

Alameda County Water District

Long Range Financial Planning ***ACWA 2025 Spring Conference***

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Overview

- Founded in 1914
- Population Served
 - 342,000+ customers
 - 87,000+ connections

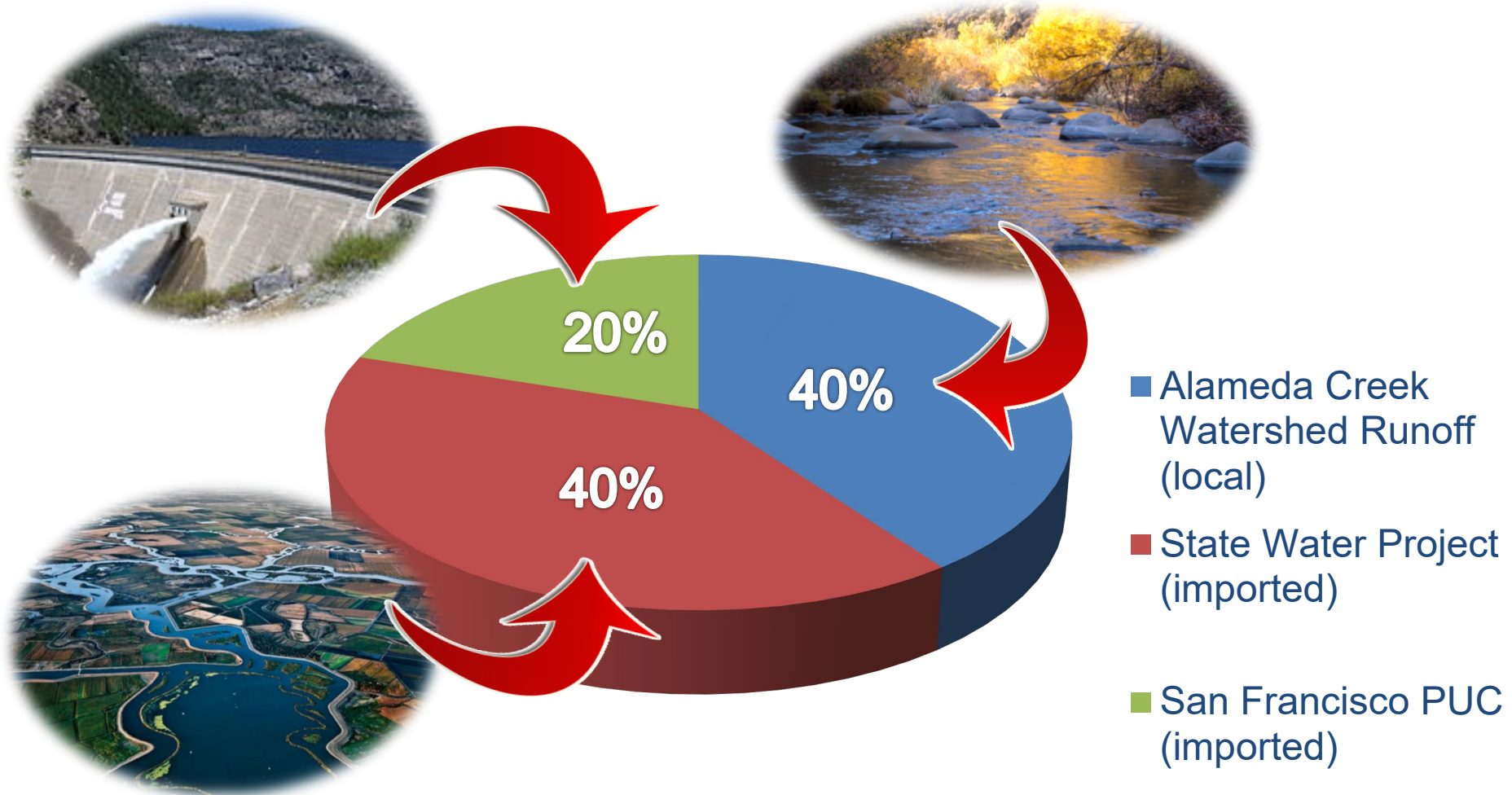


Service Area

- Fremont, Newark and Union City – 105 square miles



Multiple Supply Sources = Flexibility



Financial Planning Experience

- Serve as Director of Finance & Administration at Alameda County Water District since 2017
 - Areas of responsibility include rate-setting and budgeting, among others
 - Update long range financial forecast at least annually (as part of every budget and rate-setting process)
- Previously served as Administrative Manager/CFO at Goleta Water District
 - Similar responsibilities
- Started career as a budget analyst at the California Department of Finance and developed multi-year forecasts for assigned areas

