

CONTINUING DISCLOSURE ANNUAL REPORT

FISCAL YEAR ENDING JUNE 30, 2024

**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, 2024**

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”), and

\$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, 2024, 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. In fiscal year 2023, the City of Pleasanton suspended its groundwater pumping due to heightened levels of PFAS contaminants present in the City's groundwater supply facilities. The City of Pleasanton has been purchasing additional water supply from the Agency to replace its annual groundwater pumping quota until further notice.

HISTORICAL WATER DELIVERIES

	2020		2021		2022		2023		2024	
	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	11,745	3,109	10,627	3,331	10,526	2,155	12,602	-	13,574	-
-DSRSD	10,320	645	10,007	645	10,033	645	9,533	645	9,287	645
Cal Water	8,760	1,063	7,746	1,388	6,453	2,124	5,593	2,624	5,886	2,648
Livermore	6,550	0	6,410	-	6,126	-	5,739	-	5,946	-
Direct Customers ⁽²⁾	730	0	200	-	65	-	339	-	299	-
Subtotal	<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>	<u>34,992</u>	<u>3,293</u>
Untreated Water	5,814		6,000		5,352		4,865		4,351	
Total	43,919	4,817	40,990	5,364	38,555	4,924	38,671	3,269	39,343	3,293

(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 Went Brothers.

Note: Values in table are rounded.

Source: Zone 7 Water Agency

HISTORICAL WATER SUPPLY AND DEMAND

SUPPLIES (acre-feet)	2020	2021	2022	2023	2024
State Water Project, Table A	16,100	4,030	4,030	80,600	32,250
Yuba Accord/Other ⁽¹⁾	7,110	9,330	2,390	0	0
Byron Bethany Irrigation District	0	0	0	0	0
Arroyo Valle ⁽²⁾	8,580	950	3,790	4,310	13,850
Groundwater	11,440	14,620	16,840	1,670	3,600
State Water Project – Carryover	10,810	8,200	5,930	1,630	25,200
Kern County Groundwater Banks	1,000	10,400	16,800	2,360	0
Total Supplies	55,040	47,530	49,780	90,570	74,900
Retailer Demand	38,020	35,350	33,140	33,460	35,100
Untreated Water Demand	5,810	6,000	5,350	4,870	4,350
Direct Retail Demand	730	200	310	340	300
Groundwater Recharge	1,430	200	100	8,600	6,150
Kern County Groundwater Banks Recharge	0	0	0	10,000	10,000
State Water Project Carryover or Other Storage	8,870	5,620	10,700	25,100	17,750
State Water Project Transfer ⁽³⁾	0	0	0	8,000	1,250
Transmission System Loss	180	160	180	200	0
Total Demands	55,040	47,530	49,780	90,570	74,900
SWP Carryover	8,870	5,620	10,700	32,100	9,200
Arroyo Valle Carryover	20	2,300	2,300	5,000	8,600
Groundwater-Emergency	128,000	128,000	128,000	128,000	128,000
Groundwater-Operational	115,000	102,000	88,800	104,700	124,000
Kern Banks	116,130	105,680	88,600	95,600	100,600
Total Supplies in Storage⁽⁴⁾	368,020	343,600	318,400	365,400	370,400

⁽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⁾ In calendar year 2023, the Agency transferred 8,000 acre feet of its State Water Project water supplies to Westside Districts through a Transfer Agreement. In calendar year 2024, the Agency transferred 1,250 acre feet back to Napa County to comply with the terms of the 2020 water exchange agreement.

⁽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	2019-20	2020-21	2021-22	2022-23	2023-24
California Water Service Company	\$ 12,014,679	\$ 12,124,100	\$ 11,953,571	\$ 10,264,682	\$ 11,195,861
City of Livermore	9,160,161	9,926,184	9,501,191	9,784,797	10,703,070
City of Pleasanton	16,943,894	16,854,193	16,733,502	18,180,350	22,457,950
Dublin San Ramon Services District	15,180,076	16,024,984	15,621,190	16,114,828	17,990,942
Direct Customers ⁽¹⁾	1,500,014	992,484	837,867	658,752	591,923
Temporary Treated Water	1,953	2,767	2,062	3,072	2,661
Treated Water Total	\$54,800,778	\$ 55,924,711	\$54,649,384	\$55,006,481	\$62,942,407
Untreated Water Total	976,430	1,087,773	1,021,127	1,098,821	1,127,108
Grand Total	\$55,777,208	\$57,012,484	\$55,670,511	\$56,105,302	\$64,069,514

(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 Wente Brothers.

