

CITY OF REEDLEY

\$3,160,000

2016 WASTEWATER REFUNDING REVENUE BONDS

Fresno County, California

Dated: May 11, 2016

Base CUSIP+: 758332



**2021 ANNUAL CONTINUING DISCLOSURE
INFORMATION STATEMENT**

As of November 30, 2021



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* In its role as Disclosure Consultant and Dissemination Agent, Willdan Financial Services has not passed upon the accuracy, completeness or fairness of the statements contained herein.

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I. INTRODUCTION

The City of Reedley (the “City”) issued \$3,160,000 2016 Wastewater Refunding Revenue Bonds (the “2016 Bonds”). The proceeds of the 2016 Bonds were issued to refund the Reedley Public Financing Authority Wastewater Revenue Bonds, Series 2007.

The City is located in the central San Joaquin Valley portion of California, lying just inland between the State’s coastal mountain ranges and the Sierra Nevada Mountains. The City is situated approximately twenty-five miles southeast of the City of Fresno.

The 2016 Bonds are payable solely from Net Revenues, as defined within the Official Statement dated April 28, 2016 (the “Official Statement”), of the City’s Wastewater System, as defined within the Official Statement, derived primarily from charges and revenues received by the City from the operation of the Wastewater System, less the costs of the operation and maintenance of the Wastewater System. The 2016 Bonds were issued on parity with the 2007 State Loan Agreement, as defined within the Official Statement (the “2007 SRF Loan”). On December 18, 2019, the City issued \$15,674,000 2019 Wastewater Refunding Revenue Bonds (the “2019 Bonds”) on parity with the 2016 Bonds to refund the 2007 SRF Loan.

The 2016 Bonds are not a debt of the City, the State of California, or any of its political subdivisions and neither the City, the State of California, nor any of its political subdivisions is liable. The 2016 Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limit or restriction.

This Annual Continuing Disclosure Information Statement (the “Report”) is being provided pursuant to a covenant made by the City for the benefit of the holders of the 2016 Bonds and includes the information specified in a Continuing Disclosure Certificate. For further information and a more complete description of the City and the 2016 Bonds, reference is made to the Official Statement.

The information set forth herein has been furnished by the City and by other sources, which is believed to be accurate and reliable, but is not guaranteed as to accuracy or completeness. Statements contained in this Report that involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Report will not, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties described herein.

THIS REPORT IS OF A FACTUAL NATURE WITHOUT SUBJECTIVE ASSUMPTIONS, OPINIONS, OR VIEWS AND MAY NOT BE RELIED UPON AS ADVICE OR RECOMMENDATION TO PURCHASE OR SELL ANY PRODUCT OR UTILIZE ANY PARTICULAR STRATEGY RELATING TO THE ISSUANCE OF MUNICIPAL SECURITIES OR PURCHASE OF FINANCIAL PRODUCTS. IN PROVIDING THIS REPORT, WILLDAN FINANCIAL SERVICES AND ITS EMPLOYEES (COLLECTIVELY “WILLDAN”) DO NOT RECOMMEND ANY ACTIONS AND ARE NOT ACTING AS AN ADVISOR TO ANY MUNICIPAL ENTITY, BOARD, OFFICER, AGENT, EMPLOYEE OR OBLIGATED PERSON PURSUANT TO SECTION 15B OF THE EXCHANGE ACT UNLESS SPECIFICALLY AGREED TO IN A SEPARATE WRITING WITH THE RECIPIENT. PRIOR TO ACTING ON ANY INFORMATION OR MATERIAL CONTAINED IN THIS REPORT, YOU SHOULD DISCUSS IT WITH APPROPRIATE INTERNAL OR EXTERNAL ADVISORS AND EXPERTS AND ONLY RELY UPON THEIR ADVICE.

II. REFERENCE TO PREVIOUSLY FILED INFORMATION

For historical information, reference is made to the Reports previously filed on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA").

III. BOND INFORMATION

A. PRINCIPAL OUTSTANDING

Bond Issue	As of December 31, 2021
2016 Bonds	\$2,560,000
2019 Bonds	\$15,038,000

IV. FINANCIAL INFORMATION

A. AUDITED FINANCIAL STATEMENTS

The audited financial statements for the City for the fiscal year ended June 30, 2021 have been separately filed on EMMA and are hereby incorporated by reference into this Report.

V. OPERATING INFORMATION

A. INFLUENT FLOWS

The following table sets forth a five-year history of the volume of wastewater collected by the Wastewater System.