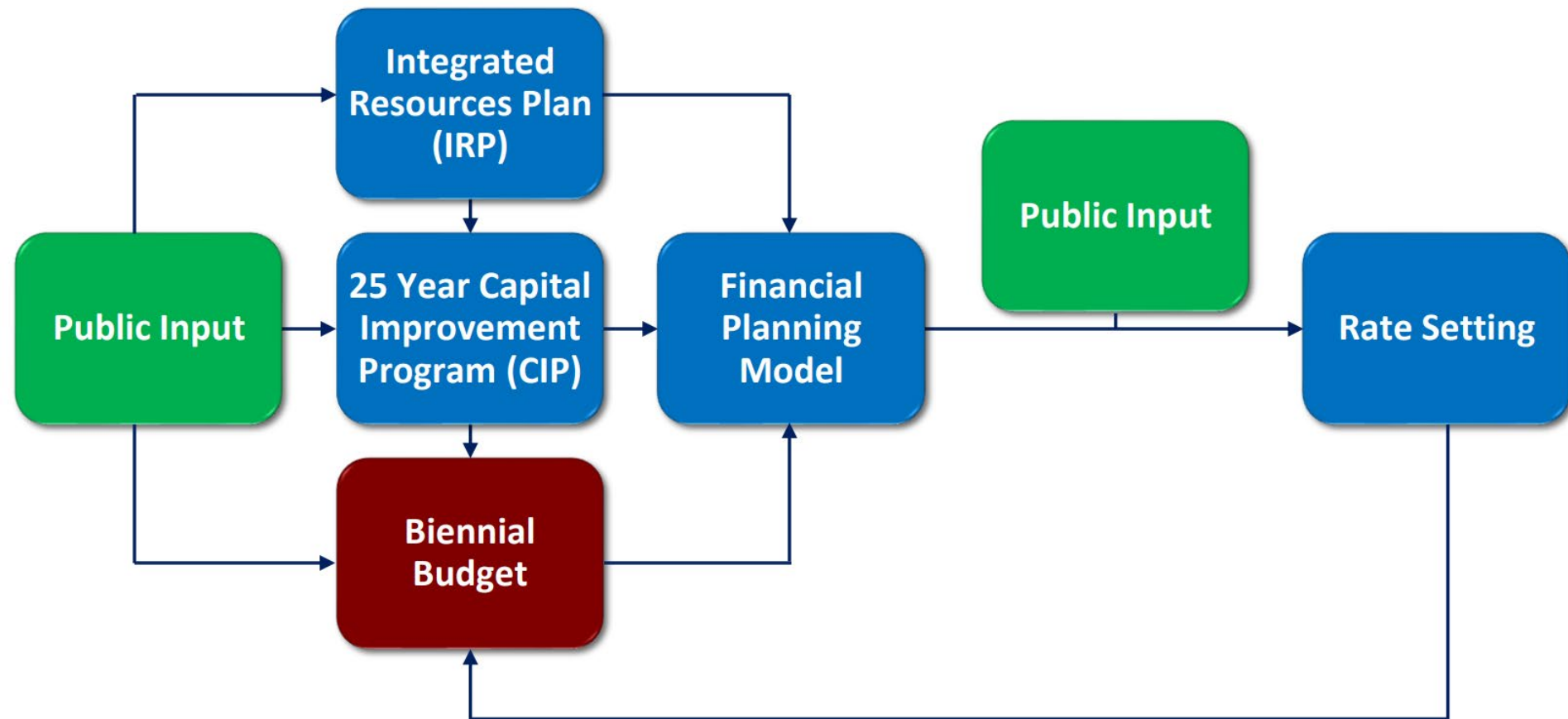
Financial Planning at ACWD

The District maintains a comprehensive financial model

Key Financial Planning Processes – Relationship to Model

1. Operating Budget – input to model
2. Capital Improvement Program (CIP) – input to model
 - A. The first two items combine to make the full budget
3. Integrated Resources Plan and Engineering Reports – primarily an input to the CIP
4. Cost of Service Study/Financial Plan – output of the model
 - A. Approved rates establish budget/CIP parameters until the next rate-setting process

ACWD Financial Planning Circle of Life



Financial Planning at ACWD

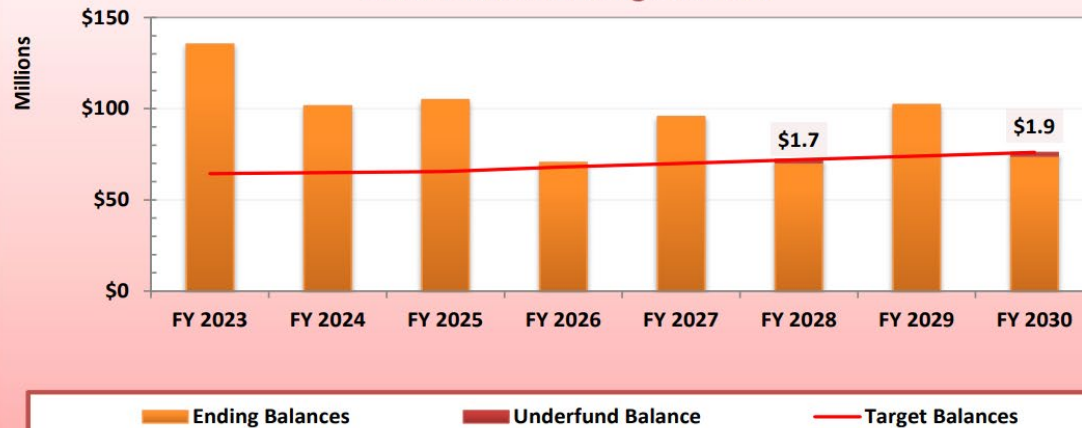
- ACWD maintains a comprehensive financial planning model in Excel
- Initially developed by a consultant, but maintained by District staff
- Recently developed a fresh model after 10+ years to ensure accuracy
 - Regularly add planning scenarios
