from a severe wildfire, particularly tanks closer to wildland areas, the Water District complies with local requirements and conducts fuel load reduction strategies by regularly clearing brush and vegetation surrounding its facilities. The County's wildfire risk map shows high wildfire risk in some areas within the Water District, including along the San Francisco Bay, in industrial areas and in the interface between developed and undeveloped/wildland areas. The Water District has critical facilities in high risk areas, but there are no critical Water District facilities in very high risk or previously burned areas. Wildfire potential in the Water District's service area was evaluated as part of the Union City/Newark Multi-Jurisdiction Hazard Mitigation Plan. The Water District conducted a Risk and Reliability Assessment in 2020 which was submitted to the Environmental Protection Agency and

included an evaluation of dependency hazards due to wildfires, such as power loss, and their impacts to the Water District. Additionally, the Water District’s Emergency Response plan contains procedures and practices for fire response, which includes preparation for fire emergency conditions such as a Red Flag Watch or Warning.

The water distribution system, reservoirs, and storage tanks deliver and store potable water. Thirteen reservoirs and storage tanks provide a total storage capacity of 83 million gallons to ensure a reliable supply of water, especially during peak demands and emergencies. In a large-scale fire emergency, additional water supply sources can be tapped to help with firefighting efforts. Two standby wells with a total capacity of approximately 4.3 million gallons daily are also available. Additionally, the Water District’s distribution system has emergency interties with neighboring agencies, allowing for access to additional water supplies in an emergency. For incidents that require additional pumping, or in the event of a loss of power, the Water District maintains stationary and portable power generators, and portable pumps that can be used during an emergency or for fire protection.

Water System Accounts

The following table shows the number of accounts (as measured by meters installed) for the periods indicated.

**TABLE 2
ALAMEDA COUNTY WATER DISTRICT
Number of Metered Accounts**

Fiscal Year Ending June 30	Number of Meters
2015	82,049
2016	82,492
2017	83,398
2018	84,255
2019	85,108
2020	85,959
2021	86,468
2022	86,948
2023	87,346
2024	87,634

Source: Alameda County Water District

The following table shows the Water District’s largest distribution service accounts as of June 30, 2024 estimated according to annualized fiscal year billings.

TABLE 3
ALAMEDA COUNTY WATER DISTRICT
Largest Distribution Water Accounts (Unaudited)
(in Thousands)

	Fiscal Year 2024 Water Revenues (000’s)
Tesla Motors, Inc.	\$1,766
City of Fremont	1,489
Fremont Unified School District	1,229
Lam Research Corporation	928
Western Digital Technologies	634
Prologis Trust	616
Ardenwood Forest Apartments	576
City of Newark	560
Contempo Homeowners Association	508
City of Union City	506

Source: Alameda County Water District.

*Note: The ten largest distribution water accounts account for 7.1% of total water revenues.

Rates and Charges

In Fiscal Year 2023-24 water revenues were divided as follows: industrial customers approximately \$11,681,000; commercial customers approximately \$18,709,000; residential customers approximately \$85,654,000; and all other customers approximately \$7,324,000.

The following table shows the Water District’s historical and projected bi-monthly water charge based on 16 hundred cubic feet of consumption. With respect to the increases shown in the table for March 1, 2025, and March 1, 2026, the Water District Board approved the increases at its February 13, 2025 public hearing, following the completion of a Proposition 218 process. Projected rate increases effective March 1, 2027, and beyond are subject to the Water District Board approval, as well as satisfaction of the requirements of Proposition 218. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS AND CHARGES – Proposition 218” and “ - Effect of Proposition 218 and of Possible General Limitations on Enforcement Remedies.”

TABLE 4
ALAMEDA COUNTY WATER DISTRICT
Historical and Projected Water Rates

Effective Date	Actual/Approved								Projected⁽¹⁾		
	<u>3/1/2019</u>	<u>3/1/2020</u>	<u>3/1/2021</u>	<u>3/1/2022</u>	<u>3/1/2023</u>	<u>3/1/2024</u>	<u>3/1/2025</u>	<u>3/1/2026</u>	<u>3/1/2027</u>	<u>3/1/2028</u>	<u>3/1/2029</u>
Bi-monthly Commodity Charge	\$70.70	\$73.54	\$73.54	\$73.54	\$76.48	\$79.52	\$82.72	\$86.08	\$90.40	\$94.02	\$97.78
Bi-monthly Service Charge	\$54.43	\$56.61	\$56.61	\$58.94	\$61.30	\$63.75	\$66.30	\$68.95	\$72.40	\$75.30	\$78.30
Drought Surcharge				\$12.59							
TOTAL	\$125.13	\$130.15	\$130.15	\$145.07	\$137.78	\$143.27	\$149.02	\$155.03	\$162.80	\$169.32	\$176.08

⁽¹⁾ Projected years assume 5% increase in 2027, 4% in 2028, and 4% in 2029.
 Totals may not add due to rounding.
 Source: Alameda County Water District

Comparative Rates

The following table shows a comparison of residential user fees for services charged by the Water District and other agencies within the Bay Area.

TABLE 5
ALAMEDA COUNTY WATER DISTRICT
Bi-Monthly Residential Service Charges
For the Water District and Other Bay Area Agencies
January 2025⁽¹⁾

Authority	Commodity Charge ⁽²⁾	Service Charge	Total
City Of Millbrae	\$215.52	\$60.00	275.52
Marin Municipal Water District	159.28	111.41	270.69
North Coast County Water District	190.03	64.33	254.36
Mid-Peninsula Water District	175.24	70.30	245.54
City of San Bruno	174.14	57.46	231.60
San Francisco Water Dept (SFPUC)	183.20	42.38	225.58
San Jose Water Company	95.74	114.04	225.22
City of Livermore	63.16	154.98	218.14
City of Burlingame	131.41	84.03	215.44
City of Palo Alto	154.44	47.24	211.76
City of San Jose Municipal Water	121.76	78.70	210.48
Calif Water Svs. Co. – Redwood Valley	117.78	88.11	207.34
Calif Water Svs. Co. – Bayshore	117.78	88.11	207.34
Calif Water Svs. Co. – Bear Gulch	79.63	124.28	205.34
City of Redwood City	121.16	82.09	203.25
Contra Costa Water District	106.24	86.38	192.62
Calif Water Svs. Co. – Los Altos	75.39	115.27	192.00
City Of Milpitas	141.44	50.09	191.53
City of Hayward	132.08	54.41	186.49
City of Daly City	125.41	58.85	184.26
City of Mountain View	143.01	40.40	183.41
City of East Palo Alto	123.84	56.88	180.72
North Marin Water District – Novato	112.16	58.39	170.55
Calif Water Svs. Co. – Livermore	74.35	93.32	168.84
Dublin San Ramon Service District	86.72	79.01	165.73
City of Foster City (Estero)	105.60	57.70	163.30
East Bay Municipal Utilities District	90.62	70.96	161.58
Alameda County Water District	79.52	63.75	143.27
City Of Santa Clara	95.56	46.84	142.40
City Of Sunnyvale	89.92	47.12	137.04
City Of Pleasanton	98.40	34.30	132.70

⁽¹⁾ Rates shown for all agencies as of January 2025 for 3/4" meters.

⁽²⁾ Based on bimonthly charges for 16 hundred cubic feet ("ccf").

Connection Fees

The following table shows the last ten years of annual revenues from connection fees and other related fees.

TABLE 6
ALAMEDA COUNTY WATER DISTRICT
Connection Fee Revenues (in Thousands)

Fiscal Year	Amount (000's)
2014-15	1,920
2015-16	5,186
2016-17	11,467
2017-18	10,428
2018-19	11,359
2019-20	13,952
2020-21	6,154
2021-22	9,631
2022-23	11,165
2023-24	5,075

Source: Alameda County Water District.

1% Property Tax Revenues

Each County levies a 1% property tax on behalf of all taxing agencies in each County, including the Water District. The taxes collected are allocated to taxing agencies within each County, including the Water District, on the basis of a formula established by State law enacted in 1979. Under this formula, each County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership and inflation) prorated among the jurisdictions, which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas, which were developed to permit the levying of taxes for less than countywide or less than citywide special districts.

The Water District portion of the 1% property tax received in each of the last five years is shown in Table 7.

From time to time, legislation has been considered as part of the State budget to shift Property Tax Revenues from special districts to school districts or other governmental entities. There can be no assurance that the property tax revenues that the Water District currently expects to receive will not be reduced pursuant to State legislation enacted in the future. If the property tax formula is changed in a State fiscal year or permanently changed in the future, it could have a material adverse effect on the receipt of property tax revenues by the Water District.

Assessed Valuations, Tax Collections and Tax Delinquencies

The following table shows the secured assessed valuation within the Water District and the amount of the 1% property tax paid by the County of Alameda to the Water District, as well as the tax imposed to pay SWP costs during the five most recent Fiscal Years.

Table 7
District Secured Assessed Valuation, District Allocation of County Property Tax
and District State Water Project Tax
Fiscal Years Ending June 30, 2017 Through June 30, 2024
(in Thousands)

<u>Fiscal Year</u>	<i>Total Secured</i> <u>Assessed</u> <u>Valuation</u>	<i>1% Property Tax</i> <u>Allocation Levy</u>	<i>State Water Contract</i> <u>Tax</u>
2017	\$61,533,425	\$5,007	\$4,884
2018	65,860,178	5,372	5,373
2019	70,571,105	5,763	3,502
2020	75,529,575	6,162	5,268
2021	80,341,491	6,530	5,327
2022	84,182,816	6,845	6,017
2023	91,792,787	7,441	5,924
2024	99,522,281	8,074	5,976

Source: Alameda County Water District.

Capital Expenditures

The CIP of the Water District includes prudent investments in infrastructure replacement and seismic improvements to enhance system reliability. Significant near-term infrastructure investments in the CIP include reservoir roof replacements and seismic upgrades, small and large diameter pipeline upgrades, service line emergency replacements, and other system improvements. One of the major projects the Water District completed recently is the AMI upgrade project, which is designed to benefit the Water District and its customers. The AMI Project included the deployment of both AMI metering technology for all consumption meters and a user-friendly customer web portal to provide customer self-service access to the AMI data and customer service functions. As described above, the Water District also recently completed other capital improvement projects such as the Groundwater Interim PFAS Treatment project which will treat up to 6 MGD of groundwater by removing PFAS, help the Water District comply with current and future regulatory requirements, and enhance local water supply reliability. The Water District plans to expand the interim PFAS system to 15 MGD depending on prevailing water quality and water supply parameters. In addition, the Water District has a robust Main Renewal Program. The 2025 Bond proceeds may be used on PFAS treatment, Main Renewal Program, AMI, reservoir improvements, and other capital investments.

The Water District is financially structured into three major funds: the Facilities Improvement Fund that contains connections fee revenue to pay for growth related capital costs, the Facilities Renewal Fund that contains the equity buy-in component of connection fees revenue to pay for refurbishing/replacing existing facilities for growth related capital costs, and the General Fund. Projected costs of the CIP, and the sources of funding therefor shown below.

TABLE 8
ALAMEDA COUNTY WATER DISTRICT
Projected Capital Expenditures

Fiscal Year Ended June 30	Projected Capital Expenditures	Projected General Fund Capital	Projected Facilities Improvement Fund Capital	Projected Facilities Renewal Fund Capital	Projected Use of Bond Proceeds*
2024-25	\$ 58,226,000	\$ 10,980,000	\$ 9,567,000	\$ 2,679,000	\$ 35,000,000
2025-26	80,035,000	32,021,000	15,233,000	2,781,000	30,000,000
2026-27	75,559,000	33,935,000	13,408,000	3,216,000	25,000,000
2027-28	69,658,000	17,745,000	13,600,000	3,313,000	35,000,000
2028-29	78,768,000	23,900,000	16,456,000	3,412,000	35,000,000
2029-30	<u>81,435,000</u>	<u>56,368,000</u>	<u>\$21,552,000</u>	<u>3,515,000</u>	<u>-</u>
Total	\$ 443,681,000	\$ 174,949,000	\$89,816,000	\$ 18,916,000	\$ 160,000,000

Source: Alameda County Water District

Note: The Water District intends to use the 2025 Bond proceeds to reimburse for eligible project expenses since May 1, 2024.

The actual level of capital expenditures will depend on a variety of factors, including procurement of permits and other necessary approvals as may be required for particular projects.

In order to finance the costs of the Capital Improvement Program, the Water District currently expects to issue approximately \$55 million in additional Parity Obligations in Fiscal Year 2027-28. In order to finance such costs on an interim basis, the Water District currently expects to enter into a revolving credit agreement or similar instrument issue. Such interim financing is currently expected to constitute a Subordinate Obligation, or to be unsecured, payable from legally available amounts of the Water District.

In addition to the contemplated financing in Fiscal Year 2027-28, in order to pay additional costs of the Capital Improvement Program, the Water District also currently expects to issue approximately \$70 million in additional Parity Obligations in Fiscal Year 2029-30 or thereafter.

The Water District has entered into a grant agreement with FEMA for approximately \$12 million to pay a portion of the costs of a seismic resilience pipeline project. The federal government has recently issued a series of executive orders, and the Office of Management and Budget has issued guidance, that suspend or limit federal government funding to state and local entities. Certain of these actions have been the subject of judicial challenges. The Water District cannot predict the outcome of future federal administrative actions, legislation or budget deliberations and the impact that such budgets will have on federal funding to the Water District. Although the Water District believes that the FEMA grant is not the subject of the executive orders or suspensions described above, there can be no assurances that the Water District will receive the FEMA grants in the amount or at the times currently expected.

Unsecured Revolving Credit Agreement

In December 2022, the Water District entered into an Second Amended and Restated Revolving Credit Agreement (the “Revolving Credit Agreement”) with JP Morgan Chase Bank (the “Revolving Credit Bank”). The Revolving Credit Agreement provides that the Water District may draw up to \$10 million to pay costs of the Water District in connection with an emergency declared by the Governor of the State. Amounts drawn are repayable on December 23, 2027, unless a later date is agreed to by the Revolving Credit Bank, with interest payable at a SOFR-based rate. The obligations of the Water District under the Revolving Credit Agreement are payable from all legally available funds of the Water District and constitute general unsecured obligations of the Water District which are subordinate to the District’s payment of the Parity Bonds.

Historical and Projected Net Revenues and Debt Service Coverage

Table 9 sets forth historical operating results through Fiscal Year 2023-24, and are based on the Water District audited financial statements. Table 9 also contains Projected Operating Results for Fiscal Years 2024-25 through 2028-29. The Projected Operating Results have been prepared by the Water District in February 2025 in connection with the approved rate increases effective March 1, 2025, and March 1, 2026, and are based upon certain assumptions and qualifications, which the Water District believes are reasonable.

Significant assumptions include the following:

Customer Growth. The Projected Operating Results assume growth in the number of meters that is generally based on the General Plans of the cities in the Water District's service area. Annual growth is projected to average approximately 1.0% for the next five years.

Rates. The Projected Operating Results reflect the rates increases shown herein in "Rates and Charges" which are 4% increase in Fiscal Year 2024-25 and Fiscal Year 2025-26. Any increases in rates in Fiscal Year 2026-27 and beyond would be subject to the provisions of Proposition 218 and final approval by the Water District Board. See "CERTAIN RISK FACTORS — Certain Limitations on the Ability of the Water District to Impose Taxes, Fees and Charges." Projected billed water demands are consistent with recent experience with a modest increase as some customers return to their customary water use patterns following the most recent drought.

Connection Fees. Connection fee revenue is expected to increase from approximately \$5.1 million in Fiscal Year 2023-24, to approximately \$7.3 million in Fiscal Year 2024-25, and then stabilize at approximately \$9.5 million annually in later years. These revenues are based on the projected growth that is aligned with the Water District's Urban Water Management Plan that goes through 2045. Growth projections through 2040 align with historical experience while growth from 2041-2045 is intended to bring total growth projections into alignment with regional planning agency estimates, which are substantially higher than recent experience. The majority of growth will be from new non-residential and multi-family customers.

Operating Expenses. For purposes of the Projected Operating Results, the Water District has generally assumed that salaries and benefits will increase in accordance with existing contract requirements (District is currently in negotiation with its two union groups) and then approximately 3% annually thereafter. Projected results also include a reduction of two positions in Fiscal Year 2024-25 and no changes to budgeted positions in Fiscal Year 2025-26. Overall benefits are projected to increase an average of 4% annually over the next five years. Utilities are projected to increase annually by approximately 5%. All other general operating costs are projected to increase by about 3% annually.

The projection of costs for water purchased from the SFPUC is based on data provided by the SFPUC reflecting an increase of 8.8% for Fiscal Year 2024-25. The Projected Operating Results assume an average 4.3% annual increase for the next five years.

Capital Expenditure. The Projected Operating Results assume the levels of expenditures for the Water District's capital improvement program set forth above in "Capital Expenditures."

Additional Parity Obligations. In addition to the issuance of the Series 2025 Bonds, the Projected Operating Results assume the incurrence by the Water District of additional Parity Obligations in Fiscal Year 2026-27 in the amount of \$55,000,000. The Water District is also currently contemplating the issuance of additional Parity Obligations Fiscal Year 2028-29 with associated debt service payments projected to begin in 2029-30, which are beyond the projection period and not reflected in Table 9. See the caption "-Capital Expenditures" above. In order to finance such costs on an interim basis, the Water District currently expects to enter into a revolving credit agreement or similar instrument issue. Such interim financing is currently expected

to constitute a Subordinate Obligation, or to be unsecured, payable from legally available amounts of the Water District.

Other Assumptions. The Projected Operating Results also assume that there will not be any changes in applicable regulatory requirements which materially affect Water District finances or operations and no adverse environmental conditions will be discovered which materially affect the Water District finances or operations. See “CERTAIN RISK FACTORS.”

While the Water District believes these assumptions to be reasonable, the assumptions may vary significantly from actual future conditions due to unanticipated events and circumstances. Any projection is subject to uncertainties. Some of the assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the projections and the actual results, and those differences may be material. To the extent that actual future conditions vary from those assumed by the Water District in the Projected Operating Results, the actual results will vary from those contained in the Table. Changes in circumstances could have a material adverse impact on the ability of the Water District to pay the principal of and interest on the 2025 Bonds.

TABLE 9
ALAMEDA COUNTY WATER DISTRICT
HISTORICAL AND PROJECTED NET REVENUES AND DEBT SERVICE COVERAGE
Fiscal Years Ending June 30 (in Thousands)

	Actual					Projected				
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Revenues										
Water Sales ⁽¹⁾	\$116,230	\$122,388	\$121,311	\$119,797	\$123,368	\$127,607	\$136,374	\$142,651	\$149,647	\$156,019
Investment Income	8,971	187	(7,736)	1,148	7,887	3,801	3,338	3,090	2,967	2,886
Property Taxes ⁽²⁾	6,580	6,937	7,315	8,059	8,691	9,088	9,497	9,925	10,371	10,838
Facilities Connection Fees	13,952	6,154	9,631	11,165	5,075	7,299	8,499	9,827	10,122	10,426
Other Revenue ⁽³⁾	1,167	1,848	3,870	2,653	3,063	2,295	2,345	2,378	2,403	2,475
Total Revenues	\$146,900	\$137,514	\$134,391	\$142,822	\$148,084	\$150,090	\$160,054	\$167,870	\$175,510	\$182,644
Maintenance and Operation Costs										
Pumping Power Costs	1,613	1,863	1,904	2,160	2,191	2,586	2,778	2,916	3,063	3,180
Other Operating Expenses ⁽⁴⁾	18,344	23,802	4,223	18,828	27,962	32,336	33,113	34,411	34,147	33,867
Labor Costs ⁽⁵⁾	47,869	49,152	50,759	48,387	48,552	51,766	51,491	52,961	54,475	56,033
Purchased Water	23,737	28,279	29,788	32,192	34,851	35,215	32,441	34,445	37,265	39,871
Total Expenses	91,563	103,096	86,674	101,567	113,556	121,903	119,823	124,733	128,950	134,951
Net Revenues	\$55,337	\$34,418	\$47,717	\$41,255	\$34,528	\$28,187	\$40,230	\$43,138	\$46,560	\$47,693
Annual Debt Service on Bond										
2009 Refunding Revenue Bond	\$2,866	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2012 Revenue Bond ⁽⁶⁾	1,884	3,905	3,127	-	-	-	-	-	-	-
2015 Revenue Bond	1,627	1,624	1,625	1,624	1,627	1,528	236	236	236	236
2022 Revenue Bonds				4,341	4,297	4,287	4,267	4,281	4,288	2,677
2025 Revenue Bonds	--	--	--	--	--	339	3,385	3,386	3,389	3,390
2027 Revenue Bonds ⁽⁷⁾	--	--	--	--	--	--	--	--	3,578	3,578
Total Debt Service	\$6,377	\$5,529	\$4,752	\$5,965	\$5,924	\$6,155	\$7,888	\$7,903	\$11,491	\$9,881
Debt Service Coverage	8.68x	6.22x	10.04x	6.92x	5.83x	4.58x	5.10x	5.46x	4.05x	4.83x

- (1) Water Sales revenue grew in Fiscal Year 2020-21 due to high demands from residents working from home during the pandemic, declined in Fiscal Year 2021-22 and Fiscal Year 2022-23 due to conservation during the drought. Imposition of a drought surcharge effective March 1, 2022 made up a portion of the lost revenue in Fiscal Year 2021-22 and more fully made up for lower sales volume in Fiscal Year 2022-23. The drought surcharge was rescinded April 1, 2023. Revenues stabilized in Fiscal Year 2023-24 as water demands begin to return to a new normal after the drought – similar to after the prior drought.
- (2) “Property Taxes” exclude the State Water Project property taxes collected by the Water District, and the equal amount in expenses paid from such taxes.
- (3) Excludes certain one-time grants, reimbursements of shared projects, property sales, and a mitigation payment.
- (4) For those relevant expenses, includes general annual inflationary increases of 3% beginning in Fiscal Year 2024-2025. OPEB and Other miscellaneous costs included in “Other Operating Expenses”.
- (5) Includes fringe benefits and annual inflationary increases as relevant beginning in Fiscal Year 2024-25.
- (6) Reflects District cash contribution of \$2,460,000 to defease June 1, 2022 maturity of Series 2012 Bonds plus \$726,815.63 of interest on Series 2012 Bonds paid on December 1, 2021.
- (7) Projected Debt Service for Series 2027 Bonds based on principal amount of \$55 million at 5.0% interest.

Source: Alameda County Water District Finance Department. Totals may not add due to rounding.

Reserve Policy

The Water District's adopted reserve policy provides for the establishment and maintenance of a number of reserves, including the Operations and Maintenance (O&M), Capital Reserve, the Emergency Reserve, and Rate Stabilization Reserve, as described below. The Water District is not legally obligated to maintain reserves at the levels identified in the policy, and the actual amount of reserves varies from year to year.

The Operations and Maintenance (O&M) and Capital Reserves are established to maintain a level of funding to meet the daily cash needs for ongoing operations and maintenance and capital expenditures not funded from bond proceeds.

The O&M Reserve is a designated reserve, which has been established by the Board of Directors to maintain a level of funding to meet the daily cash needs for ongoing operations and maintenance of the water system. This also provides funds to ensure District operations are not affected by the timing of planned expense, or disruption in revenue. This reserve has an established minimum target of three months of water revenues, or approximately \$32 million.

The Capital Reserve is a designated reserve, which has been established by the Board of Directors to maintain a minimum level of funding to meet cash flow requirements of the Capital Improvement Program and fund up to one-year of capital improvements. The Water District's main current source of funding for capital improvements is from water revenues. Capital improvements are designed to meet regulatory requirements, improve system reliability, and address future water demand in the Water District and are included in the 25-year Capital Improvement Program and Long Range Financial Planning Model, both of which are reviewed by the Board of Directors each fiscal year. This reserve has an established minimum target of one year of water system depreciation, currently \$15.6 million.

The Capital Projects Sinking Fund is utilized to account for resources specifically designated for future capital projects. The annual Capital Improvement Program (CIP) appropriations are drawn from this fund as needed based on the timing of capital projects. The Capital Projects Sinking Fund has an established target equal to the difference between the current General Fund ending balance and lowest ending balance within the next five years as presented in the Water District's Financial Planning Model.

Operations Contingency Fund is established to account for the balances that are not required to fund other reserves and the Capital Projects Sinking Fund. These funds are used to pay for one-time projects, smooth out rate increases, pay down unfunded liabilities, or provide for unforeseen costs of an unusual or extraordinary nature that could not be planned for in the budget process.

The Emergency Reserve is generally maintained at a target level of \$10 million. This is the calculated additional amount of funds needed to purchase water in a year of adverse water conditions. The Emergency Reserve is to be used only with the authorization of the Board of Directors in the event of an unforeseen event such as a natural disaster, water shortage situation or other unanticipated adverse situation.

The Rate Stabilization Reserve is established to maintain a level equal to six months of variable water sales – the difference in revenue that would result from using the lowest water usage year versus the most recent year or a typical year based on current commodity rates. These reserve funds may be designated to address revenue shortfalls resulting from lower than anticipated water sales due to unusually wet weather, conservation in response to a water shortage emergency, or any other reason that may cause lower water sales. Rate Stabilization Reserve funds will be replenished as needed during years of higher than anticipated water sales. The purpose of this reserve is to moderate the need for rate increases resulting from lower water demand.

The Rate Stabilization Reserve is currently above the target level established by Board policy and can therefore be utilized on a short-term basis without a need to replenish.

The table below shows the Water District’s reserves as of December 31, 2024.

<u>Reserve:</u>	<u>Fiscal Year 2024-25</u>		
	<u>As of 12/31/2024</u>	<u>Adopted Budget</u>	<u>Benchmark</u>
Management Retirement Bonus	\$701,000	\$701,000	\$701,000
Emergency	10,000,000	10,000,000	10,000,000
Operations & Maintenance (O&M)	32,118,000	32,118,000	32,118,000
Capital	15,552,000	15,552,000	15,552,000
Rate Stabilization Reserve	7,474,000	7,474,000	7,474,000
General Fund Reserves	65,845,000	65,845,000	65,845,000
Capital Projects Sinking Fund	15,690,027	28,067,000	
Total General Fund Balance	81,535,027	93,912,000	
Facilities Improvement Fund Reserve	67,881,506	70,095,000	
Facilities Renewal Fund Reserve	-	-	
 Total District	 \$149,416,534	 \$169,111,000	

Pension Plan Obligations

The Water District contributes to the California Public Employee’s Retirement System (“CalPERS”), an agent multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Certain summary information is presented below. See Note 10 in APPENDIX B – “AUDITED FINANCIAL STATEMENTS OF THE WATER DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2024 AND JUNE 30, 2023” for a detailed description of the retirement benefits, funding methods, actuarial assumptions, annual costs, unfunded liabilities and other matters.

The Water District’s obligation to make annual payments to CalPERS is a significant financial obligation of the Water District, and annual required payments have increased significantly over the last several years and, as a result of changes in CalPERS’ funding policies and actuarial assumptions, are expected to continue to increase in the future. There can be no assurances that actual investment returns, future changes in actuarial assumptions, or other circumstances will not result in additional significant increases.

Annual Pension Cost. For fiscal years 2023-24 and 2022-23, the Water District’s annual pension cost of approximately \$7.7 million and \$9.1 million, respectively, for CalPERS was fully funded by the Water District’s contributions. In addition to the required contributions, the Water District made supplementary payments in the fiscal years ended June 30, 2024 and 2023 of \$7.3 million and \$5.6 million, respectively. These supplementary contributions were made to finance the unfunded accrued liability. The expected contribution amount for fiscal year 2024-25 is approximately \$8.8 million, and the projected amount for fiscal year 2025-26 is approximately \$8.6 million. The Water District made a supplementary payment of \$6.7 million in Fiscal Year 2024-25 and plans to make additional supplemental payments in the future, which are programmed into the projected operating results presented in Table 9.

TABLE 10
ALAMEDA COUNTY WATER DISTRICT
Historical Pension Cost

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Pension Normal Cost and UAAL Flat Payment	\$8,734,155	\$9,140,442	\$9,187,439	\$9,080,097	\$7,696,573
Pension Advanced Funding (Discretionary)	5,975,000	5,505,916	5,465,268	5,601,876	7,329,768
Total	<u>\$14,709,155</u>	<u>\$14,646,358</u>	<u>\$14,652,707</u>	<u>\$14,681,973</u>	<u>\$15,026,34177</u>

Funding History. The table below represents the Water District’s recent history of the accrued actuarial liability, the market value of assets, the funded ratio and the annual covered payroll, as reported by CalPERS.

TABLE 11
ALAMEDA COUNTY WATER DISTRICT
Certain Pension Information

<u>Valuation Date</u>	<u>Accrued Liability</u>	<u>Market Value of Assets</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>
6/30/19	\$277,331,753	\$203,112,887	73.2%	\$25,743,429
6/30/20	288,680,287	215,656,766	74.7	27,089,720
6/30/21	300,826,262	269,176,332	89.5	28,098,473
6/30/22	319,043,075	250,278,096	78.4	28,840,156
6/30/23	337,214,060	266,439,018	79.0	29,240,874

Other Post-Employment Benefits

Retiree Health Insurance. The Water District provides health plan coverage under the CalPERS Health Benefits Program (“PEMHCA”) for eligible retirees and eligible dependents, or surviving spouse or registered domestic partner. To fund this coverage, the Water District contributes the minimum required amounts under the PEMHCA rules as determined by CalPERS on an annual basis. The Water District also provides other post-employment benefits. See Note 11 in APPENDIX B – “AUDITED FINANCIAL STATEMENTS OF THE WATER DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2024 AND JUNE 30, 2023” for a detailed description of the various post-employment benefits, as well as additional information concerning annual costs and unfunded liabilities.

General OPEB Costs. For the years ended June 30, 2024 and 2023, the Water District paid approximately \$3.0 million and \$2.9 million, respectively, in post-employment health care and life insurance benefits. Of this amount, the Water District made a contribution amount of approximately \$1.6 million and \$1.5 million for retirees’ health premiums in 2024 and 2023, respectively. The remaining balance of approximately \$1.4 million was deposited with CalPERS in 2024 and 2023, respectively. In addition to the required contributions, the Water District made supplementary payments in the fiscal years ended June 30, 2024 and 2023 of \$1.9 million and \$1.7 million, respectively. These supplementary contributions were made to finance the unfunded accrued liability.

Funding of Other Post-Employment Benefit Obligations. Governmental Accounting Standards Board Statement No. 75 (“GASB 75”) became effective for the Water District’s fiscal year ended June 30, 2018. It establishes new accounting and financial reporting requirements for governments whose employees are provided

with OPEB plans, improving the accounting and financial reporting by state and local governments for OPEB, and provides information provided by state and local government employers about financial support for OPEB that is provided by other entities. This statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions and Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. The Water District has undertaken biennial actuarial studies to estimate its other post-employment benefit obligations (“OPEB Obligations”) since June 30, 2007, and received its June 30, 2024 valuation in July 2024. The June 30, 2024 GASB 75 Actuarial Valuation was updated for new assumptions, changes in discount rates and health benefits and reported that the Water District has an UAAL of approximately \$21.3 million at June 30, 2024. The funded ratio was 68.47%.

TABLE 12
ALAMEDA COUNTY WATER DISTRICT
Certain OPEB Information

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
OPEB Normal Cost	\$1,237,245	\$1,274,362	\$1,312,593	\$1,649,795	\$1,933,194
OPEB UAAL Payment	<u>\$5,036,318</u>	<u>\$3,283,915</u>	<u>\$3,283,131</u>	<u>\$2,994,651</u>	<u>\$3,040,375</u>
Total	\$6,273,563	\$4,558,277	\$4,595,725	\$4,644,446	\$4,973,569

Cybersecurity

The Water District has implemented a robust cybersecurity program to ensure the protection of digital assets and personally identifiable and confidential information. The Water District conducts Information Technology (IT) service delivery based on the Center for Internet Security (CIS) framework to ensure that cybersecurity practices are aligned with industry standards, regulatory requirements, and proven best practices. The Water District has deployed a range of advanced cybersecurity tools designed to continuously monitor and defend against emerging cyber threats. The Water District’s IT team remains vigilant, holding weekly cybersecurity update meetings to stay ahead of potential risks and to proactively mitigate known vulnerabilities. Additionally, the Water District performs regular network and system penetration tests, and provides ongoing employee education and trainings to ensure that everyone is aware of the latest phishing and ransomware threats. The Water District takes appropriate precautions and is committed to maintaining the highest levels of protection, but cannot guarantee that no adverse cybersecurity events will occur.

Climate Change

The Water District’s Urban Water Management Plan 2020-2025 (“UWMP”) addresses anticipated climate change impacts on future water supply planning. While climate change impacts during the UWMP’s 25-year near-term period are less pronounced than those expected later in the century, the Plan incorporates these impacts wherever feasible.

The DWR-provided SWP supply reliability data integrates climate change’s effects on source hydrology. It uses a technique that scales historic planning hydrology with monthly and annual climate change factors derived from climate change studies. The SWP data includes projections of rising temperatures leading to decreased snow precipitation and reflects 45-cm of sea-level rise. These changes impact the water stored as snow and the operational use of the Sacramento-San Joaquin River Delta for water conveyance, respectively, both resulting in reduced supply. The SWP methodology considers how climate change would have altered historical weather patterns year by year, either wetter or drier. However, it does not simulate potential changes in inter-annual weather or predict changed frequency, intensity, or duration. DWR is currently working on a SWP Climate Adaptation Plan which applies a bottom-up stress test and uses a climate-model-informed probability density function to develop “level-of-concern” scenarios at specified system risk and climate-

informed performance levels (e.g., a 95-percent level-of-concern scenario depicts a future condition in which 95 percent of model-informed climate outcomes result in better SWP system reliability). This effort will provide the Water District with a greater variety of climate change data sets enabling further study of the range of possible impacts; this data will be incorporated in the 2025-2030 UWMP, scheduled for completion in 2026.

The SFPUC RWS supply reliability data incorporated in the 2020-2025 UWMP does not include the known impacts of climate change. The SFPUC is, however, updating its analyses for the 2025-2030 UWMP and will include climate change impacts.

To evaluate local supply impacts, the Water District applied DWR-provided change factors to the Water District's groundwater model, the Niles East Bay Integrated Model. Analysis of future "what-if" rainfall scenarios over the Alameda Creek Watershed suggests the region may become slightly wetter on average, potentially increasing local water supply. Overall, the Water District concluded that near-term climate change effects are negligible and may even favor local groundwater conditions.

These findings were reinforced in the Water District's 2023 Climate Adaptation Plan ("CAP"), which included a detailed assessment of system vulnerabilities and risks. The CAP concluded that the Water District's diversified water portfolio provides considerable adaptive capacity to mitigate climate change impacts through mid-century. However, between 2050 and 2100, challenges are expected to intensify due to more significant climate shifts and greater uncertainty. To address these long-term risks, the CAP proposed targeted mitigation measures, many of which are "low- to no-regrets" investments and include enhanced water use efficiency, investments in green infrastructure, and new and expanded use of local supplies. These strategies, along with additional measures, will be further analyzed in the Water District's 2025 Integrated Resources Plan (IRP) update, expected to be issued later this year.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original discount) on the 2025 Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that—with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the 2025 Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2025 Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the 2025 Bonds is based upon certain representations of fact and certifications made by the Authority and others and is subject to the condition that the Authority complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the 2025 Bonds to assure that interest (and original issue discount) on the 2025 Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the 2025 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2025 Bonds. The Authority will covenant to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a 2025 Bond (the first price at which a substantial amount of the 2025 Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such 2025 Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before

receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable 2025 Bond. The amount of original issue discount that accrues to the Beneficial Owner of a 2025 Bond is excluded from the gross income of such Beneficial Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

The amount by which a Beneficial Owner's original basis for determining loss on sale or exchange in the applicable 2025 Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Beneficial Owner's basis in the applicable 2025 Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Beneficial Owner realizing a taxable gain when a 2025 Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2025 Bond to the Beneficial Owner. Purchasers of the 2025 Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Trust Agreement and the Tax Certificate relating to the 2025 Bonds permit certain actions to be taken or to be omitted if a favorable opinion of a Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on any 2025 Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the 2025 Bonds is excluded from gross income for federal income tax purposes provided that the Authority continues to comply with certain requirements of the Code, the ownership of the 2025 Bonds and the accrual or receipt of interest (and original issue discount) with respect to the 2025 Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2025 Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2025 Bonds.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2025 Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2025 Bonds might be affected as a result of such an audit of the 2025 Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the 2025 Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the 2025 Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE 2025 BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE 2025 BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE 2025 BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE 2025 BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE 2025 BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE 2025 BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT

THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE 2025 BONDS.

A copy of the proposed form of opinion of Bond Counsel with respect to the 2025 Bonds is attached hereto in APPENDIX D.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS AND CHARGES

Article XIII B

At the statewide special election of November 6, 1979, the voters approved an initiative entitled “Limitation of Government Appropriations” which added Article XIII B to the California Constitution. Under Article XIII B, State and local governmental entities have an annual “appropriations limit” which limits the ability to spend certain monies which are called “appropriations subject to limitation” (consisting of tax revenues, State subventions and certain other funds) in an amount higher than the “appropriations.” The “base year” for establishing such appropriations limit is the 1978-79 Fiscal Year and the limit is to be adjusted annually to reflect changes in population and consumer prices. Adjustments in the appropriations limit of an entity may also be made if (i) the financial responsibility for a service is transferred to another public entity or to a private entity, (ii) the financial source for the provision of services is transferred from taxes to other revenues, or (iii) the voters of the entity approve a change in the limit for a period of time not to exceed four years.

Appropriations subject to Article XIII B generally include proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions and refunds of taxes. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to an entity of government from (i) regulatory licenses, user charges, and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), and (ii) the investment of tax revenues. Article XIII B includes a requirement that if an entity’s revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Certain expenditures are excluded from the appropriations limit including payments of indebtedness existing or legally authorized as of January 1, 1979, or of bonded indebtedness thereafter approved by the voters and payments required to comply with court or federal mandates which without discretion required an expenditure for additional services or which unavoidably make the providing of existing services more costly.

It is the position of the Water District that the water fees and charges it imposes for use of the Water System do not exceed the costs it reasonably bears in providing such services and therefore are not subject to the limits of Article XIII B.

Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, the so-called “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the State Constitution, which contain a number of provisions affecting the ability of local governments to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIII C. Article XIII C removes limitations on the initiative power in matters of local taxes, assessments, fees and charges. In *Bighorn-Desert View Water Agency v. Beringson* (“Bighorn”), decided by the California Supreme Court on July 24, 2006, the petitioner sought to establish his right to reduce a local water agency’s water rates and fees and charges through use of the initiative power. In holding for the petitioner on this issue, the court stated that the absence of a restrictive definition of “fee” or “charge” in Article XIII C suggests that those terms include all levies that are ordinarily understood to be fees or charges, including all of

the property-related fees and charges subject to Article XIID. Though the Supreme Court did not arrive at an exact definition of such terms, it did determine that fees and charges that are fees and charges within the meaning of Article XIID are necessarily fees and charges within the meaning of Article XIIC. See “Article XIID” below. The Court held that Article XIIC authorizes the use of the initiative process to reduce water rate and other delivery charges, but that it does not authorize use of the initiative power to impose a voter-approval requirement on future increases or new water delivery charges. The court declined to determine whether the initiative power is limited by other statutory provisions requiring that water service charges be set at a level that will pay system expenses and debt service since that issue was not before the court.

Consequently, the voters of the Water District could, by future initiative, seek to repeal or reduce any local tax, assessment, fee or charge, including the Water District’s water service fees and charges, which are the source of Net Revenues pledged to the payment of 2025 Installment Payments. Though the use of the initiative power is arguably limited in the case of levies directly pledged to bonded indebtedness, such as the fees and charges imposed by the Water District for services of the Water System that are pledged to the payment of the 2025 Bonds, there can be no assurance that the voters of the Water District will not seek to approve an initiative which attempts to reduce the fees and charges imposed by the Water System securing the 2025 Bonds.

Article XIID. Article XIID established procedural requirements for imposition of assessments, which are defined as any charge on real property for a special benefit conferred upon the real property. Standby charges are classified as assessments. Procedural requirements include the conducting of a public hearing and an election by mailed ballot, with notice to the record owner of each parcel subject to the assessment. The assessment may not be imposed if a majority of the ballots returned oppose the assessment, with each ballot weighted according to the proportional financial obligation of the affected parcel. The Water District does not believe that its connection fees would be classified as standby charges or assessments for the Water System.

Article XIID conditions the imposition or increase of any “fee” or “charge” upon there being no written majority protest after a required public hearing and voter approval for fees and charges other than for sewer, water or refuse collection services. Article XIID defines “fee” or “charge” to mean levies (other than ad valorem or special taxes or assessments) imposed by a local government upon a parcel or upon a person as an incident of the ownership or tenancy of real property, including a user fee or charge for a “property-related service.” One of the requirements of Article XIID is that before a property related fee ‘or charge may be imposed or increased, a public hearing upon the proposed fee or charge must be held and mailed notice sent to the record owner of each identified parcel of land upon which the fee or charge is proposed for imposition. In the public hearing, if written protests of the proposed fee or charge are presented by a majority of the owners of affected identified parcel(s), an agency may not impose the fee or charge.

In *Richmond et al. v. Shasta Community Services District* (“Richmond”), the California Supreme Court held that a water connection fee was not a “property-related” fee and charge subject to Article XIID. However, in the opinion, the California Supreme Court suggested in dicta that fees for ongoing water service through an existing connection were “property related” fees and charges imposed on a person as an incident of property ownership. The court addressed this issue directly in the *Bighorn* case discussed above. In its decision, the court relied on its discussion in *Richmond* to reach the conclusion that fees and charges for ongoing water service through an existing connection are “property-related” fees and charges imposed on a person as an incident of property ownership for purposes of Article XIID whether the fees and charges are calculated based on usage or are imposed as a fixed monthly fee.

The Water District believes it has complied with the procedures required by Article XIID in connection with the increase in the water fees and charges approved by the Board of Directors. See “DISTRICT AND WATER SYSTEM INFORMATION- Rates and Charges” herein.

In addition to the procedural requirements of Article XIID, under Article XIID, all property related fees and charges, including those which were in existence prior to the passage of Proposition 218 in November 1996, must meet the following substantive standards:

(1) Revenues derived from the fee or charge cannot exceed the funds required to provide the property related service.

(2) Revenues derived from the fee or charge must not be used for any purpose other than that for which the fee or charge was imposed.

(3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership must not exceed the proportional cost of the service attributable to the parcel.

(4) No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted. Standby charges, whether characterized as charges or assessments, must be classified as assessments and cannot be imposed without compliance with Section 4 of Article XIID (relating to assessments).

(5) No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services where the service is available to the public at large in substantially the same manner as it is to property owners.

Article XIID provides that nothing in Proposition 218 shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

Further interpretation and application of Proposition 218 will ultimately be determined by the courts or through implementing legislation with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the nature or scope of any such legislation.

Under State law, there is a 120 day statute of limitations for challenging any new, increased, or extended fee or charge.

Future Initiatives

Articles XIIB, XIIC and XIID were adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiatives could be proposed and adopted affecting the Water District's Net Revenues or ability to increase charges or connection fees.

One such initiative, approved by the electorate at the November 2, 2010 election, is Proposition 26. The initiative imposes a two-thirds voter approval requirement for the imposition of fees and charges by the State. It also imposes a majority voter approval requirement on local governments with respect to fees and charges for general purposes, and a two-thirds voter approval requirement with respect to fees and charges for special purposes. The initiative, according to its supporters, is intended to prevent the circumvention of tax limitations imposed by the voters pursuant to Proposition 13, approved in 1978, and other measures through the use of non-tax fees and charges. Proposition 26 expressly excludes from its scope "a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the [State/local government] of providing the service or product to the payor." The Water District believes that the fees and charges imposed are not "taxes" as defined by Proposition 26. The Authority and the Water District, however, are unable to predict at this time how Proposition 26 will be interpreted by the courts or what its ultimate impacts will be.

Effect of Proposition 218 and of Possible General Limitations on Enforcement Remedies

The ability of the Water District to comply with its covenants under the 2025 Installment Purchase Contract and to generate Net Revenues sufficient to pay the principal of and interest on the 2025 Bonds may be

adversely affected by actions and events outside of the control of the Water District and may be adversely affected by actions taken (or not taken) under Article XIII C, Article XIII D, or Proposition 26 by voters, property owners, taxpayers or payers of assessments, fees and charges. Furthermore, any remedies available to the owners of the 2025 Bonds upon the occurrence of an event of default under the 2025 Installment Purchase Contract are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain. In addition to the possible limitations on the ability of the Water District to comply with its covenants under the Trust Agreement, the rights and obligations under the 2025 Bonds and the 2025 Installment Purchase Contract may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against municipal utilities in the State.

Based on the foregoing, in the event the Water District fails to comply with its covenants under the 2025 Installment Purchase Contract, including its covenants to generate sufficient Net Revenues, as a consequence of the application of Article XIII C, Article XIII D, or Proposition 26 or to pay principal of or interest on the 2025 Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the holders of the 2025 Bonds.

RISK FACTORS

The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the 2025 Bonds and does not necessarily reflect the relative importance of the various risks.

General; Failure to Meet Projections

The payment of principal of and interest on the 2025 Bonds is secured solely by a pledge of the Authority Revenues, consisting of mainly 2025 Installment Payments and other payments paid by the Water District and received by the Authority pursuant to the 2025 Installment Purchase Contract. The obligation of the Water District to make the 2025 Installment Payments is a limited obligation of the Water District payable solely from a pledge of Net Revenues. The realization of the Net Revenues is subject to, among other things, the capabilities of management of the Water District, the ability of the Water District to provide water services to its users, and the ability of the Water District to establish and maintain water fees and charges sufficient to provide the required debt service coverage as well as pay for Maintenance and Operation Costs.

Among other matters, drought, general and local economic conditions and changes in law and government regulations (including initiatives and moratoriums on growth) could adversely affect the amount of Net Revenues realized by the Water District.

In addition, the Projected Operating Results are based on a number of assumptions. Actual conditions may differ significantly from assumptions, and could have a material adverse impact on the ability of the Water District to make the 2025 Installment Payments and thereby pay the principal of and interest on the 2025 Bonds.

Potential Impacts of Climate Change

The change in the earth's average atmospheric temperature, generally referred to as "climate change", is expected to, among other things, increase the frequency and severity of extreme weather events and cause substantial flooding. There can be no assurances that the impacts of climate change will not at some point materially adversely impact the Water District's operations and/or finances. See "DISTRICT AND WATER SYSTEM INFORMATION – Climate Change."

Cybersecurity

Like most organizations, the Water District relies on electronic systems and technologies to conduct its operations in support of its mission of providing a reliable supply of high-quality water at a reasonable price to its customers. See “DISTRICT AND WATER SYSTEM INFORMATION – Cybersecurity.” Over the past few years, there have been increasing attempts to gain unauthorized access to electronic systems of public agencies. These attempts, which continue to increase, include highly sophisticated efforts to electronically circumvent security measures and cause disruption to agency operations. The Water District faces similar threats and risks as faced by other public agencies of its size.

The Water District is not aware of any cybersecurity breach impacting its systems to date; however, no assurances can be given that the Water District’s cybersecurity and operational control measures will be successful in guarding against any and each future cyber threat and attack. A successful security breach against its systems or water production and delivery facilities could expose the Water District to significant liability, cause reputational harm and materially impair the Water District’s operations and its ability to deliver water to its customers, its revenues, and its ability to pay its obligations.

Environmental Regulation

The kind and degree of water treatment effected through the Water System is regulated, to a large extent, by the federal government and the State. Treatment standards set forth in federal and State law control the operations of the Water System and mandate its use of technology. In the event that the federal government, acting through the Environmental Protection Authority, or the State, acting through the State Water Resources Control Board, or additional federal or State legislation, should impose stricter water quality standards upon the Water System, the Water District’s expenses could increase accordingly and rates and charges would have to be increased to offset those expenses. It is not possible to predict the direction federal or State regulation will take with respect to drinking water quality standards, although it is likely that both will impose more stringent standards with attendant higher costs.

From a water supply perspective, environmental-related regulations and court rulings intended to protect endangered species in the Sacramento-San Joaquin River Delta have resulted in interruptions and pumping constraints to the Water District’s State Water Project (“SWP”) supply deliveries. Additional regulation and/or court rulings that negatively impact the Water District’s State Water Project reliability could potentially be analogous to a drought and, thus, similarly adversely affect the amount of Net Revenues realized by the Water District.

Earthquakes, Floods and Other Natural Disasters

Earthquakes, floods or other natural disasters could interrupt operation of the Water District’s Water System and cause increased costs and thereby interrupt the ability of the Water District to realize Net Revenues. The Water District is located in a seismically active region within the vicinity of several active and inactive faults, including the San Andreas Fault, the Concorde-Green Valley Fault and the Calaveras Fault. The Hayward Fault, a seismically active fault, bisects the Water District’s service area. The Water District could sustain extensive damage to its Water System in a major earthquake, both from ground motion and possible liquefaction of underlying soils. In October 1989, an earthquake measuring 7.1 on the Richter scale and with an epicenter approximately 50 miles south of the Water District struck the San Francisco Bay Area. There was no material structural damage to the Water District’s facilities. The Water District is not obligated under the Trust Agreement to have earthquake or flood insurance. There can be no assurance that earthquakes or other natural disasters will not interrupt the ability of the Water System to realize Net Revenues sufficient to pay principal and interest of the 2025 Bonds.

System Demand

There can be no assurance that the demand for water services will occur as described in this Official Statement. Reduction in levels of demand could require an increase in rates or charges in order to comply with the covenants to fix rates and charges.

System Expenses

There can be no assurance that the Water District's expenses will be consistent with the descriptions in this Official Statement. Increases in expenses could require a significant increase in rates or charges in order to pay for Water District water projects and comply with the rate covenant.

Drought

As described herein, from time to time State experiences significant droughts, which can result in significant increases in the cost of water for the Water District. Although, as described herein in "DISTRICT AND WATER SYSTEM INFORMATION - California Drought and Response," the Water District has in the past implemented water conservation programs to reduce water consumption as well as a rate surcharge to maintain revenues at required levels, there can be no assurances that future droughts will not materially adversely impact the operations and/or financial condition of the Water District.

Rate Process

The passage of Proposition 218 by the California electorate potentially affects the Water District's ability to impose future rate increases, and no assurance can be given that future rate increases will not encounter majority protest opposition under Proposition 218. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS AND CHARGES - Articles XIII C and XIII D of the California Constitution."

Investment of Funds

All moneys in the Water District Revenue Fund may be invested by the Water District from time to time in any investments which are legal for investment of Water District funds under California law. All moneys in any of the funds or accounts established with the Trustee pursuant to the Trust Agreement will be invested by the Trustee solely in Permitted Investments. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Trust Agreement will be deposited in the fund or account from which such investment was made. For purposes of acquiring any investments, the Trustee may commingle funds held by it pursuant to the Trust Agreement upon the Request of the Water District. The Trustee may act as principal or agent in the acquisition of any investment. The Trustee will incur no liability for losses arising from any investments made in accordance with the Trust Agreement. See "APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Limitations on Remedies and Bankruptcy

The ability of the Water District to increase water services charges and to comply with its covenants under the 2025 Installment Purchase Contract and to generate Net Revenues sufficient to pay principal of and interest on the 2025 Bonds may be adversely affected by actions and events outside of the control of the Water District and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS AND CHARGES- Proposition 218." Furthermore, any remedies available to the owners of the 2025 Bonds upon the occurrence of an event of default under the 2025 Installment Purchase

Contract and the Trust Agreement are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on remedies contained in the 2025 Installment Purchase Contract and the Trust Agreement, the rights and obligations under the 2025 Installment Purchase Contract, the 2025 Bonds and the Trust Agreement may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against cities in the State. Various legal opinions to be delivered concurrently with the issuance of the 2025 Bonds will be so qualified. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto. In the event the Water District fails to comply with its covenants under the 2025 Installment Purchase Contract and the Trust Agreement or to pay principal of or interest on the 2025 Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the holders of the 2025 Bonds.

The enforcement of the remedies provided in the 2025 Installment Purchase Contract and the Trust Agreement could prove both expensive and time consuming. In addition, the rights and remedies provided in the 2025 Installment Purchase Contract and the Trust Agreement may be limited by and are subject to provisions of the federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect creditors' rights. If the Water District were to file a petition under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), the Bondholders and the Trustee could be prohibited or severely restricted from taking any steps to enforce their rights under the 2025 Installment Purchase Contract and the Trust Agreement.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the 2025 Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

Parity Obligations

As described in: "SECURITY FOR THE 2025 BONDS- Parity Obligations" above, the 2025 Installment Purchase Contract permits the Water District to execute any Installment Purchase Contract or issue any Bonds, as the case may be, to finance or refinance any Project the Debt Service on which Installment Purchase Contract or Bonds is payable on a parity with the payment by the Water District of the 2025 Installment Payments from the Net Revenues. In the event of a decline in Net Revenues available to pay debt service on the 2025 Bonds, the existence of Installment Purchase Contracts or additional Bonds could adversely affect the Water District's ability to pay debt service on the 2025 Bonds. When and if issued, the 2025 Installment Purchase Contract will be secured by Net Revenues on a parity with the 2022 Installment Purchase Contract and the 2015 Installment Purchase Contract.

CERTAIN LEGAL MATTERS

The validity of the 2025 Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel to the Authority. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix D hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of the Official Statement. Certain legal matters will be passed upon for the Water District by Hanson Bridgett LLP. Payment of the fees and expenses of Bond Counsel is contingent upon issuance of the 2025 Bonds.

LITIGATION

To the best knowledge of the Authority and the Water District, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the Authority to restrain or enjoin the authorization, execution or delivery of the 2025 Bonds, the pledge of the Authority Revenues or the collection of the payments to be made pursuant to the Trust Agreement, the obligation of the Water District to pay 2025 Installment Payments from the Net Revenues made pursuant to the 2025 Installment Purchase Contract, or in any way contesting or affecting the validity of the 2025 Bonds, the Trust Agreement, the 2025 Installment Purchase Contract or the agreement for the sale of the 2025 Bonds.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC, San Francisco, California, has served as Municipal Advisor to the Authority with respect to the sale of the 2025 Bonds. The Municipal Advisor has assisted the Authority in the review of this Official Statement and in other matters relating to the planning, structuring, execution and delivery of the 2025 Bonds. The Municipal Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Authority to determine the accuracy or completeness of this Official Statement. Due to their limited participation, the Municipal Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P"), have assigned their municipal bond rating of "Aaa" and "AAA," respectively, to the 2025 Bonds.

The ratings issued reflect only the view of such rating agencies, and any explanation of the significance of such ratings should be obtained from such rating agencies. There is no assurance that such ratings will be retained for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any ratings obtained may have an adverse effect on the market price of the 2025 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Upon delivery of the 2025 Bonds, Causey Public Finance, LLC, independent certified public accountants, will deliver a report stating that the firm has verified the mathematical accuracy of certain computations relating to the adequacy of the Defeasance Securities and the interest thereon, together with cash deposits, to pay when due the principal of and interest on the 2025 Bonds to their respective redemption dates and the redemption price of the Refunded Bonds on their respective redemption dates.

SALE OF THE 2025 BONDS

The 2025 Bonds were sold at competitive bid on March 25, 2025. The 2025 Bonds were awarded to BofA Securities, Inc. (the "Purchaser"), who submitted the lowest true interest cost bid, at a purchase price of \$51,644,967.00. Under the terms of its bid, the Purchaser will be obligated to purchase all of the 2025 Bonds if any are purchased, the obligation to make such purchase being subject to the approval of certain legal matters by Bond Counsel, and certain other conditions to be satisfied by the Authority.

The Purchaser has certified the reoffering prices or yields for the 2025 Bonds set forth on the cover of this Official Statement, and neither the Authority nor the Water District take any responsibility for the accuracy of those prices or yields. Based on the reoffering prices, the net original issue premium on the reoffering of the 2025 Bonds is \$5,405,016.70, and the Purchaser's gross compensation (or "spread") is \$57,625.00. The

Purchaser may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the cover. The offering prices may be changed from time to time by the Purchaser.

INDEPENDENT AUDITOR

The audited financial statements of the Water District for the years ended June 30, 2024 and June 30, 2023 are included in Appendix B attached hereto. The basic financial statements referred to in the preceding sentence have been audited by the Baker Tilly US, LLP, Madison, Wisconsin, independent auditors, as stated in its Independent Auditor's Report included in Appendix B. Baker Tilly US, LLP has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Baker Tilly US, LLP with respect to the Official Statement.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion, assumptions, projections, anticipated events or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and actual results may differ substantially from those set forth herein. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the owners of the 2025 Bonds.

The summaries of certain provisions of the 2025 Bonds, statutes and other documents or agreements referred to in this Official Statement do not purport to be complete, and reference is made to each of them for a complete statement of their provisions. Copies are available for review by making requests to the Water District.

The Appendices are an integral part of this Official Statement and must be read together with all other parts of this Official Statement.

APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

CERTAIN DEFINITIONS

The following are definitions of certain terms as used in this Official Statement.

“Act” means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto.

“Authority” means the Alameda County Water District Financing Authority created pursuant to the Act and its successors and assigns in accordance with the Trust Agreement.

“Authority Revenue Fund” means the fund by that name established pursuant to the Trust Agreement.

“Authority Revenues” means all 2025 Installment Payments and other payments paid by the Water District and received by the Authority pursuant to the 2025 Installment Purchase Contract and all interest or other income from any investment of any money in any fund or account established pursuant to this Trust Agreement (other than the Rebate Fund).

“Approving Opinion” means an opinion of Bond Counsel addressed to the Trustee and the Authority, that an action being taken (i) is authorized by the Act and the Trust Agreement, and (ii) will not, in and of itself, adversely affect the tax exempt status of the 2025 Bonds.

“Board of Directors” means the Board of Directors of the Water District.

“Bond Counsel” means a firm of recognized standing in the field of obligations, the interest on which is excluded from gross income for purposes of federal income taxation.

“Bonds” means all water revenue bonds of the Water District authorized, executed, issued and delivered by the Water District under and pursuant to the Law, the payments of which are on a parity with each other and with the payment of the Installment Payments and which are secured by a pledge of and lien on the Net Revenues.

“Business Day” means any day other than a Saturday or Sunday or day upon which the Trustee is open for business at its Principal Office.

“Certificate of the Authority” means an instrument in writing signed by or on behalf of the Authority by its President, Vice President or Treasurer, or by any other officer of the Authority duly authorized by the governing board of the Authority to sign documents on its behalf under the Trust Agreement.

“Code” means the Internal Revenue Code of 1986, as amended, or any successor statute thereto, and any regulations promulgated thereunder.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed as of April 1, 2025, by the Water District, as originally executed and entered into and as it may from time to time be amended in accordance with its terms.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Authority or the Water District and related to the authorization, the Continuing Disclosure Certificate, the 2025 Installment Purchase Contract and the Trust Agreement and the related sale of the 2025 Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing fees, initial fees and charges of the Trustee, Escrow Agent, legal

fees and charges, fees and expenses of consultants and professionals, fees and expenses of the municipal advisor, fees and charges for preparation, execution and safekeeping of the 2025 Bonds and any other charge, cost or fee in connection with the original issuances, sale and delivery of the 2025 Bonds.

“Debt Service” means, for any designated period, the sum of (1) the interest accruing during such period on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds), (2) that portion of the principal amount of all outstanding serial Bonds (but not including Excluded Principal) maturing on the next succeeding principal payment date that would have accrued during such period if such principal amount were deemed to accrue daily in equal amounts from the next preceding principal payment date or during the year preceding the first principal payment date, as the case may be, (3) that portion of the principal amount of all outstanding term Bonds (but not including Excluded Principal) required to be redeemed or paid on the next succeeding redemption date (together with the redemption premiums, if any, thereon) that would have accrued during such period if such principal amount (and redemption premiums) were deemed to accrue daily in equal amounts from the next preceding redemption date or during the year preceding the first redemption date, as the case may be, and (4) that portion of the Installment Payments (but not including Excluded Principal) required to be made at the times provided in the Installment Purchase Contracts that would have accrued during such period if such Installment Payments were deemed to accrue daily in equal amounts from, in each case, the next preceding installment payment date of interest or principal or the date of the pertinent Installment Purchase Contract, as the case may be; provided however that if any series or issue of such Bonds or Installment Purchase Contracts have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year (and such principal is not Excluded Principal), Debt Service shall be determined for the period of determination as if the principal of and interest on such series or issue of such Bonds or Installment Purchase Contracts were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of forty (40) years from the date of calculation.

“Event of Default” means an event described in the Installment Purchase Contract.

“Excluded Principal” means each payment of principal of any Bond or Installment Purchase Contracts for which there is on file with the Trustee (i) a certificate of the Water District to the effect that such Bond or Contract is commercial paper or otherwise of a revolving or short-term nature and has a maturity of less than 60 months and (ii) a certificate of the General Manager or Executive Manager of Finance to the effect that the Water District intends to pay such principal from the proceeds of Bonds or Contracts or other bonds, notes or other obligations of the Water District. No such determination will affect the security for such Bonds or Contracts or the obligation of the Water District to pay such Bonds or Contracts from Net Revenues.

“Federal Securities” means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are pledged for the payment of interest and principal, or securities evidencing ownership interests in such obligations or in specified portions of the interest on or principal of such obligations.

“Fiscal Year” means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the Water District as its Fiscal Year in accordance with applicable law.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor and the National Council on Governmental Accounting or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Financial Accounting Standards Board or its successor.

“Holder” means any person who shall be the registered owner of any Outstanding Bond.

“Independent Engineer” means any firm of civil engineers of national reputation generally recognized to be well qualified in engineering matters relating to municipal water systems duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the Water District, and each of whom--

- (1) is in fact independent and not under the domination of the Water District;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the Water District; and
- (3) is not connected with the Water District as a member of the Board of Directors or an officer or employee of the Water District, but may be regularly retained to make reports to the Water District.

“Independent Municipal Consultant” means a municipal advisor or firm of such municipal advisors appointed by the Water District, and who, or each of whom: (1) is in fact independent and not under domination of the Water District; (2) does not have any substantial interest, direct or indirect, with the Water District; (3) is not connected with the Water District as an officer or employee thereof, but who maybe regularly retained to make reports thereto; and (4) is registered as a “municipal advisor,” as defined in Section 15B of the Securities Exchange Act of 1934, as amended.

“Information Services” means the Electronic Municipal Market Access system (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at www.emma.msrb.org; and, in accordance with the then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the Authority may designate in a Certificate of the Authority delivered to the Trustee, any other information services providing information with respect to called bonds that the Authority may designate in a Certificate of the Authority delivered to the Trustee.

“Installment Payments” means the installment payments of interest and principal scheduled to be paid by the Water District under and pursuant to the Installment Purchase Contracts.

“Installment Purchase Contracts” means all installment purchase contracts of the Water District authorized and executed by the Water District under and pursuant to the Law (including the Installment Purchase Agreement between the Water District and the Authority, dated as of March 1, 2015 and the Installment Purchase Agreement between the Water District and the Authority, dated as of April 1, 2022), the Installment Payments under which are payable on a parity with the payment of the 2025 Bonds and which are secured by a pledge of and lien on the Net Revenues.

“Interest Payment Date” means a date on which an interest installment of the 2025 Installment Payments is due and payable, being June 1 and December 1 of each year to which reference is made, commencing on June 1, 2025.

“Joint Powers Agreement” means the Joint Exercise of Powers Agreement by and between the Water District and the Union Sanitary District, dated November 14, 2011, as amended, and as it may from time to time be amended or supplemented pursuant to the provisions of the Trust Agreement and thereof.

“Law” means the County Water District Law of the State of California (constituting Sections 30000 et seq. of the Water Code of the State of California) and all laws amendatory thereof or supplemental thereto, including Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

“Maintenance and Operation Costs” means the reasonable and necessary costs paid or incurred by the Water District for maintaining and operating the Water System, determined in accordance with Generally Accepted Accounting Principles, including all costs of water purchased for the Water System (except those costs

paid from taxes imposed by the Water District), and including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Water System in good repair and working order, and including all administrative costs of the Water District that are charged directly or apportioned to the operation of the Water System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of the Water District or charges required to be paid by it to comply with the terms of the Installment Purchase Contract and of any resolution authorizing the execution of any Installment Purchase Contract or of such Installment Purchase Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds, such as compensation, reimbursement and indemnification of the trustee, seller or lessor for any such Installment Purchase Contracts or Bonds and fees and expenses of accountants and Independent Engineers, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles.

“Net Proceeds” means, when used with respect to any insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Net Revenues” means, for any designated period, the Revenues during such period, less the Maintenance and Operation Costs during such period.

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Trust Agreement all Bonds except

- (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid within the meaning of discharge of Bonds; and
- (3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority pursuant to the Trust Agreement.

“Permitted Investments” means any of the following to the extent then permitted by law:

- (1) Federal Securities;
- (2) Obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board or the Tennessee Valley Authority, or obligations, participations or other instruments of or issued by, or fully guaranteed as to interest and principal by, the Federal National Mortgage Association, or guaranteed portions of Small Business Administration notes, or obligations, participations or other instruments of or issued by a federal agency or a United States of America government-sponsored enterprise;
- (3) Any obligations which are then legal investments for moneys of the Water District under the laws of the State of California; provided, that if such investments are not required to be collateralized or insured, such investments shall be issued by entities the debt securities of which are rated in one of the two highest short-term or long-term rating categories by Moody’s Investors Service and by Standard & Poor’s, a division of The McGraw-Hill Companies, Inc.; and provided further, that any repurchase agreements must be fully secured by collateral security described in clauses (i) and (ii) of this definition, which collateral (A) is held by the Water District, the Trustee or a third party agent during the term of such repurchase agreement and in which collateral the Water District or the Trustee, as applicable, has a perfected first security interest, (B) has a market value determined at least every thirty (30) days at least equal to one hundred ten per cent (110%) of the amount so

invested, and (C) may be liquidated within seven (7) days if the market value of such collateral is at any time less than the amount so invested;

(4) Investment contracts with entities the debt securities of which are rated in one of the two highest long-term rating categories by Moody's Investors Service and by Standard & Poor's;

(5) Units of a money-market fund portfolio rated in one of the two highest rating categories by Moody's Investors Service or by Standard and Poor's, including funds for which the Trustee or its affiliates provide investment advisory or other management services, and, with respect to investments of less than one hundred thousand dollars (\$100,000), time or demand deposits which are maintained by a banking department of the Trustee or its affiliates so long as the Trustee or its parent has a combined capital and surplus of at least fifty million dollars (\$50,000,000);

(6) Tax-exempt obligations of a state or a political subdivision thereof which are rated in one of the two highest short-term or long-term rating categories by Moody's Investors Service and by Standard & Poor's, a division of The McGraw-Hill Companies, Inc.;

(7) Tax-exempt obligations of a state or a political subdivision thereof which have been defeased under irrevocable escrow instructions with Federal Securities and which are rated in the highest rating category by Moody's Investors Service and by Standard & Poor's, a division of The McGraw-Hill Companies, Inc.;

(8) Investments in the Local Agency Investment Fund maintained by the Office of the California State Treasurer, which such investments shall only be invested in the special portion of the Local Agency Investment Fund for bond proceeds that are not subject to arbitrage restrictions; provided, that the Finance Director shall be designated as the authorized authority to transact these investments; and

(9) "Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State of California, as it may be amended.

"Principal Office" means the designated corporate trust office of the Trustee, located in San Francisco, California; provided, however, for transfer, registration, exchange, payment and surrender of 2025 Bonds, "Principal Office" means care of the corporate trust operations office of U.S. Bank Trust Company, National Association in St. Paul, Minnesota, or such other office designated by the Trustee from time to time.

"Principal Payment Date" means a date on which a principal installment of the 2025 Installment Payments is due and payable.

"Project" means any additions; betterments, extensions or improvements to the Water System designated by the Board of Directors as a designated Project, the financing or refinancing of which is to be paid for by the proceeds of any Installment Purchase Contracts or Bonds.

"Purchase Price" means the principal amount plus the interest thereon owed by the Water District to the Authority under the conditions and terms of the Installment Purchase Contract.

"Rebate Fund" shall have the meaning given in the Tax Certificate.

"Record Date" means with respect to an Interest Payment Date, the fifteenth calendar day of the month immediately preceding such Interest Payment Date.

"Representation Letter" means the blanket letter of representations of the Authority to The Depository Trust Company, New York, New York.

“Reserved Rights” means the rights of the Authority under the 2025 Installment Purchase Contract with respect to reimbursement of costs and indemnification.

“Revenues” means all gross income and revenue received or receivable by the Water District from the ownership or operation of the Water System, determined in accordance with Generally Accepted Accounting Principles, including all rates, charges and connection fees received by the Water District for water and the other services of the Water System and all proceeds of insurance covering business interruption loss relating to the Water System and all other income and revenue howsoever derived by the Water District from the ownership or operation of the Water System, but excluding all proceeds of taxes imposed by the Water District to pay costs of water purchased for the Water System and all refundable deposits made to establish credit and advances or contributions in aid of construction.

“Securities Depositories” means: The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041 0099 Attn. Call Notification Department, Fax (212) 855 7232, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories, or no such depositories, as designated by the Authority to the Trustee.

“State” means the State of California.

“Supplemental Trust Agreement” means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory of the Trust Agreement or supplemental thereto, but only if and to the extent that such Supplemental Trust Agreement is specifically authorized under the Trust Agreement.

“Tax Certificate” means the Tax Certificate delivered by the Water District and the Authority at the time of the issuance and delivery of the 2025 Bonds, as the same may be amended or supplemented in accordance with its terms.

“Trust Agreement” means that certain Trust Agreement, executed and entered into as of April 1, 2025, by and between the Trustee and the Authority, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

“Trustee” means U.S. Bank Trust Company, National Association, acting in its capacity as trustee under and pursuant to the Trust Agreement, and its successors and assigns as provided in the Trust Agreement.

“2015 Bonds” means the Authority’s Water System Revenue Bonds, Series 2015.

“2015 Escrow Agreement” means the Escrow Agreement, dated as of April 1, 2025, among the Water District, the Authority and the Trustee, and the 2015 Escrow Agent.

“2015 Installment Purchase Contract means the Installment Purchase Contract, dated as of March 1, 2015, between the Water District and the Authority.

“2015 Refinancing” means the refinancing of a portion of the Water District’s obligations in connection with the 2015 Installment Purchase Contract.

“2025 Acquisition Fund” means the fund by that name established pursuant to 2025 Installment Purchase Contract.

“2025 Bonds” means the “Alameda County Water District Financing Authority Water System Revenue Bonds, Series 2025.”

“2025 Costs of Issuance Fund” means the fund by that name established pursuant to the Trust Agreement. “DTC” means The Depository Trust Company, New York, New York, or any successor thereto.

“2025 Installment Payment Date” means any date on which 2025 Installment Payments are scheduled to be paid by the Water District under and pursuant to the Installment Purchase Contract.

“2025 Installment Payments” means the Installment Payments scheduled to be paid by the Water District under and pursuant to the Installment Purchase Contract.

“2025 Installment Purchase Contract” means that certain 2025 Installment Purchase Contract executed and entered into as of April 1, 2025, by and between the Authority and the Water District, as originally executed and entered into and as it may from time to time be amended in accordance with the Trust Agreement and therewith.

“2025 Project” means the design, engineering, permitting and construction of additions, betterments, extensions and improvements to the Water System listed on Exhibit A of the Installment Purchase Contract.

“Water District” means the Alameda County Water District, a county water district duly organized and existing under and by virtue of the laws of the State.

“Water District Revenue Fund” means the Alameda County Water District Water Revenue Fund now existing in the treasury of the Water District.

“Water System” means all facilities for the pumping, storage, transmission and treatment of water now owned by the Water District and all other properties, structures or works hereafter acquired and constructed by the Water District and determined to be a part of the Water System, together with all additions, betterments, extensions or improvements to such facilities, properties, structures or works or any part thereof hereafter acquired and constructed.

“Written Request of the Authority” means an instrument in writing signed by or on behalf of the Authority by its President, Vice President or Treasurer, or by any other officer of the Authority duly authorized by the governing board of the Authority to sign documents on its behalf under the Trust Agreement.

**SUMMARY OF CERTAIN PROVISIONS OF THE 2025
INSTALLMENT PURCHASE CONTRACT**

The following is a summary of certain provisions of the 2025 Installment Purchase Contract. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the 2025 Installment Purchase Contract. The purpose of the 2025 Installment Purchase Contract is to finance the design acquisition and construction of the 2025 Water Projects.

Design, Acquisition, Construction and Sale of the 2025 Water Projects

The Authority hereby agrees to design, acquire and construct the 2025 Project for, and to sell the 2025 Project to, the Water District. In order to implement this provision, the Authority hereby appoints the Water District as its agent for the purpose of such design, acquisition and construction, and the Water District hereby agrees to enter into such engineering, design and construction contracts and purchase orders as may be necessary, as agent for the Authority, to provide for the complete design, acquisition and construction of the 2025 Project. The Water District hereby agrees that as such agent it will cause the acquisition and construction of the 2025 Project to be diligently completed after the deposit of funds in the Acquisition Fund for such purpose pursuant to the Trust Agreement. The Authority hereby agrees to sell, and hereby sells, the 2025 Project to the Water District. The Water District hereby agrees to purchase, and hereby purchases, the 2025 Project from the Authority. Notwithstanding the foregoing, it is hereby expressly understood and agreed that the Authority shall be under no liability of any kind of character whatsoever for the payment of any costs or expenses incurred by the Water District (whether as agent for the Authority or otherwise) for the engineering, design, acquisition or construction of the 2025 Project and that all such costs and expenses shall be paid by the Water District, regardless of whether the funds deposited in the Acquisition Fund are sufficient to cover all such costs.

2025 Acquisition Fund

The Authority hereby agrees to cause a portion of the proceeds of the 2025 Bonds to be transferred to the Water District, as provided in the Trust Agreement, for deposit in the 2025 Acquisition Fund, which fund is hereby established and which fund the Water District hereby agrees to maintain until the 2025 Project have been acquired and constructed by the Water District, or until all amounts therein are expended towards such acquisition and construction. All money in the 2025 Acquisition Fund shall be applied by the Water District for the payment of the costs of the acquisition and construction of the 2025 Project, payment of interest on the 2025 Installment Payments during the period during which the 2025 Project are being acquired and constructed, and the incidental costs and expenses related thereto (including reimbursement to the Water District for any such costs or expenses paid by it). When the acquisition and construction of the 2025 Project has been completed, the Water District shall deposit any remaining balance in the 2025 Acquisition Fund in the Water District Revenue Fund.

Implementation of the 2015 Refinancing

The Authority hereby agrees to implement to the 2015 Refinancing, and has entered into the 2015 Escrow Agreement in connection therewith.

Escrow for 2015 Bonds

The Authority hereby agrees to cause a portion of the proceeds of the 2025 Bonds to be transferred to the 2015 Escrow Agent for the 2015 Bonds. All moneys deposited with the 2015 Escrow Agent pursuant to the 2015 Escrow Agreement shall be applied to the implementation of the 2015 Refinancing.

2025 Purchase Price

The 2025 Purchase Price to be paid by the Water District to the Authority is the sum of the principal amount of the Water District's obligation under the 2025 Installment Purchase Contract plus the interest to accrue on the unpaid balance of such principal amount over the term of the 2025 Installment Purchase Contract.

The interest to accrue on the unpaid balance of the principal amount of the 2025 Purchase Price shall be paid by the Water District and shall constitute interest paid on the principal amount of the Water District's 2025 Purchase Price obligation under the 2025 Installment Purchase Contract.

Payment of the 2025 Installment Payments

The Water District shall, subject to prepayment as provided in the 2025 Installment Purchase Contract, pay the Authority the Purchase Price, without offset or deduction of any kind, by paying the principal installments of the 2025 Installment Payments annually in the amounts and on June 1 in each of the years and in accordance with the Installment Purchase Contract, together with interest installments of the 2025 Installment Payments, which interest installments shall be paid on each applicable Interest Payment Date.