(per Million Gallons)		
Year	Peak Daily Average Flow	Average Daily Dry Weather Flow
2016	1.8823	1.7462
2017	1.7459	1.7919
2018	1.8771	1.8320
2019	1.8812	1.7872
2020	1.8511	1.7800 ⁽¹⁾
2021	1.9070	1.8800

(1) The Daily Dry Weather Average was determined by using only the months available at the time of this Report (May & June).

B. CAPITAL IMPROVEMENT PROGRAM SUMMARY

The City's projected capital improvement plan for the Wastewater System for fiscal year 2021/22 through fiscal year 2025/26 is set forth below. The City intends to fund its capital improvement plan through fund equity and current revenues.

Fiscal Year	Amount
2021/22	\$186,500
2022/23	185,000
2023/24	150,000
2024/25	360,000
2025/26	40,000
Total	\$921,500

C. CURRENT CONNECTION / DEVELOPER IMPACT FEE STRUCTURE

The following table sets forth the connection / developer impact fee component of the Wastewater System current rate structure.

Type of Connection	Connection Fee
Single Family Residential	\$2,521.00
Multi-Family Residential	\$1,680.00
Commercial	\$1,104.00
Industrial	\$568.00
Institutional / Other	\$178.00
Commercial (per square foot)	\$1.104
Industrial (per square foot)	\$0.568
Institutional / Other (per square foot)	\$0.178
City Center Commercial (per square foot)	\$0.552
City Center Industrial (per square foot)	\$0.284

D. CURRENT WASTEWATER RATE STRUCTURE

The following tables set forth the fixed and variable components of the Wastewater System current rate structure.

UNMETERED ACCOUNTS (FLAT RATE)

(Billed Monthly)	
Account Type	Rate
Residential (per customer)	\$54.26
Duplex (per unit)	\$46.36
Unmetered commercial (per 1,000 square feet)	\$48.19

METERED ACCOUNTS

Multi-Family Residential, Commercial, Hospitals and Schools (Billed Monthly)

Base rate per month

3/4" meter	\$20.51
1" meter	\$34.24
1-1/2" meter	\$68.22
2" meter	\$109.25
3" meter	\$204.96
4" meter	\$341.67
6" meter	\$683.13
8" meter	\$1,093.11

Consumption Charge (per 1,000 gallons)

All water consumption	\$6.46
125% of Average Winter Water Usage (AWWU) Over Adjusted AWWU	\$6.46

Industrial (Billed Monthly)

Discharge (per 1,000 gallons)	\$3.71
BOD (per pound)	\$0.79
SS (per pound)	\$0.63

E. WASTEWATER RATE INCREASES

The following table sets forth historical wastewater rate increases.

Fiscal Year	Rate Increase	Effective Date
2015/16	No Increase	
2016/17	No Increase	
2017/18	2.4%	7/1/2017
2018/19	2.5%	7/1/2018
2019/20	No Increase	
2020/21	2.2%	12/1/2020
2021/22	2.5%	7/1/2021

F. AVERAGE MONTHLY RESIDENTIAL BILLS

The following table sets forth typical comparative residential monthly wastewater bills for neighboring communities, based on customers.

Fiscal Year 2020/21	
Agency	Typical Monthly Bill
Bakersfield	\$17.92
Fresno	\$25.75
Visalia	\$26.45
Lemoore	\$27.70
Kingsburg	\$38.99
Sanger	\$39.86
Selma	\$41.57
Tulare	\$53.90
Reedley	\$54.26
Clovis	\$58.94

G. NUMBER OF ACCOUNTS

The following table sets forth a five-year history of the number of accounts for the Wastewater System.

	As of June 30,				
	2017	2018	2019	2020	2021
Residential	5,319	5,336	5,347	5,335	5,402
Commercial	505	496	503	520	456
Total	5,824	5,832	5,850	5,855	5,858

H. WASTEWATER SYSTEM PRINCIPAL USERS

The following table sets forth the ten largest customers of the Wastewater System for fiscal year 2020/21.

Customer	Primary Business Activity	Revenue	Percentage of Total Revenues	Percentage of Total Use
Kings Canyon Unified School District	K-12 School	\$187,199	3.41%	7.66%
Youngstown Grape Distributors	Cold Storage	149,530	2.72%	2.49%
Sun Pacific Facilities, LP	Cold Storage	135,763	2.47%	2.02%
Palm Village Retirement	Senior Assisted Living	104,296	1.90%	1.56%
Kings River MHC Holdings	Residential	86,463	1.58%	1.33%
Meadowbrook Apartments	Residential	78,644	1.43%	1.33%
State Center Community College	College	78,385	1.43%	2.68%
Cypress Estates	Residential	38,794	0.71%	0.56%
Reedley Family Apartments	Residential	31,150	0.57%	0.42%
Riverland Apartments	Residential	30,661	0.56%	0.50%
Total System Revenues		\$920,886	16.78%	20.54%

Note: Totals may not add up due to rounding.

