

ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT, ZONE 7

CONTINUING DISCLOSURE ANNUAL REPORT (Operating and Financial Data Provided in
Addition to the Comprehensive Annual Financial Report Separately Filed) for FISCAL YEAR 2018

CONTINUING DISCLOSURE ANNUAL REPORT

FISCAL YEAR ENDING JUNE 30, 2018

**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, 2018**

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

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, 2018, 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.

HISTORICAL WATER DELIVERIES

	2014		2015		2016		2017		2018	
	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	9,650	3,486	7,729	3,630	8,646	3,426	9,007	4,538	10,410	3,497
DSRSD	7,905	645	6,821	645	7,474	645	8,664	645	9,231	645
CalWater	5,405	2,821	4,545	2,360	5,135	2,424	6,273	1,878	6,145	2,396
Livermore	5,064	0	4,556	0	4,818	0	5,326	0	5,909	0
Direct Customers ⁽²⁾	196		270		604		905		930	
Subtotal	28,220	6,952	23,921	6,635	26,677	6,495	30,175	7,061	32,625	6,538
Untreated Water	4,981		5,635		4,678		4,555		5,390	
Total	33,201	6,952	29,556	6,635	31,355	6,495	34,730	7,061	38,015	6,538

⁽¹⁾ Retail GW is 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 Wente Brothers.

HISTORICAL WATER SUPPLY AND DEMAND

SUPPLIES (acre-feet)	2014	2015	2016	2017	2018
State Water Project, Table A	4,000	16,100	48,400	68,500	28,200
Yuba Accord/Other ⁽¹⁾	380	350	800	710	2,700
Byron Bethany Irrigation District	0	0	0	0	0
Arroyo Valle ⁽²⁾	480	2,860	100	9,520	1,200
Groundwater	7,620	2,040	1,810	4,610	5,260
State Water Project - Carryover	17,530	8,800	13,400	2,940	15,700
Kern County Groundwater Banks	14,910	16,490	320	0	0
Total Supplies	44,920	46,640	64,830	86,280	53,060

	DEMANDS (acre-feet)				
Retailer Demand	28,670	24,307	26,535	29,703	32,360
Untreated Water Demand	4,980	5,590	4,660	4,560	5,390
Direct Retail Demand	200	270	604	905	930
Groundwater Recharge	1,440	4,230	10,360	9,050	4,500
Kern County Groundwater Banks Recharge	0	0	12,000	30,000	0
State Water Project Carryover or Other Storage	9,120	10,856	9,350	10,040	7,801
Transmission System Loss	510	1,387	1,321	2,022	2,080
Total Demands	44,920	46,640	64,830	86,280	53,060

	Supplies in Storage (End of the Year) ⁽³⁾				
SWP Carryover	5,700	13,400	9,400	10,100	7,100
Arroyo Valle Carryover	2,300	100	8,900	5,600	1,200
Groundwater-Emergency	128,000	128,000	128,000	128,000	128,000
Groundwater-Operational	103,000	96,000	99,000	109,000	118,000
Kern Banks	92,200	74,400	82,100	104,100	104,100
Total Supplies in Storage	331,200	311,900	327,400	356,800	358,400

(1) Other includes sources like Yuba Accord, Dry Year Transfer Program, River Garden Farms and Turnback Pool.

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

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

ADOPTED WATER RATES

<i>Calendar Year</i>	<i>Volume-Based Treated Water Rate per AF</i>	<i>Total Fixed Charges*</i>
2017	\$1,359**	\$14,367,286
2018	888	15,849,610
2019	876	19,363,098
2020	915	21,497,919
2021	897	25,716,705
2022	937	28,713,461

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

** Includes \$248 Drought Surcharge

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

Customer	2013-14	2014-15	2015-16	2016-17	2017-18
California Water Service Company	\$7,117,782	\$4,983,910	\$5,425,924	\$8,211,286	\$9,069,203
City of Livermore	5,928,763	4,652,093	5,324,926	7,549,062	8,439,773
City of Pleasanton	12,155,609	8,849,619	7,957,260	13,354,894	14,922,955
Dublin San Ramon Services District	9,567,801	7,082,009	8,367,597	12,216,755	13,791,425
Direct Customers ⁽¹⁾	256,443	294,008	442,896	1,084,045	1,040,297
Temporary Treated Water	3,174	2,948	6,591	2,297	1,271
Treated Water Total	\$35,029,572	\$25,864,587	\$27,525,194	\$42,418,339	\$47,264,922
Untreated Water Total	587,015	687,981	585,780	557,621	595,222
Grand Total	\$35,616,588	\$26,552,568	\$28,110,974	\$42,975,960	\$47,860,144

(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.

