

CONTINUING DISCLOSURE ANNUAL REPORT

FISCAL YEAR ENDING JUNE 30, 2022

**Alameda County Flood Control and Water Conservation District,
Zone 7 Water Agency**



Livermore Valley Water Financing Authority



**Zone 7 Water Agency
100 North Canyons Parkway
Livermore, CA 94551**

**Continuing Disclosure
Annual Report for Fiscal Year Ending June 30, 2022**

This Continuing Disclosure Annual Report has been prepared to satisfy the continuing disclosure undertakings of the Alameda County Flood Control and Water Conservation District, Zone 7 (the “Agency”), in connection with the following obligations (the “Obligations”):

\$64,010,000 Livermore Valley Water Financing Authority Water Revenue Bonds, 2018 Series A (the “2018 Bonds”).

In accordance with the provisions of Rule 15c2-12 of the Securities and Exchange Commission and the continuing disclosure obligations of the Agency, this Continuing Disclosure Annual Report is being filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) website for the benefit of the owners of the Obligations. All capitalized terms used herein shall have the meanings set forth in the respective continuing disclosure obligations for the issues.

The audited financial statements of the Agency for the Fiscal Year ending June 30, 2022, have previously been filed on EMMA. Information contained in this Report has been excerpted from the audited financial statements and/or provided by the responsible department of the Agency. The data herein is subject to revision or restatement.

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Historical Water Deliveries

The Agency records the volume of water delivered by the Agency. The following table presents a summary of historical water deliveries for the five most recent calendar years. Water sales revenue in Fiscal Year 2021-22 decreased as compared to Fiscal Year 2020-21 due to the 15% mandatory conservation implemented with the Agency’s Board of Directors declaration of a state of drought emergency within its service area on September 1, 2021. As of March 31, 2023, the Agency continues to keep the mandatory conservation provisions in place.

HISTORICAL WATER DELIVERIES

	2018		2019		2020		2021		2022	
	Treated Water	Retailer GW ⁽¹⁾	Treated Water	Retailer GW ⁽¹⁾	Treated Water	Retailer GW ⁽¹⁾	Treated Water	Retailer GW ⁽¹⁾	Treated Water	Retailer GW ⁽¹⁾
Pleasanton	10,410	3,497	10,328	3,496	11,745	3,109	10,627	3,331	10,526	2,155
DSRSD	9,231	645	9,506	645	10,320	645	10,007	645	10,033	645
Cal Water	6,145	2,396	8,165	996	8,760	1,063	7,746	1,388	6,453	2,124
Livermore	5,909	0	5,930	0	6,550	0	6,410	-	6,126	-
Direct	930		980	0	730	0	200	-	65	-
Customers ⁽²⁾										
Subtotal	32,625	6,538	34,909	5,137	38,105	4,817	34,990	5,364	33,203	4,924
Untreated Water	5,390		4,520		5,814		6,000		5,352	
Total	38,015	6,538	39,429	5,137	43,919	4,817	40,990	5,364	38,555	4,924

⁽¹⁾ Retail GW refers to Retailer Groundwater Pumping Quota.

⁽²⁾ Direct customers include Lawrence Livermore National Laboratory, Livermore Area Parks and Recreation Department, Veteran’s Hospital, State of California Department of Water Resources, East Bay Regional Parks, and Wentz Brothers.

Note: Values in table are rounded.

Source: Zone 7 Water Agency

HISTORICAL WATER SUPPLY AND DEMAND

SUPPLIES (acre-feet)	2018	2019	2020	2021	2022
State Water Project, Table A	28,200	60,500	16,100	4,030	4,030
Yuba Accord/Other ⁽¹⁾	2,700	0	7,110	9,330	2,390
Byron Bethany Irrigation District	0	0	0	0	0
Arroyo Valle ⁽²⁾	1,200	1,000	8,580	950	3,790
Groundwater	5,260	9,910	11,440	14,620	16,840
State Water Project – Carryover	15,700	2,640	10,810	8,200	5,930
Kern County Groundwater Banks	0	0	1,000	10,400	16,800
Total Supplies	53,060	74,050	55,040	47,530	49,780
DEMANDS (acre-feet)					
Retailer Demand	32,360	34,574	38,020	35,350	33,140
Untreated Water Demand	5,390	4,520	5,810	6,000	5,350
Direct Retail Demand	930	980	730	200	310
Groundwater Recharge	4,500	3,620	1,430	200	100
Kern County Groundwater Banks Recharge	0	18,900	0	0	0
State Water Project Carryover or Other Storage	7,801	10,840	8,870	5,620	10,700
Transmission System Loss	2,080	616	180	160	180
Total Demands	53,060	74,050	55,040	47,530	49,780
Supplies in Storage (End of the Year) ⁽³⁾					
SWP Carryover	7,100	10,840	8,870	5,620	10,700
Arroyo Valle Carryover	1,200	8,100	20	2,300	2,300
Groundwater-Emergency	128,000	128,000	128,000	128,000	128,000
Groundwater-Operational	118,000	122,000	115,000	102,000	88,800
Kern Banks	104,100	117,130	116,130	105,680	88,600
Total Supplies in Storage	358,400	386,070	368,020	343,600	318,400