 - Touched frequently – as part of every budget, rate-setting process, or other initiatives that may affect financial planning

Financial Planning at ACWD

- The model includes the following components:
 - Operating expenses
 - Capital Improvement Program
 - Revenues
 - Bond issuances/debt service
- The model projects out 25-years, but due to significant uncertainty projecting that far out the District focuses on the next five years
- The model includes a dashboard that reports key metrics such as Reserve Balance and Debt Coverage Ratio
 - Major assumptions such as rate increases or debt issuances can also be adjusted on the dashboard
- Key assumptions and/or changes from the last update are included with each model presentation
- The model is presented 'live' for executive briefings and occasionally in public meetings

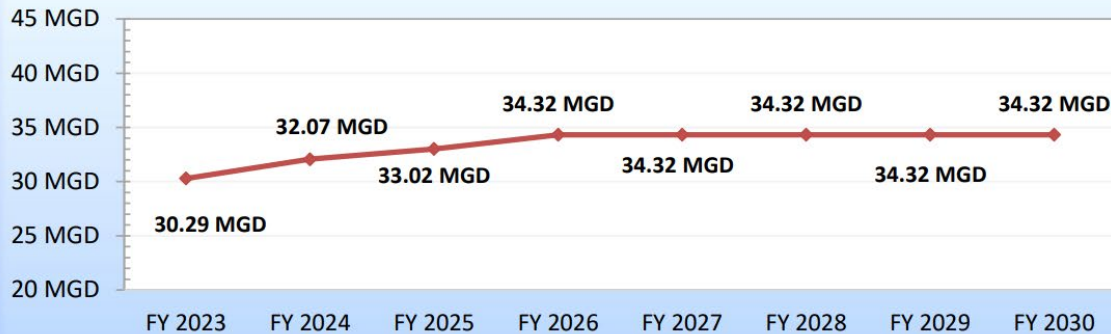
Sample Dashboard Metrics

General Fund Ending Balances



- Low balance of \$74.0 million in FYE 2030 (\$1.9 million below reserve target)

