

CONTINUING DISCLOSURE ANNUAL REPORT

FISCAL YEAR ENDING JUNE 30, 2025

**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, 2025**

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, 2025, 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

	2021		2022		2023		2024		2025	
	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	10,627	3,331	10,526	2,155	12,602	-	13,574	-	12,864	-
DSRSD	10,007	645	10,033	645	9,533	645	9,287	645	9,943	645
Cal Water	7,746	1,388	6,453	2,124	5,593	2,624	5,886	2,648	5,502	2,946
Livermore	6,410	-	6,126	-	5,739	-	5,946	-	5,855	-
Direct Customers ⁽²⁾	200	-	65	-	339	-	299	-	198	-
Subtotal	<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>	<u>34,362</u>	<u>3,591</u>
Untreated Water	6,000		5,352		4,865		4,351		4,366	
Total	40,990	5,364	38,555	4,924	38,671	3,269	39,343	3,293	38,728	3,591

(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)	2021	2022	2023	2024	2025
State Water Project, Table A	4,030	4,030	80,600	32,250	40,300
Yuba Accord/Other ⁽¹⁾	9,330	2,390	0	0	0
Byron Bethany Irrigation District	0	0	0	0	0
Arroyo Valle ⁽²⁾	950	3,790	4,310	13,850	8,000
Groundwater	14,620	16,840	1,670	3,600	7,500
State Water Project – Carryover	8,200	5,930	1,630	25,200	9,200
Kern County Groundwater Banks	10,400	16,800	2,360	0	0
Total Supplies	47,530	49,780	90,570	74,900	65,500
Retailer Demand	35,350	33,140	33,460	35,100	34,200
Untreated Water Demand	6,000	5,350	4,870	4,350	4,400
Direct Retail Demand	200	310	340	300	200
Groundwater Recharge	200	100	8,600	6,150	3,100
Kern County Groundwater Banks Recharge	0	0	10,000	10,000	5,000
State Water Project Carryover or Other Storage	5,620	10,700	25,100	17,750	14,000
State Water Project Transfer ⁽³⁾	0	0	8,000	1,250	4,000
Transmission System Loss	160	180	200	0	100
Total Demands	47,530	49,780	90,570	74,900	65,000
SWP Carryover	5,620	10,700	32,100	9,200	14,000
Arroyo Valle Carryover	2,300	2,300	5,000	8,600	5,000
Groundwater-Emergency	128,000	128,000	128,000	128,000	128,000
Groundwater-Operational	102,000	88,800	104,700	124,000	123,100
Kern Banks	105,680	88,600	95,600	100,600	106,400
Total Supplies in Storage⁽⁴⁾	343,600	318,400	365,400	370,400	376,500

⁽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. In calendar year 2025, the Agency transferred 4,000 acre feet of its State Water Project water supplies to Westside Districts through a Transfer 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%. The Agency will conduct a whole wholesale water rate study in Fall 2026 to set rates for calendar years 2027, 2028, 2029 and 2030.

<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	2020-21	2021-22	2022-23	2023-24	2024-25
California Water Service Company	\$12,124,100	\$11,953,571	\$10,264,682	\$11,195,861	\$11,751,138
City of Livermore	9,926,184	9,501,191	9,784,797	10,703,070	11,645,113
City of Pleasanton	16,854,193	16,733,502	18,180,350	22,457,950	24,740,045
Dublin San Ramon Services District	16,024,984	15,621,190	16,114,828	17,990,942	19,163,953
Direct Customers ⁽¹⁾	992,484	837,867	658,752	591,923	504,511
Temporary Treated Water	2,767	2,062	3,072	2,661	2,813
Treated Water Total	\$55,924,711	\$54,649,384	\$55,006,481	\$62,942,407	\$67,807,573
Untreated Water Total	1,087,773	1,021,127	1,098,821	1,127,108	1,283,172
Grand Total	\$57,012,484	\$55,670,511	\$56,105,302	\$64,069,514	\$69,090,745

(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 2026 WATER CONNECTION FEES
(Effective as of February 1, 2026)**