⁽¹⁾ Other includes sources such as Dry Year Transfer Program, River Garden Farms, Turnback Pool, Napa County Flood Control and Water Conservation District, and Mojave Water Agency.

⁽²⁾ Local supply used directly by the Agency. Excess supplies become Arroyo Valle Carryover.

⁽³⁾ Supplies in storage reflect net amounts after storage losses are accounted for.

Note: Values in table are rounded.

ADOPTED WATER RATES

The Agency conducted a wholesale water rate study in Fall 2022, and as a result, the Board of Directors adopted a 5.5% annual rate revenue adjustment for wholesale water services for calendar years 2023, 2024, 2025 and 2026. The 5.5% adjustment included an increase in the fixed water rate component from 42.5% to 45%.

<i>Calendar Year</i>	<i>Volume-Based Treated Water Rate per AF</i>	<i>Total Annual Fixed Charges*</i>
2022	\$897	\$25,716,705
2023	989	27,395,440
2024	1,019	29,703,607
2025	1,063	31,805,889
2026	1,076	33,286,846

* Actual monthly billing is 1/12 of the annual amount.

**AGENCY RECEIPTS FROM WATER CUSTOMERS FOR TREATED WATER
(Fiscal Year)**

Customer	2017-18	2018-19	2019-20	2020-21	2021-22
California Water Service Company	\$ 9,069,203	\$ 9,493,706	\$12,014,679	\$ 12,124,100	\$11,953,571
City of Livermore	8,439,773	8,288,029	9,160,161	9,926,184	9,501,191
City of Pleasanton	14,922,955	14,040,043	16,943,894	16,854,193	16,733,502
Dublin San Ramon Services District	13,791,425	13,679,135	15,180,076	16,024,984	15,621,190
Direct Customers ⁽¹⁾	1,040,297	1,257,655	1,500,014	992,484	837,867
Temporary Treated Water	1,271	1,868	1,953	2,767	2,062
Treated Water Total	\$ 47,264,922	\$ 46,760,435	\$54,800,778	\$ 55,924,711	\$54,649,384
Untreated Water Total	595,222	680,157	976,430	1,087,773	1,021,127
Grand Total	\$ 47,860,144	\$ 47,440,592	\$55,777,208	\$ 57,012,484	\$ 55,670,511

(1) Direct Customers include Lawrence Livermore National Laboratory, Livermore Area Parks and Recreation Department, Veteran's Hospital, State of California Department of Water Resources, East Bay Regional Parks, and Wentz Brothers.

Note: Totals may not add due to rounding.

CALENDAR YEAR 2023 WATER CONNECTION FEES

<u>Fee Factor</u>	<u>Connection Fee (Alameda County)</u>	<u>Connection Fee (Dougherty Valley)</u>
1.0	\$33,730	\$32,360

For meter types larger than a 5/8-inch basic meter, the basic charge is multiplied by specified fee factor.