The obligation of the Water District to pay the Purchase Price by paying the 2025 Installment Payments is, subject to the provisions of the 2025 Installment Payments, absolute and unconditional, and until such time as the 2025 Installment Payments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to the 2025 Installment Payments), the Water District will not discontinue or suspend any 2025 Installment Payments required to be paid by it under the 2025 Installment Payments when due, whether or not the Water System or any part thereof is operating or operable, or its use is suspended, interfered with, reduced, curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party to any agreement for any cause whatsoever.

Covenants of the Water District

Compliance with the 2025 Installment Purchase Contract and the Trust Agreement. The Water District will punctually pay the 2025 Installment Payments in strict conformity with the terms of the Installment Purchase Contract, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Installment Purchase Contract required to be observed and performed by it, and will not terminate the 2025 Installment Purchase Contract for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2025 Project or the Water System, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant or term contained in the Installment Purchase Contract required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected with the Installment Purchase Contract or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any force majeure, including Acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lockouts, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

The Water District will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Trust Agreement required to be observed and performed by it, and it is expressly understood and agreed by and among the parties to the 2025 Installment Purchase Contract and the Trust Agreement that each of the agreements, conditions, covenants and terms contained in each such agreement is an essential and material term of the obligation of the Water District to pay the Purchase Price pursuant to, and in accordance with, and as authorized under law and the 2025 Installment Purchase Contract.

Events of Default

Each of the following events constitutes an Event of Default under the 2025 Installment Purchase Contract:

- (1) the Water District shall default in the due and punctual payment of any 2025 Installment Payment when and as the same shall become due and payable;
- (2) the Water District shall default in the performance of any of the agreements or covenants contained in the Installment Purchase Contract or in the Trust Agreement required to be performed by it, and such default shall have continued for a period of sixty (60) days after the Water District shall have been given notice in writing of such default by the Authority or the Trustee; and
- (3) the Water District shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Water District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Water District or of the whole or any substantial part of its property.

Remedies; No Acceleration

Upon the occurrence of an Event of Default, the Trustee, as assignee of the Authority, shall have the right—

- (a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Water District or any member of the Board of Directors, officer or employee thereof, and to compel the Water District or any such member of the Board of Directors, officer or employee to perform and carry out its or his duties under law and the agreements and covenants required to be performed by it or him under the 2025 Installment Purchase Contract;
- (b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Authority or the Trustee; or
- (c) by suit in equity upon the happening of an Event of Default to require the Water District and its members of the Board of Directors, officers and employees to account as the trustee of an express trust.

Notwithstanding the above, the Trustee shall have no right to declare the principal or interest component of any 2025 Installment Payment to be due and payable immediately.

Discharge of Obligations

- (a) If the Water District shall pay or cause to be paid all the 2025 Installment Payments at the times and in the manner provided in the Installment Purchase Contract, the right, title and interest of the Authority herein and the obligations of the Water District hereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied, except only as provided in subsection (c).
- (b) Any unpaid principal installment of the 2025 Installment Payments shall on its payment date or date of prepayment be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if the Water District makes payment of such

2025 Installment Payments and the prepayment premium, if applicable, in the manner provided in the 2025 Installment Purchase Contract.

(c) All or any portion of unpaid principal installments of the 2025 Installment Payments shall, prior to their payment dates or dates of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section (except that the Water District shall remain liable for such 2025 Installment Payments, but only out of such money or securities deposited with the Trustee for such payment), if (i) notice is provided by the Water District to the Trustee as required by the Trust Agreement, and (ii) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Federal Securities, the interest on and principal of which when paid will provide money which, together with money, if any, deposited with the Trustee, shall be sufficient to pay when due the principal installments of such 2025 Installment Payments or such portions thereof on and prior to their payment dates or their dates of prepayment, as the case may be, and the prepayment premiums, if any, applicable thereto.

Liability of Water District Limited to Net Revenues

The Water District is not required to advance any moneys derived from any source of income other than the Net Revenues for the payment of the 2025 Installment Payments or for the performance of any agreements or covenants required to be performed by it contained in the 2025 Installment Purchase Contract. The Water District may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the Water District for such purpose.

The obligation of the Water District to make the 2025 Installment Payments is a special obligation of the Water District payable solely from the Net Revenues as provided in the 2025 Installment Purchase Contract, and does not constitute a debt of the Water District or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Assignment

The 2025 Installment Purchase Contract and the Authority's rights under the Installment Purchase Contract (except the rights of the Authority set forth in the Installment Purchase Contract with respect to reimbursement of costs and indemnification) shall be assigned by the Authority to the Trustee as provided in the Trust Agreement, to which assignment the Water District expressly acknowledges and consents.

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

The following is a summary of certain provisions of the Trust Agreement. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Trust Agreement.

Certain provisions of the Trust Agreement setting forth the terms of the 2025 Bonds, the redemption provisions thereof and the use of the proceeds of the 2025 Bonds are set forth elsewhere in this Official Statement. See "THE 2025 BONDS."

Revenues

Pledge of Authority Revenues. All Authority Revenues and any other amounts held by the Trustee in any fund or account established under the Trust Agreement (other than amounts on deposit in the Rebate Fund) are irrevocably pledged to the payment of the interest and redemption premium, if any, on and principal of the 2025 Bonds as provided in the Trust Agreement, and the Authority Revenues shall not be used for any other purpose while any of the 2025 Bonds remain Outstanding; provided, however, that out of the Authority Revenues

and other moneys there may be applied such sums for such purposes as are permitted under the Trust Agreement. This pledge shall constitute a first pledge of and charge and lien upon the Authority Revenues and all other moneys on deposit in the funds and accounts established under the Trust Agreement (other than amounts on deposit in the Rebate Fund) for the payment of the interest and redemption premium, if any, on and principal of the 2025 Bonds in accordance with the terms of the Trust Agreement and the 2025 Bonds. In the Trust Agreement, the Authority assigned to the Trustee all of the Authority's rights and remedies under the 2025 Installment Purchase Contract (other than the Reserved Rights); such assignment shall confer no duties or obligations of the Authority upon the Trustee and shall be subject to the provisions of the Trust Agreement.

Receipt and Deposit of Authority Revenues in the Authority Revenue Fund. In order to carry out and effectuate the pledge, charge and lien contained in the Trust Agreement, the Authority agrees and covenants that all Authority Revenues when and as received shall be received by the Authority in trust under the Trust Agreement for the benefit of the Holders and shall be transferred when and as received by the Authority to the Trustee for deposit in the Authority Revenue Fund (the "Authority Revenue Fund"), which fund is created and which fund the Trustee agrees and covenants to maintain so long as any Bonds shall be Outstanding under the Trust Agreement. All Authority Revenues shall be accounted for through and held in trust in the Authority Revenue Fund, and the Authority shall have no beneficial right or interest in any of the Authority Revenues except only as provided in the Trust Agreement. All Authority Revenues, whether received by the Authority in trust or deposited with the Trustee as provided in the Trust Agreement, shall nevertheless be allocated, applied and disbursed solely to the purposes and uses as set forth in the Trust Agreement, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Authority.

Establishment and Maintenance of Accounts for Use of Money in the Authority Revenue Fund. Subject to the Trust Agreement, all money in the Authority Revenue Fund shall be set aside by the Trustee in the following respective special accounts or funds within the Authority Revenue Fund (each of which is created and each of which the Trustee agrees to cause to be maintained) in the following order of priority:

- (a) Interest Account, and
- (b) Principal Account.

All money in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes thereafter authorized in the Trust Agreement.

Interest Account. On each June 1 and December 1, commencing June 1, 2025, the Trustee shall set aside from the Authority Revenue Fund and deposit in the Interest Account that amount of money which is equal to the amount of interest becoming due and payable on all Outstanding Bonds on such June 1 and December 1, as the case may be.

No deposit need be made in the Interest Account if the amount contained therein is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date.

All money in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the 2025 Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

Principal Account. On each June 1, the Trustee shall set aside from the Authority Revenue Fund and deposit in the Principal Account an amount of money equal to the principal amount of all Outstanding Serial Bonds maturing or becoming subject to mandatory sinking account redemption on such June 1.

No deposit need be made in the Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds maturing or becoming subject to mandatory sinking account redemption by their terms on such June 1.

All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the 2025 Bonds as they shall become due and payable, whether at maturity or redemption.

Deposit and Investments of Money in Accounts and Funds. Subject to the Trust Agreement, all money held by the Trustee in any of the accounts or funds established pursuant to the Trust Agreement shall be invested in Permitted Investments at the Written Request of the Authority. Such investments shall, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement under the Trust Agreement. Subject to the Trust Agreement with respect to tax covenants, all interest or profits received shall be deposited in the Authority Revenue Fund.

The Trustee may commingle the funds and accounts established under the Trust Agreement for investment purposes, but shall account for each separately. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment and shall be entitled to its customary fees therefor. In the absence of written investment instructions from the Authority, the Trustee shall (i) notify the Authority in writing that it does not have investment instructions, and (ii) until such instructions are received, invest in those investments described in clause (5) of the definition of Permitted Investments. The Trustee shall not be liable for any loss for any investment made in accordance with the Trust Agreement.

Accounting Records and Statements. The Trustee shall keep proper books of record and account in accordance with industry standards in which complete and correct entries shall be made of all transactions made by the Trustee relating to the receipt, investment, disbursement, allocation and application of the Authority Revenues and the proceeds of the 2025 Bonds. Such records shall be open to inspection by the Authority, the Water District and by any Holder at any reasonable time during regular business hours on reasonable notice. Not later than the fifteenth (15th) day of each month, commencing April 15, 2025, and continuing so long as any Bonds are Outstanding, the Trustee will furnish to the Authority and to the Water District a complete statement covering the receipts, deposits and disbursements of the funds held by the Trustee under the Trust Agreement for the preceding month.

Covenants of the Authority; Assignment to Trustee

Punctual Payment and Performance. The Authority will punctually pay out of the Authority Revenues the interest, redemption premium, if any, and principal to become due on every Bond issued under the Trust Agreement in strict conformity with the terms thereof and of the 2025 Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the Authority contained in the Trust Agreement and in the 2025 Bonds.

Against Encumbrances. The Authority will not make any pledge of or place any charge or lien upon the Authority Revenues except as provided in the Trust Agreement, and will not issue any bonds, notes or obligations payable from the Authority Revenues or secured by a pledge of or charge or lien upon the Authority Revenues except the 2025 Bonds.

Tax Covenants. (a) The Authority covenants that it shall not take any action, or fail to take any action, if such action or failure, to take such action would adversely affect the exclusion from gross income of the interest payable on the 2025 Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority covenants that it will comply with the requirements of the Tax Certificate, which is incorporated in the Trust Agreement as if fully set forth therein. This covenant shall survive payment in full or defeasance of the 2025 Bonds.

(b) In the event that at any time the Authority is of the opinion that for purposes of this section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee under the Trust Agreement, the Authority shall so instruct the Trustee under the Trust Agreement in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of this section, if the Authority shall provide to the Trustee an Opinion of Counsel of recognized standing in the field of law relating to municipal financing that any specified action required under this section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the 2025 Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of the Trust Agreement with respect to tax covenants and of the Tax Certificate, and the covenants under the Trust Agreement shall be deemed to be modified to that extent.

Accounting Records and Reports. The Authority will keep or cause to be kept proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the Authority Revenues, and such books shall be available for inspection by the Trustee, at reasonable hours and under reasonable conditions. Not more than one hundred eighty (180) days after the close of each Fiscal Year, the Authority shall furnish or cause to be furnished to the Trustee a complete financial statement covering receipts, disbursements, allocation and application of Revenues for such Fiscal Year. The Authority shall also keep or cause to be kept such other information as required under the Tax Certificate. The Trustee shall have no duty to review or examine such statement.

Prosecution and Defense of Suits. The Authority will defend against every suit, action or proceeding at any time brought against the Trustee upon any claim to the extent arising out of the receipt, application or disbursement of any of the Authority Revenues or to the extent involving the failure of the Authority to fulfill its obligations under the Trust Agreement; provided that the Trustee or any affected Holder at its election may appear in and defend any such suit, action or proceeding. The Authority will indemnify and hold harmless the Trustee against any and all liability claimed or asserted by any person to the extent arising out of such failure by the Authority, and will indemnify and hold harmless the Trustee against any attorney's fees or other expenses which it may incur in connection with any litigation to which it may become a party by reason of its actions under the Trust Agreement, except for any loss, cost, damage or expense resulting from the active or passive negligence or willful misconduct of the Trustee. Notwithstanding any contrary provision of the Trust Agreement, this covenant shall remain in full force and effect even though all Bonds secured by the Trust Agreement may have been fully paid and satisfied.

Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Holder, the Authority will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Holders all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them under the Trust Agreement.

Assignment to Trustee; Enforcement of Obligations. (a) Pursuant to the Trust Agreement, the Authority, for good and valuable consideration, unconditionally grants, transfers and assigns to the Trustee, without recourse, all of its rights, title and interest under the 2025 Installment Purchase Contract, except the Reserved Rights.

(b) Subject to the terms of the Trust Agreement, the Trustee also shall be entitled to take all steps, actions and proceedings reasonably necessary in its judgment (1) to enforce the terms, covenants and conditions of, and preserve and protect the priority of its interest in and under, the 2025 Installment Purchase Contract and (2) to assure compliance with all covenants, agreements and conditions on the part of the Authority contained in the Trust Agreement with respect to the Authority Revenues.

Amendment of the Trust Agreement

Amendment of the Trust Agreement. The Trust Agreement and the rights and obligations of the Authority and of the Holders may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Holders of a majority in aggregate principal amount of the 2025 Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Trust Agreement are filed with the Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if any, on any Bond without the express written consent of the Holder of such Bond, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Authority Revenues as provided in the Trust Agreement superior to or on a parity with the pledge, charge and lien created by the Trust Agreement for the benefit of the 2025 Bonds, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify any rights or obligations of the Trustee, the Authority or the Water District without their prior written assent thereto, respectively.

The Trust Agreement and the rights and obligations of the Authority and of the Holders may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption without the consent of the Holders, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel, for any purpose that will not materially adversely affect the interests of the Holders, including (without limitation) for any one or more of the following purposes --

(a) to add to the agreements and covenants required under the Trust Agreement to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority, or to surrender any right or power reserved therein to or conferred therein on the Authority;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Trust Agreement or in regard to questions arising thereunder which the Authority may deem desirable or necessary and not inconsistent with the Trust Agreement; or

(c) to add to the agreements and covenants required in the Trust Agreement, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939.

Disqualified Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in the Trust Agreement, and shall not be entitled to consent to or take any other action provided therein.

Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as provided in the Trust Agreement, the Authority may determine that the 2025 Bonds may bear a notation by endorsement in form approved by the Authority as to such action, and in that case upon demand of the Holder of any Outstanding Bonds and presentation of the Bond for such purpose at the office of the Trustee a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Holder of any Outstanding Bond a new Bond or Bonds shall be exchanged at the office of the Trustee without cost to each Holder for its Bond or Bonds then Outstanding upon surrender of such Outstanding Bonds.

Amendment by Mutual Consent. The Trust Agreement shall not prevent any Holder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

Amendment of the 2025 Installment Purchase Contract

The Authority shall not supplement, amend, modify or terminate any of the terms of the 2025 Installment Purchase Contract, or consent to any such supplement, amendment, modification or termination, without the written consent of the Trustee, which consent shall be given only if the Trustee has been furnished an Opinion of Counsel or a Certificate of the Authority to the effect that such amendment or supplement is not materially adverse to the interests of the Holders, including, but not limited to, amendments or supplements (i) to add to the agreements and covenants of either party other agreements and covenants to be observed, or to surrender any right or power therein reserved to the Water District, or (ii) to cure, correct or supplement any ambiguous or defective provision contained therein, or (iii) to resolve questions arising thereunder as the parties thereto may deem necessary or desirable and which do not adversely affect the interests of the Holders; provided, that the Trustee may consent to any amendment of or supplement to the 2025 Installment Purchase Contract if it first obtains the written consent of the Holders of at least a majority in aggregate principal amount of the 2025 Bonds then Outstanding to such amendment or supplement.

Events of Default and Remedies

Events of Default and Acceleration of Maturities. If one or more of the following events (therein called "Events of Default") shall happen, that is to say:

- (a) if default shall be made by the Authority in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;
- (b) if default shall be made by the Authority in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption;
- (c) if default shall be made by the Authority in the performance of any of the other agreements or covenants required in the Trust Agreement to be performed by the Authority, and such default shall have continued for a period of thirty (30) days after the Authority shall have been given notice in writing of such default by the Trustee;
- (d) if the Authority shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property; or
- (e) if an Event of Default has occurred under the 2025 Installment Purchase Contract;

then and in each and every such case during the continuance of such event of default the Trustee may, and upon the written request of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the 2025 Bonds then Outstanding shall, by notice in writing to the Authority, declare the principal of all 2025 Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become due and payable, anything contained in the Trust Agreement or in the 2025 Bonds to the contrary notwithstanding. The Trustee shall promptly notify all Holders of any such event of default which is continuing.

This provision, however, is subject to the condition that if at any time after the principal of the 2025 Bonds then Outstanding shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered the Authority shall deposit with the Trustee a

sum sufficient to pay all matured interest on all the 2025 Bonds and all principal of 2025 Bonds matured prior to such declaration, with interest at the rate borne by such Bonds on such overdue interest and principal, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of interest on .and principal of the 2025 Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Holders of not less than fifty-one percent (51%) in aggregate principal amount of 2025 Bonds then Outstanding, by written notice to the Authority and to the Trustee, may on behalf of the Holders of all the 2025 Bonds then Outstanding rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Upon the occurrence of an Event or Default of the 2025 Installment Purchase Contract, the Trustee may exercise any of the remedies provided for therein, which remedies do not include any right to declare any 2025 Installment Payments to be due and payable immediately.

Application of Funds Upon Acceleration. All moneys in the accounts and funds provided in the Trust Agreement upon the date of the declaration of acceleration by the Trustee as provided in the Trust Agreement with respect to events of default and acceleration of maturities and all Revenues (other than Revenues on deposit in the Rebate Fund) thereafter received by the Authority under the Trust Agreement shall be transmitted to the Trustee and shall be applied by the Trustee in the following order--

First, to the payment of the costs and expenses of the Holders in providing for the declaration of such event of default, including reasonable compensation to their accountants and counsel, and to the payment of the fees, costs and expenses of the Trustee, if any, in carrying out the provisions of the Trust Agreement relating to Events of Default, including reasonable compensation to its accountants and counsel; and

Second, upon presentation of the several Bonds and the stamping thereon of the amount of the payment if only partially paid or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the 2025 Bonds for interest and principal, with (to the extent permitted by law) interest on the overdue interest and principal at the rate borne by such 2025 Bonds, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the 2025 Bonds, then to the payment of such interest, principal and (to the extent permitted by law) interest on overdue interest and principal without preference or priority among such interest, principal and interest on overdue interest and principal ratably to the aggregate of such interest, principal and interest on overdue interest and principal.

Institution of Legal Proceedings by Trustee. If one or more of the events of default shall happen and be continuing, the Trustee may, and upon the written request of the Holders of a majority in principal amount of the 2025 Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Holders of Bonds under the Trust Agreement by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained in the Trust Agreement, or in aid of the execution of any power therein or therein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights and duties under the Trust Agreement.

Non-Waiver. Nothing in the Trust Agreement or in any other provision thereof or in the 2025 Bonds shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest and redemption premiums, if any, on and principal of the 2025 Bonds to the respective Holders of the 2025 Bonds at the respective dates of maturity or upon prior redemption as provided in the Trust Agreement from the Authority Revenues as provided therein pledged for such payment, or shall affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in the Trust Agreement and in the 2025 Bonds.

A waiver of any default or breach of duty or contract by the Trustee or any Holder shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee or any Holder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Holders by the Act or by the Trust Agreement may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Holders.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, the Authority, the Trustee and any Holder shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Actions by Trustee as Attorney-in-Fact. Any action, proceeding or suit which any Holder shall have the right to bring to enforce any right or remedy under the Trust Agreement may be brought by the Trustee for the equal benefit and protection of all Holders, whether or not the Trustee is a Holder, and the Trustee is appointed (and the any successive Holders, by taking and holding the 2025 Bonds issued under the Trust Agreement, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Holders for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Holders as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

Remedies Not Exclusive. No remedy conferred in the Trust Agreement upon or reserved to the Holders is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given under the Trust Agreement or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Limitation on Bondholders' Right to Sue. No Holder of any Bond issued under the Trust Agreement shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon the Trust Agreement, unless (a) such Holder shall have previously given to the Trustee written notice of the occurrence of an event of default as defined under the Trust Agreement; (b) the Holders of at least a majority in aggregate principal amount of all the 2025 Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) said Holders shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any owner of Bonds of any remedy under the Trust Agreement; it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under the Trust Agreement, except in the manner provided therein, and that all proceedings at law or in equity to enforce any provision of the Trust Agreement shall be instituted, had and maintained in the manner provided therein and for the equal benefit of all Holders of the Outstanding 2025 Bonds.

Defeasance

Discharge of Bonds. (a) If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding 2025 Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated in the Trust Agreement and therein, then the Holders of such Bonds shall cease to be entitled to the pledge of and charge and lien upon the Authority Revenues as provided in the Trust Agreement, and all agreements, covenants and other obligations of the Authority to the

Holders of such 2025 Bonds under the Trust Agreement shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant to the Trust Agreement which are not required for the payment of the interest and redemption premium, if any, on and principal of such 2025 Bonds.

(b) Any Outstanding 2025 Bond shall prior to their dates or their dates of redemption prior thereto be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) above if (1) in case any of such are to be redeemed on any date prior to their maturity dates, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption in accordance with the Trust Agreement to the Holders of such 2025 Bonds of the redemption of such 2025 Bonds on such redemption dates, (2) there shall have been deposited with the Trustee pursuant to an escrow agreement either money in an amount which shall be sufficient, or Federal Securities, the interest on and principal of which when paid will provide money which, together with money, if any, deposited with the Trustee, shall be sufficient to pay when due the interest on and prior to their maturity date or date of redemption prior thereto, and redemption premium, if any, on and the principal of such 2025 Bonds, and (3) in the event such 2025 Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to give notice to the Holders of such 2025 Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Trust Agreement and stating their maturity dates or their dates of redemption prior thereto upon which money is to be available for the payment of the interest and redemption premium, if any, on and principal of such 2025 Bonds. Upon satisfaction of the foregoing conditions with respect to any Bond, the Trustee shall deliver to the Authority a certificate evidencing the discharge of the Authority's obligations with respect thereto.

(c) After the payment of all interest on and principal of all Outstanding 2025 Bonds as provided in subsections (a) or (b) above, and the payment of all fees and expenses of the Trustee, the Trustee, upon receipt of a Request of the Authority, shall cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the agency and the Water District and shall execute and deliver to the Authority and the Water District all such instruments as may be necessary or desirable to evidence such total discharge and satisfaction of the Trust Agreement, and the Trustee shall pay over or deliver to the Authority all money or investments held by it pursuant to the Trust Agreement which are not required for the payment of interest redemption premium, if any, or principal which money and investments shall be used by the Authority for any lawful purpose.

Miscellaneous

Liability of Authority Limited to Authority Revenues. Notwithstanding anything contained in the Trust Agreement, the Authority shall not be required to advance any money derived from any source other than the Authority Revenues as provided in the Trust Agreement for the payment of the interest on or principal of or redemption premiums, if any, on the 2025 Bonds or for the performance of any agreements or covenants contained therein. The Authority may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose without incurring an indebtedness.

The 2025 Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Authority Revenues as provided in the Trust Agreement, and the Authority is not obligated to pay them except from the Authority Revenues. All the 2025 Bonds are equally secured by a pledge of and charge and lien upon the Authority Revenues, and the Authority Revenues constitute a trust fund for the security and payment of the interest and redemption premium, if any, on and principal of the 2025 Bonds as provided in the Trust Agreement. The 2025 Bonds are not a debt of the Water District or the State or any of its political subdivisions, and neither the Authority, the Water District, said State nor any of its political subdivisions is liable thereon, nor in any event shall the 2025 Bonds be payable

out of any funds or properties other than those of the Authority as provided in the Trust Agreement. The 2025 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction.

Benefits of the Trust Agreement Limited to Parties. Nothing contained in the Trust Agreement, expressed or implied, is intended to give to any person other than the Authority, the Trustee and the Holders any right, remedy or claim under or by reason of the Trust Agreement; provided, the Water District shall be a third party beneficiary of the Trust Agreement. Any agreement or covenant required in the Trust Agreement to be performed by or on behalf of the Authority or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Trustee, the Holders and the Water District.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE WATER DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 AND JUNE 30, 2023**

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ALAMEDA COUNTY WATER DISTRICT
Fremont, California

**Annual Comprehensive
Financial Report**

Fiscal Year Ended June 30, 2024 and 2023



Alameda County Water District

Fremont, California

Annual Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2024 and 2023

PREPARED BY THE FINANCE AND ADMINISTRATION DEPARTMENT

**Alameda County Water District
Annual Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2024 and 2023
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INTRODUCTORY SECTION



BOARD MEMBERS

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MANAGEMENT

AZIZ AKBARI
JAMES G. GUNTHER
JUDY C. HUANG
PAUL SETHY
JOHN H. WEED

ED STEVENSON
General Manager
DAN STEVENSON
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GIRUM AWOKE
Engineering and Technology
LAURA J. HIDAS
Water Resources
JONATHAN WUNDERLICH
Finance and Administration
JACKIE MCCLOUD
Special Assistant to the General Manager

October 28, 2024

To the Alameda County Water District Board of Directors and Customers:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Alameda County Water District (District) for the Fiscal Year (FY) ended June 30, 2024.

We believe the report presented is accurate in all material respects and presented in a manner designed to fairly set forth the financial position, the changes in financial position, and the cash flows of the District, and that disclosures necessary to enable the reader to gain the maximum understanding of the District’s financial position and activity have been included. Additionally, the financial section of the report includes a detailed discussion and analysis by management of the District’s financial performance for FYs 2022/23 and 2023/24. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District.

The ACFR follows the financial reporting requirements established by the Governmental Accounting Standards Board of the United States.

THE REPORTING ENTITY

The District was established as a special district in 1913 by a vote of the people to ensure a continuous supply of high-quality water within its service area. The District was the first agency formed under the State of California’s County Water District Act. Since its founding, the District has been a water conservation agency. It is responsible for managing the groundwater supply in the Niles Cone Groundwater Basin, which underlies southern Alameda County, including the Cities of Fremont, Newark, Union City and the southern portion of Hayward.

Since 1930, the District has also been a water distribution agency. From the purchase of a small water distribution system in Alvarado (now part of Union City), the District has expanded to serve almost all of the area covered by its conservation activities. The District provides, stores, treats, and distributes water for a population of approximately 342,000 people in southern Alameda County. The District covers approximately 105 square miles and, as of June 2024, provided water service through approximately 87,634 connections.

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, and ongoing development in the service area and increasing numbers of service connections.

Water is typically provided to the District's customers from four sources: 1) groundwater from the Niles Cone Groundwater Basin (including fresh groundwater from two wellfields and desalination of brackish groundwater); 2) surface water from the Alameda Creek Watershed; 3) water imported from the State of California's State Water Project (SWP); and 4) water imported from the San Francisco Regional Water System operated by the San Francisco Public Utilities Commission (SFPUC). The amount of water available from each of these sources is highly variable in any given year due to hydrologic conditions and other factors. Assuming abundant local precipitation and full deliveries of imported water supplies, these four sources may provide up to a maximum of approximately 90,000 acre-feet in any given year.

The District is governed by a five-member Board of Directors (Board) previously elected at-large from within the District's service area. Beginning with the 2022 election, Board members are elected from wards each representing one-fifth of the service area. Two Board members were elected from wards 2 and 3 in 2022 and the remaining three Board seats will be elected from wards 1, 4, and 5 in 2024. The Board appoints the General Manager who is responsible for the administration of the District through its five departments - Office of the General Manager, Engineering & Technology Services, Finance & Administration, Operations & Maintenance, and Water Resources. The General Manager's Office organizes and directs District activities in accordance with the Board's policies. The District currently has an authorized staff of 242 full-time positions.

The Alameda County Water District Financing Authority, a joint powers authority in partnership with the Union Sanitary District, was formed on November 14, 2011 to facilitate the issuance of the 2012, 2015, and 2022 Water System Revenue Bonds to enable the District to accomplish a number of critical capital projects and refund prior debt issuances at lower rates. The Board of Directors of the Alameda County Water District Financing Authority is comprised of the Board of the Alameda County Water District and one Board Member from the Union Sanitary District.

Alameda County Water District Mission Statement

It is the mission of the District to provide a reliable supply of high quality water at a reasonable price to our customers. To fulfill this mission, the District will:

- Provide prompt, courteous and responsive customer service.
- Ensure that sound, responsible financial management practices are observed in the conduct of District business.
- Plan, design and operate facilities efficiently, effectively and safely, bearing in mind the District's responsibility to be a good neighbor and a good steward of the environment.
- Promote ethical behavior in the conduct of District affairs, and facilitate the public's involvement in the planning and development of District policy.
- Recruit and retain a qualified, productive workforce and maintain a workplace environment where diversity and excellence are valued and where creativity, teamwork, and open communication are actively encouraged.

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

Finance

The Board of Directors conducted two financial workshops in the spring of 2024 that focused on the midcycle budget. The Board reviewed forecast revenue, operating expenses, capital expenditures, staffing levels and labor-related costs, and multi-year financial projections. The Board also reviewed financial planning alternative scenarios related to capital projects schedule, prefunding of the District's pension and

retiree health benefits plan, and options on water purchases. The District also conducted an annual financial benchmark analysis that compares its performance against the performance of other similar Bay Area water providers. The analysis considers a number of metrics pertaining to operational efficiency, financial capacity, and customer financial impact.

The District updated several miscellaneous fees and charges based on actual District costs for the prior fiscal year, and also updated one rebate program. These revisions include fire hydrant meter charges, metered jumper assembly charges, permits for wells, other excavations, and exploratory holes, hydrant flow test charges, electric vehicle charging fee, and the weather-based irrigation controller rebate. These fee revisions were effective March 1, 2024. The District also completed an annual update to the fringe and overhead rates to reflect actual costs and that resulted in a lower overhead rate.

The District completed a facility connection charge (FCC) study and the Board approved a 12.4% increase in the FCCs that became effective May 1, 2024. The adopted FCCs would be annually adjusted for inflation using the July-to-July change in the Engineering News-Record Construction Cost Index for the San Francisco Bay Area. The FCC is a one-time capital charge assessed against new development connecting to the District's water system to cover a proportional share of capital facility costs that were constructed or will be constructed to accommodate growth. The District worked closely with a consultant on the study and engaged with the Building Industry Association of the Bay Area throughout the process. To comply with SB 330, the Housing Crisis Act, the District established two sets of FCCs in the District's Rate and Fee Schedule: for SB 330 projects and all non-SB 330 projects. The District plans to complete the FCC study every five years with inflationary adjustments annually in the intervening years.

The District recently conducted a request for proposal for investment portfolio management services and as a result of this process selected the incumbent firm to continue to assist District staff in managing the District's investment portfolio. The District continues to manage its investments in a manner that adheres to the primary objectives of safety and liquidity.

Customer Service

On January 12, 2023, the District revised the Collection and Residential Water Service Termination Policy to include assigning past due balances to the Alameda County Tax Assessor's Office (County). Balances over 60 days past due for owner occupied, single family residential accounts will be levied on the property tax bill. On August 1, 2023, 13 accounts, totaling \$1,610.39, were assigned to the (County). The District took a more conservative approach to assigning past due balances to the property tax bill for the initial implementation to establish internal processes. On June 1, 2024, 174 letters, representing a total of \$20,925.96 in past due balances, were sent to customers who met the criteria warning customers of the potential of past due balances being assigned to the property tax bill if left unpaid. Additional letters were mailed on July 1, 2024. On August 1, 2024, 39 accounts, totaling \$3,994.86 were assigned to the County.

Like many water utilities, the District is facing several challenges, such as aging infrastructure and its post-employment benefit obligations such as pension and retiree healthcare, that continue to put upward pressure on water rates. Accordingly, despite efforts to maximize productivity and efficiency, maintaining water service affordability for low-income customers is a key concern for the District. The District implemented an innovative customer assistance program effective March 1, 2017 for low-income customers called Help On Tap that initially provided a \$15 credit on the bi-monthly service charge. The bi-monthly service charge credit has been updated several times since inception and was last increased to cover 100% of the 3/4" or 5/8" meter bi-monthly service charge, currently \$63.75, effective March 1, 2023. As of June 30, 2024, there were 1,657 customers enrolled in the program.

The District continues to sponsor a program for residential customers provided by Home Emergency Insurance Solutions (HEIS) for exterior private water service line insurance. HEIS is responsible for all aspects of the program including marketing, billing, claims and conflict resolution. As of June 2024, there were 8,631 customers enrolled in the program and 2,754 repairs/replacements had been completed since the start of the program in 2012.

Labor Agreements

The District was successful in completing labor negotiations with its two labor unions during FY 2021/22. The successor agreement with the District's largest union, the Operating Engineers Local No. 3 AFL-CIO, was approved in November 2021 and expires March 31, 2025. The agreement with the ACWD Operators' Association expired June 30, 2021 and the District was successful in negotiating a successor Memorandum of Understanding which was approved in July 2021, and expires June 30, 2025. With both contracts expiring in the next year, negotiations have started to reach agreement on successor contracts prior to the expiration dates in 2025.

COVID-19 Response

The District has continued to deal with COVID-19 cases and has observed a recent spike of new cases. The pandemic response includes a workplace safety plan for our employees, which was updated in 2024. The District has a robust plan that allows for rapid response to ever changing COVID-19 surge issues. The District has implemented a COVID-19 testing protocol, and conducts workplace contact tracing. The District implemented its current telecommuting policy in FY 2022/23 with applicable District employees now working onsite at least three days per week and flexibility to work from home if symptomatic to stop the spread in the workplace. The District continues to comply with all Federal, State, local and Cal/OSHA COVID-19 regulations.

Water Supply

The series of Atmospheric River (AR) events in FY 2022/23 ultimately brought an end to the historic multi-year drought, and the District began FY 2023/24 with groundwater storage recovered to within normal operating ranges, above-average supply from Lake Del Valle, an end of water shortage restrictions from the SFPUC on April 11, 2023, and a full contractual water allocation from the SWP, or "100% Table A." Calendar Year 2023 was the first time since more stringent regulatory restrictions were put into place in 2008 and 2009 that the SWP provided a 100% Table A allocation.

With the return to non-drought hydrologic conditions, the District began FY 2023/24 in water supply surplus operations, which included sending some SWP water supplies to the Semitropic Water Bank, which the District utilizes to store surplus SWP supplies during wet years and returns the water in dry years to meet customer demands and maintain sufficient levels in the local groundwater basin. Given the exceptionally full SWP water allocations, the District had an additional surplus of state water supply at the end of calendar year 2023 of approximately 14,000 AF, and the District was able to enter into an agreement with the Westside Water Authority to sell the surplus state water supplies to other SWP contractors, and these supplies were delivered during FY 2023/24. The District's water supply conditions remained healthy in FY 2023/24, due to favorable hydrologic conditions providing normal rainfall both locally and at the state level. As a result, FY 2023/24 ended with groundwater storage remaining within normal operating ranges, no restrictions on SFPUC water supplies, and enough new water supply from the SWP allocations to meet local demands and to reserve additional supplies for future dry years.

Building on the Climate Change Adaptation Plan (CAP) completed in FY 2022/23, which included a detailed climate vulnerability and risk assessment and recommended adaptation strategies, during FY 2023/24, the District completed Phase 1 project work on a new Water Supply Master Plan (WSMP), which may update, revise, or replace the existing 1995 Integrated Resources Plan (IRP) in its entirety. Phase 1

focused on scoping objectives, goals, and criteria for the new WSMP, and the District conducted several workshops with the public and interested parties to solicit their input on subsequent planning phases.

The District has submitted validated American Water Works Association (AWWA) Water Loss Audits annually to the Department of Water Resources since 2017, the most recent being submitted in FY 2023/24 for calendar year (CY) 2022, per the requirements of Senate Bill (SB) 555. The District was also actively following the SB 555 legislation implementation as it progressed through the final rulemaking. During 2021-2023, ACWD hired a third-party validator (E Source) who is well versed in AWWA Manual 36 audit methodology, to evaluate ACWD's progress towards reducing water loss for the calendar year submissions. Additionally in 2023, E Source, provided an audit of ACWD's detailed billing data, customer retail unit cost derivation, and the variable production cost derivation. This review resulted in several recommendations on ways to further reduce real water losses and ways to improve ACWD's data validity in the future.

Despite the recent COVID-era reduction in population and water demand, the District anticipates demand growth through the planned redevelopment and intensification of existing developed lands with a significant number of new, high-density housing units. The District's planning is aligned with land-use plans of all cities in the District service area as well as the Association of Bay Area Governments / Metropolitan Transportation Commission (ABAG/MTC). However, the District expects that water demand growth will be somewhat tempered by actions taken during the latest drought, both by the District and its customers, as well as by policies and regulations on water use efficiency established by the State of California. These factors will be continuously monitored and included in the 2025-2030 Urban Water Management Plan update.

Future water supply uncertainties include pending decisions related to the Bay-Delta Water Quality Control Plan and the potential impacts of climate change. To address uncertainty, the District continues to look ahead and evaluate potential future water supply initiatives to maintain and improve water supply reliability. Ongoing studies in this area include: 1) implementation of a State Water Project Delta Conveyance Project; 2) expansion of regional surface water storage in Los Vaqueros Reservoir; 3) implementation of water reuse in partnership with Union Sanitary District and SFPUC; 4) participation in the Bay Area Regional Reliability (BARR) Partnership; and 5) exploring dry year transfer options for future droughts.

Water Treatment

The District operates three potable drinking water treatment and production facilities: 1) Water Treatment Plant No. 2 – a surface water treatment plant, which receives water from the California Department of Water Resources via the South Bay Aqueduct, 2) Peralta-Tyson Blending Facility – a facility that blends purchased treated water from the SFPUC with fresh groundwater from local wellfields; and 3) Newark Desalination Facility – a brackish water desalination facility, which treats brackish water discharged as part of the District's Aquifer Reclamation Program. These multiple sources of supply and variety of water treatment processes provide reliability and operational flexibility.

