

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 2019

CONTINUING DISCLOSURE ANNUAL REPORT

FISCAL YEAR ENDING JUNE 30, 2019

**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, 2019**

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, 2019, 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.

The spread of the novel strain of coronavirus called COVID-19 (“COVID-19”) is having significant negative impacts throughout the world, including Alameda County. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the State and the United States. The purpose behind these declarations are to coordinate and formalize emergency actions and across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus.

To date there have been confirmed cases of COVID-19 in Alameda County and health officials are expecting the number of confirmed cases to grow. The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools throughout the United States. The U.S. is restricting certain non-US citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other impacts of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the Agency’s operations and finances is unknown, although there can be no assurances it will not be material and adverse.

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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

	2015		2016		2017		2018		2019	
	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	7,729	3,630	8,646	3,426	9,007	4,538	10,410	3,497	10,328	3,496
DSRSD	6,821	645	7,474	645	8,664	645	9,231	645	9,506	645
CalWater	4,545	2,360	5,135	2,424	6,273	1,878	6,145	2,396	8,165	996
Livermore	4,556	0	4,818	0	5,326	0	5,909	0	5,930	0
Direct Customers ⁽²⁾	270		604		905		930		980	0
Subtotal	23,921	6,635	26,677	6,495	30,175	7,061	32,625	6,538	34,909	5,137
Untreated Water	5,635		4,678		4,555		5,390		4,520	
Total	29,556	6,635	31,355	6,495	34,730	7,061	38,015	6,538	39,429	5,137

⁽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)	2015	2016	2017	2018	2019
State Water Project, Table A	16,100	48,400	68,500	28,200	60,500
Yuba Accord/Other ⁽¹⁾	350	800	710	2,700	0
Byron Bethany Irrigation District	0	0	0	0	0
Arroyo Valle ⁽²⁾	2,860	100	9,520	1,200	1,000
Groundwater	2,040	1,810	4,610	5,260	9,910
State Water Project - Carryover	8,800	13,400	2,940	15,700	2,640
Kern County Groundwater Banks	16,490	320	0	0	0
Total Supplies	46,640	64,830	86,280	53,060	74,050

	DEMANDS (acre-feet)				
Retailer Demand	24,307	26,535	29,703	32,360	34,574
Untreated Water Demand	5,590	4,660	4,560	5,390	4,520
Direct Retail Demand	270	604	905	930	980
Groundwater Recharge	4,230	10,360	9,050	4,500	3,620
Kern County Groundwater Banks Recharge	0	12,000	30,000	0	18,900
State Water Project Carryover or Other Storage	10,856	9,350	10,040	7,801	10,840
Transmission System Loss	1,387	1,321	2,022	2,080	616
Total Demands	46,640	64,830	86,280	53,060	74,050

	Supplies in Storage (End of the Year) ⁽³⁾				
SWP Carryover	13,400	9,400	10,100	7,100	10,840
Arroyo Valle Carryover	100	8,900	5,600	1,200	8,100
Groundwater-Emergency	128,000	128,000	128,000	128,000	128,000
Groundwater-Operational	96,000	99,000	109,000	118,000	122,000
Kern Banks	74,400	82,100	104,100	104,100	117,130
Total Supplies in Storage	311,900	327,400	356,800	358,400	386,070

⁽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	2014-15	2015-16	2016-17	2017-18	2018-19
California Water Service Company	\$4,983,910	\$5,425,924	\$8,211,286	\$9,069,203	\$9,493,706
City of Livermore	4,652,093	5,324,926	7,549,062	8,439,773	8,288,029
City of Pleasanton	8,849,619	7,957,260	13,354,894	14,922,955	14,040,043
Dublin San Ramon Services District	7,082,009	8,367,597	12,216,755	13,791,425	13,679,135
Direct Customers ⁽¹⁾	294,008	442,896	1,084,045	1,040,297	1,257,655
Temporary Treated Water	2,948	6,591	2,297	1,271	1,868
Treated Water Total	\$25,864,587	\$27,525,194	\$42,418,339	\$47,264,922	\$46,760,435
Untreated Water Total	687,981	585,780	557,621	595,222	680,157
Grand Total	\$26,552,568	\$28,110,974	\$42,975,960	\$47,860,144	\$47,440,592

(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 2020 WATER CONNECTION FEES

<u>Fee Factor</u>	<u>Connection Fee (Alameda County)</u>	<u>Connection Fee (Dougherty Valley)</u>
1.0	\$29,440	\$28,250