<u>Fee Factor</u>	<u>Connection Fee (Alameda County)</u>	<u>Connection Fee (Dougherty Valley)</u>
1.0	\$35,670	\$34,220

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>
2020-21	470	\$13,609,527
2021-22	643	\$19,669,509
2022-23	535	\$17,023,627
2023-24	354	\$11,860,411
2024-25	672	\$22,940,368

Source: Zone 7 Water Agency Finance Department

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

	<u>2020-21⁽¹⁾</u>	<u>2021-22⁽¹⁾</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
Operating Revenues					
Water Sales ⁽²⁾	\$ 57,012,484	\$ 55,670,511	\$56,105,302	\$65,069,514	\$69,090,745
Connection and development fees ⁽³⁾	13,609,527	19,669,509	17,023,627	11,860,411	22,940,368
Charges for Services ⁽³⁾	277,722	144,160	86,983	91,125	392,426
Intergovernmental Revenues ⁽⁴⁾	2,837,374	2,927,144	4,966,551	14,837,187	6,640,373
Interest and rental income ⁽⁵⁾	885,314	(2,162,820)	1,431,884	6,609,550	9,068,500
Other Revenues ⁽⁶⁾	344,816	539,217	323,042	266,536	13,881,898
Total Revenues	\$ 74,967,237	\$ 76,787,721	\$79,937,389	\$98,734,323	\$122,014,310
Maintenance & Operations Costs					
Labor Costs ⁽⁷⁾	\$ 16,897,321	\$ 18,028,063	\$19,299,244	\$21,030,771	\$24,555,079
Contractual Services ⁽⁸⁾	4,764,669	3,667,704	4,736,034	8,641,256	12,193,826
Technical Supplies	440,665	555,666	565,949	423,396	401,634
Chemical Purchases	1,793,501	1,516,832	2,177,378	3,452,882	4,068,219
Water Purchases ⁽⁹⁾	21,252,275	27,924,705	23,424,638	23,011,074	20,704,936
Water Storage	1,179,750	4,305,743	2,252,378	1,190,937	1,463,774
Utilities	3,203,479	3,764,688	3,709,307	2,458,597	2,716,193
Maintenance and Repairs	1,380,500	1,902,758	1,646,277	2,204,150	2,325,274
Equipment and Building Rents	72,727	136,433	225,682	124,184	113,903
Other Services and Supplies	2,955,896	2,842,507	4,022,505	3,855,824	2,151,950
Total Operating Expenses	\$ 53,940,784	\$ 64,645,099	\$62,059,392	\$66,393,071	\$70,694,788
Net Revenues	\$ 21,026,453	\$ 12,142,622	\$17,877,997	\$32,341,252	\$51,319,522
2018 Series A Debt Service	\$ 4,212,038	\$ 4,216,663	\$4,217,538	\$4,214,663	\$4,217,788
2023 Series A Debt Service	N/A	N/A	N/A	215,963	\$1,849,250
Total Debt Service	\$ 4,212,038	\$ 4,216,663	\$4,217,538	\$4,430,625	\$6,067,038
Debt Service Coverage Ratio	4.99x	2.88x	4.24x	7.30x	8.46x

(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 (Grant) for reimbursement for funds previously expended by the Agency for the development of the Stoneridge Well PFAS Treatment Facility. Fiscal Year 204-25 includes \$2.8 million from the Grant.

(5) FY 2021-22 investment earnings decreased mainly due to the fair value of investments (GASB Statement No. 72).

(6) Other Revenue: The Agency was part of a class action in the Aqueous Film-Forming Foams Product Liability Multidistrict Litigation ("AFFF MDL") due to PFAS contamination in Public Water System's Drinking Water. The class action includes settling defendants 3M, Du Pont, Tyco, and BASF. A class action settlement was reached with 3M and Zone 7's received \$10.8M in FY 2024-25. Other Revenue also includes a one-time reimbursement of \$1.6M from the Los Vaqueros Reservoir Expansion project.

(7) 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.

(8) Contractual services include professional, legal, Alameda County, and insurance services. FY 2024-25 contractual services include AFFF MDL class action legal expenses.

(9) 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