Drinking 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. Additional sampling and analyses are performed for monitoring the operation of treatment facilities, the condition of water in the distribution system, and to meet other analytical needs of the District. Most analyses are performed in-house by qualified District staff, but some samples are sent to sub-contract laboratories when it is more cost effective to do so given specific sampling frequency and expense of associated instrumentation and supplies.

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 2022/23, the State Water Resources Control Board Division of Drinking Water (DDW) conducted a Sanitary Survey inspection, which is an in-depth assessment of all production facilities, wellfields, tanks, and reservoirs to confirm the District's water system is in good condition, operated by qualified and conscientious staff, and capable of providing potable water which meets all applicable primary and secondary drinking water standards.

In FY 2022/23, the District received orders from DDW to monitor for Per- and Polyfluoroalkyl substances (PFAS) at groundwater sources. Additionally, the District continues to voluntarily monitor for PFAS at surface water sources and distribution system entry points. 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 DDW or the maximum contaminant levels established by EPA. The District is currently evaluating potential sources of PFAS and is constructing a PFAS treatment system for the Peralta-Tyson Blending Facility.

In FY 2023/24, the District conducted sampling in compliance with EPA's Fifth Unregulated Contaminant Monitoring Rule (UCMR 5). The UCMR program is a federal program to collect data for contaminants which are suspected to be present in drinking water and do not currently have health-based standards established.

In FY 2023/24, the District continued to develop an inventory of service line materials as part of the District's efforts to comply with the federal Lead and Copper Rule Revisions (LCRR). The LCRR was implemented to better protect communities and children in elementary schools and childcare facilities from the impacts of lead exposure. The LCRR includes several requirements for compliance and became effective in December 2021 with a compliance deadline of October 2024. In FY 2023/24, EPA announced Lead and Copper Rule Improvements (LCRI) to further improve public health protection and strengthen the provisions in the LCRR. To date, the District has found no lead service lines in its service line inventory.

The District actively monitors and maintains distribution system water quality by optimizing operations to reduce water age and proactively managing disinfectant levels at all storage facilities. This is partially accomplished by the District's Main Cleaning Program, which annually removes accumulated sediment from approximately 200 miles of water mains and all end-of-main blow-offs. Additionally, each year, one to two distribution system water storage facilities are inspected and cleaned. During FY 2023/24, the District resumed its normal comprehensive main cleaning program, which had been modified in prior years due to drought conditions.

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. Accordingly in 2013, the District 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 District's distribution system has nearly 930 miles of pipeline that serve Fremont, Newark, and Union City businesses and residents. The program focuses on the proactive renewal

of aging pipeline infrastructure. The pipelines to renew are selected based on several factors including likelihood of failure, consequence of failure, capacity constraints, and service to critical facilities. As part of the program, 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.

The District is developing designs for the second phase of the Alvarado Niles transmission pipeline project which is expected to be bid in mid FY 2024/2025. Additionally, the District is currently constructing a 1.5 mile pipeline on Driscoll Road planned to be completed in early FY 2025/2026. The design and bidding for the Central Newark Thornton Avenue Main Renewal project was completed in FY 2023/24 and construction activities have commenced. The District is also working on a small diameter water main replacement and upgrade program as part of the MRSIP which, over the course of the next several years, will replace and upgrade water mains in various parts of the service area. The Lindsay tract and Birch Street main renewal project will upgrade nearly a mile of small diameter pipeline in Newark while the Dairy Avenue and H Street Main renewal project will do the same in both Newark and Union City. Both projects were advertised at the end of FY 2023/24 and are expected to start construction in early FY 2024/25.

The District continues its multi-year program of replacing and upgrading the control systems for its water production and distribution systems. In FY 2021/22, the District commissioned a pilot implementation of upgrades to the System Control and Data Acquisition (SCADA) systems including installing improved hardware and a new SCADA system application. In FY 2023/24, the District completed SCADA improvements at the Blending Facility which will be followed by similar improvements at the Water Treatment Plant No. 2 facility. These improvements will result in operational effectiveness, enhanced system security, and improved service reliability. In FY 2023/24, the District completed the Advanced Metering Infrastructure (AMI) deployment project with nearly 99.8% of all water meters upgraded, completed construction for the Curtner Road Booster Station Project, and advanced construction for the Alameda Reservoir roof replacement project, which will help the District meet its strategic objective of providing reliable water supply to customers. In addition, the District achieved significant progress on the construction of the interim PFAS treatment facility which is expected to be fully commissioned in FY 2024/25. Also in FY 2023/24, the Alameda Creek Fish Passage Improvement program, received an award from the American Public Works Association (APWA) Northern California Chapter. The program has also received other awards including the prestigious Clair A. Hill award from the Association of California Water Agencies (ACWA) and the Construction Management Association of America (CMAA) Project Achievement Award.

Groundwater Resources

On average, local groundwater accounts for approximately one-third of the District's overall water supply. The District is identified in the Sustainable Groundwater Management Act (SGMA) as an agency created by statute to manage groundwater and deemed to be the exclusive local agency within its statutory boundaries with powers to comply with SGMA. On November 10, 2016, the District's Board of Directors adopted a resolution to become the Groundwater Sustainability Agency for the Niles Cone Subbasin. On July 17, 2019, the District received notice that the Department of Water Resources determined that the District's Alternative to a Groundwater Sustainability Plan satisfies the objectives of SGMA and that the plan was approved. In December 2021, the District submitted its five-year periodic evaluation of the Alternative to a Groundwater Sustainability Plan or the "Alternative Update" which was subsequently approved in July 2024, by the Department of Water Resources. To ensure the high quality of this important source of supply, the District maintains one of the most comprehensive groundwater protection programs in the State.

During the fiscal year ending June 30, 2024, the District accomplished the following groundwater management and protection initiatives:

- Adopted a 3.5% increase in the replenishment assessment rate for groundwater pumping for uses other than municipal and agricultural in order to generate sufficient revenue to cover expected groundwater basin-related costs.
- Issued a Survey Report on Groundwater Conditions in February 2024 and also issued the 2023 Groundwater Monitoring Report in support of the replenishment assessment rate increase.
- Issued the District’s annual report pursuant to requirements of SGMA on March 29, 2024.
- Closed five cases in the Groundwater Protection Program as part of ongoing efforts to protect the quality of the District’s groundwater resources.
- Conducted 541 inspections of drilling operations to ensure compliance with the District’s Ordinance “to Regulate Wells, Exploratory Holes, and Other Excavations within the Cities of Fremont, Newark, and Union City.”
- Issued 4 water well destruction permits as part of the District’s well search and well destruction program.

Productivity and Efficiency

To support a more mobile workforce and a secure work from home environment, the District continued the adoption of mobile devices as part of its ongoing personal computer hardware renewal and replacement program. The District continued with improvements and upgrades to its information technology (IT) programs and practices in accordance with its 2018 Information Technology Master Plan. During FY 2023/24, the District completed an enhancement to the Cityworks Asset Management System to convert additional paper-based processes to electronic workflows. The District continued the implementation of Cityworks Permits Licensing and Land (PLL) for its Development Services and Groundwater Resources Divisions and has successfully gone live with its Groundwater Online Permit Portal Option.

The District continued with several IT infrastructure and cybersecurity enhancements including implementation of remediation measures for vulnerabilities identified in a penetration testing project, development of a Cybersecurity incident response plan, and conducting a cyber-incident tabletop exercise. District staff continues to be involved in ongoing cybersecurity education and training including phishing attack simulations. The District hired a Virtual Chief Information Security Officer (vCISO) in FY 2023/24; the vCISO has reviewed existing policies, procedures and guiding documents and provided recommendations for improvement. The District also initiated several cybersecurity related services with the federal Cybersecurity and Infrastructure Security Agency (CISA) and completed a Cyber Incident tabletop exercise that was facilitated by CISA and attended by FBI, CalOES, local law enforcement and local agency partners.

The District’s end user computing devices were upgraded to a newer version of the Windows 10 Operating System and a project to upgrade and replace server operating system across various systems was initiated. The District also initiated a project to replace its core network infrastructure and plans to complete this initiative in FY 2024/25. The District was awarded the 2023 Excellence in Information Technology Practices award by the Municipal Information Systems Association of California (MISAC). The Excellence in IT Practices Award recognizes outstanding governance and operational practices. The submission and evaluation process requires the submission of a detailed survey that examines IT practices across twelve different subject areas.

The District issued its second employee engagement survey in the spring of 2021 and the results were presented internally in the summer of 2021. An Employee Engagement Action Plan was prepared in response to survey results, and featured an internal communications plan which was formally implemented

during FY 2022/23, a change management plan and guidelines that were implemented in 2024, and a formal employee input, suggestion, and feedback program which is currently being piloted.

The third employee engagement survey was deployed in the summer of 2024, and results will be compared to the previous datasets to determine if the Action Plan has been successful, or if there are additional areas of focus to increase engagement District-wide.

Similarly, resulting from feedback from the previous employee engagement survey, the District is currently piloting an innovative employee performance and professional development review system for unrepresented positions. The District plans to implement this new review system beginning in calendar year 2025.

The District continues to improve procurement efficiency and lower costs by utilizing cooperative agreements for items such as chemicals, uniform rentals, vehicles, and office supplies. Cooperative agreements allow smaller agencies to leverage their combined purchasing power to achieve bulk pricing that is on par with larger agencies. This can result in significant savings for select goods. The list of agreements the District currently participates in includes, but is not limited to, the California Multiple Award Schedules, Bay Area Chemical Consortium, Texas Department of Information Resources Interstate Cooperation Contract, U.S. General Services Administration, OMNIA Partners, and Sourcewell.

In FY 2023/24 the District completed its five-year project to fully deploy 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 project scope included 1) replacement and/or upgrade of approximately 87,000 water meters as needed for compatibility with AMI; 2) use of a cellular communications network for the transmittal of data between AMI-compatible water meters and the District’s information technology infrastructure; 3) upgrading information technology systems, including development of a Meter Data Management System (MDMS) for the collection, storage, management, and utilization of AMI data; 4) integration of the AMI system with the District’s existing customer information system; and 5) development of additional business enhancements that can be leveraged through AMI to increase the District’s operational efficiencies. 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.

Public Awareness of Water Issues 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. Specific District outreach and water use efficiency actions included the following:

- Partner with the State’s Save Our Water campaign on conservation outreach at the Alameda County Fair
- Partner with the SFPUC staff on media outreach for the Fisheries Program
- Issue three news releases to Bay Area media outlets
- Provide weekly information pieces on water quality and conservation, emergency preparedness, and District programs and workshops in a local Tri-City newspaper
- Publish the annual Water Quality Report and three newsletters, The ACWD Aqueduct, which is mailed to all residences and businesses in the service area

- Host two public tours of Water Treatment Plant No. 2
- Partner with Fremont Unified School District and the UC Master Gardeners to host an FUSD Garden Network event at District headquarters
- Participate in several community events, including: City of Fremont and Washington Hospital Health Care System’s Earth Day, Fremont 4th of July parade, Washington Hospital’s Road the Wellness, Union City’s National Night Out, Newark Days Parade and Information Faire, and Niles Canyon Stroll and Roll.
- Conduct the 2024 Customer Satisfaction Survey
- Receive the California Association of Public Information Officials 2024 Excellence in Public Information & Communications Award of Distinction for Marketing and Promotional efforts
- Provide customer notifications for several public information meetings related the Main Renewal and Seismic Improvement Program and the Groundwater PFAS Treatment Facility
- Conduct outreach for the annual Main Cleaning Program
 - Postcard mailers
 - Website and social media posts
 - Newsletters articles and Tri-City Voice advertisements

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. During the fiscal year ended June 30, 2024, the District continued its educational outreach within its service area by:

- Hosting the District’s fifth annual ACWD WaterClips Student Video Contest with over 125 student entries with awards presented during a Board meeting followed by an awards reception
- Presenting student awards for the Alameda County Science and Engineering Fair’s Excellence in Water, Wastewater and Recycled Water award
- Distributing over 31,894 pieces of printed educational material to teachers and students
- Sponsoring 63 informative, interactive, and participatory water conservation theater program school assemblies (in-person and live stream) reaching 15,494 students
- Hosting one Project WET, Water Education Today, workshop
- Hosting a water education webinar in partnership with the Department of Water Resources and Fremont Unified School District
- Issuing one Water Education News newsletter and four news flash emails to 880 educators and administrators
- Participated in Newark Unified School District’s 3rd annual Family Science Day as an Environmental Literacy Program partner
- Providing tours of TP2 to school, civic and community groups
- Hosting a Wonders of Water workshop for the City of Union City’s Recreation Program’s Summer day camp session

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. During the fiscal year ended June 30, 2024, the District continued, and expanded upon, the following water use efficiency measures:

- Water use efficiency staff continued to offer customer service assistance, technical assistance, and education to District customers on how to use water efficiently.
- Water use efficiency program offerings included indoor and outdoor water use efficiency surveys, online landscape water budgets, free low-flow device giveaways, targeted assistance to local businesses and city parks, and direct install and leak repair assistance for low-income customers.

- Water use efficiency rebate offerings included toilets, urinals, rain barrels, weather-based irrigation controllers, irrigation hardware, equipment upgrades, and the replacement of turf grass with water efficient plants.
- The District continued to implement the Water Efficiency Master Plan (WEMP), which identified strategies to meet the District’s short-term water use efficiency goals and long-term water supply needs. New and expanded water use efficiency measures launched in FY 2023/24 that were identified in the Plan include Fix a Leak Kits (re-launched November 2023), the Do-it-Yourself Home Water Use Survey (launched January 2024), and the Single-Family Residential Weather-Based Irrigation Controller Rebate (launched March 2024).
- Education and outreach continued to be provided to customers throughout the year. Water use efficiency staff offered landscape workshops and weekly “Virtual Office Hours with a Water Use Efficiency Specialist” via Zoom.
- Through the AMI customer portal, My Smart Water Connect, District customers gained access to detailed water consumption information, comparisons to similar customers, information on water use efficiency programs and tips, continuous flow detection notifications, and high use notifications.
- Additional resources were developed by staff to help customers understand their usage, the tools available to them in the portal, and how to identify and address potential leaks in their home or business.
- The District communicated the State of California’s extension of emergency regulations and eventual adoption of permanent regulation that prohibits irrigation of non-functional turf with potable water in the commercial, industrial, and institutional sector (including HOA common areas) through targeted marketing.
- The District continues to implement Ordinance 2008-01, which prohibits actions resulting in wasteful use of water.

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 water loss. Individual customers will not be held responsible for meeting the standard. In December 2023, the District submitted an interim report that satisfied the regulatory requirements as the details of the regulation were still be finalized. The regulation is expected to be finalized and implemented in early FY 2024/25. The District’s outreach efforts and conservation programs will be based on ensuring the District can meet these new requirements.

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 a number of 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 Fish Passage Improvements 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. 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 program features the construction of two new fishways, or fish ladders, around existing inflatable rubber dams in Alameda Creek to re-establish safe passage for federally listed Central California Coast Steelhead trout and other wildlife between the Alameda Creek watershed and San Francisco Bay. Construction of the first fishway, the District’s Rubber Dam No. 3 (RD3) Fishway, was completed in May 2019. The three-year project to construct the second fishway and associated improvements commenced May 2019 and was completed

during FY 2022/23 with startup and commissioning work as well as staff trainings being completed in FY 2023/24. The program scope consisted of the following infrastructure:

- New Rubber Dam No. 1/Drop Structure Fishway at the District's existing Rubber Dam No. 1 and at the Alameda County Flood Control and Water Conservation District's drop structure adjacent to Rubber Dam No. 1;
- New Shinn Pond Fish Screens facility with associated decommissioning of the existing unscreened diversion pipelines; and
- Rubber Dam No. 1 Control Building Modifications project to modify the dam foundation with a plunge pool for fish passage and replacement of the existing dam equipment and controls with new equipment and controls.

In mid FY 2022/23, the newly constructed fish passage improvements and existing rubber dam facilities suffered damage and disruption due to the unusually severe atmospheric river events in late 2022 and early 2023. The District has programmed a project to address storm damage issues and has applied for FEMA Public Assistance Reimbursement. The ACWD's Rubber Dam No. 1 project received the Northern California American Public Works Association (APWA) award of the year for environmental projects between \$5M – \$25M.

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 (PPAs) 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 Energy developer that the District contracted with completed 65% plans in 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.

Commitment to Transparency

It is the District's goal to be transparent and operate prudently and ethically on behalf of its customers. On June 15, 2021, the District met all requirements to renew its Certificate of Transparency from the Special District Leadership Foundation in recognition of its outstanding efforts to promote transparency in its operations and governance to the public and other stakeholders. In order to receive this award, a special district must demonstrate the completion of eight essential governance transparency requirements, including conducting ethics training for all board members, properly conducting open and public meetings, and filing financial transactions and compensation reports to the State Controller in a timely manner.

The District has also been recognized by the Special District Leadership Foundation as a Platinum Level District of Distinction, renewed on November 21, 2022. In addition to meeting the Certificate of Transparency standards, recognition as a District of Distinction requires: 1) successful completion of regular financial audits with no major findings and implementation of any recommendations; 2) maintaining a policies and procedures manual; and 3) having all directors and executive staff complete ethics, harassment prevention, and special district governance training. In addition to required training and certifications, the General Manager and Director of Engineering & Technology have achieved certification under the Special District Leadership Foundation Certified Special District Manager program.

The District video records all regular and special meetings of the Board including workshops. The recorded meetings and all related Board meeting documents are publicly accessible via the District website.

FINANCIAL INFORMATION

Local Economy

The local economy of the District's service area has been a reflection of nearby Silicon Valley and the greater Bay Area. The Tri-City's diverse base supports a mix of large and small businesses and in a normal environment provides for greater economic stability and less volatility than more specialized economies. The impacts of inflation and monetary tightening on employment and the economy have shown a modest deceleration over the last year. Uncertainty remains as the labor market and economy recover in this current interest rate environment. As of May 2024, the unemployment rates for the United States and California were 4.0% and 5.2%, respectively. As of May 2024, the unemployment rates for the cities of Fremont, Newark and Union City were 3.8%, 3.9%, and 3.9% respectively. Assessed property values within the District service area increased 8.4% in FY 2023/24 and are anticipated to increase another 5.3% in FY 2024/25. The District's overall customer base is anticipated to change slightly in size and income. Last calendar year, population declined 0.6% to 229,250 for the City of Fremont, decreased 2.4% to 46,435 for the City of Newark, and decreased 1.3% to 66,432 for the City of Union City. The most recent five-year Census estimates showed that median household income grew 5.77% to \$162,336 for the City of Fremont, 10.73% to \$159,465 for the City of Newark, and 16.92% to \$149,460 for the City of Union City compared to the prior five-year estimates.

Development activity in the District's service area is anticipated to remain strong for the next few years with a continued shift in the type of development to more in-fill and mixed-use higher density projects (market rate, mixed-rate and affordable) as well as an increase in commercial/warehouse buildings being constructed. There is also an increase in the number of Accessory Dwelling Units (ADUs) being constructed in the service area. Fremont continues to grow, both with new residential developments, and improvements in existing commercial and industrial areas. In particular, the 850-acre Fremont Innovation District around the new Warm Springs BART station is undergoing significant transition with large-scale mixed-use developments, including commercial/employment, high-density residential and mixed-use developments. Another major initiative has been the development of a Fremont downtown area with an estimated build-out of 5.2 million square feet of new mixed-use buildings. With the City and BART currently in the planning phase for the construction of the new Irvington BART Station, construction of high-density residential development along Osgood Road, consistent with creating a pedestrian-friendly, transit-oriented neighborhood has begun. Several multi-family and mixed used buildings have been constructed and some are still in construction, including several affordable housing and mixed income projects. In total, the Osgood Road corridor is anticipated to have approximately 850 additional residential units within the next several years. In addition, the Pacific Commons area continues to be active and growing with new shops, restaurants, and commercial and industrial development. Residential development in and around the Centerville District has been very active as well, with several mixed-use and low-income/affordable housing developments in the planning and construction stages.

In Union City, there are plans to develop a 200-acre Transit Oriented Development (TOD) Station District, which would include high-density housing, retail shopping, commercial business, open space, and a major intermodal transportation station near the existing Union City BART station. There are 1,700 new apartment units either constructed or planned and additional plans to add 1.2 million square feet of office space. Construction of 33 new residential units near the Turk Island Landfill began in FY 2022 and is expected to be completed soon, and a mixed-use development with 81 new affordable residential rental units along Mission Boulevard is proposed. Another 80 single-family and multi-family low-income/affordable homes are planned in the area immediately below the District's Appian Tank, in an area known as Louie Ranch. Additionally, the City has begun a planning effort to build the Quarry Lakes Parkway, a near 2-mile road between Mission Boulevard, Alvarado-Niles Road, and Paseo Padre Parkway. This roadway will tie-in to proposed housing developments, the Union City BART station area, and nearby freeways.

Similarly, in Newark, there are plans to develop the general area around NewPark Mall that could eventually include 200,000 square feet of retail/commercial space, 500,000 square feet of office buildings, 1,519 residential units, and 700 hotel rooms. The first phase, for Costco, completed construction in FY 2023, which included water main relocations and newly installed water mains within NewPark Mall Road. Several multifamily (both market-rate and low-income/affordable) projects along Cedar Boulevard and Timber Street are in design and construction. Additionally, a transit-oriented development, Bayside Newark, consisting of up to 2,500 residential units has been under construction for a number of years and is nearing completion. Plans for the transit-oriented development include a potential new train station and other amenities to serve both the greater region as well as neighboring residents. In addition, construction of 378 new residential units in Newark General Plan Area 3 has been completed and plans to construct 469 new residential units in Area 4, and plans for approximately 200 student housing dormitory units and 250 market-rate apartment units near the Ohlone College Newark Campus are being developed.

Rates and Charges

Water rates and charges are reviewed regularly and reflect the District's overall cost-of-service requirements. The District's water rates are in the lower third of the 30 Bay Area retail water purveyors surveyed.

The Board of Directors convened three public financial workshops in July 2022, August 2022, and September 2022 to comprehensively review the District's financial plan, operating costs, capital improvement plan, miscellaneous fees, sources of revenue, water rates, and water rate structures. The District also reviewed water shortage emergency stage rates, referred to as drought surcharges, to improve revenue stability during a water shortage emergency, such as a drought. At the conclusion of those workshops, and at the completion of the Proposition 218 process, the Board approved a 4% rate increase effective March 1, 2023, and 4% rate increase effective March 1, 2024. The Board rescinded the drought surcharge effective April 1, 2023. Any future rate increases are subject to future Board approval. The Board is holding a series of public workshops in the summer and fall of 2024 to evaluate future rate increases.

Internal Control

The District's financial reporting system and business processes have been designed with an emphasis on the importance of strong internal financial controls, including the proper recording of revenues and expenses and maintenance of budgetary control for the allocation of available resources. Existing internal controls are monitored, and changes are implemented as needed. These controls are designed to provide reasonable, but not absolute, assurance that (1) assets are safeguarded against waste, fraud and inefficient use, and (2) the District's financial records can be relied upon to produce financial statements in accordance with accounting principles generally accepted in the United States of America. The concept of reasonable assurance recognizes that the cost of maintaining the system of internal controls should not exceed benefits likely to be derived, and that the evaluation of costs and benefits requires estimates and judgments by management. We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Control

The District has a two-year budget cycle, and a detailed operating plan that identifies estimated costs in relation to estimated revenues over the budget period. The budget includes the projects, services and activities to be carried out during the two fiscal years and the estimated revenue available to finance these operating and capital costs. The District's operating and capital budgets are reviewed and approved by the Board of Directors. The budget represents a process wherein policy decisions made by the Board of Directors are adopted, implemented and controlled. Budget control is maintained by monitoring budget activity on a monthly basis and adjusting activities, if needed, to ensure that the annual budgeted amounts

are not exceeded. The District has also implemented a budget management platform that enables improved end-user reporting and analysis capabilities.

Long-Term Financial Planning

The District utilizes three main comprehensive long range integrated planning models: the Integrated Resources Plan (IRP); Capital Improvement Program (CIP); and the Financial Planning Model (FPM). The IRP process evaluates a wide range of water supply and water conservation options as well as land use projections in the District's service area to develop the District's long range water supply strategy necessary to meet projected demands. The CIP includes project schedules and estimated costs for production facilities and other projects identified in the IRP needed to support and maintain water supply and system reliability, public health and water quality, and environmental compliance over a 25-year planning horizon. The FPM includes short- and long-range projections of the District's revenues, operating and maintenance expenses, debt service, capital expenditures, and reserves over a 25-year planning horizon. The District has implemented a financial planning cycle that typically includes:

- Overall review of the operating and capital plan in the first quarter of the calendar year;
- Budget development during late spring;
- Adoption of the operating and capital budgets in June;
- Rate design and review through the fall; and
- Rate adoption, if necessary, usually in the first quarter of the next calendar year.

OTHER INFORMATION

Independent Audit

An independent audit by certified public accountants is important in determining the reliability of the District's financial statements. The importance of such verification has been recognized by the federal and state governments, the District's bond holders and the general public. The District contracted with the accounting firm of Baker Tilly US, LLP for this audit. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. The firm's report has been included in the financial section of this report.

Certificate of Achievement for Excellence in Financial Reporting Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the 25th consecutive year the District achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another such certification.

Achievement of Excellence in Procurement Award

The District has been awarded the prestigious 2024 Annual Achievement of Excellence in Procurement® (AEP) from the National Procurement Institute, Inc. The AEP Award is earned by agencies that demonstrate a commitment to procurement excellence. This annual program recognizes procurement organizations that embrace Innovation, Professionalism, Productivity, Leadership and e-Procurement. The AEP program

encourages the development of excellence as well as continued organizational improvement to earn the award annually.

Distinguished Budget Presentation Award

The District was awarded the Distinguished Budget Presentation Award from the GFOA for the FY 2023/24 and FY 2024/25 Adopted Budget. This award is the highest form of recognition in government budgeting and recognizes the District's commitment to transparency and industry best practices for budget preparation. Its attainment represents a significant achievement by the District. This was the second year that the District achieved this prestigious award. The award is valid for two years. The District plans to continue to participate in the program and submit its next adopted biennial budget document for consideration.

Acknowledgments

The preparation of this report has been accomplished due to the dedicated and professional efforts of the staff of the Finance & Administration Department along with the support and cooperation of staff from each of the District's other departments, and guidance from the accounting firm of Baker Tilly US, LLP. We would also like to thank the Board of Directors for their continued diligence and support in planning and conducting the District's financial affairs in a responsible and progressive manner.

Respectfully submitted,



Ed Stevenson
General Manager



Jonathan Wunderlich
Director of Finance & Administration



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Alameda County Water District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

Alameda County Water District

Board of Directors

James G. Gunther
President

Judy C. Huang
Vice President

Paul Sathy
Director

John H. Weed
Director

Aziz Akbari
Director

Principal Management Personnel

Ed Stevenson
General Manager

Jonathan Wunderlich
Director of Finance and Administration

Laura Hidas
Director of Water Resources

VACANT
Director of Operations & Maintenance

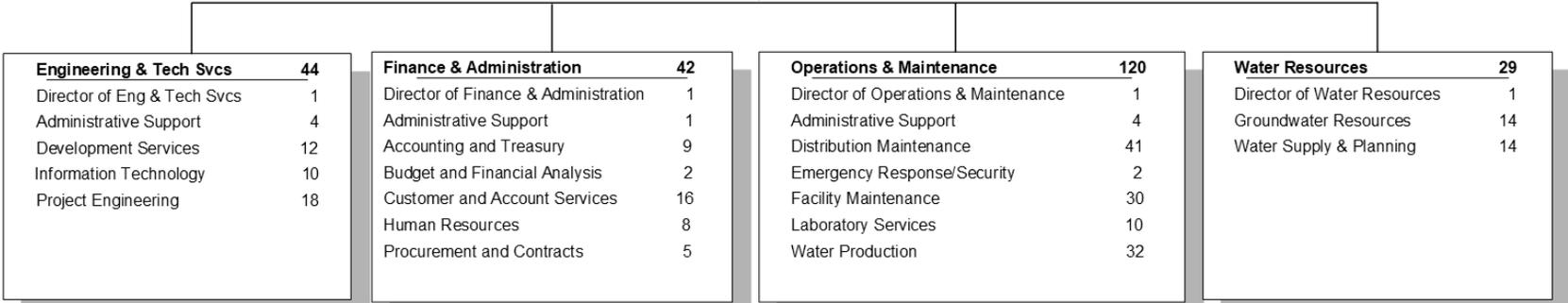
Girum Awoke
Director of Engineering & Technology Services

**ALAMEDA COUNTY WATER DISTRICT
FUNCTIONAL ORGANIZATIONAL CHART
FY 24/25**

BOARD OF DIRECTORS

Office of the General Manager	7
General Manager	1
Administrative Support	2
Public Affairs	3
Special Assistant to GM	1

Total = 242



FINANCIAL SECTION

Independent Auditors' Report

To the Board of Directors of
Alameda County Water District

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Alameda County Water District (District), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2024 and 2023, and the changes in financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report.. The other information comprises the Introductory and Statistiscal Sections, as listed in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Madison, Wisconsin
October 28, 2024

Alameda County Water District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2024 and 2023

This section of the Alameda County Water District's (District) annual comprehensive financial report presents an analysis of the District's financial performance during the fiscal years ended June 30, 2024 and 2023. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

- The District's net position increased by \$15.3 million or 2.4 percent from \$633.5 million to \$648.8 million. This increase is comprised of the following financial statement elements (1) total assets increased by \$31.2 million or 4.0 percent mostly due to capital assets increasing by \$63.2 million, which is offset by a decrease in cash and investments of \$34.0 million (2) total liabilities increased by \$18.4 million or 10.2 percent mainly due to an increase in accounts payable of \$14.7 million, which is a result of increased activity for construction projects during the fiscal year but invoiced after year end. These construction projects included the advanced Metering Infrastructure (AMI) project, PFAS facility, and Driscoll Road Pipeline Rehabilitation.
- Nonoperating revenues increased by \$7.0 million or 42.2 percent from \$16.6 million to \$23.6 million primarily due to an increase in investment income caused by an increase in the value of investments for the fiscal year ended June 30, 2024.
- Operating expenses increased by \$13.5 million, or 10.9 percent, from \$123.7 million to \$137.2 million. This increase was primarily driven by an \$8.4 million rise in administrative and general expenses, largely due to adjustments in pension and other post-employment benefits (OPEB) expenses. The rise in CalPERS pension expenses is attributed to the application of the 5-year recognition period for differences between expected and actual experience, as well as investment gains and losses. Under GASB 68, these differences are not immediately recognized but are amortized over a 5-year period, meaning gains or losses from prior years continue to impact current pension expenses, contributing to the overall increase. Additionally, source of supply costs increased by \$4.6 million for the fiscal year ended June 30, 2024.
- Nonoperating expenses increased by \$13.6 million or 469.0 percent from \$2.9 million to \$16.5 million. This was primarily due to loss on the retirement of meters following the completion of the Advanced Metering Infrastructure (AMI) project, which replaced old mechanical meters that had not all reached the end of their useful life with new ultrasonic meters.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section consists of the following three parts: Management's Discussion and Analysis, Basic Financial Statements and Required Supplementary Information. The basic financial statements include notes, which explain in detail some of the information included in the financial statements.

BASIC FINANCIAL STATEMENTS

The financial statements of the District report information utilizing the full accrual basis of accounting. The financial statements conform to accounting principles generally accepted in the United States of America. The Statements of Net Position include information on the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position and provide information about the nature and amounts of investments in resources (assets) and obligations to District creditors (liabilities). The Statements of Revenues, Expenses and Changes in Net Position identify the District's revenues, expenses, and capital contributions for the fiscal years ended June 30, 2024 and 2023. This statement provides information on the District's operations over the past two fiscal years and can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other charges. The third financial statements are the Statements of Cash Flows. This statement provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, investing and financing activities. From the Statements of Cash Flows, the reader can obtain comparative information on the sources and uses of cash and the changes in the cash and cash equivalents balance for each of the last two fiscal years.

Alameda County Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023

FINANCIAL ANALYSIS OF THE DISTRICT

The Statements of Net Position (pages 11-12) and the Statements of Revenues, Expenses and Changes in Net Position (page 13) provide an indication of the District's financial condition and also indicate whether the financial condition of the District improved during the last fiscal year. The District's net position reflects the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. An increase in net position over time typically indicates an improvement in financial condition

A summary of the District's Statements of Net Position is presented below.

Table 1
Condensed Statements of Net Position
(In millions of dollars)

	2024	2023	2024 vs. 2023		2022	2023 vs. 2022	
			\$ Change	% Change		\$ Change	% Change
Current and other assets	\$ 202.6	\$ 234.6	\$ (32.0)	-13.6%	\$ 240.9	\$ (6.3)	-2.6%
Capital assets	606.8	543.6	63.2	11.6%	504.7	38.9	7.7%
Total assets	809.4	778.2	31.2	4.0%	745.6	32.6	4.4%
Deferred outflows of resources	44.8	42.1	2.7	6.4%	25.2	16.9	67.1%
Other current liabilities	42.2	26.1	16.1	61.7%	25.8	0.3	1.2%
Long-term debt, noncurrent	64.8	68.5	(3.7)	-5.4%	72.0	(3.5)	-4.9%
Net pension liability	59.8	58.0	1.8	3.1%	25.5	32.5	127.5%
Net OPEB liability	22.0	25.1	(3.1)	-12.4%	17.4	7.7	44.3%
Other noncurrent liabilities	10.1	2.8	7.3	260.7%	2.0	0.8	40.0%
Total liabilities	198.9	180.5	18.4	10.2%	142.7	37.8	26.5%
Deferred inflows of resources	6.5	6.3	0.2	3.2%	38.1	(31.8)	-83.5%
Net investment in capital assets	508.9	465.5	43.4	9.3%	427.9	37.6	8.8%
Unrestricted	139.9	168.0	(28.1)	-16.7%	162.1	5.9	3.6%
Total net position	\$ 648.8	\$ 633.5	\$ 15.3	2.4%	\$ 590.0	\$ 43.5	7.4%

As the above table indicates, total assets increased by \$31.2 million from \$778.2 million to \$809.4 million during the fiscal year ended June 30, 2024. This increase is due to a \$63.2 million increase in capital assets at the end of the fiscal year, which is offset by a decrease of \$34.0 million in cash and investments. For the fiscal year ended June 30, 2023, total assets increased by \$32.6 million from \$745.6 million to \$778.2 million. This increase is due to a \$38.9 million increase in capital assets, which is offset by a decrease of \$4.4 million in grants receivable

Deferred outflows of resources is the effect of pension and other post employment benefits (OPEB) accounting that defers the contributions made after the measurement date until the next fiscal year as a subsequent offset to the net pension and OPEB liability among other pension and OPEB related deferrals. The deferred outflows of resources due to pension benefits (GASB Statement No. 68) at June 30, 2024 and 2023 were \$33.9 million and \$30.3 million, respectively. The deferred outflows of resources due to OPEB (GASB Statement No. 75) at June 30, 2024 and 2023 were \$10.9 million and \$11.8 million, respectively.

For the fiscal year ended June 30, 2024, total liabilities reflect an increase of \$18.4 million due to several factors including increases of \$7.6 million in SBITA liabilities and \$14.7 million in accounts payable. The increase was partially offset by a decrease of \$3.5 million in long-term debt due to scheduled debt service payments and a decrease of \$3.1 million in OPEB liability. For fiscal year ended June 30, 2023, total liabilities reflect an increase of \$37.8 million due to increases in net pension liabilities of \$32.5 million and net OPEB liabilities of \$7.7 million. The increase was partially offset by a decrease of \$3.2 million in long-term debt due to scheduled debt service payments.

Alameda County Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

Deferred inflows of resources is the result of the unamortized deferred gain on debt refunding, deferred lease revenue and the effect of pension and OPEB accounting which is comprised of changes in assumptions, the difference between expected and actual earnings, and difference between expected and actual experiences in the CalPERS pension plan and the OPEB plan. These changes will be amortized as a component of pension, OPEB and rent expense in future years. The deferred inflows of resources due to the unamortized deferred gain on refunding at June 30, 2024 and 2023 were \$0.4 million and \$0.4 million, respectively. The deferred inflows of resources due to leases at June 30, 2024 and 2023 were \$2.8 million and \$3.0 million, respectively. The deferred inflows of resources due to pension at June 30, 2024 and 2023 were \$0.6 million and \$1.1 million, respectively. The deferred inflows of resources due to OPEB at June 30, 2024 and 2023 were \$2.7 million and \$1.8 million, respectively.

Total net position increased by \$15.3 million from \$633.5 million to \$648.8 million, mainly due an increase in capital assets of \$63.2 million or 11.6 percent for the fiscal year ended June 30, 2024, which is offset by a decrease of \$34.0 million in cash and investments and an increase of \$14.7 million in accounts payable. These changes were a result of an increase in spending for construction projects during the year. Refer to capital asset section below for further discussion of specific construction projects. Total net position increased by \$43.5 million from \$590.0 million to \$633.5 million in the fiscal year ended June 30, 2023, mainly due to an increase in capital assets of \$38.9 million or 7.7 percent. The changes in net position for the fiscal years ended June 30, 2024 and 2023 are also attributed to changes in revenues and expenses as a result of operations, which is discussed in the next section.

