

CONTINUING DISCLOSURE

SONOMA COUNTY WATER AGENCY WATER REVENUE BONDS, 2022 SERIES A, \$19,680,000 DATED:
JUNE 16, 2022

SONOMA COUNTY WATER AGENCY WATER REVENUE BONDS, 2019 SERIES A, \$11,010,000 DATED:
JULY 3, 2019

SONOMA COUNTY WATER AGENCY WATER REVENUE BONDS, 2015 SERIES A, \$22,055,000 DATED:
OCTOBER 29, 2015

SONOMA COUNTY WATER AGENCY WATER REVENUE REFUNDING BONDS, 2012 SERIES A, \$12,265,000
DATED: JULY 11, 2012

SONOMA COUNTY WATER AGENCY
March 31, 2023

Table 2
Historical Water Deliveries
Fiscal Years 2017-18 through 2021-22

Historical Water Deliveries

Fiscal Year Ended June 30, 2022

Customer	Average Annual Deliveries (acre-feet)	Average Daily Maximum Delivery Limit (mgd) ⁴	Annual Maximum Delivery Limit (acre-feet)	Agreement
City of Santa Rosa	17,142	56.6	29,100	Restructured Water Supply Agreement
City of Petaluma	7,945	21.8	13,400	Restructured Water Supply Agreement
North Marin Water District	6,386	19.9	14,100	Restructured Water Supply Agreement
Marin Municipal Water District	6,581	12.8[2]	14,300	Renewal of Water Supply Agreements ³
City of Rohnert Park	2,619	15.0	7,500	Restructured Water Supply Agreement
Valley of the Moon Water District	2,018	8.5	3,200	Restructured Water Supply Agreement
City of Sonoma	1,848	6.3	3,000	Restructured Water Supply Agreement
City of Cotati	520	3.8	1,520	Restructured Water Supply Agreement
Cal-American Water Co. (Larkfield)	270	1.13[4]	700	Cal American Water Supply Agreement
Forestville Water District	399	1.5[4]	None	Restructured Water Supply Agreement
Penngrove Water Co.	192	0.5[4]	None	Restructured Water Supply Agreement
Town of Windsor	503	1.5[5]	900 [6]	Restructured Water Supply Agreement
Other Customers	157	N/A[7]	N/A[7]	Other
	46,580			

1. Restructured Water Supply Agreement refers to Delivery Limit as Average Daily Rate of Flow During Any Month; mgd = million gallons per day.
2. Marin Municipal Water District has an average daily and annual delivery limit that is variable under its Supplemental Agreement (Amended Agreement for the Sale of Water between the Sonoma County Water Agency (Sonoma Water) and Marin Municipal Water District) based on the actual deliveries of the previous year or in lieu payments. From May through October, Marin Municipal Water District is limited to 360 acre-feet per month under the Renewal of the Third Amended Offpeak Water Supply Agreement. The values shown in the table are maximum achievable delivery limits under both agreements. Depending on the number of days in the month, the maximum month average daily delivery limit may be either 12.8 mgd or 12.9 mgd.
3. Renewal of the Third Amended Offpeak Water Supply Agreement and the Amended Agreement for the Sale of Water between the Sonoma Water and Marin Municipal Water District.
4. Under the Restructured Water Supply Agreement, the total deliveries to "Other Agency Customers" (as defined therein) cannot exceed an average of 2.7 mgd in any month, which includes 1.5 mgd to Forestville, 0.8 mgd to Cal-American Water Co., and 0.5 mgd to Penngrove. An Amendment to the Cal-American Water Supply Agreement in 2013 increased the average daily limit from 0.8 mgd to 1.13 mgd for a period of 6 years after sufficient system capacity was identified. The Second Amendment to the Cal-American Water Supply Agreement from November 2016 with the same terms has an expiration date of April 2025. See Note 7 for a listing of other customers, which have no individual diversion limits, but are subject to the aggregate 2.7 mgd limit since they are defined as "Other Agency Customers" in the Restructured Water Supply Agreement.
5. Under the Restructured Water Supply Agreement, the Town of Windsor also may divert 7.2 mgd from the Russian River using its own facilities under Sonoma Water's water rights and the terms of the First Renewal to Agreement for the Sale of Water Among the Sonoma Water, Windsor Water District and the Town of Windsor.
6. Town of Windsor's annual maximum delivery limit is 900 acre-feet for water taken from Sonoma Water's Santa Rosa Aqueduct. An additional 4,725 acre-feet may be diverted directly by Town of Windsor from the Russian River using its own facilities under Sonoma Water's water rights and the terms of the First Renewal to Agreement for the Sale of Water Among the Sonoma Water, Windsor Water District and the Town of Windsor.
7. "Other Customers" as used in the table above means Sonoma Water, the County of Sonoma, Lawndale Mutual Water Company, Kenwood Village Water Company, the State of California, and Santa Rosa Junior College.