Note: Totals may not add due to rounding.

CALENDAR YEAR 2025 WATER CONNECTION FEES

<u>Fee Factor</u>	<u>Connection Fee (Alameda County)</u>	<u>Connection Fee (Dougherty Valley)</u>
1.0	\$34,910	\$33,490

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>
2019-20	796	22,461,926
2020-21	470	13,609,527
2021-22	643	19,669,509
2022-23	535	17,023,627
2023-24	354	11,860,411

Source: Zone 7 Water Agency Finance Department

HISTORICAL OPERATING RESULTS
FISCAL YEAR ENDING JUNE 30

	2019-20	2020-21⁽¹⁾	2021-22⁽¹⁾	2022-23	2023-24
Operating Revenues					
Water Sales ⁽²⁾	\$ 55,777,208	\$ 57,012,484	\$ 55,670,511	\$56,105,302	\$65,069,514
Connection and development fees ⁽³⁾	22,461,926	13,609,527	19,669,509	17,023,627	11,860,411
Charges for Services ⁽³⁾	500,371	277,722	144,160	86,983	91,125
Intergovernmental Revenues ⁽⁴⁾	2,950,774	2,837,374	2,927,144	4,966,551	14,837,187
Interest and rental income ⁽⁵⁾	3,727,928	885,314	(2,162,820)	1,431,884	6,609,550
Other Revenues	1,192,390	344,816	539,217	323,042	266,536
Total Revenues	\$ 86,610,597	\$ 74,967,237	\$ 76,787,721	\$79,937,389	\$98,734,323
Maintenance & Operations Costs					
Labor Costs ⁽⁶⁾	\$ 16,410,798	\$ 16,897,321	\$ 18,028,063	\$19,299,244	\$21,030,771
Contractual Services ⁽⁷⁾	5,297,933	4,764,669	3,667,704	4,736,034	8,641,256
Technical Supplies	277,074	440,665	555,666	565,949	423,396
Chemical Purchases	2,556,168	1,793,501	1,516,832	2,177,378	3,452,882
Water Purchases ⁽⁸⁾	19,395,676	21,252,275	27,924,705	23,424,638	23,011,074
Water Storage	1,282,526	1,179,750	4,305,743	2,252,378	1,190,937
Utilities	2,521,296	3,203,479	3,764,688	3,709,307	2,458,597
Maintenance and Repairs	1,950,838	1,380,500	1,902,758	1,646,277	2,204,150
Equipment and Building Rents	60,504	72,727	136,433	225,682	124,184
Other Services and Supplies	1,856,461	2,955,896	2,842,507	4,022,505	3,855,824
Total Operating Expenses	\$ 51,609,274	\$ 53,940,784	\$ 64,645,099	\$62,059,392	\$66,393,071
Net Revenues	\$ 35,001,322	\$ 21,026,453	\$ 12,142,622	\$17,877,997	\$32,341,252
 2018 Series A Debt Service	 \$ 4,213,913	 \$ 4,212,038	 \$ 4,216,663	 \$4,217,538	 \$4,214,663
2023 Series A Debt Service	N/A	N/A	N/A	N/A	215,963
Total Debt Service	\$ 4,213,913	\$ 4,212,038	\$ 4,216,663	\$4,217,538	\$4,430,625
 Debt Service Coverage Ratio	 8.31x	 4.99x	 2.88x	 4.24x	 7.30x

- (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. Fiscal year 2023-24 also includes \$1M in revenue received from a water transfer sale of 8,000 acre feet of the Agency's State Water Project water supplies to Westside Districts.
- (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. Fiscal Year 2023-24 includes receipt of \$11.5 million in grant proceeds from the California Department of Water Resources Sustainable Groundwater Management Grant Program for reimbursement for funds previously expended by the Agency for the development of the Stoneridge Well PFAS Treatment Facility.
- (5) FY 2021-22 investment earnings decreased mainly due to the fair value of investments (GASB Statement No. 72).
- (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) Contractual services include professional, legal, Alameda County, and insurance services.
- (8) 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