Table 2
Condensed Statements of Revenues, Expenses
and Changes in Net Position
(In millions of dollars)

	2024	2023	2024 vs. 2023		2022	2023 vs. 2022	
			\$ Change	% Change		\$ Change	% Change
Operating revenues							
Water sales	\$ 123.4	\$ 119.8	\$ 3.6	3.0%	\$ 121.3	\$ (1.5)	-1.2%
Other operating revenues	8.1	13.8	(5.7)	-41.3%	13.5	0.3	2.2%
Total operating revenues	131.5	133.6	(2.1)	-1.6%	134.8	(1.2)	-0.9%
Nonoperating revenues							
Property taxes	15.0	14.4	0.6	4.2%	13.6	0.8	5.9%
Investment income (loss)	7.8	1.1	6.7	609.1%	(7.8)	8.9	-114.1%
Other nonoperating revenues	0.8	1.1	(0.3)	-27.3%	0.7	0.4	57.1%
Total nonoperating revenues	23.6	16.6	7.0	42.2%	6.5	10.1	155.4%
TOTAL REVENUES	155.1	150.2	4.9	3.3%	141.3	8.9	6.3%
Depreciation and amortization expense	17.2	15.6	1.6	10.3%	15.1	0.5	3.3%
Other operating expenses	120.0	108.1	11.9	11.0%	92.7	15.4	16.6%
Nonoperating expenses	16.5	2.9	13.6	469.0%	2.2	0.7	31.8%
TOTAL EXPENSES	153.7	126.6	27.1	21.4%	110.0	16.6	15.1%
Income before capital contributions	1.4	23.6	(22.2)	-94.1%	31.3	(7.7)	-24.6%
Capital contributions	13.9	19.9	(6.0)	-30.2%	14.0	5.9	42.1%
Changes in net position	15.3	43.5	(28.2)	-64.8%	45.3	(1.8)	-4.0%
Beginning net position	633.5	590.0	43.5	7.4%	544.7	45.3	8.3%
Ending net position	\$ 648.8	\$ 633.5	\$ 15.3	2.4%	\$ 590.0	\$ 43.5	7.4%

Alameda County Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

The Statements of Revenues, Expenses and Changes in Net Position identify the various revenue and expense items which impact the change in net position. As the information in Table 2 indicates, income before capital contributions of \$1.4 million and capital contributions of \$13.9 million resulted in an overall increase of \$15.3 million in net position for the fiscal year ended June 30, 2024.

In fiscal year ended June 30, 2023, income before capital contributions of \$23.6 million and capital contributions of \$19.9 million resulted in an overall increase of \$43.5 million in net position.

For fiscal year ended June 30, 2024, Table 2 indicates that the District's total revenues increased by \$4.9 million or 3.3 percent to \$155.1 million from \$150.2 million in the prior fiscal year. Nonoperating revenues increased by \$7.0 million or 42.2 percent to \$23.6 million from \$16.6 million. This was due to a \$6.7 million increase in investment income as a result of an increase in the value of the investments held by the District at June 30, 2024. This does not affect the value of investments held to maturity, which is a typical District practice.

Total expenses increased by \$27.1 million or 21.4 percent to \$153.7 million from \$126.6 million in the prior fiscal year due mainly to increases of \$8.4 million in administrative and general expenses as a result of adjustments made to the pension and OPEB expenses per the requirements of GASB Statements 68 and 75. The District also recognized a loss on retirement of meters with the completion of the Advanced Metering Infrastructure project during the fiscal year, which contributed to the \$13.6 million increase in nonoperating expenses.

For fiscal year ended June 30, 2023, Table 2 indicates that the District's total revenues increased by \$8.9 million or 6.3 percent to \$150.2 million from \$141.3 million in the prior fiscal year. Nonoperating revenues increased by \$10.1 million or 155.4 percent to \$16.6 million from \$6.5 million. This was due to an \$8.9 million increase in investment income as a result of an increase in the value of the investments held by the District at June 30, 2023. This does not affect the value of investments held to maturity, which is a typical District practice.

Total expenses increased by \$16.6 million or 15.1 percent to \$126.6 million from \$110.0 million in the prior fiscal year due mainly to increases of \$9.9 million in administrative and general expenses as a result of adjustments made to the pension and OPEB expenses per the requirements of GASB Statements 68 and 75.

CAPITAL ASSETS

As of June 30, 2024, the District's investment in capital assets totaled \$606.8 million, which is an increase of \$63.2 million or 11.6 percent over the capital asset balance of \$543.6 million at June 30, 2023. The net increase in capital assets was primarily due to increase in capitalized assets in the amount of \$94.0 million less \$9.3 million net increase in accumulated depreciation. The increase is offset by a decrease in construction in progress of \$21.5 million.

As of June 30, 2023, the District's investment in capital assets totaled \$543.6 million, which is an increase of \$38.9 million or 7.7 percent over the capital asset balance of \$504.7 million at June 30, 2022. The net increase in capital assets was primarily due to increases in construction in progress of \$18.4 million and capitalized assets in the amount of \$35.5 million less \$15.0 million net increase in accumulated depreciation.

Alameda County Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023

CAPITAL ASSETS (Continued)

A comparison of the District's capital assets over the past three fiscal years is presented in Table 3.

Table 3
Capital Assets
(In millions of dollars)

	2024	2023	2024 vs. 2023		2022	2023 vs. 2022	
			\$ Change	% Change		\$ Change	% Change
Land	\$ 9.6	\$ 9.6	\$ -	0.0%	\$ 9.6	\$ -	0.0%
Construction in progress	95.5	117.0	(21.5)	-18.4%	98.6	18.4	18.7%
Source of supply	129.6	89.8	39.8	44.3%	89.7	0.1	0.1%
Pumping plant	38.8	29.0	9.8	33.8%	26.5	2.5	9.4%
Water treatment	172.3	170.7	1.6	0.9%	169.6	1.1	0.6%
Transmission and distribution	441.5	409.8	31.7	7.7%	381.7	28.1	7.4%
General	72.4	61.3	11.1	18.1%	57.6	3.7	6.4%
Supplemental water supply storage	20.9	20.9	-	0.0%	20.9	-	0.0%
Subtotal	980.6	908.1	72.5	8.0%	854.2	53.9	6.3%
Less accumulated depreciation/amortization	(373.8)	(364.5)	9.3	2.6%	(349.5)	15.0	4.3%
Capital assets, net	<u>\$ 606.8</u>	<u>\$ 543.6</u>	<u>\$ 63.2</u>	<u>11.6%</u>	<u>\$ 504.7</u>	<u>\$ 38.9</u>	<u>7.7%</u>

There were several capital projects completed during the fiscal year ended June 30, 2024. These included the Advanced Metering Infrastructure, Rubber Dam Fish Ladder, Curtner Booster Station Upgrade, Emergency Service Line and Main Replacements and various other capital projects related to water mains and customer installations. In addition to these and other completed projects, there were also major capital projects that were under construction or in progress as of June 30, 2024. These projects include Shinn Pond Fish Screen, Alvarado-Niles Spine Main, Groundwater PFAS Treatment Facility, Alameda Reservoir Roof Replacement, Driscoll Road Pipeline Rehabilitation, Central Newark Pipeline Improvements, and various other capital projects.

There were several capital projects completed during the fiscal year ended June 30, 2023. These included the Avalon Tank Hillside Slope Erosion Project, Canyon Heights Booster Station Upgrade, Emergency Service Line and Main Replacements and various other capital projects related to water mains and customer installations. In addition to these and other completed projects, there were also major capital projects that were under construction or in progress as of June 30, 2023. These projects include Rubber Dam #1 Fish Ladder, Shinn Pond Fish Screen, Alvarado-Niles Spine Main, Advanced Metering Infrastructure, Curtner Road Booster Station upgrade, Water Treatment Plant No. 2 Programmable Logic Controller Upgrade Phase 3, Groundwater PFAS Treatment Facility, Driscoll Road Pipeline Rehabilitation, Central Newark Pipeline Improvements, and various other capital projects.

At June 30, 2024, the District had construction commitments in the amount of \$49.4 million of which \$21.7 million is for Driscoll Road Pipeline Rehab and Central Newark Pipeline Improvements. Additional information on the District's capital assets and construction commitments is provided in Note 5 starting on page 32 of the financial statements.

Alameda County Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023

LONG-TERM DEBT

As of June 30, 2024, the District had \$68.5 million in outstanding debt compared to \$72.0 million on June 30, 2023 and \$75.2 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.

Additional information on the District's long-term debt is provided in Note 7 starting on page 36 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors adopted the District's two-year budget on June 8, 2023. The approval of a two-year budget provides funding for the District's operating, capital and debt service costs for fiscal years ending June 30, 2024 and 2025. On June 13, 2024, the Board of Directors adopted a resolution amending the District's budget for fiscal year ending June 30, 2025.

The District's water rates are periodically reviewed by the Board and typically adjusted annually. On February 9, 2023, the Board adopted a rate increase of 4 percent to the bi-monthly fixed service charge and the per-unit consumption charge effective March 1, 2023 and another 4% increase effective March 1, 2024, and a corresponding 4% increase for the drought surcharges (formerly called water shortage emergency stage rates.). The drought surcharges were rescinded April 1, 2023 due to improving water supply conditions. The District's rates remain in the lower third of thirty Bay Area water agencies surveyed.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's customers, investors and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Alameda County Water District's Director of Finance and Administration at 43885 South Grimmer Boulevard, Fremont, CA 94538.

BASIC FINANCIAL STATEMENTS

Alameda County Water District
Statements of Net Position
June 30, 2024 and 2023
(In thousands)

	2024	2023
ASSETS		
Current assets:		
Cash and investments (Note 3)	\$ 97,000	\$ 132,837
Customer and other accounts receivable, net (Note 4)	9,063	9,587
Accrued unbilled revenue	12,031	9,806
Grants receivable	832	625
Taxes receivable	96	97
Interest receivable	931	959
Lease receivable (Note 4)	240	231
Material and supplies	3,731	3,426
Prepaid expenses	79	77
Total current assets	124,003	157,645
Noncurrent assets:		
Investments (Note 3)	75,848	73,975
Capital assets: (Note 5)		
Nondepreciable	105,051	126,539
Depreciable, net	501,757	417,020
Total capital assets, net	606,808	543,559
Lease receivable (note 4)	2,743	2,983
Total noncurrent assets	685,399	620,517
Total assets	809,402	778,162
DEFERRED OUTFLOWS OF RESOURCES		
Deferred items related to pensions (Note 10)	33,956	30,375
Deferred items related to OPEB (Notes 11 and 12)	10,881	11,764
Total deferred outflows of resources	44,837	42,139

(Continued)

Alameda County Water District
Statements of Net Position (Continued)
June 30, 2024 and 2023
(In thousands)

	2024	2023
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses (Note 6)	27,459	12,746
Accrued payroll and related liabilities (Note 6)	2,988	2,932
Contractor and customer deposits	6,748	6,091
Interest payable	252	274
Unearned revenue	5	5
Lease liability - due within one year (Note 7)	322	145
SBITA liability - due within one year (Note 7)	738	367
Long-term debt - due within one year (Note 7)	3,672	3,527
Total current liabilities	42,184	26,087
Noncurrent liabilities:		
Accrued payroll and related liabilities (Note 6)	-	309
Lease liability - due in more than one year (Note 7)	1,435	986
SBITA liability - due in more than one year (Note 7)	8,718	1,526
Long-term debt - due in more than one year (Note 7)	64,835	68,507
Net pension liability (Note 10)	59,751	57,950
Net OPEB liability (Notes 11 and 12)	21,997	25,127
Total noncurrent liabilities	156,736	154,405
Total liabilities	198,920	180,492
DEFERRED INFLOWS OF RESOURCES		
Deferred charge on refunding	395	418
Deferred items related to leases (Note 4)	2,791	3,057
Deferred items related to pensions (Note 10)	609	1,051
Deferred items related to OPEB (Notes 11 and 12)	2,654	1,760
Total deferred inflows of resources	6,449	6,286
NET POSITION		
Net investment in capital assets	508,938	465,541
Unrestricted	139,932	167,982
Total net position	\$ 648,870	\$ 633,523

See accompanying Notes to the Basic Financial Statements.

Alameda County Water District
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2024 and 2023
(In thousands)

	2024	2023
OPERATING REVENUES:		
Water sales	\$ 123,368	\$ 119,797
Facilities connection charges	5,075	11,165
Fees and rental	1,127	2,371
Other	1,936	282
Total operating revenues	131,506	133,615
OPERATING EXPENSES:		
Sources of supply:		
Water purchases	41,298	38,757
Pumping	2,191	2,160
Other	13,150	11,077
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
Operating income (loss)	(5,737)	9,931
NONOPERATING REVENUES (EXPENSES):		
Investment income (loss)	7,887	1,148
Property taxes	15,043	14,383
Other nonoperating revenues	806	847
Gain (Loss) on disposal of capital assets	(13,967)	210
Cost of issuance expense	(51)	(40)
Interest expense	(2,499)	(2,838)
Total nonoperating revenues (expenses)	7,219	13,710
Income before capital contributions	1,482	23,641
Capital contributions	13,865	19,893
Change in net position	15,347	43,534
NET POSITION:		
Beginning of year	633,523	589,989
End of year	\$ 648,870	\$ 633,523

See accompanying Notes to the Basic Financial Statements.

Alameda County Water District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2024 and 2023
(In thousands)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers	\$ 130,531	\$ 137,382
Cash receipts from others	807	847
Cash payments to suppliers for goods and services	(58,082)	(50,688)
Cash payments for employees pension benefits	(15,026)	(14,698)
Cash payments for employees OPEB benefits	(5,218)	(4,752)
Cash payments to employees for salaries and other benefits	(48,805)	(48,409)
Net cash provided by operating activities	4,207	19,682
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Property taxes received	15,044	14,413
Net cash provided by noncapital financing activities	15,044	14,413
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisitions of capital assets	(54,285)	(31,338)
Capital grants received restricted for capital purposes	1,538	4,718
Proceeds from sale of capital assets	(1,530)	222
Financing costs paid	(51)	(40)
Principal paid on debt	(3,165)	(2,770)
Principal paid on leases	(235)	(109)
Principal paid on SBITA	(478)	(530)
Interest paid on debt and contracts	(2,906)	(3,228)
Net cash (used in) capital and related financing activities	(61,112)	(33,075)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	43,621	38,129
Purchases of investments	(12,825)	(58,915)
Investment income received	4,561	3,874
Net cash provided by (used in) investing activities	35,357	(16,912)
Net change in cash and cash equivalents	(6,504)	(15,892)
CASH AND CASH EQUIVALENTS:		
Beginning of year	24,781	40,673
End of year	\$ 18,277	\$ 24,781
RECONCILIATION TO STATEMENTS OF NET POSITION:		
Cash and investments	\$ 172,848	\$ 206,812
Less investments not meeting the definition of cash equivalents (Note 2B)	(154,571)	(182,031)
Total cash and cash equivalents	\$ 18,277	\$ 24,781

(Continued)

Alameda County Water District
Statements of Cash Flows (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(In thousands)

	2024	2023
RECONCILIATION OF OPERATING INCOME TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (5,737)	\$ 9,931
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	17,240	15,552
Other nonoperating revenues	806	847
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Customer and other accounts receivable	524	2,541
Accrued unbilled receivable	(2,225)	2,323
Materials and supplies	(305)	(503)
Prepaid expenses	(2)	30
Accounts payable and accrued expenses	(2,990)	(1,686)
Accrued payroll and related liabilities	(253)	(22)
Contractor and customer deposits	743	(1,071)
Unearned revenue	-	-
Lease receivable and deferred inflows related to leases	(18)	(26)
Net pension liability and related pension deferred outflows/inflows of resources	(2,222)	(6,983)
Net OPEB liability and related OPEB deferred outflows/inflows of resources	(1,354)	(1,251)
Net cash provided by operating activities	<u>\$ 4,207</u>	<u>\$ 19,682</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:

Amortization of premiums and loss and gain on debt refunding	\$ 385	\$ 386
Capital contributions	12,034	18,931
Lease and SBITA asset additions	8,902	2,525
Changes in capital related assets and liabilities:		
Grants receivable	(207)	(519)
Accounts payable and retention payable	16,948	2,492

NONCASH INVESTING ACTIVITIES:

Change in fair value of investments	3,336	(10,081)
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NOTES TO THE BASIC FINANCIAL STATEMENTS

Alameda County Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 1 – Description of the Reporting Entity

A. Description of Operations

The Alameda County Water District (District) was organized under the California County Water District Act of 1913 and is governed by a five-person Board of Directors (Board). Principal functions of the District include the importation, conservation, and distribution of water. District operations are conducted under the State Water Code of California.

B. Reporting Entity

The financial reporting entity consists of the District (the primary government) and its component unit, which is discussed below. A component unit is a legally separate organization for which the Board is financially accountable, or an organization whose nature and significant relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

As required by accounting principles generally accepted in the United States (U.S. GAAP), these basic financial statements present the District and its component unit, an entity for which the District is financially accountable. A blended component unit, although a legally separate entity is, in substance, part of the District's operations and data from this unit is combined with data of the District. The following entity is reported as a blended component unit:

- The Alameda County Water District Financing Authority (Authority) is a joint powers authority with the Union Sanitary District and was established in 2011 for the sole purpose of issuing debt for the benefit of the District. The 2015 and 2022 Water System Revenue Bonds were enabled by the formation of this entity.

Condensed financial statements for the Authority can be found in Note 14. Additional financial data and the debt compliance letters for the Authority may be obtained from the District office at 43885 South Grimmer Boulevard, Fremont, California, 94538.

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation and Measurement Focus

The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Under the accrual basis, revenues from operating activities are recognized in the fiscal year that the operations were provided; revenues from property taxes are recognized in the fiscal year for which the taxes are levied and revenue from investments is recognized when earned, while expenses are recognized in the period in which the liability is incurred.

The accounts of the District are reported in a proprietary fund type, specifically, an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, and capital contributions. Enterprise Funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Cash and Investments

The District’s cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with original maturity of three months or less from the date of acquisition.

The District’s highly liquid market investments in the Local Agency Investment Fund (LAIF) and the California Asset Management Program (CAMP) have maturities of one year or less at time of purchase and are stated at amortized cost. All other investments are stated at fair value. Quoted market price is used as fair value for those securities for which market quotations are readily available.

The District measures its investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Refer to Note 3 for more information on the fair value measurements.

C. Accrued Unbilled Revenue

During the year, customer water meters are read and billed on monthly or bi-monthly periods. Because not every meter is read on the same date, revenue for water distributed but not yet billed is accrued at fiscal year-end since the earning process has been completed.

D. Materials and Supplies

Materials and supplies inventory consisted principally of spare parts that are recorded when purchased and expensed when used and is recorded at weighted average cost.

E. Capital Assets

The cost of additions to the utility plant and major replacements of retired units of property is capitalized. The District defines capital assets as assets with an initial, individual cost of more than \$5 and an estimated useful life of more than one year. Cost includes direct labor, outside services, materials and transportation, employee fringe benefits and overhead. The cost and accumulated depreciation of property sold or retired is deducted from capital assets, and any profit or loss resulting from the disposal is credited or charged in the nonoperating section of the statements of revenues, expenses and changes in net position. The cost of current repairs, maintenance, and minor replacements is charged to expense. Construction in progress primarily relates to upgrades of existing facilities or construction of new facilities.

Depreciation has been provided over estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Structures, reservoirs, pumps and other improvements	5-50 years
Office furniture, software, tools, shop furniture, lab furniture and equipment	10 years
Motor vehicles	5 years

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 2 – Summary of Significant Accounting Policies (Continued)

F. Customer Deposits

Customer deposits for new customer installation jobs are retained by the District and are reported as a current liability. The customer deposit is applied to the cost of the job when the job is complete.

G. Long-Term Debt and Related Costs

Long-term debt is reported at par value, net of applicable premium and discounts. Costs related to the issuance of debt are reported as an expense, except prepaid bond insurance costs. Deferred charge on refunding from advance refunding of debt are classified as a deferred outflows or inflows of resources and are amortized as interest expense over the remaining life of the old bonds, or the life of the new bonds, whichever is shorter.

H. Operating Revenues and Expenses

Operating revenues and expenses consisted of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consisted primarily of charges for services. Nonoperating revenues and expenses consisted of those revenues and expenses that are related to financing and investing type of activities and resulted from non-exchange transactions or ancillary activities. When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the District's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

I. Property Tax Revenue

Assessed values are determined annually by the Alameda County Assessor (County) as of January 1, and become a lien on real property as of January 1. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. The District receives two different types of property tax revenue from the County.

The County is permitted by State Law (Proposition 13) to levy taxes at 1% of the full market value of the property (at the time of purchase) and can only increase the property's assessed valuation by reappraisals of property due to new construction or change. The County can also increase the property's assessed valuation for cost of living increases up to a maximum of 2% per year. A share of this base 1% property tax is allocated to the District. Property taxes collected by the taxing authority, but not remitted to the District at year-end, are accrued as revenue and included as taxes receivable. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. For the years ended June 30, 2024 and 2023, the District recognized \$8,691 and \$8,059 of its share of the 1% property tax allocation levy.

The District also receives an override property tax amount that helps pay for the groundwater portion of both the fixed and variable costs of State water purchased by the District. The District projects such costs annually and requests that the County collect that amount. The annual request to the County is adjusted for prior year under or over collections of tax revenue, and actual prior year's State water purchase cost. For the years ended June 30, 2024 and 2023, the District recognized \$6,352 and \$6,324 of this State water property tax.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 2 – Summary of Significant Accounting Policies (Continued)

J. Capital Contributions

Transmission and distribution system assets contributed to the District by installers are capitalized at the installers' costs, which is the value at the time of the District's acquisition and recorded as capital contributions when received. Customers also provide funds for capital projects to install and repair service lines to their premises. In addition, the District, at various times, receives Federal and State grants and other funds from external sources for construction and/or rehabilitation of its facilities. These contributed assets and cash funds are reported as capital contributions on the statement of revenues, expenses and changes in net position.

K. Net Position

In the statements of net position, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt and deferred outflows or inflows of resources that is attributed to the acquisition, construction, or improvement of the assets.

Restricted – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted – This amount is all remaining amounts in net position that do not meet the definition of "net investment in capital assets" or "restricted net position".

L. Pensions and OPEB

For purposes of measuring the net pension liability and net other postemployment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, pension and OPEB expense, information about the fiduciary net position of the District's Pension and OPEB Plans (Plans) and additions to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) and the California Employer's Retiree Benefit Trust Fund Program (CERBT). For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms.

M. Deferred Outflows and Inflows of Resources

A 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. A 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.

N. Leases and Subscription Based Information Technology Arrangements (SBITAs)

Lessee - The District is a lessee for leased vehicles, equipment and land. The District is also committed under various SBITAs. The District recognizes lease and SBITA liabilities with an initial, individual value of \$5 or more with a term greater than one year. Variable payments based on future performance of the District or usage of the underlying asset are not included in the measurement of the lease or SBITA liability.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 2 – Summary of Significant Accounting Policies (Continued)

N. Leases and Subscription Based Information Technology Arrangements (SBITAs) (Continued)

At the commencement of a lease or SBITA, the District initially measures the lease or SBITA liability at the present value of payments expected to be made during the lease or subscription term. Subsequently, the liability is reduced by the principal portion of lease or subscription payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. SBITA assets are recorded at the amount of initial measurement of the SBITA liabilities plus capitalizable initial implementation costs. Lease and SBITA assets are amortized using the straight-line method over the shorter of the lease/subscription term or the useful life of the underlying asset. If the lease contains a purchase option that the District has determined is reasonably certain of being exercised, the lease asset is amortized over the useful life of the underlying asset.

Key estimates and judgments related to leases and SBITAs include how the District determines (1) the discount rate it uses to discount the expected lease or subscription payments to present value, (2) lease and subscription term, and (3) lease and subscription payments.

- The District uses the interest rate charged by the lessor or vendor as the discount rate. When the interest rate charged by the lessor or vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases and SBITAs.
- The lease or subscription term includes the noncancellable period of the lease or subscription. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise. Subscription payments included in the measurement of the SBITA liability are composed of fixed payments and payments for penalties for terminating the SBITA.

Lease and SBITA assets are reported as right to use along with other capital assets.

The District monitors changes in circumstances that would require a remeasurement of its lease or SBITAs and will remeasure any leased and SBITA assets and liabilities, if certain changes occur that are expected to significantly affect the amount of the lease and SBITA assets and liabilities.

Lessor - The District is a lessor for leases of office and commercial space, and land. The District recognizes leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance of the lessee or usage of the underlying asset should not be included in the measurement of the lease receivable. Instead, they are recognized as operating revenues in the period earned.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 2 – Summary of Significant Accounting Policies (Continued)

N. Leases and Subscription Based Information Technology Arrangements (SBITAs) (Continued)

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any leased receivable and deferred inflows of resources related to leases, if certain changes occur that are expected to significantly affect the amount of the lease receivable.

O. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

P. New GASB Pronouncements Adopted

During the fiscal year ended June 30, 2024, the District implemented the following accounting standards:

- In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62* (GASB Statement No. 100), to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of this statement did not have a significant impact to the District’s financial statements.

Q. Upcoming New GASB Pronouncements

The District is currently evaluating its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

- In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB Statement No. 101), to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB Statement No. 101 is effective for the District’s fiscal year ending June 30, 2025.
- In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures* (GASB Statement No. 102) to provide users of government financial statements with information about risks related to a government’s vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. GASB Statement No. 102 is effective for the District’s fiscal year ending June 30, 2025.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 2 – Summary of Significant Accounting Policies (Continued)

Q. Upcoming New GASB Pronouncements (Continued)

- In April 2024, GASB issued Statement No. 103 *Financial Reporting Model Improvements* (GASB Statement No. 103) to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. GASB Statement No. 103 is effective for the District’s fiscal year ending June 30, 2026.

Note 3 – Cash and Investments

A. Summary of Cash and Investments

The District maintains an internal cash and investment pool in a single enterprise fund. Certain restricted funds that are held and invested by independent outside custodians through contractual agreements are not pooled, and are reported as restricted investments. For the years ended June 30, 2024 and 2023, the District did not have funds reported as restricted investments.

	2024	2023
Unrestricted cash and bank deposits	\$ 4,159	\$ 7,902
Unrestricted investments	168,689	198,910
Total cash and investments	\$ 172,848	\$ 206,812

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 3 – Cash and Investments (Continued)

B. Authorized Investments

The District's investment policy is adopted by the District's Board, in accordance with California Government Code Section 53601. The investment policy, which was last updated in May 2024, is reviewed for changes annually by the Board. The investment policy has the following objectives (in order of priority):

- **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification by issuer and type and maturity of securities will be made to avoid or minimize loss on individual securities.
- **Liquidity:** The portfolio will remain sufficiently liquid to enable the District to meet all operating and capital cash requirements, which might be reasonably anticipated.
- **Yield:** The portfolio shall be designed with the objective of providing a market rate of return while conforming to the safety and liquidity criteria above.

Under provisions of the District's investment policy, the District may invest in the following types of investments:

- Certificates of deposit that are FDIC-insured or fully collateralized time certificates of deposit in a financial institution issued by federally chartered or state-chartered banks or associations.
- United States Treasury notes, bonds, bills or other obligations for which full faith and credit of the United States are pledged for payment of principal and interest.
- Obligations issued by agencies or instrumentalities of the U.S. Government.
- Obligations issued by State of California or any agency within the State.
- Registered treasury notes or bonds of any of the other 49 United States in addition to California.
- Bankers' acceptances with a term not to exceed 180 days.
- Prime commercial paper with a term not to exceed 270 days and the highest rating issued by Moody's Investors Service or Standard & Poor's Corporation on the date of purchase.
- Negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or a federally licensed or state-licensed branch of a foreign bank; provided that the senior debt obligations of the issuing institution are rated with one of the three highest ratings categories of a nationally recognized statistical ratings organization (NRSRO).
- Medium-term notes issued by corporations organized and operating in the United States.
- The Local Agency Investment Fund (LAIF) maintained by the State of California.
- The California Asset Management Program (CAMP).
- Shares of beneficial interest issued by diversified management companies that are money market fund registered with the Securities and Exchange Commission under the Investment Company Act of 1940.
- Asset-Backed, mortgage-backed, mortgage pass-through securities and collateralized mortgage obligations.
- Supranational, provided that issues are US dollar denominated senior unsecured unsubordinated obligations or unconditionally guaranteed by the International Bank of Reconstructions and Development, International Finance Corporation, or Inter-American Development Bank.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 3 – Cash and Investments (Continued)

B. Authorized Investments (Continued)

A five year maximum maturity for each investment is allowed with the exception of those securities for which the California Government Code does not specify a maximum maturity limit, the District may purchase securities whose maturities do not exceed ten years. In addition, the investment policy requires that no more than 5% of the District's surplus funds may be deposited with or invested in securities issued by any one corporate, financial, or municipal issuer with the exception of the U.S. Treasury, federal agency institutions, and government sponsored enterprises.

In accordance with Section 53651 of the California Government Code, the District cannot invest in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, or in any security that could result in zero interest accrual if held to maturity, except as authorized by the California Government Code. The limitation does not apply to investments in shares of beneficial interest issued under the Investment Company Act of 1940 that are authorized investments under Section 53601 of the California Government Code.

C. Deposits

The carrying amount of the District's demand and time deposits balances were \$4,159 and \$7,902 and the bank balances were \$4,617 and \$9,405 at June 30, 2024 and 2023, respectively. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. The District's bank balances (demand deposits and non-negotiable certificates of deposit) were insured by the Federal Deposit Insurance Corporation (FDIC) and if over the FDIC limit collateralized by the pledging financial institutions as required by California Government Code at June 30, 2024 and 2023.

The California Government Code requires California banks and savings and loans associations to secure the District's deposits not covered by federal depository insurance by pledging government securities as collateral. The fair value of pledged securities must equal at least 110% of the District's deposits or 150% of mortgage-backed collateral. The collateral must be held at the pledging bank's trust department or other bank, acting as the pledging bank's agent, in the District's name.

D. Investments

The District's cash and investments are invested pursuant to investment policy guidelines established by the Board. The policy addresses the soundness of financial institutions in which the District deposits funds and the types of investment instruments as permitted by the California Government Code.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 3 – Cash and Investments (Continued)

D. Investments (Continued)

The District is a voluntary participant in the Local Agency Investment Fund (LAIF), which is regulated by California Government Code and is under the oversight of the Treasurer of the State of California. The value of the pool shares in LAIF, which may be withdrawn at any time, is determined on an amortized cost basis, which is different from the fair value of the District's position in the pool. The District's investments with LAIF at June 30, 2024 and 2023 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

- **Structured Notes** are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
- **Asset-Backed Securities, the bulk of which are mortgage-backed securities**, entitle their purchasers to receive a share of the cash flows from a pool of assets, such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

As of June 30, 2024 and 2023, the District had unrestricted cash and investments of \$120 and \$114, respectively, invested in LAIF, which had invested 3.00% and 2.78% of the pooled investment funds in Structured Notes and Asset-Backed Securities. LAIF is part of the State's Pooled Money Investment Account (PMIA). PMIA has a total of \$178.0 billion and \$178.4 billion in its investment portfolio as of June 30, 2024 and 2023, respectively. The District valued its investments in LAIF as of June 30, 2024 and 2023, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost resulting in a factor of 0.996316042 and 0.984828499 as of June 30, 2024 and 2023, respectively.

As of June 30, 2024 and 2023, the District had unrestricted cash and investments in the CAMP pool of \$13,998 and \$16,765, respectively. The total amount invested by all public agencies in CAMP at June 30, 2024 and 2023 was \$20.4 billion and \$15.9 billion, respectively. A board of five trustees who are officials or employees of public agencies has oversight responsibility for CAMP. The value of the pool shares in CAMP, which may be withdrawn at anytime, is determined on an amortized cost basis, which is different from the fair value of the District's position in the pool.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 3 – Cash and Investments (Continued)

D. Investments (Continued)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District does not have any of its investments using Level 1 and 3 inputs.

The following is a summary of the fair value hierarchy of investments held by District as of June 30, 2024 and 2023:

	June 30, 2024	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level		
U.S. Treasury securities	\$ 55,877	\$ 55,877
U.S. Government agency obligations	34,187	34,187
Medium-term notes	40,658	40,658
Municipal bonds	3,963	3,963
Asset-Backed securities	8,490	8,490
Supranational securities	11,396	11,396
Total investments by fair value level	154,571	\$ 154,571
Investments not subject to fair value hierarchy:		
Local Agency Investment Fund	120	
California Asset Management Program	13,998	
Total investments not subject to fair value hierarchy	14,118	
Total investments	\$ 168,689	

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 3 – Cash and Investments (Continued)

D. Investments (Continued)

Investments by Fair Value Level	June 30, 2023	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)
U.S. Treasury securities	\$ 56,903	\$ 56,903
U.S. Government agency obligations	40,692	40,692
Medium-term notes	47,576	47,576
Municipal bonds	5,435	5,435
Asset-Backed securities	19,250	19,250
Supranational securities	12,175	12,175
Total investments by fair value level	182,031	\$ 182,031
Investments not subject to fair value hierarchy:		
Local Agency Investment Fund	114	
California Asset Management Program	16,765	
Total investments not subject to fair value hierarchy	16,879	
Total investments	\$ 198,910	

Investments securities classified in Level 2 of the fair value hierarchy are valued using prices determined by the use of matrix pricing techniques maintained by the pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Local Agency Investment Fund and the California Asset Management Program are reported at amortized cost and are exempt from the fair value hierarchy.

E. Investment Risks

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy provides that final maturities of securities cannot exceed five years, except for those securities for which the California Government Code does not specify a maximum maturity limit. At June 30, 2024 and 2023, the District's investment pool had a weighted average maturity of 2.70 years and 2.85 years, respectively. The District invested \$40,658 and \$47,576 in corporate medium-term notes at June 30, 2024 and 2023, respectively and of this amount \$10,439 and \$25,006 were in callable notes. These investments are highly sensitive to interest rate changes and are callable at par prior to maturity based on these rate changes.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 3 – Cash and Investments (Continued)

E. Investment Risks (Continued)

Credit Risk. Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. According to the District’s investment policy and under a provision sunsetting on January 1, 2026, no more than 40% of the total portfolio may be invested in commercial paper. Additionally, no more than 30% of the total portfolio may be invested in medium-term corporate notes and no more than 40% of the total portfolio may be invested in bankers’ acceptances other than the U.S. Government, its agencies and instrumentalities, and LAIF. If a security is downgraded by either Moody’s or Standard & Poor’s (S&P) to a level below the minimum quality required by the District, the District will determine whether to retain or liquidate the security based upon criteria set forth in the District’s Investment Policy.

Concentration of Credit Risk. The District’s Investment Policy does not contain limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code, which requires that no more than 5% of the District’s surplus funds may be deposited with or invested in securities issued by any one corporate, financial, or municipal issuer with the exception of the U.S. Treasury, federal agency institutions, and government sponsored enterprises that are explicitly guaranteed by the U.S. Government. See Note 3F for the District’s concentration of credit risk details.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s investments, with the exception of the money market funds, LAIF and CAMP, are held by a third-party custodian in the District’s name. The District’s third-party custodian is U.S. Bank.

F. Cash and Investments Composition

As of June 30, 2024, the District had the following investments and maturities:

Investment Type	Credit Ratings Moody's/S&P	Fair Value	Maturities (in years)			
			Less than 1	1-3 years	3-5 years	More than 5 years
Unrestricted investments:						
U.S. Treasury securities	Aaa / AA+	\$ 55,877	\$ 3,941	\$ 26,412	\$ 14,235	\$ 11,289
U.S. Government agency obligations	Aaa / AA+	34,187	11,664	8,814	7,325	6,384
Medium-term notes	A 1 to Aaa/BBB+ to AA+	40,658	9,965	16,989	13,704	-
Municipal bonds	Aa1 to Aaa / AA- to AAA	3,963	130	-	907	2,926
Asset-Backed securities	Aaa / AAA	8,490	2,102	4,886	1,502	-
Supranational	Aaa / AAA	11,396	3,100	8,296	-	-
Local Agency Investment Fund	Not Rated	120	120	-	-	-
California Asset Management Program	Not Rated / AAAM	13,998	13,998	-	-	-
Total unrestricted investments		168,689	45,020	65,397	37,673	20,599
Total investments		\$ 168,689	\$ 45,020	\$ 65,397	\$ 37,673	\$ 20,599

As of June 30, 2024, the District does not have investments in a single issuer, excluding those backed by the U.S. Government, that represent 5% or more of the District’s unrestricted and restricted investment portfolios.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 3 – Cash and Investments (Continued)

F. Cash and Investments Composition (Continued)

As of June 30, 2023, the District had the following investments and maturities:

Investment Type	Credit Ratings Moody's/S&P	Fair Value	Maturities (in years)			
			Less than 1	1-3 years	3-5 years	More than 5 years
Unrestricted investments:						
U.S. Treasury securities	Aaa / AA+	\$ 56,903	\$ 780	\$ 16,736	\$ 30,147	\$ 9,240
U.S. Government agency obligations	Aaa / AA+	40,692	5,628	23,966	4,171	6,927
Medium-term notes	A1 to Aaa/BBB+ to AA+	47,576	3,578	21,610	22,388	-
Municipal bonds	Aa1 to Aaa / AA- to AAA	5,435	1,502	125	-	3,808
Asset-Backed securities	Aaa / AAA	19,250	324	10,315	8,611	-
Supranational	Aaa / AAA	12,175	-	12,175	-	-
Local Agency Investment Fund	Not Rated	114	114	-	-	-
California Asset Management Program	Not Rated / AAAm	16,765	16,765	-	-	-
Total unrestricted investments		198,910	28,691	84,927	65,317	19,975
Total investments		\$ 198,910	\$ 28,691	\$ 84,927	\$ 65,317	\$ 19,975

As of June 30, 2023, the District did not have investments in a single issuer, excluding those backed by the U.S Government, that represented 5% or more of the District's unrestricted and restricted investment portfolios.

Note 4 – Accounts Receivable

A. Customer and Other Accounts Receivable

Customer and other accounts receivable were as follows:

	2024	2023
Utility service	\$ 8,362	\$ 6,708
Other	715	2,865
Groundwater replenishment	28	48
Allowance for doubtful accounts	(42)	(34)
Total customer and other accounts receivable, net	<u>\$ 9,063</u>	<u>\$ 9,587</u>

Other accounts receivable balance of \$715 and \$2,865 for June 30, 2024 and 2023, respectively, represents accrued receivables for customer installation jobs and other miscellaneous receivables.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 4 – Accounts Receivable (Continued)

B. Lease Receivable

Portions of the District’s property is leased to others. Such property includes office and commercial space, and land. Lease receivable and the corresponding deferred inflow consists of agreements with others for the right-to-use of the underlying assets at various locations owned by the District. The terms of the arrangements range from 3 to 30 years with an interest rate of 0.55%. The lease receivable is reduced annually by the lease payments received and the deferred inflow represents the lease revenue over the lease term which will be recognized in future years. At June 30, 2024 and 2023, lease receivable was \$2,983 and \$3,214, respectively. For the fiscal year ended June 30, 2024 and 2023, the District recognized \$266 and \$267 in lease revenue, and \$17 and \$18 in interest revenue, respectively.