Source: Sonoma Water

HISTORIC WATER DELIVERIES (ACRE-FEET)

Fiscal Year	Total Water
00/01	62,023.4
01/02	61,443.0
02/03	60,606.5
03/04	66,555.9
04/05	62,558.7
05/06	64,286.4
06/07	65,740.0
07/08	60,711.1
08/09	54,930.5
09/10	45,873.2
10/11	47,045.1
11/12	48,526.8
12/13	54,243.8
13/14	54,963.2
14/15	45,868.1
15/16	39,905.6
16/17	40,355.9
17/18	46,134.0
18/19	44,058.0
19/20	46,253.5
20/21	52,670.8
21/22	44,236.9
5-Year Average	46,670.6

Source: Sonoma Water Water Sales Data

TEN LARGEST CUSTOMERS (FY 2021-22)

<u>Customer Name</u>	<u>Annual Dollars</u>	<u>% of Total</u>
1 City of Santa Rosa	\$ 15,442,332	30.8%
2 Marin Municipal Water District	11,846,931	23.7%
3 City of Petaluma	7,941,507	15.9%
4 North Marin Water District	6,120,520	12.2%
5 City of Rohnert Park	2,172,132	4.3%
6 Valley of the Moon Water District	2,022,474	4.0%
7 City of Sonoma	1,798,731	3.6%
8 Town of Windsor	954,488	1.9%
9 City of Cotati	453,872	0.9%
10 Forestville	363,441	0.7%

Source: Sonoma County Auditor's Office

WATER TRANSMISSION SYSTEM OUTSTANDING LONG TERM DEBT

	Maturity Date	Interest Rate (s)	Authorized & Issued	Outstanding June 30, 2022
State Revolving Fund Loan	July 1, 2028	2.79%	\$15,857,295	\$5,710,067
2012A Revenue Bonds (1)	July 1, 2032	0.30-5.00%	\$12,265,000	\$0
2015A & AT Revenue Bonds	July 1, 2040	2.30 - 5.20%	\$23,865,000	\$19,495,000
2019 Revenue Bonds	July 1, 2039	3.00-5.00%	\$11,010,000	\$10,310,000
2022 Revenue Bonds	July 1, 2047	4.00-5.00%	\$19,680,000	\$19,680,000

(1) 2012 bonds defeased on June 12, 2022 and subsequently redeemed in full on July 1, 2022.

Source: Sonoma Water

WATER TRANSMISSION SYSTEM
HISTORICAL DEBT SERVICE COVERAGE
(Fiscal Year Ending June 30)

	Audited Financial Statement	Adjusted	Audited Financial Statement	Adjusted	Audited Financial Statement	Adjusted	Audited Financial Statement	Adjusted	Audited Financial Statement	Adjusted	Audited Financial Statement	Adjusted	Audited Financial Statement	Adjusted	Audited Financial Statement	Adjusted
	<u>2015</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>	<u>2017</u>	<u>2018</u>	<u>2018</u>	<u>2019</u>	<u>2019</u>	<u>2020</u>	<u>2020</u>	<u>2021</u>	<u>2021</u>	<u>2022</u>	<u>2022</u>
Operating Revenues:																
Water Sales (1)	\$ 34,207,795	\$ 34,207,795	\$ 31,147,906	\$ 31,147,906	\$ 33,208,443	\$ 33,208,443	\$ 39,778,515	\$ 39,778,515	\$ 39,288,806	\$ 39,288,806	\$ 42,931,384	\$ 42,931,384	\$ 51,227,762	\$ 51,227,762	\$ 46,803,250	\$ 46,803,250
Subcharges (2)		(8,162,101)		(7,574,647)		(6,891,146)		(7,871,056)		(7,497,005)		(8,307,298)		(9,442,463)		(9,240,090)
Installation Charges (3)	331,020	48,434	24,664	24,664	23,820	23,820	23,820	23,820	23,820	23,820	23,820	23,820	23,378	23,378	22,896	22,896
Misc Revenue (4)	335,984	618,570	474,482	474,482	494,169	494,169	299,470	299,470	115,719	115,719	1,710,804	1,710,804	88,493	88,493	527,687	527,687
Power Sales (5)	618,418	618,418	589,644	589,644	210,280	210,280	144,524	144,524	36,156	36,156	26,385	26,385	-	-	-	-
Total Operating Revenues	35,493,217	27,331,116	32,236,696	24,662,049	33,936,712	27,045,566	40,246,329	32,375,273	39,464,501	31,967,496	44,692,393	36,385,095	51,339,633	41,897,170	47,353,833	38,113,743
Other Rev / (Expenses) (6)	366,439	366,439	817,601	817,601	865,572	865,572	891,745	891,745	1,754,958	1,754,958	1,587,689	1,587,689	269,244	269,244	171,483	171,483
Total Gross Revenues	35,859,656	27,697,555	33,054,297	25,479,650	34,802,284	27,911,138	41,138,074	33,267,018	41,219,459	33,722,454	46,280,082	37,972,784	51,608,877	42,166,414	47,525,316	38,285,226
Maintenance & Operations Costs (7)	24,534,397	24,534,397	28,718,318	28,718,318	28,384,243	28,384,243	28,676,002	28,676,002	29,377,249	29,377,249	30,253,879	30,253,879	32,661,373	32,661,373	33,625,979	33,625,979
O&M Subfunds (8)		(5,830,697)		(8,134,667)		(5,708,105)		(5,227,863)		(4,707,644)		(6,044,660)		(7,030,278)		(6,841,756)
Net Revenues	11,325,259	8,993,855	4,335,979	4,895,999	6,418,041	5,235,000	12,462,072	9,818,879	11,842,210	9,052,849	16,026,203	13,763,565	18,947,504	16,535,319	13,899,337	11,501,003
Principal & Interest Payments	2,604,651	2,604,651	2,518,562	2,518,562	3,363,145	3,363,145	3,368,391	3,368,391	3,361,096	3,361,096	3,582,328	3,582,328	4,141,906	4,141,906	4,146,888	4,146,888
Debt Service Coverage	435%	345%	172%	194%	191%	156%	370%	292%	352%	269%	447%	384%	457%	399%	335%	277%