I. REVENUES BY CUSTOMER TYPE

The following table sets forth a breakdown of revenues of the Wastewater System by customer type (excluding revenues derived from connection fees, late payment penalties and shut-off fees).

Fiscal Year 2020/21					
	Number of Accounts	Consumption (1,000 gal)	Percent of Total Consumption	Total Revenues	Percent of Total Revenue
Single Family	5,146	572,583	56.81%	\$3,283,162	59.81%
Multi-family	256	116,679	11.58%	897,137	16.34%
Commercial	414	126,320	12.53%	848,261	15.45%
Industrial / Other	42	111,253	11.04%	460,742	8.39%
Irrigation	0	81,091	8.05%	0	0.00%
Fire	0	0	0.00%	0	0.00%
Total	5,858	1,007,926	100.00%	\$5,489,302	100.00%

Note: Totals may not add up due to rounding.

J. NET REVENUES AND DEBT SERVICE COVERAGE

The following table presents the calculation of debt service coverage for the Wastewater System for the previous three fiscal years.

	Fiscal Year		
	2018/19	2019/20	2020/21
Operating Revenues			
User Fees	\$5,317,981	\$5,321,773	\$5,489,302
Rents	3,713	4,050	4,050
Other Income	34,778	23,215	29,512
Total Operating Revenues	\$5,356,472	\$5,349,038	\$5,522,864
Operating Expenses			
Personnel	\$1,728,350	\$1,844,692	\$1,539,530
Supplies, Materials, Utilities and Other	1,123,980	753,354	1,028,239
Contractual	97,530	118,351	682,942
Total Operating Expenses	\$2,949,860	\$2,716,397	\$3,250,711
Nonoperating Revenues			
Miscellaneous ⁽¹⁾	\$12,295	\$22,514	\$56,332
Interest Income	117,838	139,166	0
Development Impact Fees	41,678	50,624	287,058
Total Nonoperating Revenues	\$171,811	\$212,304	\$343,390
Net Revenues Available for Debt Service	\$2,578,423	\$2,844,945	\$2,615,543
Debt Service			
2016 Bonds	\$220,000	\$222,600	\$218,850
2007 SRF Loan ⁽²⁾	1,750,790	1,750,790	0
2019 Bonds ⁽³⁾	0	0	1,221,211
Total Debt Service	\$1,970,790	\$1,973,390	\$1,440,061
Debt Service Coverage	1.31	1.44	1.82
Coverage Without SRF Loan	11.72	12.78	1.82

(1) Includes Intergovernmental revenues.

(2) The 2007 State Loan Agreement was refunded by the 2019 Bonds on December 18, 2019.

(3) Debt service on the 2019 Bonds began in fiscal year 2020/21.

K. ADDITIONAL BONDS ISSUED OR PARITY OBLIGATIONS INCURRED

There were no additional bonds issued or parity obligations incurred during fiscal year 2020/21.

VI. OCCURRENCE OF LISTED EVENTS

The Continuing Disclosure Covenants outline the Occurrence of Listed Events that must be reported in not more than ten (10) business days after the occurrence of the event, ***irrespective of any determination as to whether such event may or may not be deemed material***. The City has no knowledge that any of the events listed below have occurred that have not been previously reported during the fiscal year ended June 30, 2021.

1. Principal and interest payment delinquencies on the 2016 Bonds.
2. Unscheduled draws on debt service reserves reflecting financial difficulties.
3. Unscheduled draws on credit enhancements reflecting financial difficulties.
4. Substitution of credit or liquidity providers, or their failure to perform.
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2016 Bonds.
6. Defeasances.
7. Tender offers.
8. Bankruptcy, insolvency, receivership or similar proceedings pertaining to the City.
9. Ratings changes.

The Continuing Disclosure Covenants outline the Occurrence of Listed Events that must be reported in not more than ten (10) business days after the occurrence of the event, ***if deemed material***. The City has no knowledge that any of the events listed below have occurred that have not been previously reported during the fiscal year ended June 30, 2021.

10. Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the City or the dissolution of the City.
11. Appointment of a successor or additional Trustee or the change of the name of the Trustee or any successor or additional Trustee.
12. Non-payment related defaults.
13. Modifications to the rights of Holders.
14. Optional, contingent or unscheduled bond calls, prepayment or redemptions other than defeasances.
15. Release, substitution or sale of property securing repayment of the 2016 Bonds.