A summary of changes in the deferred inflow of resources for the fiscal years ended June 30, 2024 and 2023 are as follows:

Beginning Balance			Ending Balance
<u>July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2024</u>
\$ 3,057	\$ -	\$ (266)	\$ 2,791

Beginning Balance			Ending Balance
<u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>
\$ 3,324	\$ -	\$ (267)	\$ 3,057

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 5 – Capital Assets

A. Summary of Capital Asset Activity

Capital asset activity, including lease assets, for the fiscal year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Additions	Retirements	Transfers	Balance June 30, 2024
Capital assets, not being depreciated:					
Land	\$ 9,601	\$ -	\$ -	\$ -	\$ 9,601
Construction in progress	116,938	74,094	-	(95,582)	95,450
Capital assets, not being depreciated	<u>126,539</u>	<u>74,094</u>	<u>-</u>	<u>(95,582)</u>	<u>105,051</u>
Capital assets, being depreciated					
Source of supply	89,839	-	-	39,784	129,623
Pumping plant	28,976	-	-	9,784	38,760
Water treatment	170,704	39	-	1,598	172,341
Transmission and distribution	409,742	9,742	(19,752)	41,804	441,536
Supplemental water supply storage	20,860	-	-	-	20,860
General	57,045	7	(629)	2,181	58,604
General - Leased Assets	1,308	860	-	-	2,168
General - SBITA	3,019	8,184	-	431	11,634
Capital assets, being depreciated	<u>781,493</u>	<u>18,832</u>	<u>(20,381)</u>	<u>95,582</u>	<u>875,526</u>
Less accumulated depreciation and amortization					
Source of supply	(50,513)	(1,780)	-	-	(52,293)
Pumping plant	(20,645)	(814)	-	-	(21,459)
Water treatment	(76,062)	(3,396)	-	-	(79,458)
Transmission and distribution	(168,208)	(7,824)	7,315	-	(168,717)
Supplemental water supply storage	(12,557)	(636)	-	-	(13,193)
General	(35,767)	(1,917)	629	-	(37,055)
General - Leased Assets	(217)	(261)	-	-	(478)
General - SBITA	(504)	(612)	-	-	(1,116)
Less accumulated depreciation and amortization	<u>(364,473)</u>	<u>(17,240)</u>	<u>7,944</u>	<u>-</u>	<u>(373,769)</u>
Capital assets, being depreciated, net	<u>417,020</u>	<u>1,592</u>	<u>(12,437)</u>	<u>95,582</u>	<u>501,757</u>
Total capital assets, net	<u>\$ 543,559</u>	<u>\$ 75,686</u>	<u>\$ (12,437)</u>	<u>\$ -</u>	<u>\$ 606,808</u>

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 5 – Capital Assets (Continued)

A. Summary of Capital Asset Activity (Continued)

The District had various active construction projects as of June 30, 2024 including the following:

Alvarado-Niles Spine Main	\$ 19,752
Alameda Reservoir Roof Replace	18,631
Groundwater PFAS Treatment Facility	18,407
Shinn Pond Fish Screen	15,600
Driscoll Road Pipeline Rehabilitation	6,053
Central Newark Pipeline Improvements	2,606
Distribution PLC Replace Phase3	2,453
SCADA Replacements Project	2,326
WTP2 SCADA Replacement Project	1,385
Decoto Reservoir Improvements	973
Kaiser Pond Diversion Pipe Improvements	896
Various Other Active Projects (individually less than \$700)	4,078
Customer Installation Jobs	2,290
Total	<u>\$ 95,450</u>

At June 30, 2024, the District had construction commitments for the acquisition and construction of capital assets in the amount of \$49,444.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 5 – Capital Assets (Continued)

A. Summary of Capital Asset Activity (Continued)

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Retirements	Transfers	Balance June 30, 2023
Capital assets, not being depreciated:					
Land	\$ 9,601	\$ -	\$ -	\$ -	\$ 9,601
Construction in progress	98,581	35,591	-	(17,234)	116,938
Capital assets, not being depreciated	<u>108,182</u>	<u>35,591</u>	<u>-</u>	<u>(17,234)</u>	<u>126,539</u>
Capital assets, being depreciated					
Source of supply	89,741	38	-	60	89,839
Pumping plant	26,518	47	-	2,411	28,976
Water treatment	169,609	33	-	1,062	170,704
Transmission and distribution	381,679	16,204	(76)	11,935	409,742
Supplemental water supply storage	20,860	-	-	-	20,860
General	56,209	-	(582)	1,418	57,045
General - Leased Assets	805	503	-	-	1,308
General - SBITA	617	2,054	-	348	3,019
Capital assets, being depreciated	<u>746,038</u>	<u>18,879</u>	<u>(658)</u>	<u>17,234</u>	<u>781,493</u>
Less accumulated depreciation and amortization					
Source of supply	(48,957)	(1,556)	-	-	(50,513)
Pumping plant	(20,079)	(566)	-	-	(20,645)
Water treatment	(72,693)	(3,369)	-	-	(76,062)
Transmission and distribution	(160,998)	(7,274)	64	-	(168,208)
Supplemental water supply storage	(11,977)	(580)	-	-	(12,557)
General	(34,614)	(1,735)	582	-	(35,767)
General - Leased Assets	(92)	(125)	-	-	(217)
General - SBITA	(157)	(347)	-	-	(504)
Less accumulated depreciation and amortization	<u>(349,567)</u>	<u>(15,552)</u>	<u>646</u>	<u>-</u>	<u>(364,473)</u>
Capital assets, being depreciated, net	<u>396,471</u>	<u>3,327</u>	<u>(12)</u>	<u>17,234</u>	<u>417,020</u>
Total capital assets, net	<u>\$ 504,653</u>	<u>\$ 38,918</u>	<u>\$ (12)</u>	<u>\$ -</u>	<u>\$ 543,559</u>

Depreciation and amortization expense for capital assets for the years ended June 30, 2024 and 2023 were \$17,240 and \$15,552, respectively.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 5 – Capital Assets (Continued)

B. Supplemental Water Supply Storage

In 1996 and in 2001, the District entered into two agreements for a water banking and exchange program with Semitropic Water Storage District and its Improvement District (Semitropic). The entities are used for storage, withdrawal, and exchange rights for the District's State Water Project supplies. Under the 1996 agreement (for 5% of the Semitropic program capacity), the District pays the capital component when storing and recovering water. Under the 2001 agreement (for an additional 10% of the program capacity), the District has paid for the capital costs through fixed annual payments. Payments used for the construction of capital assets, such as pipelines, pumping facilities, storage facilities, etc., are capitalized and amortized over the life of the agreements.

The agreements terminate in November 2035. The historical costs of the District's water storage in the amount of \$20,860 as of June 30, 2024 and 2023 are amortized over the remaining life of the agreement. The District recognized amortization expense in the amount of \$636 and \$580 for the years ended June 30, 2024 and 2023.

The District has a storage allocation of 150,000 acre-feet and had stored approximately 120,482 and 110,049 acre-feet of water at June 30, 2024 and 2023, respectively.

C. Mission San Jose Water Treatment Plant

On July 30, 2015, the Board approved to temporarily decommission the Mission San Jose Water Treatment Plant (MSJ Plant). This temporary decommission is a result of the positive customer response for water conservation that reduced water demands and production needs. The District will continue to monitor the water demands and plans to re-open the MSJ Plant once the water demands increase to suitable levels. The carrying value of the MSJ Plant was \$8,873 and \$9,167 as of June 30, 2024 and 2023, respectively.

Note 6 – Accounts Payable, Accrued Expenses and Accrued Payroll

Accounts payable and accrued expenses were as follows:

	2024	2023
Vendors	\$ 22,071	\$ 8,166
Retention payable	807	50
Installer's reimbursement	3,911	3,875
Other	670	655
Total	\$ 27,459	\$ 12,746

Installers' reimbursement funds are designated to reimburse certain developers for a portion of the cost as defined by the District, of oversized mains, main extensions, storage tanks, and other facilities constructed or installed by them at the request of the District. The terms of the agreements provide that such costs are reimbursable over a period of up to ten years out of certain cash receipts previously collected from all new or upsized service connections. Such receipts are maintained in a separate account. The amount of such receipts, which had not been remitted as of June 30, 2024 and 2023, were \$3,911 and \$3,875, respectively. In the event that available funds are not adequate to fully reimburse the developers for the eligible construction cost incurred by the end of the ten-year period, the District will have no future obligation to the developers. On May 1, 2019, the District discontinued the Facilities Reimbursement Charge which is the fee that funds the installer's reimbursement fund.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 6 – Accounts Payable, Accrued Expenses and Accrued Payroll (Continued)

Accrued payroll and related liabilities were as follows:

	2024	2023
Accrued payroll	\$ 651	\$ 607
Accrued vacation	1,878	2,147
Accrued leave and other	459	487
Total	2,988	3,241
Less current portion	(2,988)	(2,932)
Long-term portion	\$ -	\$ 309

Accrued vacation activity is as follows:

	2024	2023
Balance, beginning of year	\$ 2,147	\$ 2,292
Additions	2,105	2,082
Reduction	(2,374)	(2,227)
Balance, end of year	\$ 1,878	\$ 2,147

Current portion of accrued vacation, leave and other is approximated by averaging the compensation balances paid out over the past three fiscal years.

Note 7 – Long-Term Liability

A. Long-Term Debt

Long-term debt activities for the fiscal year ended June 30, 2024 were as follows:

Description	Interest Rate	Fiscal Year Maturity	Original Amount	Beginning Balance			Ending Balance		
				July 1, 2023	Additions	Reductions	June 30, 2024	Current	Noncurrent
2015 Water System Revenue Bonds	4.00 to 5.00	2045	\$ 27,810	\$ 23,465	\$ -	\$ (675)	\$ 22,790	\$ 705	\$ 22,085
Unamortized premium				1,985	-	(90)	1,895	90	1,805
2022 Water System Revenue Bonds	3.00 to 5.00	2042	43,575	41,445	-	(2,490)	38,955	2,605	36,350
Unamortized premium				5,139	-	(272)	4,867	272	4,595
Total Long-term Debt			\$ 71,385	\$ 72,034	\$ -	\$ (3,527)	\$ 68,507	\$ 3,672	\$ 64,835

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 7 – Long-Term Liability (Continued)

A. Long-Term Debt (Continued)

Long-term debt activities for the fiscal year ended June 30, 2023 were as follows:

Description	Interest Rate	Fiscal Year Maturity	Original Amount	Beginning Balance July 1, 2022	Additions	Reductions	Ending Balance June 30, 2023	Current	Noncurrent
2015 Water System Revenue Bonds	4.00 to 5.00	2045	\$ 27,810	\$ 24,105	\$ -	\$ (640)	\$ 23,465	\$ 675	\$ 22,790
Unamortized premium				2,075	-	(90)	1,985	90	1,895
2022 Water System Revenue Bonds	3.00 to 5.00	2042	43,575	43,575	-	(2,130)	41,445	2,490	38,955
Unamortized premium				5,411	-	(272)	5,139	272	4,867
Total Long-term Debt			<u>\$ 71,385</u>	<u>\$ 75,166</u>	<u>\$ -</u>	<u>\$ (3,132)</u>	<u>\$ 72,034</u>	<u>\$ 3,527</u>	<u>\$ 68,507</u>

Water System Revenue Bonds

The Water System Revenue Bonds are issued primarily to finance the construction of capital improvements related to the District's water system. The bonds are payable solely from and secured by the revenues received from the operation of the District's water system. The District has covenanted that it will fix, prescribe and collect rates, fees and charges for use of the District's water system during each fiscal year, which are least sufficient to yield in each fiscal year net revenues equal to 125% of the debt service for such fiscal year, plus any amount necessary to restore the bond reserve fund to the reserve requirement. The total principal and interest remaining to be paid on the bonds is \$86,979. Principal and interest paid for the year ended June 30, 2024 and total net revenues as defined in the bond indentures were \$5,924 and \$28,081 respectively. Principal and interest paid for the year ended, June 30, 2023 and total net revenues as defined in the bond indentures were \$5,965 and \$34,690 respectively.

Events of default under the Installment Purchase Contract include, but are not limited to, a failure to pay principal or interest, or a failure to pay the purchase price of a bond when due upon an optional or mandatory tender date. District bankruptcy, reorganization, receivership, etc., are also considered default events, as is the failure to observe any covenant, provision or condition of the Installment Purchase Contract or the Trust Agreement, which continues for a period of 60 days after notice.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 7 – Long-Term Liability (Continued)

A. Long-Term Debt (Continued)

The debt service requirements for the Water System Revenue Bonds at June 30, 2024 were as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 3,310	\$ 2,601	\$ 5,911
2026	3,455	2,435	5,890
2027	3,635	2,270	5,905
2028	3,815	2,096	5,911
2029	2,390	1,913	4,303
2030-2034	13,780	7,787	21,567
2035-2039	17,045	4,591	21,636
2040-2044	12,750	1,478	14,228
2045	1,565	63	1,628
Total	<u>\$ 61,745</u>	<u>\$ 25,234</u>	<u>\$ 86,979</u>

B. Lease Liability

The District leases space to install and operate communication equipment to enhance the reliability of the District's network communications between its critical facilities. In addition, the District leases vehicles and equipment which are used in the District's operations. The terms of the agreements range from 5 to 15 years and the interest rates range between 0.55% to 5.90%.

Lease liability activities for the fiscal year ended June 30, 2024 and 2023 were as follows:

Beginning Balance July 1, 2023	Additions	Reductions	Ending Balance June 30, 2024	Current	Noncurrent
\$ 1,131	\$ 861	\$ (235)	\$ 1,757	\$ 322	\$ 1,435

Beginning Balance July 1, 2022	Additions	Reductions	Ending Balance June 30, 2023	Current	Noncurrent
\$ 737	\$ 502	\$ (108)	\$ 1,131	\$ 145	\$ 986

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 7 – Long-Term Liability (Continued)

B. Lease Liability (Continued)

Principal and interest payments to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 323	\$ 59	\$ 382
2026	320	44	364
2027	327	28	355
2028	254	15	269
2029	137	4	141
2030-2034	240	8	248
2035-2039	138	2	140
2040	18	1	19
Total	<u>\$ 1,757</u>	<u>\$ 161</u>	<u>\$ 1,918</u>

C. Subscription Based Information Technology Arrangements (SBITA) Liability

At June 30, 2024 and 2023, the District has nine qualifying SBITAs under GASB 96. The terms of the agreements range from 2 to 20 years and the interest rates range between 3.53% to 5.83%.

SBITA liability activities for the fiscal year ended June 30, 2024 and 2023 were as follows:

Beginning Balance July 1, 2023	Additions	Reductions	Ending Balance June 30, 2024	Current	Noncurrent
\$ 1,893	\$ 8,041	\$ (478)	\$ 9,456	\$ 738	\$ 8,718

Beginning Balance July 1, 2022	Additions	Reductions	Ending Balance June 30, 2023	Current	Noncurrent
\$ 401	\$ 2,022	\$ (530)	\$ 1,893	\$ 367	\$ 1,526

Principal and interest payments to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 738	\$ 315	\$ 1,053
2026	595	302	897
2027	530	277	807
2028	558	255	813
2029	471	231	702
2030-2034	2,243	876	3,119
2035-2039	1,999	539	2,538
2039-2044	2,322	216	2,538
Total	<u>\$ 9,456</u>	<u>\$ 3,011</u>	<u>\$ 12,467</u>

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 7 – Long-Term Liability (Continued)

D. Letter of Credit

The District entered into a one-year, unsecured \$10.0 million revolving credit agreement with JP Morgan Chase Bank on December 27, 2017 for the purpose of borrowing funds when needed to respond to a declared emergency. The agreement has subsequently been amended five times and the most recent amendment on December 9, 2022 extended the line of credit through December 23, 2027. With the fifth amendment, the commitment fee rate assessed against any unused portion of the line of credit decreased from 0.57 percent to 0.50 percent. Any funds borrowed must be repaid by the end of the line of credit term unless a later date is negotiated. Interest will be assessed on any funds borrowed under the line of credit at 80 percent of the Adjusted Term Secured Overnight Financing Rate (SOFR) plus 0.50 percent. The District did not borrow against the line of credit as of June 30, 2024 and 2023.

E. Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the earnings from the investment of tax-exempt bond proceeds that exceed related interest expenditures on the bonds must be remitted to the federal government on every fifth anniversary of each bond issue. The District has evaluated each debt issue subject to the arbitrage rebate requirements and does not have a rebateable arbitrage liability as of June 30, 2024 and 2023.

Note 8 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District participates in the Association of California Water Agencies Joint Powers Insurance Authority Worker’s Compensation, Property and Liability Insurance Programs for risk of loss. These programs provide worker’s compensation, general liability, property, auto, boiler and machinery, employment practices liability, employee and public official’s dishonesty coverage, employment benefits liability, cyber liability, employee and public official errors and omissions and public official personal liability insurance coverage.

The District did not have settled claims that exceeded the District’s insurance coverage in any of the past three years.

The District’s deductibles and maximum coverage as of June 30, 2024 are as follows:

Coverage Description	Deductibles	Insurance
General, Auto & Public Officials Errors & Omissions Liability	\$ -	\$ 55,000
Cyber	\$ 100	\$ 3,000
Property	\$ 25	\$ 500,000
Workers' Compensation	\$ -	Statutory
Employers Liability	\$ -	\$ 5,000
Employee Dishonesty	\$ 1	\$ 100
Underground Storage Tank Liability	\$ 10	\$ 3,000

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 9 – Commitments

State of California - In 1961, the District entered into a contract with the State of California (the State) to purchase water through the year 2035. A contract amendment to extend the term of the contract through 2085 went into effect January 1, 2023. The costs to the District for water purchased under this contract for the fiscal years ended June 30, 2024 and 2023 were approximately \$12,437 and \$11,182, respectively, and were charged to operations as incurred. These costs for water purchased fall into two categories: fixed costs and variable costs. The fixed costs make up approximately 90% of the total costs, are determined by California Department of Water Resources (DWR) and are paid on an annual basis, regardless of the quantity of Table A water available in a given year. The variable costs make up approximately the remaining 10% of the total costs, and represent the costs to move water within the State Water Project (SWP) system. Therefore, the annual costs represent the fixed costs calculated for the given year as well as the variable costs to move any combination of Table A water, SWP Article 56 “Carryover” water stored in San Luis Reservoir, water either previously stored or newly banked in the District’s Semitropic Water Storage District bank using the SWP system, and costs associated with transporting non-SWP water on the SWP system. The volumes of water the District moved within the SWP system for delivery for the fiscal years ended June 30, 2024 and 2023 were approximately 21,256 and 33,282 acre-feet, respectively. Since 2012, the maximum annual Table A Allocation has been 42,000 acre-feet.

The District’s water is delivered through facilities constructed and operated by the State. The cost of the water is determined annually by the State and includes reimbursement to the State for the District’s portion of the costs of construction and operation of these facilities. The District’s commitment under the State water contract will remain in effect until 2085 or until the cost of the State’s facilities is recovered, whichever is longer. The commitment is subject to increase in future years as a result of additional improvements and higher-than-anticipated operating costs, and is projected by the State to be \$177,226 as of June 30, 2024.

Year Ending June 30,	State Water Purchase Commitment
2025	\$ 12,183
2026	13,638
2027	13,313
2028	13,493
2029	13,717
2030 - 2034	70,068
2035 - 2039	24,553
2040 - 2044	4,401
2045 - 2049	4,400
2050 - 2054	4,400
2055 - 2059	2,844
2060 - 2064	214
2065 - 2069	2
2070 - 2074	-
2075 - 2079	-
2080 - 2084	-
2085	-
Total Water Purchase	\$ 177,226

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 9 – Commitments (Continued)

City and County of San Francisco - The District entered into a water sales contract with the City and County of San Francisco in June 1984. That contract was renewed in July 2009 to purchase certain minimum amounts of water over a 25-year period and is administered by the San Francisco Public Utilities Commission (“SFPUC”). The costs to the District for water purchased under this contract for the fiscal years ended June 30, 2024 and 2023 were approximately \$27,706 and \$24,517, respectively, and were charged to operations as incurred. The District is obligated under the term of the agreement to make a minimum purchase of 8,567 acre-feet of water per year through 2034 at the then-current cost of water. In the event that the SFPUC is unable to supply sufficient water to all users, the available water will be ratably apportioned among contractors with the District liable only for actual water delivered. The District purchased 11,260 and 10,840 acre-feet of water for the fiscal years ended June 30, 2024 and 2023, respectively. For the fiscal year ending June 30, 2025, the District expects to purchase 9,800 acre-feet at an estimated cost of \$26,705.

Bay Area Water Supply and Conservation Agency - The District belongs to the Bay Area Water Supply and Conservation Agency (“BAWSCA”), which represents the interests of 24 cities and water districts, and two private utilities that purchase water wholesale from the San Francisco regional water system. On January 31, 2013, BAWSCA issued bonds in the amount of \$335,780 to raise the funds necessary to prepay capital commitments owed to the City and County of San Francisco by BAWSCA member agencies and thereby realizing a present value savings of approximately \$62,300 for all member agencies. For the District, this translates into an annual net savings for purchased water cost in excess of \$200. In October 2021, BAWSCA completed the pricing and sale of \$134,310 in bonds to refund the callable portion of the 2013 bonds based on a tax-exempt forward delivery, realizing a present value savings of approximately \$25,100 over the term of the bonds among all member agencies. In January 2023, BAWSCA completed the settlement of the 2023A refunding bonds based on a tax-exempt forward delivery, which will result in about \$27,145 in net present value savings over the term of the bonds. Beginning in March 2023, SFPUC’s monthly bills included a mid-year reduction in agencies’ monthly bond surcharge to reflect refund savings.

Prior to the bond issuance, there were \$356,000 in capital cost recovery payments that were outstanding and being repaid as a part of the SFPUC’s wholesale commodity charge. The capital cost recovery payments were being repaid at a fixed interest rate of 5.13% and were part of the Wholesale Revenue Requirement to the Water Supply Agreement negotiated with SFPUC in 2009. The bonds refinanced this debt at an average interest rate of 3.14%.

The BAWSCA issued revenue bonds are secured by a surcharge on BAWSCA member agencies. SFPUC will collect the surcharge and send the amount to BAWSCA for payment to bond holders. The surcharge will be in place for the term of the bonds, which will end in 2034. The surcharge is on the SFPUC wholesale water bill and is accounted for by the District as purchased water expense.

BAWSCA’s annual debt service amount for the fiscal year ended June 30, 2024 is \$21,971. The annual surcharge for each agency will be based on the actual wholesale water purchase percentage from the last full year for which data is available with an annual reconciliation based on the actual water purchased. A true-up adjustment based on the actual fiscal year ended June 30, 2023, will be included in the fiscal year end June 30, 2025, and the actual fiscal year ended June 30, 2024 water use will be included in the fiscal year ending June 30, 2026 bond surcharge. The District’s fiscal year ended June 30, 2024 bond surcharge was \$1,600, which includes a true-up adjustment of \$353. The District’s estimated bond surcharge for fiscal year ending June 30, 2025 is \$1,918, which includes a true-up adjustment of \$381. The fiscal year ending in June 30, 2024, also includes a true-up adjustment from fiscal year ending in June 30, 2022. Audited financial statements for BAWSCA may be obtained from BAWSCA at 155 Bovet Road Suite 650, San Mateo, California, 94402.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
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Note 9 – Commitments (Continued)

Delta Conveyance Finance Authority - On July 3, 2018, the District along with two other agencies formed the Delta Conveyance Finance Authority (“DCFA”). Subsequently, eight additional agencies have joined the DCFA. The DCFA was formed with the intent of issuing debt to fund a delta conveyance project. Each member agency shares equally in DCFA administrative costs, but obligations from any future debt issuance will be split according to water allocations. The District has a 1% share of State Water Project Table A allocations, but the District’s actual cost share for delta conveyance may vary depending on project participation. To-date no debt has been issued by the DCFA and it is unknown when debt will be issued. On April 29, 2019, California Governor Gavin Newsom signed executive order N-10-19, directing State agencies to develop a comprehensive statewide strategy to build a climate-resilient water system, including modernization of conveyance through the California Bay-Delta through a single-tunnel project. Accordingly, on May 2, 2019 the California Department of Water Resources (“DWR”) withdrew proposed permits for the California WaterFix project in order to pursue a new environmental review and planning process for a Delta conveyance project aligned with the Governor’s vision. DWR initiated the State environmental review process for the revised project by issuing a Notice of Preparation on January 15, 2020 and the U.S. Army Corps of Engineers initiated the federal environmental review process by issuing a Notice of Intent on August 20, 2020. On July 27, 2022, DWR released the Draft Environment Impact Report (Draft EIR) for the Delta Conveyance Project (DCP) and made the Draft EIR available from July 27, 2022, through December 16, 2022, for public comment (the deadline was extended from July 27, 2022). DWR released the Final EIR for the DCP on December 8, 2023, and on December 21, 2023, DWR certified the final EIR and approved the project. Key state and federal permitting processes are underway and currently expected to be completed in 2024.

Litigation – In the normal course of business, the agencies to which the District has financial commitments may be subject to various lawsuits related to their operations to provide water to the District and their other customers. From time-to-time damages may be sought in those lawsuits. Neither the ultimate outcome of these lawsuits nor the potential financial responsibility of the District should there be an adverse outcome are presently determinable.

Note 10 – Pension Plans

A. General Information about the Pension Plans

Plan Descriptions - All qualified permanent and probationary employees are eligible to participate in the District’s Pension Plan (Plan) administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. The plan is an agent multiple-employer defined benefit pension plan. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues a separate publicly available annual comprehensive financial report that includes a full description of the Pension Plan benefit provisions, assumptions and membership information. Copies of the annual comprehensive financial report are available on the CalPERS website at www.calpers.ca.gov/ under Forms and Publications or may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 10 – Pension Plans (continued)

A. General Information about the Pension Plans (continued)

Effective January 1, 2009, the District implemented an employer paid member contribution (EPMC) agreement for employees in its Management, Confidential and Professional group that are CalPERS classic members. Under this agreement, the District pays 2.5% of the eligible employees normal contribution to CalPERS (8%) and reports it as an additional contribution. For the fiscal years ended June 30, 2024 and 2023, the District's EPMC was \$249 and \$254, respectively.

The State passed the California Public Employees' Pension Reform Act (PEPRA), which became effective on January 1, 2013. PEPRA changes included the classification of active employees into two distinct classifications: classic members and new members. Classic members represent active members hired before January 1, 2013, and retain the pension plan benefits then in effect. New members are active members hired on or after January 1, 2013, and are subject to PEPRA. The employees normal contribution to CalPERS for PEPRA members is 7.75%

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Classic and new members with five years of total service are eligible to retire, with statutorily reduced benefits, at age 50 and 52, respectively. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustment for the plan is applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect for the fiscal years ended June 30, 2024 and 2023 are summarized as follows:

Hire date	Prior to January 1, 2013	On or after January 1, 2013 ⁽¹⁾
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 Years Service	5 Years Service
Benefit payments	Monthly for Life	Monthly for Life
Earliest retirement age	50	52
Monthly benefits as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.000%	7.750%
Required total contribution rates, June 30, 2024 ⁽²⁾	23.140%	15.630%
Required total contribution rates, June 30, 2023 ⁽²⁾	21.570%	14.870%

(1) For "new members" as defined by the Public Employee's Pension Reform Act (PEPRA)

(2) Excludes contribution payments for unfunded liability

At June 30, 2024 and 2023, the following employees were covered by the benefit terms:

	2024	2023
Active members	223	221
Inactive employees entitled to but not yet receiving benefits	107	107
Inactive employees receiving benefits	339	331
Total	<u>669</u>	<u>659</u>

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 10 – Pension Plans (Continued)

A. General Information about the Pension Plans (continued)

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

B. Net Pension Liability

Active plan members are required by state statute to contribute 8% of their annual covered payroll for classic members and 7.75% for new members. The District actuarially determined rate for the fiscal years ended June 30, 2024 and 2023 was 23.140% and 21.570% for the normal cost for classic members, and 15.630% and 14.870% for the normal cost for new members, and including actuarially determined mandatory payments toward the unfunded accrued liability amounted to a contribution of \$7,697 and \$9,096, respectively. In addition to the required contributions, the District made supplementary payments in the fiscal years ended June 30, 2024 and 2023 of \$7,329 and \$5,602, respectively. These supplementary contributions were made to finance the unfunded accrued liability.

The District net pension liability for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The Plan’s net pension liability as of June 30, 2024 and 2023 were measured as of June 30, 2023 and 2022 (measurement date), using an annual actuarial valuation of June 30, 2022 and 2021 (valuation date), respectively.

Actuarial Assumptions – For the years ended June 30, 2024 and 2023, the pension liability was determined by rolling forward the total pension liability from the valuation date to the measurement date. The total pension liability was determined using the following actuarial assumptions:

	2024	2023
Measurement Date	June 30, 2023	June 30, 2022
Valuation Date	June 30, 2022	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
Payroll Growth	2.75%	2.75%
Projected Salary Increase	Varies depending on Age and Service	Varies depending on Age and Service
Mortality	Based on the 2021 CalPERS Experience Study ⁽¹⁾	Based on the 2021 CalPERS Experience Study from 2001 to 2019 ⁽¹⁾
Post Retirement Benefit Increase	The lesser of contract cost of living adjustment or 2.5% until Purchasing Power Allowance floor on purchasing power applies, 2.5% thereafter.	The lesser of contract cost of living adjustment or 2.5% until Purchasing Power Allowance floor on purchasing power applies, 2.5% thereafter.

⁽¹⁾The mortality table used was developed based on CalPERS' specific data. The table includes generational mortality improvement using the Society of Actuaries 80% of Scale MP-2020.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 10 – Pension Plans (Continued)

B. Net Pension Liability (Continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2022 and 2021 valuations were based on the results of an actuarial experience study for the period from 2001 to 2019 including updates to salary, increased mortality and retirement date. Further details of the experience study can be found on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability at June 30, 2024 and 2023 was 6.90 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the discount rate is adequate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 6.90 percent is applied to all plans in the Public Employees Retirement Fund agent multiple-employer plan for the June 30, 2023 and 2022 measurement dates. The stress test results are presented in a detailed report named “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB Statement No. 68 section.

According to GASB Statement No. 68, the long-term discount rate should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. Administrative expenses are assumed to be 10 basis points. The discount rate of 6.90 percent used for the June 30, 2023 and June 30, 2022 measurement date, is without a reduction for pension plan administrative expense.

CalPERS reviews all actuarial assumptions as part of its regular Asset Liability Management review cycle. Any changes to the discount rate will require CalPERS Board action and proper stakeholder outreach. CalPERS will continue to check the materiality of the difference in calculation until such time as it changes its methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds’ asset classes, expected compound returns were calculated over the next 20 years building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 10 – Pension Plans (Continued)

B. Net Pension Liability (Continued)

The assumed asset allocation and expected real rates of return by asset class for the June 30, 2023 and June 30, 2022 measurement dates were as follows:

Asset Class	Assumed Asset Allocation	Real Return ⁽¹⁾⁽²⁾
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 10 – Pension Plans (Continued)

C. Changes in the Net Pension Liability

The following table shows the changes in the net pension liability for the fiscal year ended June 30, 2024:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at July 1, 2023	\$ 308,234	\$ 250,284	\$ 57,950
Changes in the year:			
Service cost	5,915	-	5,915
Interest on the total pension liability	21,392	-	21,392
Differences between expected and actual experience	6,944	-	6,944
Contributions from the employer	-	14,689	(14,689)
Contributions from employees	-	2,275	(2,275)
Net investment income	-	15,670	(15,670)
Benefit payments, including refunds of employee contributions	(16,226)	(16,226)	-
Administrative expense	-	(184)	184
Net changes	18,025	16,224	1,801
Balance at June 30, 2024	\$ 326,259	\$ 266,508	\$ 59,751

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 10 – Pension Plans (Continued)

C. Changes in the Net Pension Liability (Continued)

The following table shows the changes in the net pension liability for the year ended June 30, 2023:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at July 1, 2022	\$ 294,678	\$ 269,192	\$ 25,486
Changes in the year:			
Service cost	5,794	-	5,794
Interest on the total pension liability	20,189	-	20,189
Changes in assumptions	3,744	-	3,744
Differences between expected and actual experience	(1,285)	-	(1,285)
Contributions from the employer	-	14,652	(14,652)
Contributions from employees	-	2,220	(2,220)
Net investment income	-	(20,726)	20,726
Benefit payments, including refunds of employee contributions	(14,886)	(14,886)	-
Administrative expense	-	(168)	168
Net changes	13,556	(18,908)	32,464
Balance at June 30, 2023	\$ 308,234	\$ 250,284	\$ 57,950

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Plan as of the June 30, 2023 and 2022 measurement dates, calculated using the discount rate of 6.90, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

Net Pension Liability	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	5.90%	6.90%	7.90%
June 30, 2023 measurement date	\$ 103,527	\$ 59,751	\$ 23,681
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	5.90%	6.90%	7.90%
June 30, 2022 measurement date	\$ 99,825	\$ 57,950	\$ 23,454

Pension Plan Fiduciary Net Position – Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial report.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 10 – Pension Plans (Continued)

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal years ended June 30, 2024 and 2023, the District recognized a pension expense of \$12,805 and \$7,714 for the Plan, respectively. At June 30, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 15,026	\$ -
Changes of assumptions	1,774	-
Differences between expected and actual experience	5,270	(609)
Net differences between projected and actual earnings on plan investments	11,886	-
Total	<u>\$ 33,956</u>	<u>\$ (609)</u>

June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 14,698	\$ -
Changes of assumptions	2,759	-
Differences between expected and actual experience	371	(1,051)
Net differences between projected and actual earnings on plan investments	12,547	-
Total	<u>\$ 30,375</u>	<u>\$ (1,051)</u>

The \$15,026 and \$14,698 reported as deferred outflows of resources at June 30, 2024 and 2023, respectively, relates to contributions made subsequent to the measurement date. The District will recognize these amounts as a reduction of the net pension liability in the fiscal years ended June 30, 2025 and 2024, respectively. The other amounts reported as deferred outflows or inflows of resources will be amortized annually and recognized as an increase or reduction to pension expense, for the years ending June 30 as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 4,730
2026	3,610
2027	9,658
2028	323
2029	-
Total	<u>\$ 18,321</u>

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 10 – Pension Plans (Continued)

E. Internal Revenue Code Section 401(a) Plan

Effective January 1, 1997, the District established and administered the Alameda County Water District 401(a) Plan (401(a) Plan), a defined contribution plan. The 401(a) Plan provides retirement benefits to District employees. The employees vest upon joining the 401(a) Plan. The District has agreed to contribute to the employee's accounts to match the employees' Internal Revenue Code Section 457 contributions up to a specified amount.

Match contributions are effective for nonrepresented employees under the District's Management, Confidential and Professional (MCP) employee compensation schedule. Effective January 1, 2004, the District's matching calendar year contribution to the 401(a) plan was discontinued for represented employees in accordance with the Memorandum of Understanding (MOU) for United Public Employees Local 1021, AFL-CIO employees. Beginning January 1, 2024, the District began contributing a match up to a specified amount per year in the 401(a) plan for represented employees belonging to the Operating Engineers Local 3 AFL-CIO in accordance with the MOU effective for the period April 1, 2021 to March 31, 2025. The District contributed \$287 and \$209 in the fiscal years ended June 30, 2024 and 2023, respectively.

Note 11 – Other Postemployment Benefits – Retiree Health Care

A. General Information about the Retiree Health Care Plan

Plan Descriptions - In addition to the pension benefits described in Note 10, the District provides health plan coverage for eligible retirees and their dependents pursuant to CalPERS Health Benefit Program eligibility requirements. In May 2012, the District entered into an agreement with CalPERS to participate in the California Employer's Retiree Benefit Trust Fund Program (CERBT), an agent multiple-employer postemployment defined benefits plan, to prefund the District's other postemployment benefits (OPEB). CalPERS and CERBT issue publicly available financial reports that can be obtained at <https://www.calpers.ca.gov/page/employers/benefit-programs/cerbt> and at www.calpers.ca.gov/.

For employees hired before August 1, 2002, the District's contribution for each retired employee and all eligible dependents and survivors shall be equal to the greater of the full cost of his/her enrollment, including the enrollment of his/her family members, in the highest cost HMO medical plan with a traditional network or PERS Gold Plan offered by the CalPERS Health Benefits Program in the Bay Area/Sacramento Region.

For employees hired on or after August 1, 2002, the percentage of employer contribution payable for postretirement health benefits for each retired employee shall be based on the employee's completed years of credited service with the District and CalPERS as described below. The credited service for purposes of determining the percentage of employer contributions shall mean a minimum of ten years of service with a CalPERS participating agency, and a minimum of five years of the ten years of service must be performed exclusively for the District. The District contributes the minimum employer contribution (MEC) required amounts under the Public Employee's Medical and Hospital Care Act Minimum Employer Contribution rules as determined by CalPERS on an annual basis.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 11 – Other Postemployment Benefits – Retiree Health Care (Continued)

A. General Information about the Other Postemployment Benefits Plan (Continued)

Credited Years of Service	Percentage of Employer Contributions
1-9	MEC
10	50
11	55
12	60
13	65
14	70
15	75
16	80
17	85
18	90
19	95
20+years	100

For employees hired on or after January 1, 2009, the District’s contribution for each retired employee and all eligible dependents and survivors shall be equal to the lesser of the full cost of his/her enrollment, including the enrollment of his/her family members, in the lowest cost HMO medical plan with a traditional network or PERS Gold Plan offered by the CalPERS Health Benefit Program in the Bay Area/Sacramento Region. The percentage of employer contribution payable for postemployment health benefits shall be based on the employee’s completed years of service exclusively with the District as described below.