(1) Audited Financial Statements include Maintenance & Operations Charges, subcharges established under the 2006 Restructured Agreement (Urban Water Management Planning, Recycled Water and Local Supply, Watershed Planning and Water Conservation) and Revenue Bond Charges and aqueduct charges, if any.

(2) Preliminary Official Statement and Continuing Disclosure Reports have been revised to comply with section 19.13(a) of the Seventh Supplemental Ordinance - financial data now excludes activity from subcharges and funds established by the Restructured Water Agreement.

(3) Installation Charges are water services and connection fees in the Audited Financial Statements.

(4) Miscellaneous revenue includes donations and reimbursements, canceled warrants, and other miscellaneous and minor adjustments.

(5) The hydroelectric project was financed by the Water Transmission Enterprise fund and power sales revenues are pledged for payment of the 2003 Series A Bonds.

(6) Intergovernmental funds (grants), transfers and investment earnings, net of costs of issuance. Beginning in 2022, non-cash unrealized gains and losses on investments are excluded.

(7) Excludes non-cash expense of depreciation.

(8) O&M Subfund expenses historically included in Audited Financial Statements O&M expenses and per Note 2 above are excluded from debt coverage calculations.

Source: Audited financial statements for 2015 - 2022

**WATER TRANSMISSION SYSTEM
PROJECTED DEBT SERVICE COVERAGE
(Fiscal Year Ending June 30)**

	<u>2023 (1)</u>	<u>2024 (2)</u>	<u>2025 (3)</u>	<u>2026 (3)</u>	<u>2027 (3)</u>	<u>2028 (3)</u>
Operating Revenues:						
Water Sales (4)	38,177,710	50,220,953	\$ 52,229,791	\$ 54,318,983	\$ 56,491,742	\$ 58,751,412
Subcharges (5)	(2,849,934)	(3,767,702)	(3,918,410)	(4,075,146)	(4,238,152)	(4,407,678)
Installation Charges (6)	20,000	20,000	20,800	21,632	22,497	23,397
Misc Revenue (7)	15,000	-	-	-	-	-
Power Sales (8)	100,000	100,000	100,000	100,000	100,000	100,000
Total Operating Revenues	35,462,776	46,573,251	48,432,181	50,365,469	52,376,087	54,467,131
Other Revenue (9)	250,000	249,895	249,895	249,895	249,895	249,895
Total Gross Revenues	35,712,776	46,823,146	48,682,076	50,615,364	52,625,982	54,717,026
Operations & Maintenance Costs (10)	31,227,214	39,632,301	41,217,593	42,866,297	44,580,949	46,364,187
Net Revenues	4,485,562	7,190,845	7,464,483	7,749,067	8,045,033	8,352,839
Principal & Interest Payment - SRF Loan (11)	1,040,232	1,040,232	1,040,232	1,040,232	1,040,232	1,040,232
Principal & Interest Payment - Series 2015A (12)	1,477,081	1,484,331	1,479,331	1,477,206	1,476,831	1,472,832
Principal & Interest Payment - Series 2019A (13)	782,575	783,325	783,075	781,825	784,450	785,825
Principal & Interest Payment - Series 2022A (14)	483,356	1,682,100	1,685,475	1,686,600	1,690,350	1,686,725
Total Debt Service	3,783,244	4,989,988	4,988,113	4,985,863	4,991,863	4,985,614
Debt Service Coverage Ratio (15)	119%	144%	150%	155%	161%	168%

(1) FY 22/23 projections based on budget presented to Technical Advisory Committee (TAC) adjusted to reflect lower water sales due to drought and potential impacts from landslide as of 3/29/2023. See Landslide Impacts section.

