

CONTINUING DISCLOSURE ANNUAL REPORT

FISCAL YEAR ENDING JUNE 30, 2023

**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, 2023**

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”).

\$28,795,000 Livermore Valley Water Financing Authority Water Revenue Bonds, 2023 Series A (the “2023 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, 2023, 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 deliveries in calendar year 2022 decreased as compared to calendar year 2021 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. On April 19, 2023, the Agency declared an end to the drought emergency, Stage 2 water supply emergency level, and the 15% mandatory conservation. The Board of Directors encouraged continuing voluntary 5% conservation within the service area.

HISTORICAL WATER DELIVERIES

	2019		2020		2021		2022		2023	
	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	10,328	3,496	11,745	3,109	10,627	3,331	10,526	2,155	12,602	-
DSRSD	9,506	645	10,320	645	10,007	645	10,033	645	9,533	645
Cal Water	8,165	996	8,760	1,063	7,746	1,388	6,453	2,124	5,593	2,624
Livermore	5,930	0	6,550	0	6,410	-	6,126	-	5,739	-
Direct Customers ⁽²⁾	980	0	730	0	200	-	65	-	339	-
Subtotal	<u>34,909</u>	<u>5,137</u>	<u>38,105</u>	<u>4,817</u>	<u>34,990</u>	<u>5,364</u>	<u>33,203</u>	<u>4,924</u>	<u>33,806</u>	<u>3,269</u>
Untreated Water	<u>4,520</u>		<u>5,814</u>		<u>6,000</u>		<u>5,352</u>		<u>4,865</u>	
Total	39,429	5,137	43,919	4,817	40,990	5,364	38,555	4,924	38,671	3,269

(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)	2019	2020	2021	2022	2023
State Water Project, Table A	60,500	16,100	4,030	4,030	80,600
Yuba Accord/Other ⁽¹⁾	0	7,110	9,330	2,390	0
Byron Bethany Irrigation District	0	0	0	0	0
Arroyo Valle ⁽²⁾	1,000	8,580	950	3,790	4,310
Groundwater	9,910	11,440	14,620	16,840	1,670
State Water Project – Carryover	2,640	10,810	8,200	5,930	1,630
Kern County Groundwater Banks	0	1,000	10,400	16,800	2,360
Total Supplies	74,050	55,040	47,530	49,780	90,570
Retailer Demand	34,574	38,020	35,350	33,140	33,460
Untreated Water Demand	4,520	5,810	6,000	5,350	4,870
Direct Retail Demand	980	730	200	310	340
Groundwater Recharge	3,620	1,430	200	100	8,600
Kern County Groundwater Banks Recharge	18,900	0	0	0	10,000
State Water Project Carryover or Other Storage	10,840	8,870	5,620	10,700	32,100
State Water Project Transfer					1,000
Transmission System Loss	616	180	160	180	200
Total Demands	74,050	55,040	47,530	49,780	90,570
SWP Carryover	10,840	8,870	5,620	10,700	32,100 ⁽³⁾
Arroyo Valle Carryover	8,100	20	2,300	2,300	5,000
Groundwater-Emergency	128,000	128,000	128,000	128,000	128,000
Groundwater-Operational	122,000	115,000	102,000	88,800	104,700
Kern Banks	117,130	116,130	105,680	88,600	95,600
Total Supplies in Storage⁽⁴⁾	386,070	368,020	343,600	318,400	365,400

⁽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⁾ Subject to change depending on calendar year 2024 hydrology due to pending State Water Project transfer.