Credited Years of Service	Percentage of Employer Contributions
0-9	MEC
10-14	25
15-19	50
20-24	75
25+years	100

On January 1, 2019, the District implemented a Defined Contribution Retiree Health Benefit Plan effective for all employees hired on or after January 1, 2019. The District will utilize a Retiree Health Reimbursement Arrangement (RHRA) to contribute up to 2 percent of \$120 annually into each eligible employee’s account. Employees are eligible to participate in the RHRA after completion of probation, which is generally six months after the date of hire, and through separation from the District. Employees are not required or allowed to contribute to the RHRA. As of June 30, 2024 and 2023, the District contributed \$172 and \$150 to the RHRA, respectively.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 11 – Other Postemployment Benefits – Retiree Health Care (Continued)

A. General Information about the Other Postemployment Benefits Plan (Continued)

Benefits Provided - The District provides dental benefits to employees who retired from District service and their eligible dependents at the same cost as for active employees. Benefits related costs are not shared with inactive employees. Union employees hired after April 1, 1984 must have at least 10 years of service with the District and be at minimum age 50 at retirement to receive this benefit. Union employees hired after April 1, 1988 must have 15 years of service with the District and be at minimum age 50 at retirement to receive this benefit. MCP employees hired on or after August 1, 2002, must have 15 years of service with the District and be at minimum age 50 at retirement in order to receive this retiree benefit. Benefit provisions under OPEB are established or may be amended by State statute and District resolution.

Union employees hired on or after January 1, 2009 shall not be eligible to participate in the District’s retiree dental plan upon their retirement from the District. MCP employees hired on or after April 1, 2009 shall not be eligible to participate in the District’s retiree dental plan upon their retirement from the District.

The District provides vision benefits to employees who retire from District service and their eligible dependents at the same cost as for active employees. Union employees hired after April 2, 1984 must have at least 10 years of service with the District and be at minimum age 50 at retirement to receive this benefit. Union employees hired after April 1, 1988 must have 15 years of service with the District and be at minimum age 50 at retirement to receive this benefit. MCP employees hired on or after August 1, 2002 must have 15 years of service with the District and be at minimum age 50 at retirement in order to receive this retiree benefit. All employees hired on or after April 1, 2009, shall not be eligible to participate in the District’s retiree vision plan upon retirement from the District.

The District provides health care benefits as described above for the surviving spouse and eligible dependents of a retiree so long as they meet the eligibility requirements. The District provides life insurance at a flat \$2 benefit for union retirees and a flat \$4 benefit for MCP retirees. All employees hired on or after April 1, 2009 shall not be eligible for retiree life insurance.

At June 30, 2024 and 2023, the following employees were covered by the benefit terms:

	2024	2023
Inactive employees or beneficiaries receiving benefits	227	217
Inactive employees entitled to but not yet receiving benefits	4	7
Active members	183	191
Total	414	415

Contributions – The District makes contributions on an actuarial basis, funding the full Actuarially Determined Contributions (ADC). For the fiscal years ended June 30, 2024 and June 30, 2023, the District contributed \$3,040 and \$2,994, respectively. District employees are not required to contribute to the plan. In addition to the required contributions, the District made supplementary payments in the fiscal years ended June 30, 2024 and 2023 of \$1,933 and \$1,650, respectively. These supplementary contributions were made to finance the unfunded accrued liability.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 11 – Other Postemployment Benefits – Retiree Health Care (Continued)

B. Net OPEB Liability

The District’s net OPEB liability is measured as the total OPEB liability, less the OPEB plan’s fiduciary net position. The net OPEB liability as of June 30, 2024 and 2023 were measured as of June 30, 2023 and 2022 (measurement date), using a bi-annual actuarial valuation as of June 30, 2023 and June 30, 2021 (valuation date), respectively. A summary of principal actuarial assumptions and methods used to determine the total OPEB liability is as follows:

Actuarial Assumptions – The total OPEB liability was determined using the following actuarial assumptions:

	2024	2023
Valuation Date	June 30, 2023	June 30, 2021
Measurement Date	June 30, 2023	June 30, 2022
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Discount Rate	6.10%	6.10%
Inflation	2.50%	2.50%
Salary Increases	3.00%	3.00%
Medical trend	6.2% for 2025, decreasing to an ultimate rate of 3.9% in 2075 and later years	5.7% for 2022, decreasing to an ultimate rate of 4.0% in 2076 and later years
Investment Rate of Return ⁽¹⁾	6.10%	6.10%
Mortality ⁽²⁾	Derived using the MacLeod Watts Scale 2022	Derived using the MacLeod Watts Scale 2022

⁽¹⁾ Net of plan investment expenses

⁽²⁾ The MacLeod Watts Scale 2022 was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2021 Report, published in October 2021 and (2) the demographic assumptions used in the 2021 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published August 2021.

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2024 and June 30, 2023 was 6.10% and 6.10%, respectively. The projection of cash flows used to determine the discount rate assumed that District contributions will be made equal to the actuarially determined contribution. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 11 – Other Postemployment Benefits – Retiree Health Care (Continued)

B. Net OPEB Liability (Continued)

The long-term expected rate of return on OPEB plan investments was 6.10% and 6.10% for fiscal years ended June 30, 2024 and 2023, respectively. The asset class target allocation and best estimate of geometric real rates of return for each major asset class as of June 30, 2023 measurement date is summarized in the following table.

Asset Class	Assumed Asset Allocation	Expected Real Return Years 1 - 5*	Expected Real Return Years 6-20*
Global Equity	49.00%	4.40%	4.50%
Fixed Income	23.00%	-1.00%	2.20%
REITs	20.00%	3.00%	3.90%
TIPS	5.00%	-1.80%	1.30%
Commodities	3.00%	0.80%	1.20%
Total	<u>100.00%</u>		

*An assumed inflation of 2.50% used for this period

The asset class target allocation and best estimate of geometric real rates of return for each major asset class as of June 30, 2022 measurement date is summarized in the following table.

Asset Class	Assumed Asset Allocation	Expected Real Return Years 1 - 5*	Expected Real Return Years 6-20*
Global Equity	49.00%	4.40%	4.50%
Fixed Income	23.00%	-1.00%	2.20%
REITs	20.00%	3.00%	3.90%
TIPS	5.00%	-1.80%	1.30%
Commodities	3.00%	0.80%	1.20%
Total	<u>100.00%</u>		

*An assumed inflation of 2.50% used for this period

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 11 – Other Postemployment Benefits – Retiree Health Care (Continued)

C. Changes in the Net OPEB Liability

The following table shows the changes in the net OPEB liability for the fiscal year ended June 30, 2024.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2023	\$ 66,492	\$ 42,120	\$ 24,372
Changes in the year:			
Service cost	1,490	-	1,490
Interest on the total OPEB liability	4,043	-	4,043
Contributions from the employer	-	4,644	(4,644)
Net investment income	-	2,606	(2,606)
Benefit payments, including refunds of employee contributions	(3,415)	(3,415)	-
Administrative expense	-	(13)	13
Changes in Investment	-	313	(313)
Changes in Plan	994	-	994
Changes in assumptions	(2,053)	-	(2,053)
Net changes	<u>1,059</u>	<u>4,135</u>	<u>(3,076)</u>
Balance at June 30, 2024	<u>\$ 67,551</u>	<u>\$ 46,255</u>	<u>\$ 21,296</u>

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 11 – Other Postemployment Benefits – Retiree Health Care (Continued)

C. Changes in the Net OPEB Liability (Continued)

The following table shows the changes in the net OPEB liability for the fiscal year ended June 30, 2023:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2022	\$ 63,710	\$ 47,493	\$ 16,217
Changes in the year:			
Service cost	1,420	-	1,420
Interest on the total OPEB liability	3,926	-	3,926
Changes in assumptions	648	-	648
Contributions from the employer	-	4,596	(4,596)
Net investment income	-	(6,744)	6,744
Benefit payments, including refunds of employee contributions	(3,212)	(3,212)	-
Administrative expense	-	(13)	13
Net changes	<u>2,782</u>	<u>(5,373)</u>	<u>8,155</u>
Balance at June 30, 2023	<u>\$ 66,492</u>	<u>\$ 42,120</u>	<u>\$ 24,372</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the District as of the June 30, 2023 and June 30, 2022 measurement dates, calculated using the discount rate of 6.10 percent and 6.10 percent as of the measurement dates, respectively, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the rate at the measurement dates:

	Discount Rate - 1%	Current Discount	Discount Rate + 1%
<u>Net OPEB Liability</u>	<u>5.10%</u>	<u>6.10%</u>	<u>7.10%</u>
June 30, 2023 measurement date	\$ 29,864	\$ 21,296	\$ 14,197
<u>Net OPEB Liability</u>	<u>5.10%</u>	<u>6.10%</u>	<u>7.10%</u>
June 30, 2022 measurement date	\$ 33,377	\$ 24,372	\$ 16,932

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates.

	Healthcare Trend Rate - 1%	Healthcare Cost Trend Rate	Healthcare Trend Rate + 1%
<u>Net OPEB Liability</u>			
June 30, 2023 measurement date	\$ 13,674	\$ 21,296	\$ 30,582
June 30, 2022 measurement date	\$ 16,611	\$ 24,372	\$ 33,861

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CalPERS financial report.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 11 – Other Postemployment Benefits – Retiree Health Care (Continued)

D. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal years ended June 30, 2024 and 2023, the District recognized OPEB expense of \$3,820 and \$3,462 for the Retiree Health Care OPEB plan, and \$44 and \$40 for the MCP Bonus Program, respectively. Total OPEB expense for all plans for fiscal years ended June 30, 2024 and 2023 was \$3,864 and \$3,502, respectively. Refer to Note 12 for more information on the MCP Bonus Program.

At June 30, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 4,973	\$ -
Changes of Assumptions	2,407	(1,686)
Differences between expected and actual experiences	816	(942)
Net differences between projected and actual earnings on plan investments	2,422	-
Total	<u>\$ 10,618</u>	<u>\$ (2,628)</u>

June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 4,644	\$ -
Changes of Assumptions	3,853	-
Differences between expected and actual experiences	-	(1,720)
Net differences between projected and actual earnings on plan investments	3,136	-
Total	<u>\$ 11,633</u>	<u>\$ (1,720)</u>

The \$4,973 and \$4,644 reported as deferred outflows of resources at June 30, 2024 and 2023, respectively, relates to contributions made subsequent to the District's measurement date. This amount will be recognized as a reduction of the net OPEB liability in the fiscal years ended June 30, 2025 and 2024, respectively. The other amounts reported as deferred outflows of resources and deferred inflows of resources will be amortized annually and recognized as an increase or reduction to OPEB expense, for the years ending June 30 as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 793
2026	558
2027	1,980
2028	(204)
2029	(110)
Total	<u>\$ 3,017</u>

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 12 – Other Postemployment Benefits – MCP Bonus Program

A. General Information about the MCP Bonus Program

Plan Description - The MCP Bonus Program (Program) is a single-employer defined benefit plan, which provides a retirement bonus to eligible employees in the Management/ Confidential/ Professional (MCP) group hired or promoted by the District before January 1, 2001. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided - The retirement bonus is paid upon termination of the employee’s District employment, but only if one of the following conditions is satisfied: (1) the employee retires from service under CalPERS; (2) the termination is due to the employee’s death; or (3) upon terminating, the employee retires under CalPERS due to disability. The program is a deferred compensation arrangement subject to Internal Revenue Code sections 457(f) and 409A.

At retirement, members of the MCP group that were hired before July 1, 1994 are eligible for a retirement bonus calculated at the rate of 3 working days per each full 6 months of continuous service to the District. The bonus is based on the employee’s pay rate at the time of retirement. If an employee who is eligible for service retirement dies, his/her designated beneficiary will receive the employee’s retirement bonus. Employees hired on or after July 1, 1994, shall receive the retirement bonus based on the following: 2 days per year after 10 years of service; 4 days per year after 15 years of service; and 6 days per year after 20 years of service. On January 1, 2001, the District closed the program to new participants. Employees hired or promoted to MCP classifications prior to January 1, 2001 are still eligible for the retirement bonus. At June 30, 2024 and 2023, the District had 4 and 6 eligible members, respectively, in this closed program.

Contributions - The District makes contributions on a pay-as-you-go basis, funding the full amount of the retirement bonus to the employee upon termination of employment with the District. For the fiscal years ended June 30, 2024 and June 30, 2023, the District contributed \$245 and \$108, respectively. District employees are not required to contribute to the program.

B. Net OPEB Liability for the MCP Bonus Program

The District’s total OPEB liability for the Program is measured as the total OPEB liability, less the Program’s fiduciary net position. The Program’s net OPEB liability as of June 30, 2024 and 2023 were measured as of June 30, 2023 and 2022 (measurement date), using a bi-annual actuarial valuation of June 30, 2023 and June 30, 2021, respectively. A summary of principal assumptions and methods used to determine the net OPEB liability for the Program is as follows:

Actuarial Assumptions - The total OPEB liability for the Program was determined using the following actuarial assumptions:

	2024	2023
Valuation Date	June 30, 2023	June 30, 2021
Measurement Date	June 30, 2023	June 30, 2022
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Discount Rate	3.65%	3.54%
Inflation	2.50%	2.50%
Salary Increases	3.00%	3.00%
Mortality	Lump sum payable at retirement	Lump sum payable at retirement

Discount Rate - The discount rate was based on the Bond Buyer General Obligation 20-Minicipal Bond Index.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 12 – Other Postemployment Benefits – MCP Bonus Program (Continued)

C. Changes in the Net OPEB Liability for the MCP Bonus Program

The following table shows the changes in the net OPEB liability for the Program for the fiscal year ended June 30, 2024.

	Net OPEB Liability
Balance at July 1, 2023	\$ 755
Changes in the year:	
Service cost	26
Interest on the total OPEB liability	26
Changes in assumptions	(1)
Differences between expected and actual experience	3
Benefit payments	(108)
Net changes	(54)
Balance at June 30, 2024	\$ 701

The following table shows the changes in the net OPEB liability for the Program for the fiscal year ended June 30, 2023.

	Net OPEB Liability
Balance at July 1, 2022	\$ 1,149
Changes in the year:	
Service cost	30
Interest on the total OPEB liability	21
Changes in assumptions	(25)
Benefit payments	(420)
Net changes	(394)
Balance at June 30, 2023	\$ 755

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the District as of June 30, 2023 and 2022 measurement dates, calculated using the discount rate of 3.65 and 3.54 percent, respectively, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the discount rate at the measurement dates:

	Discount Rate - 1% 2.65%	Current Discount 3.65%	Discount Rate + 1% 4.65%
Net OPEB Liability			
June 30, 2023 measurement date	\$ 712	\$ 701	\$ 689
	Discount Rate - 1% 2.54%	Current Discount 3.54%	Discount Rate + 1% 4.54%
Net OPEB Liability			
June 30, 2022 measurement date	\$ 774	\$ 755	\$ 735

The total OPEB liability of the Program is not dependent on healthcare trend.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 12 – Other Postemployment Benefits – MCP Bonus Program (Continued)

D. MCP Bonus Program OPEB Expense and Deferred Outflows/Inflows of Resources

For the fiscal years ended June 30, 2024 and 2023, the District recognized an OPEB expense of \$44 and \$40, respectively, for the Program. At June 30, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 245	\$ -
Changes of assumptions	14	(26)
Differences between expected and actual experiences	4	-
Total	\$ 263	\$ (26)
June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 108	\$ -
Changes of assumptions	20	(40)
Differences between expected and actual experiences	3	-
Total	\$ 131	\$ (40)

The \$245 and \$108 reported as deferred outflows at June 30, 2024 and 2023, respectively, relate to contributions made subsequent to the District's measurement date. This amount will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2025 and 2024, respectively.

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Program will be recognized in future OPEB expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	(4)
2026	-
2027	(1)
2028	(3)
2029	-
Total	\$ (8)

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 12 – Other Postemployment Benefits – MCP Bonus Program (Continued)

E. Summary of Other Postemployment Benefits – Retiree Health Care and MCP Bonus Program

The table below summarizes the OPEB balances and related deferred items for the Retiree Health Care and MCP Bonus Program.

	As of June 30, 2024			As of June 30, 2023		
	Retiree Health	MCP Bonus	Total	Retiree Health	MCP Bonus	Total
	Care	Program		Care	Program	
OPEB Liability	\$ 21,296	\$ 701	\$ 21,997	\$ 24,372	\$ 755	\$ 25,127
Deferred Outflows related to OPEB						
OPEB contributions subsequent to measurement date	\$ 4,973	\$ 245	\$ 5,218	\$ 4,644	\$ 108	\$ 4,752
Changes of assumptions	2,407	14	2,421	3,853	20	3,873
Differences between expected and actual experience	816	4	820	-	3	3
Net differences between projected and actual earnings	2,422	-	2,422	3,136	-	3,136
Total Deferred Outflows related to OPEB	\$ 10,618	\$ 263	\$ 10,881	\$ 11,633	\$ 131	\$ 11,764
Deferred Inflows related to OPEB						
Changes of assumptions	\$ (1,686)	\$ (26)	\$ (1,712)	\$ -	\$ (40)	\$ (40)
Differences between expected and actual experience	(942)	-	(942)	(1,720)	-	(1,720)
Total Deferred Inflows related to OPEB	\$ (2,628)	\$ (26)	\$ (2,654)	\$ (1,720)	\$ (40)	\$ (1,760)

Note 13 – Litigation

In the normal course of business, the District is a defendant in various lawsuits. Defense of the lawsuits is being handled by the District's insurance carriers and most losses are expected to be covered by insurance. The District does not have any outstanding claims, which are covered by insurance, that have a deductible amount. There are a few cases currently in progress for which the potential losses would not be covered by the District's insurance provisions. However, the existence of such losses and possible ranges of exposure are not determinable for these cases at this time.

In the normal course of business, the District is also sometimes the plaintiff in various lawsuits. Possible financial gains to the District as a result of such litigation are uncertain and not determinable at this time. Of note, the District is a plaintiff in multi-district litigation against 3M Company, DuPont De Nemours and Company, and other defendants seeking to recover damages caused by the defendants as a result of PFAS chemicals in the District's water supply. At this point, the amount of potential damages that the District might recover is uncertain.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2024 and 2023
(Dollars in thousands)

Note 14 – Summarized Financial Information of Blended Component Units

The Alameda County Water District Financing Authority (Authority) is a joint powers authority that issues debt for the benefit of the District and is accounted for as a component unit of the District. The revenues and expenses of the Authority are eliminated upon consolidation with the District. The Authority's summary financial information as of June 30, 2024 and 2023 and for the years then ended is as follows:

	<u>2024</u>	<u>2023</u>
Assets:		
Current Assets	\$ 220	\$ 234
Debt service installment receivable, current	3,672	3,527
Debt service installment receivable, noncurrent	65,230	68,925
Total Assets	<u>69,122</u>	<u>72,686</u>
Liabilities		
Current Liabilities	220	234
Long-term debt, due within one year	3,672	3,527
Long-term debt, due in more than one year	64,835	68,507
Total Liabilities	<u>68,727</u>	<u>72,268</u>
Deferred Inflows of resources		
Deferred charge on refunding	395	418
Net Position	<u>\$ -</u>	<u>\$ -</u>
Revenues and expenses:		
Revenues:		
Debt service contributions	\$ 5,918	\$ 5,964
Interest Income	5	5
Total Revenues	<u>5,923</u>	<u>5,969</u>
Interest expense and amortization	5,923	5,969
Cost of issuance expense	-	-
Total Expenses	<u>5,923</u>	<u>5,969</u>
Change in Net Position	-	-
Net Position, beginning	-	-
Net position, ending	<u>\$ -</u>	<u>\$ -</u>
Cash Flows:		
Net cash used by noncapital financing activities		
Principal Paid on debt	\$ (3,165)	\$ (2,770)
Interest paid on bonds	(2,759)	(3,195)
Debt Service Contributions	5,924	5,965
Transfer to ACWD	(6)	(1)
Net cash used by noncapital financing activities	<u>(6)</u>	<u>(1)</u>
Net cash provided by investing activities	4	5
Net change in cash and cash equivalents	(2)	4
Cash and cash equivalents, beginning	4	-
Cash and cash equivalents, ending	<u>\$ 2</u>	<u>\$ 4</u>

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Alameda County Water District
Required Supplementary Information (Unaudited)
Schedules of Changes in Net Pension Liability and Related Ratios*
(Dollars in thousands)

Defined Benefit Plan

Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Total pension liability										
Service cost	\$ 5,915	\$ 5,794	\$ 5,233	\$ 5,071	\$ 5,298	\$ 4,994	\$ 4,965	\$ 4,373	\$ 4,405	\$ 4,362
Interest on total pension liability	21,392	20,189	19,954	19,152	18,437	17,594	17,393	16,868	16,216	15,453
Changes in assumptions	-	3,744	-	-	-	(8,036)	14,961	-	(4,141)	-
Differences between expected and actual experience	6,944	(1,285)	809	(548)	999	(263)	(3,129)	(2,173)	(377)	-
Benefit payments, including refunds of employee contributions	(16,226)	(14,886)	(13,938)	(13,864)	(12,284)	(11,608)	(10,939)	(10,267)	(9,527)	(9,246)
Net change in total pension liability	18,025	13,556	12,058	9,811	12,450	2,681	23,251	8,801	6,576	10,569
Total pension liability - beginning	308,234	294,678	282,620	272,809	260,359	257,678	234,427	225,626	219,050	208,481
Total pension liability - ending	\$ 326,259	\$ 308,234	\$ 294,678	\$ 282,620	\$ 272,809	\$ 260,359	\$ 257,678	\$ 234,427	\$ 225,626	\$ 219,050
Plan fiduciary net position										
Contributions - Employer	\$ 14,689	\$ 14,652	\$ 14,659	\$ 14,718	\$ 14,935	\$ 10,882	\$ 7,130	\$ 6,518	\$ 6,023	\$ 5,747
Contributions - Employee	2,275	2,220	2,199	2,227	2,140	2,142	2,009	1,938	1,955	2,587
Net investment income	15,670	(20,726)	50,212	10,427	12,570	14,754	17,349	837	3,485	23,005
Benefit payments, including refunds of employee contributions	(16,226)	(14,886)	(13,938)	(13,864)	(12,284)	(11,608)	(10,939)	(10,267)	(9,527)	(9,246)
Administrative expense	(184)	(168)	(216)	(286)	(132)	(266)	(229)	(95)	(176)	-
Other miscellaneous expense	-	-	-	-	-	(504)	-	-	-	-
Net change in plan fiduciary net position	16,224	(18,908)	52,916	13,222	17,229	15,400	15,320	(1,069)	1,760	22,093
Plan fiduciary net position - beginning	250,284	269,192	216,276	203,054	185,825	170,425	155,105	156,174	154,414	132,321
Plan fiduciary net position - ending	\$ 266,508	\$ 250,284	\$ 269,192	\$ 216,276	\$ 203,054	\$ 185,825	\$ 170,425	\$ 155,105	\$ 156,174	\$ 154,414
Plan net pension liability - ending	\$ 59,751	\$ 57,950	\$ 25,486	\$ 66,344	\$ 69,755	\$ 74,534	\$ 87,253	\$ 79,322	\$ 69,452	\$ 64,636
Plan fiduciary net position as a percentage of the total pension liability	81.69%	81.20%	91.35%	76.53%	74.43%	71.37%	66.14%	66.16%	69.22%	70.49%
Covered payroll	\$ 29,441	\$ 28,885	\$ 27,835	\$ 26,451	\$ 27,249	\$ 25,856	\$ 24,682	\$ 24,306	\$ 24,347	\$ 22,948
Plan net pension liability as a percentage of covered payroll	202.95%	200.62%	91.56%	250.82%	255.99%	288.27%	353.51%	326.35%	285.26%	281.66%

Notes to Schedule:

Benefit changes – The figures above generally include any liability impact that may have resulted from voluntary benefit changes, which occurred on or before the measurement dates. However, offers of Two Years Additional Service Credit (a.k.a Golden Handshakes) that occurred after the Valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023.

The impact, if any, is included in the changes of benefit terms.

Changes in assumptions – There were no assumption changes in fiscal year 2024. The discount rate remained unchanged from prior year at 6.90%

In fiscal year 2023, demographic assumptions and inflation rates were changed in accordance to the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The discount rate was changed to 6.90%.

No changes for fiscal years 2020 to 2022. In fiscal year 2019, demographic assumptions and inflation rates were changed

in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. The discount rate was changed as follows:

Fiscal year 2015 based on 7.50 percent (net of administrative expense), fiscal years 2016 and 2017 increased to 7.65 percent (without a reduction

for pension plan administrative expense). Fiscal years 2018 to 2022 reduced to 7.15 percent.

Alameda County Water District
Required Supplementary Information (Unaudited)
Schedules of Employer Pension Contributions*
(Dollars in thousands)

Defined Benefit Plan

Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution (ADC)	\$ 7,697	\$ 9,096	\$ 9,187	\$ 9,153	\$ 8,743	\$ 8,059	\$ 7,861	\$ 7,130	\$ 6,518	\$ 6,023
Contributions in relation to the ADC	(15,026)	(14,698)	(14,652)	(14,659)	(14,718)	(14,935)	(10,882)	(7,130)	(6,518)	(6,023)
Contribution deficiency (excess)	\$ (7,329)	\$ (5,602)	\$ (5,465)	\$ (5,506)	\$ (5,975)	\$ (6,876)	\$ (3,021)	\$ -	\$ -	\$ -
Covered payroll	\$ 29,865	\$ 29,441	\$ 28,885	\$ 27,835	\$ 26,451	\$ 27,249	\$ 25,856	\$ 24,682	\$ 24,306	\$ 24,347
Contributions as a percentage of covered payroll	50.314%	49.925%	50.726%	52.665%	55.644%	54.810%	42.088%	28.888%	26.817%	24.739%

Methods and assumptions used to determine contributions:

ADC for each fiscal year was established by an actuarial valuation report for the fiscal years as follows:

ADC for fiscal year	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarial valuation date:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Actuarial cost method	Entry Age Normal Cost Method									
Asset valuation method	15 year									
Inflation	2.30%	2.50%	2.50%	2.50%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and service									
Investment rate of return (net of pension plan investment and administrative expenses)	6.90%	7.00%	7.00%	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age	Fiscal Year 2024 - The probabilities of Retirement are based on the 2021 CalPERS Experience Study for the period 2000 to 2019 Fiscal Years 2015 to 2023 - The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.									
Mortality	Fiscal Years 2024 - The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2000 to 2019 Pre-retirement and Post-retirement mortality rates include annual projected mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. Fiscal Years 2015 to 2023 - The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include annual projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.									

Alameda County Water District
Required Supplementary Information (Unaudited)
Schedules of Changes in Net OPEB Liability and Related Ratios*
(Dollars in thousands)

Other Postemployment Benefits – Retiree Health Care

Fiscal Year	2024	2023	2022	2021	2020	2019	2018
Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB liability							
Service cost	\$ 1,490	\$ 1,420	\$ 1,204	\$ 1,169	\$ 1,539	\$ 1,393	\$ 1,353
Interest on total OPEB liability	4,043	3,926	3,983	3,850	3,669	3,506	3,361
Changes to benefit terms	-	-	-	-	-	-	-
Changes in assumptions	994	648	4,026	-	3,112	-	-
Differences between expected and actual experience	(2,053)	-	(1,752)	-	(2,431)	-	-
Benefit payments, including refunds of employee contributions	(3,415)	(3,212)	(3,118)	(3,052)	(2,616)	(2,633)	(2,581)
Net change in total OPEB liability	1,059	2,782	4,343	1,967	3,273	2,266	2,133
Total OPEB liability - beginning	66,492	63,710	59,367	57,400	54,127	51,861	49,728
Total OPEB liability - ending	\$ 67,551	\$ 66,492	\$ 63,710	\$ 59,367	\$ 57,400	\$ 54,127	\$ 51,861
Plan fiduciary net position							
Contributions - Employer	\$ 4,644	\$ 4,596	\$ 4,558	\$ 6,274	\$ 5,134	\$ 6,617	\$ 4,319
Net investment income	2,919	(6,744)	10,805	1,240	1,841	2,020	2,077
Benefit payments, including refunds of employee contributions	(3,415)	(3,212)	(3,118)	(3,052)	(2,616)	(2,633)	(2,581)
Administrative expense	(13)	(13)	(15)	(18)	(6)	(41)	(11)
Net change in plan fiduciary net position	4,135	(5,373)	12,230	4,444	4,353	5,963	3,804
Plan fiduciary net position - beginning	42,120	47,493	35,263	30,819	26,466	20,503	16,699
Plan fiduciary net position - ending	\$ 46,255	\$ 42,120	\$ 47,493	\$ 35,263	\$ 30,819	\$ 26,466	\$ 20,503
Plan net OPEB liability - ending	\$ 21,296	\$ 24,372	\$ 16,217	\$ 24,104	\$ 26,581	\$ 27,661	\$ 31,358
Plan fiduciary net position as a percentage of the total OPEB liability	68.47%	63.35%	74.55%	59.40%	53.69%	48.90%	39.53%
Covered-employee payroll	\$ 38,150	\$ 39,176	\$ 36,831	\$ 34,876	\$ 36,032	\$ 32,481	\$ 32,825
Plan net OPEB liability as a percentage of covered-employee payroll	55.82%	62.21%	44.03%	69.11%	73.77%	85.16%	95.53%

Notes to Schedule:

Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Valuation Date	6/30/2023	6/30/2021	6/30/2021	6/30/2019	6/30/2019	6/30/2017	6/30/2017
Discount Rate	6.10%	6.10%	6.18%	6.75%	6.75%	6.75%	7.25%
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%
Healthcare cost trend rates	6.2% in 2025, decreasing to 3.9% in 2075	5.7% in 2022, fluctuating to 4% in 2076	5.7% in 2022, fluctuating to 4% in 2076	6.5% in 2021, decreasing to an ultimate rate of 4% in 2076	6.5% in 2021, decreasing to an ultimate rate of 4% in 2076	7.5% in 2019, decreasing to an ultimate rate of 4% in 2076	7.5% in 2019, decreasing to an ultimate rate of 4% in 2076
Salary Increases	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Investment rate of return	6.10%	6.10%	6.18%	6.75%	6.75%	6.75%	6.75%
Retirement Age	50 to 75	50 to 75	50 to 75	50 to 75	50 to 75	50 to 75	50 to 75
Mortality	CalPERS 2021 study	CalPERS 2017 study	CalPERS 2017 study	CalPERS 2017 study	CalPERS 2017 study	CalPERS 2015 study	CalPERS 2015 study
Mortality Improvement	MacLeod Watts Scale 2022	MacLeod Watts Scale 2022	MacLeod Watts Scale 2022	MacLeod Watts Scale 2018	MacLeod Watts Scale 2018	Scale MP-2017	Scale MP-2017

*Historical information is presented for measurement periods for which GASB Statement No 75 is applicable. The fiscal year ended June 30, 2018 was the first year of implementation.

For future years' information, up to ten years, will be displayed as information becomes available

Alameda County Water District
Required Supplementary Information (Unaudited)
Schedules of Changes in Net OPEB Liability and Related Ratios (Continued)*
(Dollars in thousands)

Other Postemployment Benefits – MCP Bonus Program

Fiscal Year	2024	2023	2022	2021	2020	2019	2018
Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB liability							
Service cost	\$ 26	\$ 30	\$ 41	\$ 33	\$ 42	\$ 50	\$ 54
Interest on total OPEB liability	26	21	25	39	54	56	46
Changes in assumptions	(1)	(25)	-	36	(36)	(13)	(38)
Differences between expected and actual experience	3	-	4	-	-	-	-
Benefit payments, including refunds of employee contributions	(108)	(420)	-	(186)	(501)	-	(255)
Net change in total OPEB liability	(54)	(394)	70	(78)	(441)	93	(193)
Total OPEB liability - beginning	755	1,149	1,079	1,157	1,598	1,505	1,698
Total OPEB liability - ending	\$ 701	\$ 755	\$ 1,149	\$ 1,079	\$ 1,157	\$ 1,598	\$ 1,505
Covered-employee payroll	\$ 1,122	\$ 1,195	\$ 1,953	\$ 1,871	\$ 2,092	\$ 3,269	\$ 3,335
Plan net OPEB liability as a percentage of covered-employee payroll	62.48%	63.18%	58.83%	57.67%	55.31%	48.88%	45.13%

Notes to Schedule:

Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Valuation Date	6/30/2023	6/30/2021	6/30/2021	6/30/2019	6/30/2019	6/30/2017	6/30/2017
Discount Rate	3.65%	3.54%	2.16%	2.21%	3.51%	3.87%	3.58%
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal				
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%
Salary Increases	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Retirement Age	60, or 2 years from valuation date if longer	60, or 2 years from valuation date if longer	60, or 2 years from valuation date if longer	60, or 2 years from valuation date if longer	60, or 2 years from valuation date if longer	50 to 75	50 to 75
Mortality	Lump sum payable at retirement	Lump sum payable at retirement	Lump sum payable at retirement				

*Historical information is presented for measurement periods for which GASB Statement No 75 is applicable. The fiscal year ended June 30, 2018 was the first year of implementation.

For future years' information, up to ten years, will be displayed as information becomes available

**There are no assets accumulated in a trust that meets the criteria of GASB codification P52.101 to pay related benefits for the MCP Bonus Program.

Alameda County Water District
Required Supplementary Information (Unaudited)
Schedules of Employer OPEB Contributions*
(Dollars in thousands)

Other Postemployment Benefits – Retiree Health Care

Fiscal Year	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution (ADC)	\$ 3,040	\$ 2,919	\$ 3,078	\$ 3,408	\$ 3,308	\$ 3,503	\$ 4,101
Contributions in relation to the ADC	(4,973)	(4,644)	(4,596)	(4,558)	(6,274)	(5,134)	(6,617)
Contribution deficiency (excess)	\$ (1,933)	\$ (1,725)	\$ (1,518)	\$ (1,150)	\$ (2,966)	\$ (1,631)	\$ (2,516)
Covered-employee payroll	\$ 38,880	\$ 38,150	\$ 39,176	\$ 36,831	\$ 34,876	\$ 36,032	\$ 32,481
Contributions as a percentage of covered-employee payroll	12.79%	12.17%	11.73%	12.38%	17.99%	14.25%	20.37%

Methods and assumptions used to determine contributions:

Valuation Date	6/30/2023	6/30/2021	6/30/2021	6/30/2019	6/30/2019	6/30/2017	6/30/2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay
Amortization Period	Average 13.6 Closed	Average 13.9 Closed	Average 14.9 Closed	13 Years Closed	13 Years Closed	21 Years Closed	20 Years Fixed
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.75%	3.00%
Healthcare cost trend rates	6.2% in 2025, decreasing to 3.9% in 2075	5.7% in 2022, fluctuating to 4% in 2076	5.7% in 2022, fluctuating to 4% in 2076	6.5% in 2021, decreasing to an ultimate rate of 4% in 2076	6.5% in 2021, decreasing to an ultimate rate of 4% in 2076	7.5% in 2019, decreasing to an ultimate rate of 4% in 2076	7.5% in 2019, decreasing to an ultimate rate of 4% in 2076
Salary Increases	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.25%
Investment rate of return	6.10%	6.75%	6.75%	6.75%	6.75%	6.75%	7.25%
Mortality	CalPERS 2021 study	CalPERS 2017 study	CalPERS 2017 study	CalPERS 2017 study	CalPERS 2017 study	CalPERS 2015 study	CalPERS 2011 study
Mortality Improvement	MacLeod Watts Scale 2022	MacLeod Watts Scale 2022	MacLeod Watts Scale 2022	MacLeod Watts Scale 2018	MacLeod Watts Scale 2018	Scale MP-2017	Scale MP-14; 15 yr convergence in 2022

*Historical information is presented for measurement periods for which GASB Statement No 75 is applicable. The fiscal year ended June 30, 2018 was the first year of implementation. For future years' information, up to ten years, will be displayed as information becomes available

Alameda County Water District
Required Supplementary Information (Unaudited)
Schedules of Employer OPEB Contributions (Continued)*
(Dollars in thousands)

Other Postemployment Benefits – MCP Bonus Program

Fiscal Year	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution (ADC)	\$ 245	\$ 108	\$ 420	\$ -	\$ 186	\$ 501	\$ -
Contributions in relation to the ADC	(245)	(108)	(420)	-	(186)	(501)	-
Contribution deficiency (excess)	<u>\$ -</u>						
Covered-employee payroll	\$ 1,300	\$ 1,365	\$ 1,195	\$ 1,953	\$ 1,871	\$ 2,092	\$ 3,269
Contributions as a percentage of covered-employee payroll	18.846%	7.912%	35.146%	0.000%	9.942%	23.949%	0.000%

Methods and assumptions used to determine contributions:

ADC for each fiscal year was established by an actuarial valuation report for the fiscal years as follows:

ADC for fiscal year	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Valuation date:	June 30, 2023	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2015
Discount rate	3.65%	3.54%	2.16%	2.21%	3.51%	3.51%	3.87%
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.75%
Payroll increases	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Mortality	Lump sum payable at retirement						

Notes:

*Historical information is presented for measurement periods for which GASB Statement No 75 is applicable. The fiscal year ended June 30, 2018 was the first year of implementation.

For future years' information, up to ten years, will be displayed as information becomes available

**There are no assets accumulated in a trust that meets the criteria of GASB codification P52.101 to pay related benefits for the MCP Bonus Program.

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Alameda County Water District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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Financial Trends

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These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

80

These schedules contain information to help the reader assess the District's most significant local revenues source, the water revenues. Also included in this section is information on the District's second significant source of local revenues, the property tax.