(2) Based on FY 23/24 Budget as of 3/29/2023.

(3) Revenues increased by 4% annually and expenses inflated by 4% annually.

(4) Water sales include Maintenance & Operations Charges, subcharges established under the Restructured Agreement (Urban Water Management Planning, Recycled Water and Local Supply, Watershed Planning and Water Conservation) and Revenue Bond Charges and aqueduct charges, if any. Includes estimated annual debt service payments and an additional 15% as authorized by the current water supply agreement.

(5) Preliminary Official Statement and Continuing Disclosure Reports have been revised to comply with section 19.13(a) of the Seventh Supplemental Ordinance - financial data now excludes activity from sub-charges and funds established by the Restructured Water Agreement.

(6) Installation charges are water services and connection fees.

(7) Miscellaneous revenue includes donations and reimbursements, canceled warrants, fire service and hydrant charges, scrap metal sales, and other miscellaneous and minor adjustments.

(8) The hydroelectric project was financed by the Water Transmission Enterprise fund and power sales revenues are pledged for payment of the 2003 Series A Bonds (refunded by 2012 Series A bonds). Power sales not expected to escalate 4% per year.

(9) Other Revenue not escalated to represent average historical revenue.

(10) Includes water production, water operation and maintenance, general and administrative, and other expenses. Excludes "non-cash" expense of depreciation. Excludes subcharges established under the Restructured Agreement (Urban Water Management Planning, Recycled Water and Local Supply, Watershed Planning and Water Conservation) per Note 5 above.

(11) Outstanding debt is a State Revolving Fund loan in the amount of \$15,858,989, of which \$15,857,295 has been availed as of June 30, 2009. The annual debt service of \$1,040,232 for the state loan based on final amount of loan.

(12) Water Revenue Bonds Series 2006A were refunded by series 2015A.

(13) Water Revenue Bond Series 2019A were issued in FY 19-20.

(14) Water Revenue Bond Series 2012A were refunded by series 2022A (Issued in FY 21-22).

(15) Calculated using conservative projections set forth in this table. Historical debt service coverage was over 200% for the previous 5 years. See the table entitled "Historical Debt Service Coverage" above.

Landslide Impacts

On March 22, 2023 a landslide occurred in the vicinity of the North Marin Aqueduct, which is owned and operated by the North Marin Water District (NMWD), a Prime Contractor of the Sonoma County Water Agency (Sonoma Water). The aqueduct conveys water to Marin County including NMWD and Marin Municipal Water District (MMWD). Although no impacts had been identified to the pipe itself as of March 29, 2023, NMWD has isolated and closed off a segment of the aqueduct at location of the landslide to avoid any public safety issues or water losses that would result from the potential failure of the pipeline. As a result, deliveries to both NMWD and MMWD south of the landslide have ceased. The duration of the shutdown is dependent on ground conditions and stabilization of the landslide.

Geotechnical experts from multiple agencies are assessing the landslide area to develop a stabilization and repair strategy. NMWD is conducting ongoing assessments of the aqueduct to determine if there is any damage to the pipeline and is engaged in contingency planning. NMWD is currently able to meet all of its customer water needs by operating its local water treatment plant and reservoir, but its ability to do so could diminish as warmer months approach and associated demand increases. As of March 29, 2023 NMWD had acquired layflat pipe that would allow it to temporarily bypass the landslide and facilitate reduced water deliveries to areas south of the landslide. This bypass is anticipated to be installed within 30 days.

Sonoma Water is currently evaluating the potential water sales losses resulting from reduced deliveries to NMWD and MMWD. Once the emergency conditions have been stabilized and service is resumed, NMWD may need additional deliveries to replenish its reservoir and MMWD may similarly require additional deliveries.

Given the uncertainty as to when the aqueduct will be reopened and water deliveries to NMWD and MMWD will be resumed, Sonoma Water has conservatively decreased projected water sales revenue for the remaining months of FY22/23. At this time, Sonoma Water expects that deliveries and water sales revenue will return to projected budgeted levels once service is restored in FY23-24.