Projected Billed Demand

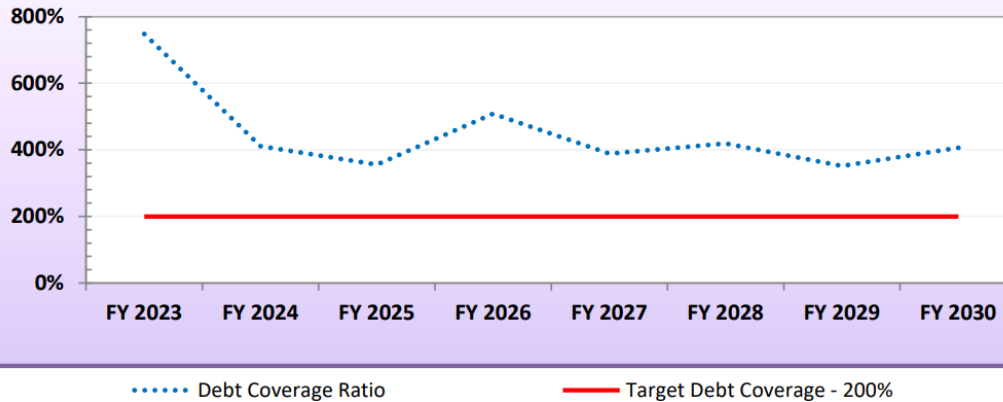


- Projected billed demand consistent with Water Resources projections

Sample Dashboard Metrics

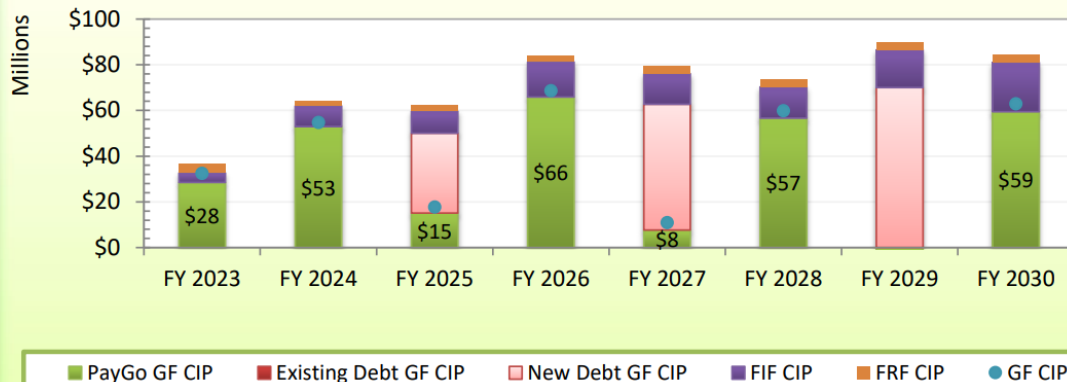
Coverage

Water Debt Coverage Ratios



- Low year debt coverage ratio at 352% in FYE 2029

CIP & Funding Sources



- PayGo GF CIP totals \$205 million (FYE 2025-FYE 2030)
- Assumed \$160 million debt issuances

Conclusion

- Determine the metrics that are important to your agency and review them at least annually
- Develop a financial planning model and update it regularly
 - Have it developed or reviewed by a third-party
- The further into the future you are projecting, the further off you are likely to be. Understand that all projections will be off, but are still useful for planning

“It’s tough to make predictions, especially about the future”
- Yogi Berra