**HISTORICAL ACTUAL CONNECTIONS AND TOTAL REVENUE
FROM WATER CONNECTION FEES**

<u>Fiscal Year</u>	<u>EQUIVALENT CONNECTIONS (5/8" Meter)</u>	<u>ACTUAL REVENUE</u>
2017-18	1,301	\$35,434,462
2018-19	1,214	34,068,092
2019-20	796	22,461,926
2020-21	470	13,609,527
2021-22	643	19,669,509

Source: Zone 7 Water Agency Finance Department

**HISTORICAL OPERATING RESULTS
FISCAL YEAR ENDING JUNE 30**

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21⁽¹⁾</u>	<u>2021-22</u>
Operating Revenues					
Water Sales ⁽²⁾	\$ 47,860,145	\$ 47,440,592	\$ 55,777,208	\$ 57,012,484	\$ 55,670,511
Connection and development fees ⁽³⁾	35,434,462	34,068,092	22,461,926	13,609,527	19,669,509
Charges for Services ⁽³⁾	609,191	620,503	500,371	277,722	144,160
Intergovernmental Revenues ⁽⁴⁾	3,495,215	3,466,308	2,950,774	2,837,374	2,927,144
Interest and rental income ⁽⁵⁾	1,763,601	4,607,135	3,727,928	885,314	(2,162,820)
Other Revenues	402,364	1,030,920	1,192,390	344,816	539,217
Total Revenues	\$ 89,564,978	\$ 91,233,550	\$ 86,610,597	\$ 74,967,237	\$ 76,787,721
Maintenance & Operations Costs					
Labor Costs ⁽⁶⁾	\$ 16,407,779	\$ 16,274,184	\$ 16,410,798	\$ 16,897,321	\$ 18,028,063
Contractual Services	3,571,533	2,567,392	5,297,933	4,764,669	3,667,704
Technical Supplies	147,995	181,601	277,074	440,665	555,666
Chemical Purchases	1,940,215	2,085,082	2,556,168	1,793,501	1,516,832
Water Purchases ⁽⁷⁾	21,705,318	21,201,472	19,395,676	21,252,275	27,924,705
Water Storage ⁽⁸⁾	3,723,168	755,911	1,282,526	1,179,750	4,305,743
Utilities	1,667,619	2,544,052	2,521,296	3,203,479	3,764,688
Maintenance and Repairs	1,405,705	1,592,006	1,950,838	1,380,500	1,902,758
Equipment and Building Rents	53,130	72,391	60,504	72,727	136,433
Other Services and Supplies	2,300,609	2,114,868	1,856,461	2,955,896	2,842,507
Total Operating Expenses	\$ 53,507,401	\$ 49,388,959	\$ 51,609,274	\$ 53,940,784	\$ 64,645,099
Net Revenues	\$ 36,057,577	\$ 41,844,591	\$ 35,001,322	\$ 21,026,453	\$ 12,142,622
Debt Service	\$ 919,498	\$ 2,310,542	\$ 4,213,913	\$ 4,212,038	\$ 4,216,663
Debt Service Coverage Ratio	39.21x	18.11x	8.31x	4.99x	2.88x

- (1) Fiscal year (FY) 2020-21 balances were restated due to retroactive application of Governmental Accounting Standard Board (GASB) Statement 87 which was implemented in FY 2022.
- (2) Water Sales Revenue is comprised of treated and untreated water revenue. FYs 2017-18 through FY 2021-22 include treated water fixed charges and volume-based rates.
- (3) Connection and Development Fees include water connection fees. Charges for Services include Dougherty Valley Facility Use Fees.
- (4) Intergovernmental revenue includes California Department of Water Resources (DWR) refunds and grant proceeds.
- (5) FY 2021-22 investment earnings decreased mainly due to the fair value of investments (GASB Statement No. 72) at the end of the FY.
- (6) Labor costs include salaries, wages, and benefits. Pension costs (GASB Statement No. 68) and Other Postemployment Benefits (OPEB) (GASB Statement No. 75) are included in the Annual Comprehensive Financial Report but excluded in the labor costs reported herein.
- (7) Water purchases includes water purchases from DWR and capital payments for the South Bay Aqueduct Improvement and Enlargement Project.
- (8) FY 2017-18 water storage included costs associated with Cawelo and Semitropic groundwater banking including recovery, storage, operations & maintenance, and capital payments of \$1.3M (Cawelo) and \$0.05M (Semitropic). The Annual Comprehensive Financial Report for FY 2017-18 includes prepayment of the Agency's obligations in connection with the Cawelo Water District Certificates of Participation, Series 2006, with proceeds from the Livermore Valley Water Financing Authority, Water Revenue Bonds Series A. However, this amount is excluded from this report. In FY 2017-18, the Semitropic capital obligation was paid and the refunding of the Cawelo Water District Certificates of Participation, Series 2006 is now a debt service payment.

Totals may not add due to rounding.

Source: Zone 7 Water Agency