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>
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
2018-19	1,214	34,068,092

Source: Zone 7 Water Agency Finance Department

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

	2014-15	2015-16	2016-17	2017-18	2018-19
Operating Revenues					
Water Sales ⁽¹⁾	\$ 26,552,568	\$ 28,110,974	\$ 42,975,960	\$ 47,860,145	\$ 47,440,592
Connection and development fees ⁽²⁾	28,521,399	39,135,444	33,128,280	35,434,462	34,068,092
Charges for Services ⁽²⁾	720,670	976,853	1,201,296	609,191	620,503
Intergovernmental Revenues ⁽³⁾	369,679	9,227,359	6,666,935	3,495,215	3,466,308
Interest and rental income	308,692	474,139	830,347	1,763,601	4,607,135
Other Revenues ⁽³⁾	3,328,251	245,323	404,044	402,364	1,030,920
Total Revenues	\$ 59,801,259	\$ 78,170,092	\$ 85,206,862	\$ 89,564,978	\$ 91,233,550
Maintenance & Operations Costs					
Labor Costs ⁽⁴⁾	\$ 16,980,052	\$ 17,309,917	\$ 17,158,105	\$ 16,407,779	\$ 16,274,184
Contractual services ⁽⁵⁾	4,088,031	5,920,812	2,999,280	3,571,533	2,567,392
Technical supplies	103,651	117,754	120,612	147,995	181,601
Chemical Purchases	2,025,912	1,861,443	1,767,573	1,940,215	2,085,082
Water Purchases ⁽⁶⁾	20,237,005	21,274,946	22,088,330	21,705,318	21,201,472
Water Storage ⁽⁷⁾	4,043,018	3,989,716	2,068,664	3,723,168	755,911
Utilities	1,779,476	1,376,686	1,414,039	1,667,619	2,544,052
Maintenance and repairs	1,454,090	1,366,627	1,093,932	1,405,705	1,592,006
Equipment and building rents	1,121,585	1,221,495	953,053	53,130	72,391
Other services and supplies	1,406,629	1,940,636	2,103,060	2,300,609	2,114,868
Total Operating Expenses	\$ 53,239,449	\$ 56,380,032	\$ 51,766,648	\$ 53,507,401	\$ 49,388,959
Net Revenues	\$ 6,561,810	\$ 21,790,060	\$ 33,440,214	\$ 36,057,577	\$ 41,844,591
Debt Service	-	-	-	\$ 919,498	\$ 2,310,542
Debt Service Coverage Ratio	NA	NA	NA	39.21x	18.11x

NOTES ON FOLLOWING PAGE

Notes:

- (1) Water Sales Revenue is comprised of: Treated and untreated water revenue. Fiscal Year 2015-16 and Fiscal Year 2016-17 includes temporary surcharge revenue. Fiscal Year 2016-17, Fiscal Year 2017-18 and Fiscal Year 2018-19 includes treated water fixed charges and volume-based rates, implemented January 1, 2017.
- (2) Connection Fees and Development Impact Fees include water connection fees. Charges for Services include Dougherty Valley Facility Use Fees.
- (3) Intergovernmental revenue includes California Department of Water Resources (DWR) refunds and grant proceeds. In Fiscal Year 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 Fiscal Year 2015-16 and the pension expense is included in the Comprehensive Annual Financial Reports for Fiscal Year 2015-16 through- Fiscal Year 2018-19, but it is excluded in this reporting. In addition, Governmental Accounting Standard Board Statement No. 75 was implemented in Fiscal Year 2017-18 and the other post employee benefits (OPEB) expense is included in the Comprehensive Annual Financial Reports for Fiscal Year 2017-18 and Fiscal Year 2018-19, 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) For Fiscal Year 2014-15 through Fiscal Year 2017-18 water storage included costs associated with Cawelo and Semitropic groundwater banking including recovery, storage, operations and maintenance and capital payments of \$1.3 million (Cawelo) and \$0.05 million (Semitropic). The Comprehensive Annual Financial Report for Fiscal Year 2017-18 includes refunding of the Agency's obligations in connection with the Cawelo Water District Certificates of Participation, Series 2006, with a portion of the proceeds of the 2018 Bonds, but the prepayment amount is excluded in this reporting. In Fiscal Year 2017-18, the Semitropic capital obligation was also refunded in connection with the 2018 Bonds.

Totals may not add due to rounding.

Source: Zone 7 Water Agency