CALENDAR YEAR 2019 WATER CONNECTION FEES

<u>Fee Factor</u>	<u>Connection Fee (Alameda County)</u>	<u>Connection Fee (Dougherty Valley)</u>
1.0	\$29,070	\$27,900

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>
2013-14	928	\$21,570,977
2014-15	1,196	28,521,399
2015-16	1,600	39,135,444
2016-17	1,338	33,128,281
2017-18	1,301	35,434,462

Source: Zone 7 Water Agency Finance Department

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

	2013-14	2014-15	2015-16	2016-17	2017-18
Operating Revenues					
Water Sales ⁽¹⁾	\$ 35,616,588	\$ 26,552,568	\$ 28,110,974	\$ 42,975,960	\$ 47,860,145
Connection and development fees ⁽²⁾	21,973,245	28,521,399	39,135,444	33,128,280	35,434,462
Charges for Services ⁽²⁾	2,938	720,670	976,853	1,201,296	609,191
Intergovernmental Revenues ⁽³⁾	306,063	369,679	9,227,359	6,666,935	3,495,215
Interest and rental income	315,762	308,692	474,139	830,347	1,763,601
Other Revenues ⁽³⁾	2,957,983	3,328,251	245,323	404,044	402,364
Total Revenues	\$ 61,172,579	\$ 59,801,259	\$ 78,170,092	\$ 85,206,862	\$ 89,564,978
Maintenance & Operations Costs					
Labor Costs ⁽⁴⁾	\$ 15,785,516	\$ 16,980,052	\$ 17,309,917	\$ 17,158,105	\$ 16,407,779
Contractual services ⁽⁵⁾	4,046,747	4,088,031	5,920,812	2,999,280	3,571,533
Technical supplies	126,647	103,651	117,754	120,612	147,995
Chemical Purchases	1,788,873	2,025,912	1,861,443	1,767,573	1,940,215
Water Purchases ⁽⁶⁾	21,192,647	20,237,005	21,274,946	22,088,330	21,705,318
Water Storage ⁽⁷⁾	2,049,152	4,043,018	3,989,716	2,068,664	3,723,168
Utilities	2,286,718	1,779,476	1,376,686	1,414,039	1,667,619
Maintenance and repairs	1,419,527	1,454,090	1,366,627	1,093,932	1,405,705
Equipment and building rents	1,047,397	1,121,585	1,221,495	953,053	53,130
Other services and supplies	1,766,905	1,406,629	1,940,636	2,103,060	2,300,609
Total Operating Expenses	\$ 51,510,129	\$ 53,239,449	\$ 56,380,032	\$ 51,766,648	\$ 53,507,401
Net Revenues	\$ 9,662,450	\$ 6,561,810	\$ 21,790,060	\$ 33,440,214	\$ 36,057,577
Debt Service⁽⁸⁾	-	-	-	-	\$919,498
Debt Service Coverage Ratio	NA	NA	NA	NA	39.21x

NOTES ON FOLLOWING PAGE

Notes:

- (1) Water Sales Revenue is comprised of: Treated and untreated water revenue. FY 2015-16 and FY 2016-17 includes temporary surcharge revenue. FY 2016-17 & FY 2017-18, includes treated water fixed charges (35% of revenue requirement) and 65% of volume-based rate, implemented January 1, 2017.
- (2) FY 2013-14 through FY 2014-15 Connection Fees and Development Impact Fees include water connection fees and Dougherty Valley Facility Use Fees. In FY 2014-15, Dougherty Valley Facility Use Fees were reclassified to Charges for Services.
- (3) Intergovernmental revenue includes California Department of Water Resources (DWR) refunds and grant proceeds. In FY 2013-14 through FY 2014-15, Intergovernmental Revenue was classified as Other Revenues.
- (4) Labor costs includes salaries, wages and benefits. Governmental Accounting Standard Board Statement No. 68 was implemented in FY 2015-16 and the pension expense is included in the Comprehensive Annual Financial Reports for FY 2015-16 - FY 2017-18, but it is excluded in this reporting. In addition, Governmental Accounting Standard Board Statement No. 75 was implemented in FY 2017-8 and the other post employee benefits (OPEB) expense is included in the Comprehensive Annual Financial Reports for FY 2017-18, but it is excluded in this reporting.
- (5) Contractual Services includes Professional Services, County Services and Risk Management.
- (6) Water purchases includes water purchases from DWR and capital payments for the South Bay Aqueduct Improvement and Enlargement Project.
- (7) Water storage includes 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 Comprehensive Annual Financial Report for FY 2017-18 includes prepayment the Agency's obligations in connection with the Cawelo Water District Certificates of Participation, Series 2006, with Livermore Valley Water Financing Authority, Water Revenue Bonds Series A, but this amount is excluded in this reporting.
- (8) Represents partial year debt service payment on Series 2018A Bonds.

Totals may not add due to rounding.

Source: Zone 7 Water Agency