⁽⁴⁾ 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	2018-19	2019-20	2020-21	2021-22	2022-23
California Water Service Company	\$ 9,493,706	\$ 12,014,679	\$ 12,124,100	\$ 11,953,571	\$ 10,264,682
City of Livermore	8,288,029	9,160,161	9,926,184	9,501,191	9,784,797
City of Pleasanton	14,040,043	16,943,894	16,854,193	16,733,502	18,180,350
Dublin San Ramon Services District	13,679,135	15,180,076	16,024,984	15,621,190	16,114,828
Direct Customers ⁽¹⁾	1,257,655	1,500,014	992,484	837,867	658,752
Temporary Treated Water	1,868	1,953	2,767	2,062	3,072
Treated Water Total	\$ 46,760,435	\$ 54,800,778	\$ 55,924,711	\$ 54,649,384	\$ 55,006,481
Untreated Water Total	680,157	976,430	1,087,773	1,021,127	1,098,821
Grand Total	\$ 47,440,592	\$ 55,777,208	\$ 57,012,484	\$ 55,670,511	\$ 56,105,302

(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 2024 WATER CONNECTION FEES

<u>Fee Factor</u>	<u>Connection Fee (Alameda County)</u>	<u>Connection Fee (Dougherty Valley)</u>
1.0	\$34,530	\$33,130

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>
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
2022-23	535	17,023,627

Source: Zone 7 Water Agency Finance Department

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

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21⁽¹⁾</u>	<u>2021-22⁽¹⁾</u>	<u>2022-23</u>
Operating Revenues					
Water Sales ⁽²⁾	\$ 47,440,592	\$ 55,777,208	\$ 57,012,484	\$ 55,670,511	\$56,105,302
Connection and development fees ⁽³⁾	34,068,092	22,461,926	13,609,527	19,669,509	17,023,627
Charges for Services ⁽³⁾	620,503	500,371	277,722	144,160	86,983
Intergovernmental Revenues ⁽⁴⁾	3,466,308	2,950,774	2,837,374	2,927,144	4,966,551
Interest and rental income ⁽⁵⁾	4,607,135	3,727,928	885,314	(2,162,820)	1,431,884
Other Revenues	1,030,920	1,192,390	344,816	539,217	323,042
Total Revenues	\$ 91,233,550	\$ 86,610,597	\$ 74,967,237	\$ 76,787,721	\$79,937,389
Maintenance & Operations Costs					
Labor Costs ⁽⁶⁾	\$ 16,274,184	\$ 16,410,798	\$ 16,897,321	\$ 18,028,063	\$ 19,299,244
Contractual Services	2,567,392	5,297,933	4,764,669	3,667,704	4,736,034
Technical Supplies	181,601	277,074	440,665	555,666	565,949
Chemical Purchases	2,085,082	2,556,168	1,793,501	1,516,832	2,177,378
Water Purchases ⁽⁷⁾	21,201,472	19,395,676	21,252,275	27,924,705	23,424,638
Water Storage	755,911	1,282,526	1,179,750	4,305,743	2,252,378
Utilities	2,544,052	2,521,296	3,203,479	3,764,688	3,709,307
Maintenance and Repairs	1,592,006	1,950,838	1,380,500	1,902,758	1,646,277
Equipment and Building Rents	72,391	60,504	72,727	136,433	225,682
Other Services and Supplies	2,114,868	1,856,461	2,955,896	2,842,507	4,022,505
Total Operating Expenses	\$ 49,388,959	\$ 51,609,274	\$ 53,940,784	\$ 64,645,099	\$62,059,392
Net Revenues	\$ 41,844,591	\$ 35,001,322	\$ 21,026,453	\$ 12,142,622	\$17,877,997
2018 Series A Debt Service	\$ 2,310,542	\$ 4,213,913	\$ 4,212,038	\$ 4,216,663	\$4,217,538
2023 Series A Debt Service	N/A	N/A	N/A	N/A	N/A
Debt Service Coverage Ratio	18.11x	8.31x	4.99x	2.88x	4.24x

(1) Fiscal year (FY) 2020-21 and 2021-22 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 and includes 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 include water purchases from DWR and capital payments for the South Bay Aqueduct Improvement and Enlargement Project.

Totals may not add due to rounding.

Source: Zone 7 Water Agency