Debt Capacity

86

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

89

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

91

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Alameda County Water District
Table 1
Ten Year Summary of Revenues, Expenses and Rate Increases (Unaudited)
(in thousands)

	2014/15	2015/16	2016/17	2017/18	2018/19
OPERATING REVENUES:					
Water Sales	\$ 80,135	\$ 81,776	\$ 86,263	\$ 104,447	\$ 108,576
Facilities Connection Charges	1,920	5,186	11,467	10,428	11,359
Other Revenue	749	840	1,099	736	652
TOTAL OPERATING REVENUES	82,804	87,802	98,829	115,611	120,587
OPERATING EXPENSES:					
Source of Supply:					
Water Purchases	23,659	24,659	23,833	25,559	26,219
Pumping	1,876	1,588	1,389	1,266	1,600
Other	8,189	8,304	8,861	8,615	8,693
Water Treatment	15,646	13,884	14,369	14,885	15,366
Transmission and Distribution	13,552	15,365	15,905	16,223	16,427
Administration of Customer Accounts	1,793	1,473	1,503	1,454	1,895
Administration and General	10,551	11,063	11,988	15,817	13,276
Depreciation and Amortization	13,417	13,974	14,479	13,950	14,060
TOTAL OPERATING EXPENSES	88,683	90,310	92,327	97,769	97,536
NONOPERATING REVENUES (EXPENSES):					
Investment Income (loss)	1,098	2,521	145	179	7,367
Property Taxes	9,547	9,295	10,472	11,289	9,746
Other Revenues	11	310	1,038	413	660
Other Expenses/Loss on Disposal	(2,682)	(2,311)	(2,512)	(2,725)	(2,520)
TOTAL NONOPERATING REVENUES (EXPENSES)	7,974	9,815	9,143	9,156	15,253
Capital Contributions	3,023	5,194	4,112	4,089	8,313
Increase in Net Position	\$ 5,118	\$ 12,501	\$ 19,757	\$ 31,087	\$ 46,617
% Water Rate Increase (of latter FY)	8.00*	-	10.4*	5.00	4.00
Number of Employees (1)	230	230	230	230	233

Source: Alameda County Water District Finance and Administration Department

⁽¹⁾ Employees as of the end of the corresponding fiscal year.

*Average residential customer increase (represents blended commodity and service charge adjustments and applicable surcharges). Refer to Table 8 - Historical Water Rates.

Alameda County Water District
Table 1 (Continued)
Ten Year Summary of Revenues, Expenses and Rate Increases (Unaudited)
(in thousands)

	2019/20	2020/21	2021/22	2022/23	2023/24
OPERATING REVENUES:					
Water Sales	\$ 116,230	\$ 122,388	\$ 121,311	\$ 119,797	\$ 123,368
Facilities Connection Charges	13,952	6,154	9,631	11,165	5,075
Other Revenue	732	1,848	3,870	2,653	3,063
TOTAL OPERATING REVENUES	130,914	130,390	134,812	133,615	131,506
OPERATING EXPENSES:					
Source of Supply:					
Water Purchases	29,579	34,408	35,776	38,757	41,298
Pumping	1,613	1,863	1,904	2,160	2,191
Other	9,041	10,074	10,354	11,077	13,150
Water Treatment	15,777	15,123	15,056	15,641	15,727
Transmission and Distribution	15,990	16,687	18,623	19,093	18,019
Administration of Customer Accounts	2,029	4,573	4,780	5,335	5,104
Administration and General	17,534	20,368	6,169	16,069	24,514
Depreciation and Amortization	14,499	14,734	15,157	15,552	17,240
TOTAL OPERATING EXPENSES	106,062	117,830	107,819	123,684	137,243
NONOPERATING REVENUES (EXPENSES):					
Investment Income (loss)	8,971	187	(7,736)	1,148	7,887
Property Taxes	12,023	12,542	13,603	14,383	15,043
Other Revenues	495	641	668	1,057	806
Other Expenses/Loss on Disposal	(2,238)	(1,518)	(2,213)	(2,878)	(16,517)
TOTAL NONOPERATING REVENUES (EXPENSES)	19,251	11,852	4,322	13,710	7,219
Capital Contributions	13,569	21,129	14,000	19,893	13,865
Increase in Net Position	\$ 57,672	\$ 45,541	\$ 45,315	\$ 43,534	\$ 15,347
% Water Rate Increase (of latter FY)	4.00	-	2.00*	4.00	4.00
Number of Employees (1)	236	236	241	244	244

Source: Alameda County Water District Finance and Administration Department

⁽¹⁾ Employees as of the end of the corresponding fiscal year.

*Average residential customer increase (represents blended commodity and service charge adjustments and applicable surcharges). Refer to Table 8 - Historical Water Rates.

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Alameda County Water District
Table 2
Ten Year Summary of Connection Fees (Unaudited)
(in thousands)

Fiscal Year Ending June 30	Connection Fees (000's)
2015	1,920
2016	5,186
2017	11,467
2018	10,428
2019	11,359
2020	13,952
2021	6,154
2022	9,631
2023	11,165
2024	5,075

Source: Alameda County Water District Finance and Administration Department

Alameda County Water District
Table 3
Ten Year Summary of Net Position (Unaudited)
(in thousands)

	2014/15 ⁽¹⁾	2015/16	2016/17	2017/18 ⁽²⁾	2018/19
NET POSITION:					
Net investment in capital assets	\$ 329,084	\$ 325,051	\$ 324,383	\$ 333,274	\$ 346,877
Restricted for debt service	2,585	2,688	2,623	2,628	2,721
Unrestricted	27,945	44,376	64,866	56,617	89,538
TOTAL	<u>\$ 359,614</u>	<u>\$ 372,115</u>	<u>\$ 391,872</u>	<u>\$ 392,519</u>	<u>\$ 439,136</u>

Source: Alameda County Water District Finance and Administration Department

Note: ⁽¹⁾ The District restated its 2014/15 net position balances to record the impact of the implementation of GASB Statement No. 68.

⁽²⁾ The District restated its 2017/18 net position balances to record the impact of the implementation of GASB Statement No. 75.

Alameda County Water District
Table 3 (Continued)
Ten Year Summary of Net Position (Unaudited)
(in thousands)

	2019/20	2020/21 ⁽³⁾	2021/22 ⁽⁴⁾	2022/23	2023/24
NET POSITION:					
Net investment in capital assets	\$ 370,256	\$ 411,798	\$ 427,907	\$ 465,541	\$ 508,938
Restricted for debt service	-	-	-	-	-
Unrestricted	126,552	132,876	162,082	167,982	139,932
TOTAL	<u>\$ 496,808</u>	<u>\$ 544,674</u>	<u>\$ 589,989</u>	<u>\$ 633,523</u>	<u>\$ 648,870</u>

Source: Alameda County Water District Finance and Administration Department

Note: ⁽³⁾ The District restated its 2020/2021 net position balances to record the impact of the implementation of GASB Statement No. 87 and prior period adjustments to workers' compensation and other miscellaneous benefits liabilities.

⁽⁴⁾ The District restated its 2021/2022 net position balances to record the impact of the implementation of GASB Statement No. 96.

Alameda County Water District
Table 4
Ten Year Summary of Property Tax Levies/Collections (Unaudited)
(in thousands)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Levies:										
1% Tax Allocation	\$ 4,034	\$ 4,611	\$ 5,007	\$ 5,372	\$ 5,763	\$ 6,162	\$ 6,530	\$ 6,845	\$ 7,441	\$ 8,074
State Water Contract Tax	4,717	4,271	4,884	5,373	3,502	5,268	5,327	6,017	5,924	5,976
Total	\$ 8,751	\$ 8,882	\$ 9,891	\$ 10,745	\$ 9,265	\$ 11,430	\$ 11,857	\$ 12,862	\$ 13,365	\$ 14,050
Collections*:										
Collections in the First Period	\$ 9,535	\$ 9,300	\$ 10,332	\$ 10,630	\$ 10,080	\$ 12,478	\$ 12,534	\$ 13,593	\$ 14,412	\$ 15,044
Collection in the First Period Percentage of Levies (%)	109%	105%	104%	99%	109%	109%	106%	106%	108%	107%
Total Collections	\$ 9,535	\$ 9,300	\$ 10,332	\$ 10,630	\$ 10,080	\$ 12,478	\$ 12,534	\$ 13,593	\$ 14,412	\$ 15,044
Total Collections Percentage of Levies	109%	105%	104%	99%	109%	109%	106%	106%	108%	107%

Source: Alameda County Water District Finance and Administration Department

* Collections during the fiscal year include interest, penalties and collections from taxes levied in prior years.

Alameda County Water District
Table 5
Ten Year Summary of Assessed Valuation (Unaudited)
(in thousands)

Fiscal Year	Local Secured	Utility	Unsecured	Total
2014/15	49,570,672	54,995	3,040,221	52,665,888
2015/16	53,069,367	54,995	3,583,125	56,707,487
2016 /17	58,389,837	6,180	3,137,408	61,533,425
2017 /18	62,474,273	12,332	3,373,572	65,860,177
2018/19	67,212,187	12,332	3,346,586	70,571,105
2019/20	71,895,590	12,332	3,621,653	75,529,575
2020/21	76,254,891	11,297	4,075,303	80,341,491
2021/22	79,731,238	15,572	4,436,006	84,182,816
2022/23	86,525,029	15,235	5,252,523	91,792,787
2023/24	92,616,119	15,235	6,890,927	99,522,281

Source: California Municipal Statistics, Inc. and Alameda County Auditor-Controller's Office.

Alameda County Water District
Table 6
Ten Year Summary of Secured Tax Charges and Delinquencies (Unaudited)
(in thousands)

Fiscal Year	Secured Tax Charge (1)	Amount Delinquent June 30	Percent Delinquent June 30
2014/15	4,642	35	0.76
2015/16	4,012	33	0.82
2016/17	5,151	29	0.57
2017/18	5,609	24	0.42
2018/19	5,409	48	0.89
2019/20	5,074	35	0.69
2020/21	5,088	29	0.57
2021/22	5,713	35	0.61
2022/23	5,610	47	0.84
2023/24	5,633	57	1.01

Source: Alameda County Auditor-Controller

⁽¹⁾The figures above include only information provided by the County, which is the State Water Project override “debt service” levy.

Alameda County Water District
Table 7
Ten Year Summary of Schedule of Base Water Rates
BiMonthly Readings and Billings (Unaudited)

	Eff. 5/1 2015	Eff. 4/1 2016	Eff. 3/1 2017	Eff. 3/1 2018	Eff. 3/1 2019	Eff. 3/1 2020	Eff. 3/1 2021	Eff. 3/1 2022	Eff. 3/1 2023	Eff. 3/1 2024
COMMODITY CHARGE/HCF:										
Inside District	\$ 3.373	\$ 3.373	\$ 4.047	\$ 4.249	\$ 4.419	\$ 4.596	\$ 4.596	\$ 4.596	\$ 4.780	\$ 4.970
Outside District	3.878	3.878	4.653	4.885	\$ 5.081	\$ 5.285	\$ 5.285	\$ 5.253	\$ 5.460	\$ 5.680
BIMONTHLY METER SERVICE CHARGE:										
Inside District										
5/8" & 3/4 "	\$ 41.54	\$ 41.54	\$ 49.84	\$ 52.33	\$ 54.43	\$ 56.61	\$ 56.61	\$ 58.94	\$ 61.30	\$ 63.75
1	64.05	64.05	76.86	80.70	83.93	87.29	87.29	94.18	97.95	101.87
1-1/2	120.32	120.32	144.38	151.59	157.66	163.97	163.97	182.25	189.54	197.12
2	187.84	187.84	225.40	236.67	246.14	255.99	255.99	287.95	299.47	311.45
3	401.66	401.66	481.99	506.08	526.33	547.39	547.39	622.64	647.55	673.45
4	716.76	716.76	860.11	903.11	939.24	976.81	976.81	1,115.87	1,160.50	1,206.92
6	1,808.37	1,808.37	2,170.04	2,278.54	2,369.69	2,464.48	2,464.48	2,824.56	2,937.54	3,055.04
8	3,158.81	3,158.81	3,790.57	3,980.09	4,139.30	4,304.88	4,304.88	4,938.41	5,135.95	5,341.38
10	4,734.31	4,734.31	5,681.17	5,965.22	6,203.83	6,451.99	6,451.99	7,404.57	7,700.75	8,008.78
Outside District Water Service										
5/8" & 3/4 " or less	\$ 41.54	\$ 41.54	\$ 49.84	\$ 52.33	\$ 54.43	\$ 56.61	\$ 56.61	\$ 58.94	\$ 61.30	\$ 63.75
1	64.05	64.05	76.86	80.70	83.93	87.29	87.29	94.18	97.95	101.87
1-1/2	120.32	120.32	144.38	151.59	157.66	163.97	163.97	182.25	189.54	197.12
2	187.84	187.84	225.40	236.67	246.14	255.99	255.99	287.95	299.47	311.45
3	401.66	401.66	481.99	506.08	526.33	547.39	547.39	622.64	647.55	673.45
4	716.76	716.76	860.11	903.11	939.24	976.81	976.81	1,115.87	1,160.50	1,206.92
6	1,808.37	1,808.37	2,170.04	2,278.54	2,369.69	2,464.48	2,464.48	2,824.56	2,937.54	3,055.04
8	3,158.81	3,158.81	3,790.57	3,980.09	4,139.30	4,304.88	4,304.88	4,938.41	5,135.95	5,341.38
10	4,734.31	4,734.31	5,681.17	5,965.22	6,203.83	6,451.99	6,451.99	7,404.57	7,700.75	8,008.78
BIMONTHLY CHARGE FOR PRIVATE FIRE SERVICES:										
3/4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7.93	\$ 8.25	\$ 8.58
1	-	-	-	-	-	-	-	8.12	8.44	8.78
2	-	-	-	-	-	-	-	9.97	10.37	10.78
4	14.40	14.40	14.40	14.40	14.40	14.40	14.40	21.46	22.32	23.21
6	19.20	19.20	19.20	19.20	19.20	19.20	19.20	47.57	49.47	51.45
8	24.00	24.00	24.00	24.00	24.00	24.00	24.00	92.59	96.29	100.15
10	28.80	28.80	28.80	28.80	28.80	28.80	28.80	160.32	166.73	173.40
12	33.60	33.60	33.60	33.60	33.60	33.60	33.60	254.19	264.36	274.93
16	43.20	43.20	43.20	43.20	43.20	43.20	43.20	N/A	N/A	N/A

Source: Alameda County Water District Finance and Administration Department

Alameda County Water District
Table 8
Historical Water Rates¹ (Unaudited)

Effective Date	Actual/Approved									
	5/1/2015	4/1/2016	3/1/2017	3/1/2018	3/1/2019	3/1/2020	3/1/2021	3/1/2022	3/1/2023	3/1/2024 ²
Bi-monthly Commodity Charge	\$77.58	\$77.58	\$64.75	\$67.98	\$70.70	\$73.54	\$73.54	\$73.54	\$76.48	\$114.31
Bi-monthly Service Charge	41.54	41.54	49.84	52.33	54.43	56.61	56.61	58.94	61.30	63.75
Drought Surcharge	10.36	10.36	-	-	-	-	-	12.59	13.12	-
TOTAL	\$129.48	\$129.48	\$114.59	\$120.31	\$125.13	\$130.15	\$130.15	\$145.07	\$150.90	\$178.06

Source: Alameda County Water District Finance and Administration Department

Note: ⁽¹⁾ For the average residential customer using 23 hundred cubic feet (HCF) bimonthly prior to fiscal year 2016-2017. Starting in fiscal year 2016-2017 and due to conservation from customers the median residential customer usage decreased to 16 HCF. Using 23 HCF after drought surcharged rescinded effective 4/1/2023.

⁽²⁾ Drought surcharges rescinded by the Board of Directors effective 4/1/2023.

Alameda County Water District
Table 9
Ten Year Summary of Ten Largest Distribution Water Revenue Account (Unaudited)
Ten Year History

(1=Highest to 10=Lowest)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	FY 2024 Water Revenues (000's)
Tesla Motors, Inc.	3	2	3	2	3	3	1	1	1	1	\$ 1,766
City of Fremont	1	1	1	1	1	1	2	3	3	2	1,489
Fremont Unified School District	2	3	2	3	2	2	3	2	2	3	1,229
Lam Research Corporation	-	-	9	8	5	5	5	4	4	4	928
Western Digital Technologies	5	4	5	5	4	4	4	5	5	5	634
Prologis Trust	4	5	4	4	7	6	7	6	7	6	616
Ardenwood Forest Apartments	9	8	7	7	8	8	8	8	6	7	576
City of Newark	-	10	10	-	10	-	-	-	-	8	560
Contempo Homeowners Association	7	7	8	9	9	9	9	9	9	9	508
City of Union City	6	6	6	6	6	7	6	7	8	10	506
New Haven School District	10	-	-	10	-	-	-	-	10	-	-
US Pipe & Foundry Company	-	-	-	-	-	-	-	10	-	-	-
Cargill Salt	-	-	-	-	-	10	10	-	-	-	-
Newark Unified School District	-	-	-	-	-	-	-	-	-	-	-
Seagate Magnetics	-	9	-	-	-	-	-	-	-	-	-
Cook Engineering Inc.	8	-	-	-	-	-	-	-	-	-	-

Source: Alameda County Water District Finance and Administration Department

Alameda County Water District
Table 10
Ten Year Summary of Historical Net Revenues and Debt Service Coverage (Unaudited)
(in thousands)

	2014/15	2015/16	2016/17	2017/18	2018/19
Revenues					
Water Sales	\$ 80,135	\$ 81,776	\$ 86,263	\$ 104,447	\$ 108,576
Investment Income	1,098	2,521	145	179	7,367
Property Taxes (1)	4,678	4,807	5,350	5,704	6,131
Facilities Connection Charges	1,920	5,186	11,467	10,428	11,359
Other Revenue (2)	759	978	1,993	1,101	1,275
Total Revenues	88,590	95,268	105,218	121,859	134,708
Maintenance and Operation Costs					
Pumping Power Costs	1,876	1,588	1,389	1,266	1,600
Other Operating Expenses	8,079	7,689	8,470	14,901	11,978
Labor Costs	41,255	42,401	44,156	46,098	48,052
Purchased Water (1)	19,187	19,906	19,190	21,554	21,846
Total Expenses	70,397	71,584	73,205	83,819	83,476
Net Revenues	\$ 18,193	\$ 23,684	\$ 32,013	\$ 38,040	\$ 51,232
Annual Debt Service on Revenue Certificates and Bond					
2009 Refunding Revenue Bonds	\$ 2,868	\$ 2,863	\$ 2,867	\$ 2,864	\$ 2,863
2012 Revenue Bonds	1,891	1,893	1,892	1,887	1,885
2015 Revenue Bonds	240	1,625	1,628	1,622	1,623
2022 Revenue Bonds	-	-	-	-	-
Total Debt Service	\$ 4,999	\$ 6,381	\$ 6,387	\$ 6,373	\$ 6,371
Ratio of Net Revenues to Annual					
Debt Service on Revenue Certificates	3.64x	3.71x	5.01x	5.97x	8.04x

Source: Alameda County Water District Finance and Administration Department. Total may not add up due to rounding.

Notes:

(1) In accordance with the provisions of the 2015 Installment Purchase Contract, "Property Taxes" exclude the State Water Project property taxes collected by the District, and the equal amount in expenses paid from such taxes.

(2) Excludes certain one-time grants, reimbursements of shared projects, property sales, and a mitigation payment.

Alameda County Water District
Table 10 (Continued)
Ten Year Summary of Historical Net Revenues and Debt Service Coverage (Unaudited)
(in thousands)

	2019/20	2020/21	2021/22	2022/23	2023/24
Revenues					
Water Sales	\$ 116,230	\$ 122,388	\$ 121,311	\$ 119,797	\$ 123,368
Investment Income	8,971	187	(7,736)	1,148	7,887
Property Taxes (1)	6,580	6,937	7,315	8,059	8,691
Facilities Connection Charges	13,952	6,154	9,631	11,165	5,075
Other Revenue (2)	1,167	1,848	3,870	2,653	3,063
Total Revenues	146,900	137,514	134,391	142,822	148,084
Maintenance and Operation Costs					
Pumping Power Costs	1,613	1,863	1,904	2,160	2,191
Other Operating Expenses	18,344	23,802	10,211	25,393	34,409
Labor Costs	47,869	49,152	50,759	48,387	48,552
Purchased Water (1)	23,737	28,279	29,788	32,192	34,851
Total Expenses	91,563	103,096	92,662	108,132	120,003
Net Revenues	\$ 55,337	\$ 34,418	\$ 41,729	\$ 34,690	\$ 28,081
Annual Debt Service on Revenue Certificates and Bond					
2009 Refunding Revenue Bonds	\$ 2,866	\$ -	\$ -	\$ -	\$ -
2012 Revenue Bonds	1,884	3,905	3,127	-	-
2015 Revenue Bonds	1,627	1,624	1,625	1,624	1,627
2022 Revenue Bonds	-	-	-	4,341	4,297
Total Debt Service	\$ 6,377	\$ 5,529	\$ 4,752	\$ 5,965	\$ 5,924
Ratio of Net Revenues to Annual					
Debt Service on Revenue Certificates	8.68x	6.22x	8.78x	5.82x	4.74x

Source: Alameda County Water District Finance and Administration Department. Total may not add up due to rounding.

Notes:

(1) In accordance with the provisions of the 2015 Installment Purchase Contract, "Property Taxes" exclude the State Water Project property taxes collected by the District, and the equal amount in expenses paid from such taxes.

(2) Excludes certain one-time grants, reimbursements of shared projects, property sales, and a mitigation payment.

Alameda County Water District
Table 11
Ten Year Summary of Outstanding Debt (Unaudited)
(in thousands)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Revenue Bonds										
2009 Refunding Revenue Bonds 2.0% - 5.0% Maturity: FY 2019-20	\$ 13,641	\$ 11,068	\$ 8,425	\$ 5,707	\$ 2,899	\$ -	\$ -	\$ -	\$ -	\$ -
2012 Revenue Bonds 3.0% - 5.0% Maturity: Refunded in FY2021-22	\$ 46,998	\$ 46,637	\$ 46,266	\$ 45,890	\$ 45,504	\$ 45,108	\$ 42,678	\$ -	\$ -	\$ -
2015 Revenue Bonds 4.0% - 5.0% Maturity: FY 2044-45	\$ 30,521	\$ 29,975	\$ 29,404	\$ 28,813	\$ 28,197	\$ 27,551	\$ 26,880	\$ 26,179	\$ 25,450	\$ 24,685
2022 Revenue Bonds 3.0% - 5.0% Maturity: FY 2041-42	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,984	\$ 46,584	\$ 43,822
Lease and SBITA Liabilities										
Lease Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 689	\$ 737	\$ 1,131	\$ 1,757
SBITA Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 163	\$ 401	\$ 1,893	\$ 9,456
Total	\$ 91,160	\$ 87,680	\$ 84,095	\$ 80,410	\$ 76,600	\$ 72,659	\$ 70,410	\$ 76,301	\$ 75,058	\$ 79,720
Total Outstanding Debt to										
Personal Income	0.68%	0.60%	0.53%	0.47%	0.42%	0.41%	0.36%	0.35%	N/A**	N/A**
Total Debt Per Capita	\$ 268.12	\$ 254.88	\$ 242.35	\$ 227.79	\$ 217.61	\$ 205.25	\$ 198.34	\$ 221.16	\$ 218.19	\$ 233.10

Sources: Alameda County Water District Finance and Administration Department

** Per capita personal income shown are for Alameda County and the most recent data available is for calendar year 2022

Alameda County Water District
Table 12
Largest Employers Within the District (Unaudited)
Comparison with Ten Years Ago

CITY OF FREMONT⁽¹⁾					
<u>2023*</u>			<u>2014</u>		
Employer	Number of Employees	Percent of Total Employment	Employer	Number of Employees	Percent of Total Employment
Tesla Motors, Inc.	30,000	26.51 %	Tesla Motors, Inc.	1000-5000	2.75 %
LAM Research	3,600	3.18	LAM Research	1000-5000	2.75
Washington Hospital	2,600	2.30	Washington Hospital	1000-5000	2.75
Kaiser Permanente Medical Group	1,700	1.50	Estenson Logistics	1000-5000	2.75
Synnex Corporation	1,200	1.06	Kaiser Permanente Medical Group	1000-5000	2.75
Western Digital	1,100	0.97	Boston Scientific	1000-5000	2.75
City of Fremont	1,000	0.88	Sysco Food Services	1000-5000	2.75
Boehringer Ingelheim, Inc.	850	0.75	Fremont Unified School District	1000-5000	2.75
Fremont Unified School District	800	0.71	Western Digital	843	0.77
Sutter Health	775	0.68	Seagate Technology, Inc.	500-999	0.69
Total City Employment	112,505		Synnex Corporation	500-999	0.69
			City of Fremont	500-999	0.69
			Total City Employment	108,415	
CITY OF UNION CITY⁽²⁾					
<u>2022 *</u>			<u>2013</u>		
Employer	Number of Employees	Percent of Total Employment	Employer	Number of Employees	Percent of Total Employment
New Haven Unified School District	1,068	3.04 %	Southern Wine & Spirits	1,150	3.54 %
Abaxis Inc	500	1.42	New Haven Unified School District	998	3.07
Wal-Mart	350	1.00	Wal-Mart	780	2.40
Masonic Homes of California Inc	330	0.94	Axygen Scientific, Inc	370	1.14
City of Union City	315	0.90	Abaxis Inc	370	1.14
Sterling Foods	250	0.71	Kaiser Permanente	330	1.02
Ariat Internation Inc	200	0.57	City of Union City	319	0.98
Emerald Packaging Inc	200	0.57	Ajax Custom Manufacturing	300	0.92
Home Depot	200	0.57	OSI, Inc	300	0.92
Century 25 Union Landing & XD	180	0.51	Blommer Chocolate, Inc	290	0.89
Total City Employment	35,100		Total City Employment	32,500	
CITY OF NEWARK⁽³⁾					
<u>2023*</u>			<u>2014</u>		
Employer	Number of Employees	Percent of Total Employment	Employer	Number of Employees	Percent of Total Employment
Amazon Fulfillment Center	592	2.31 %	Newark Unified School District	700	3.17 %
WorldPac	521	2.04	Logitech	689	3.12
Logitech	519	2.03	WorldPac	280	1.27
Newark Unified School District	470	1.84	Aryzta, LLC	280	1.27
RSM - Risk Management Solutions	282	1.10	RSM - Risk Management Solutions	270	1.22
City of Newark	239	0.93	Smart Modular Technologies	249	1.13
Nordstrom Distribution Center	236	0.92	Morpho Detection	208	0.94
Cargill Salt	210	0.82	Cargill Salt	182	0.82
KNT Manufacturing	182	0.71	City of Newark	174	0.79
Smart Modular Technologies	136	0.53	Valassis (formerly ADVO)	166	0.75
Total City Employment	25,600		Total City Employment	22,100	

Source: ⁽¹⁾ City of Fremont, Annual Comprehensive Financial Report FY 2022/23; U.S. Dept of Labor, Bureau of Labor Statistics

⁽²⁾ City of Union City, Annual Comprehensive Financial Report FY 2021/2022. FY2022/2023 ACFR was not available.

⁽³⁾ City of Newark, Annual Comprehensive Financial Report FY 2022/23

Note: * Number of Employees and Percent of Total Employment unavailable for 2024.

Alameda County Water District
Table 13
Ten Year Summary of Demographic and Economics Statistics (Unaudited)
(in thousands)

Calendar Year	Population As of 1/1 (1)	Personal Income (2) (in millions)	Per Capita Personal Income (3)	Unemployment Rate (4)
2015	344	13,416	39	3.9
2016	347	14,574	42	3.5
2017	353	15,885	45	3.5
2018	352	17,248	49	2.7
2019	354	18,408	52	2.3
2020	355	17,750	50	7.4
2021	345	19,320	56	5.3
2022	345	21,735	63	5.2
2023	344	N/A**	N/A**	4.3
2024	342	N/A**	N/A**	4.5

Sources: ⁽¹⁾ State of California, Department of Finance

⁽²⁾ Personal Income was calculated by multiplying the Per Capita Personal Income (for Alameda County) by the population.

⁽³⁾ U.S. Census Bureau, American Community Survey Single Year Estimates 2013-2022.

⁽⁴⁾ U.S. Department of Labor, Bureau of Labor Statistics and California Employment Development Department

*The population as of January 1, 2023 is based on the 2020 Census.

** Per capita personal income shown are for Alameda County and the most recent data available is for calendar year 2022

Data for Alameda County Water District's service area is not available.

Alameda County Water District
Table 14
Ten Years Summary of Property, Plant & Equipment (Unaudited)
(in thousands)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
UTILITY PLANT:										
Land	\$ 9,610	\$ 9,610	\$ 9,610	\$ 9,610	\$ 9,610	\$ 9,609	\$ 9,601	\$ 9,601	\$ 9,601	\$ 9,601
Source of Supply	64,229	68,993	68,050	68,404	81,563	81,630	85,693	89,741	89,839	129,623
Pumping Plant	24,217	24,549	24,983	25,130	25,353	25,585	26,398	26,518	28,976	38,760
Water Treatment	160,238	160,610	160,735	161,192	166,153	166,705	167,555	169,609	170,704	172,341
Transmission and Distribution	300,836	320,721	329,208	337,274	347,969	358,378	373,543	381,679	409,742	441,536
General	49,684	50,836	52,005	52,682	52,910	54,180	56,018	56,209	57,045	58,604
General - Leased assets	-	-	-	-	-	-	719	805	1,308	2,168
General - SBITA assets	-	-	-	-	-	-	163	617	3,019	11,634
Supplemental water supply storage	20,860	20,860	20,860	20,860	20,860	20,860	20,860	20,860	20,860	20,860
Construction in Progress	18,938	16,320	19,793	29,305	23,982	45,436	75,518	98,581	116,938	95,450
	648,612	672,499	685,244	704,457	728,400	762,383	816,068	854,220	908,032	980,577
Less Accumulated Depreciation	251,787	265,523	278,560	292,261	306,104	320,341	334,625	349,567	364,473	373,769
NET UTILITY PLANT	\$ 396,825	\$ 406,976	\$ 406,684	\$ 412,196	\$ 422,296	\$ 442,042	\$ 481,443	\$ 504,653	\$ 543,559	\$ 606,808

Source: Alameda County Water District Finance and Administration Department

Note:

Land: District owned land including easements and rights of way.

Source of Supply: covers all costs of plant used in connection with the source of water supply.

Pumping Plant: covers all costs of plant and equipment in connection with pumping operations.

Water Treatment: covers all costs of plant and equipment used in connection with water treatment operations.

Transmission and Distribution: includes all costs of plant and equipment used in connection with the transmission and distribution of water such as reservoirs, pipelines, meters and fire hydrants.

General: includes all costs of general plant and equipment used for general water utility purposes

General - leased assets: includes all costs of leased vehicles, property, and equipment used for general water utility purposes, which are recognized as right-to-use assets with the implementation of GASB Statement No. 87.

General - SBITA assets: includes subscription software used for general water utility purposes, which are recognized as right-to-use assets with the implementation of GASB Statement No. 96.

Construction in Progress: includes all costs incurred during construction for capital projects not yet completed or placed in service.

Alameda County Water District
Table 15
Ten Year Summary of Billed Water Demand (Unaudited)

Fiscal Year	Million Gallons Per Day (MGD)
2015	31.94
2016	28.47
2017	32.55
2018	33.96
2019	33.48
2020	34.58
2021	36.45
2022	33.97
2023	30.29
2024	31.23

Source: Alameda County Water District Finance and Administration Department

Alameda County Water District
Table 16
Ten Year Summary of Metered Accounts (Unaudited)

Fiscal Year Ended June 30	Number of Meters
2015	82,049
2016	82,492
2017	83,398
2018	84,255
2019	85,108
2020	85,959
2021	86,468
2022	86,948
2023	87,346
2024	87,634

Source: Alameda County Water District Finance and Administration Department

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

ALAMEDA COUNTY WATER DISTRICT FINANCING AUTHORITY WATER SYSTEM REVENUE BONDS, SERIES 2025

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Alameda County Water District (the “Water District”) in connection with the issuance of the above-named bonds (the “Bonds”). The Bonds are being issued pursuant to that certain Trust Agreement dated as of April 1, 2025 (the “Trust Agreement”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Water District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Water District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission (“S.E.C.”) Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Water District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities (as defined in the Rule) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” means the Official Statement, dated March 25, 2025, executed and delivered by the Authority and the Water District in connection with the initial offering of the Bonds.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Water District shall, not later than nine months after the end of the Water District's fiscal year (which shall be April 1 of each year, so long as the Water District's fiscal year ends on June 30), commencing with the report for the 2024-25 fiscal year (which is due not later than February 1, 2026) provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the Water District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Water District's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) If the Water District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Water District shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

SECTION 4. Content of Annual Reports. The Water District's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the Water District for the preceding fiscal year, prepared in accordance with the laws of the State of California. If the Water District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statement of the Water District, the Annual Report shall also include the following:

(b) The total number of accounts during the previous fiscal year (as measured by meters installed) in the form of Table 2 of the Official Statement.

(c) The ten largest distribution water accounts during the previous fiscal year estimated according to annualized billings based on the most recent calendar year end or fiscal year end in the form of Table 3 of the Official Statement.

(d) The Water District's current bi-monthly water charge in the form of Table 4 of the Official Statement.

(e) Revenues from connection fees during the most recent fiscal year in the form of Table 6.

(f) Total Net Revenues received by the Water District during the prior fiscal year, and the amount of debt service coverage provided thereby (expressed as a percentage of total Net Revenues to total debt service on the Bonds and any parity debt in such fiscal year).

SECTION 5. Reporting of Significant Events.

(a) The Water District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or
10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The Water District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
7. Appointment of a successor or additional trustee or the change of name of a trustee; or
8. Incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bond holders.

(c) Whenever the Water District obtains knowledge of the occurrence of a Listed Event described in subsection (b), the Water District shall as soon as possible determine if such event would be material under applicable federal securities laws. If the Water District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Water District shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) business days after the event. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Trust Agreement.

SECTION 6. CUSIP Numbers. Whenever providing information pursuant to the MSRB pursuant to this Certificate, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, notices of Notice Events, and voluntary reports filed pursuant to Section 11, the Water District shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 7. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 8. Termination of Reporting Obligation. The Water District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Water District shall give notice of such termination in a filing with the MSRB.

SECTION 9. Dissemination Agent. The Water District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Water District pursuant to this Disclosure Certificate. The Dissemination Agent may resign by providing thirty (30) days written notice to the Water District. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the Water District. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the Water District in a timely manner.

SECTION 10. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Water District may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements,

change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Water District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Water District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 11. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Water District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the Water District chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the Water District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 12. Default. In the event of a failure of the Water District to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Water District to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Alameda or in U.S. District Court in or nearest to the County. The sole remedy under this Disclosure Certificate in the event of any failure of the Water District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 13. Authority Not an Obligated Person. The Authority is not an “obligated person” (as defined in the Rule) with respect to the Bonds.

IN WITNESS WHEREOF, the undersigned has executed and delivered this CONTINUING DISCLOSURE CERTIFICATE as of the date hereof.

Date: April 8, 2025

ALAMEDA COUNTY WATER DISTRICT

By: _____
Director of Finance

CONTINUING DISCLOSURE EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Alameda County Water District Financing Authority
Name of Bond Issue: Alameda County Water District Financing Authority Water System Revenue Bonds, Series 2025
Date of Issuance: April 8, 2025
Name of Obligated Party: Alameda County Water District

NOTICE IS HEREBY GIVEN that the Water District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate, dated the Date of Issuance, by the Alameda County Water District [The Water District anticipates that the Annual Report will be filed by _____.]

Dated: _____

ALAMEDA COUNTY WATER DISTRICT

By: _____
[to be signed only if filed]

cc: Alameda County Water District

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

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Stradling Yocca Carlson & Rauth
A Professional Corporation
500 Capitol Mall, Suite 1120
Sacramento, CA 95814
916 449 2350
stradlinglaw.com

April 8, 2025

Alameda County Water District Financing Authority
Fremont, California

Re: \$46,100,000 Alameda County Water District Financing Authority Water System Revenue Bonds, Series 2025

Ladies and Gentlemen:

We have acted as bond counsel to the Alameda County Water District Financing Authority (the "Agency") in connection with the issuance of \$46,100,000 aggregate principal amount of Alameda County Water District Financing Authority Water System Revenue Bonds, Series 2025 (the "Bonds"), issued pursuant to the Trust Agreement, dated as of April 1, 2025 (the "Trust Agreement"), between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Bonds are secured by a pledge of Authority Revenues, consisting primarily of installment payments to be made by the Alameda County Water District (the "Water District"), pursuant to the 2025 Installment Purchase Contract, dated as of April 1, 2025 (the "2025 Installment Purchase Contract"), by and between the Water District and the Authority. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Trust Agreement.

In such connection, we have reviewed the Trust Agreement, the 2025 Installment Purchase Contract, the Tax Certificate of the Authority, dated the date hereof (the "Tax Certificate"), opinions of counsel to the Authority, the Water District, and the Trustee, certificates of the Authority, the Water District, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority or the Water District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.
2. The Trust Agreement has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Trust Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Authority Revenues and any other amounts held by the Trustee in any fund or account established pursuant to the Trust Agreement (other than amounts on deposit in the Rebate Fund), subject to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement.
3. The 2025 Installment Purchase Contract has been duly executed and delivered by the Water District and the Authority, and constitutes the valid and binding obligation of the Water District and the Authority. The obligation of the Water District to make the 2025 Installment Payments (as that term is defined in the 2025 Installment Purchase Contract) in accordance with the terms of the 2025 Installment Purchase Contract is a valid and binding special obligation of the Water District, payable solely from Net Revenues (as that term is defined in the 2025 Installment Purchase Contract).
4. Under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations.
5. Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.
6. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond Owner will increase the Bond Owner's basis in the applicable Bond.
7. The amount by which a Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes "amortizable bond premium" which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the

Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bond should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and are subject to the condition that the District comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds terminates on the date of their issuance. The Trust Agreement and the Tax Certificate permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Bonds.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter.

We call attention to the fact that the rights and obligations under the 2025 Installment Purchase Contract, the Tax Certificate, the Indenture and the Bonds and their enforceability are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum,

Alameda County Water District Financing Authority
April 8, 2025
Page 4 of 3

choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Trust Agreement or the 2025 Installment Purchase Contract or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning The Depository Trust Company (“DTC”), New York, New York, and DTC's book entry system has been obtained from DTC and the Authority and the initial Purchaser take no responsibility for the completeness or accuracy thereof. The Authority and the initial Purchaser cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Holders (a) payments of interest, principal or premium, if any, with respect to the 2025 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2025 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2025 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the 2025 Bonds. The 2025 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2025 Bond will be issued for each maturity of the 2025 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2025 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2025 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2025 Bonds, except in the event that use of the book-entry system for the 2025 Bonds is discontinued.

To facilitate subsequent transfers, all 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2025 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2025 Bonds may wish to ascertain that the nominee holding the 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2025 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2025 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

