

CITY OF REEDLEY

\$15,674,000

2019 WASTEWATER REFUNDING REVENUE BONDS

**Fresno County, California
Dated: December 18, 2019**



**2023 ANNUAL CONTINUING DISCLOSURE
INFORMATION STATEMENT**

As of January 18, 2024

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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 \$15,674,000 2019 Wastewater Refunding Revenue Bonds (the “2019 Bonds”). The proceeds of the 2019 Bonds were issued to refund the 2007 State Loan Agreement (the “2007 SRF Loan”), as defined within the Indenture of Trust dated as of December 1, 2019 (the “Indenture”).

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 2019 Bonds are payable solely from Net Revenues, as defined within the Indenture, of the City’s Wastewater System, as defined within the Indenture, 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 2019 Bonds were issued on parity with the City’s previously issued 2016 Wastewater Refunding Revenue Bonds (the “2016 Bonds”).

This Annual Continuing Disclosure Information Statement (the “Report”) is being provided pursuant to a covenant made by the City for the benefit of the Bond Owner of the 2019 Bonds and includes the information specified in the Indenture. For further information and a more complete description of the City and the 2019 Bonds, reference is made to the Indenture.

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 provided to the Bond Owner, as applicable.

III. BOND INFORMATION

A. PRINCIPAL OUTSTANDING

Bond Issue	As of December 31, 2023
2016 Bonds	\$2,295,000
2019 Bonds	\$13,348,000

IV. FINANCIAL INFORMATION

A. AUDITED FINANCIAL STATEMENTS

The audited financial statements for the City for the fiscal year ended June 30, 2023 have been separately provided to the Bond Owner 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
2019	1.8812	1.7872
2020	1.8511	1.7800 ⁽¹⁾
2021	1.9070	1.8800
2022	1.8186	1.7666
2023	2.3800	1.8600

(1) The Daily Dry Weather Average was determined by using only the months available as of the date of the 2021 Report (May & June).

B. CAPITAL IMPROVEMENT PROGRAM SUMMARY

The City's projected capital improvement plan for the Wastewater System for fiscal year 2023/24 through fiscal year 2027/28 is set forth below. The City intends to fund its capital improvement plan through fund equity and current revenues.

Fiscal Year	Amount
2023/24	\$496,250
2024/25	247,000
2025/26	440,000
2026/27	380,000
2027/28	50,000
Total	\$1,613,250

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.

Expansion Area	
Single Family (per dwelling unit)	\$ 2,527.23
Multi-Family (per dwelling unit)	2,426.14
Accessory Unit (per dwelling unit)	631.80
Commercial/Retail (per 1,000 sq. ft.)	1,465.79
Industrial/Warehouse (per 1,000 sq. ft.)	1,162.53
Public/Institutional (per 1,000 sq. ft.)	960.35
City Center	
Single Family (per dwelling unit)	1,263.62
Multi-Family (per dwelling unit)	1,213.07
Accessory Unit (per dwelling unit)	315.90
Commercial/Retail (per 1,000 sq. ft.)	732.90
Industrial/Warehouse (per 1,000 sq. ft.)	581.26
Public/Institutional (per 1,000 sq. ft.)	480.17
In-fill Area	
Single Family (per dwelling unit)	1,895.42
Multi-Family (per dwelling unit)	1,819.60
Accessory Unit (per dwelling unit)	473.86
Commercial/Retail (per 1,000 sq. ft.)	1,099.35
Industrial/Warehouse (per 1,000 sq. ft.)	871.90
Public/Institutional (per 1,000 sq. ft.)	720.27

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)	\$59.64
Duplex (per unit)	\$50.96
Unmetered commercial (per 1,000 square feet)	\$52.96

METERED ACCOUNTS

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

Base rate per month

3/4" meter	\$22.54
1" meter	\$37.63
1-1/2" meter	\$74.98
2" meter	\$120.08
3" meter	\$225.30
4" meter	\$375.58
6" meter	\$750.95
8" meter	\$1,201.64

Consumption Charge (per 1,000 gallons)

All water consumption	\$7.09
125% of Average Winter Water Usage (AWWU) Over Adjusted AWWU	\$7.09

Industrial (Billed Monthly)

Discharge (per 1,000 gallons)	\$4.07
BOD (per pound)	\$0.86
SS (per pound)	\$0.68

E. WASTEWATER RATE INCREASES

The following table sets forth historical wastewater rate increases.

Fiscal Year	Rate Increase	Effective Date
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
2022/23	4.1%	7/1/2022
2023/24	5.6%	7/1/2023

F. AVERAGE MONTHLY RESIDENTIAL BILLS

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

Fiscal Year 2022/23	
Agency	Typical Monthly Bill
Bakersfield	\$19.25
Fresno	\$25.81
Visalia	\$26.45
Lemoore	\$27.70
Kingsburg	\$40.16
Sanger	\$35.88
Selma	\$42.99
Tulare	\$53.90
Reedley	\$59.64
Clovis	\$61.64

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,				
	2019	2020	2021	2022	2023
Residential	5,347	5,335	5,402	5,486	5,644
Commercial	503	520	456	582	483
Total	5,850	5,855	5,858	6,068	6,127

H. WASTEWATER SYSTEM PRINCIPAL USERS

The following table sets forth the ten largest customers of the Wastewater System for fiscal year 2022/23.

Customer	Primary Business Activity	Revenue	Percentage of Total Revenues	Percentage of Total Use
Kings Canyon Unified School District	K-12 School	\$159,566	2.70%	8.03%
Youngstown Grape Distributors	Cold Storage	155,106	2.63%	2.65%
Palm Village Retirement	Senior Assisted Living	131,296	2.22%	1.86%
Kings River MHC Holdings	Residential	97,210	1.65%	1.41%
Meadowbrook Apartments	Residential	89,848	1.52%	1.40%
State Center Community College District	College	77,277	1.31%	2.50%
Housing Authorities	Residential	43,373	0.73%	0.74%
Cypress Estates	Residential	41,771	0.71%	0.58%
Sun Pacific Facilities, LP	Cold Storage	40,981	0.69%	2.53%
Moonlight Cold Storage	Cold Storage	36,289	0.61%	0.49%
Total System Revenues		\$872,717	14.77%	22.19%

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 2022/23					
	Number of Accounts	Consumption (1,000 gal)	Percent of Total Consumption	Total Revenues	Percent of Total Revenue
Single Family	5,390	554,152	57.06%	\$3,932,700	66.58%
Multi-family	254	111,189	11.45%	915,625	15.50%
Commercial	406	123,451	12.71%	962,615	16.30%
Industrial / Other	77	84,770	8.73%	95,946	1.62%
Irrigation	0	97,619	10.05%	0	0.00%
Fire	0	0	0.00%	0	0.00%
Total	6,127	971,181	100.00%	\$5,906,886	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	2021/22	2022/23
Operating Revenues					
User Fees	\$5,317,981	\$5,321,773	\$5,489,302	\$5,766,150	\$5,913,302
Rents	3,713	4,050	4,050	4,050	4,050
Other Income	34,778	23,215	29,512	26,175	54,398
Total Operating Revenues	\$5,356,472	\$5,349,038	\$5,522,864	\$5,796,375	\$5,971,750
Operating Expenses					
Personnel	\$1,728,350	\$1,844,692	\$1,539,530	\$1,160,401	\$1,763,422
Supplies, Materials, Utilities and Other	1,123,980	753,354	1,028,239	1,365,458	1,201,844
Contractual	97,530	118,351	682,942	502,413	437,990
Total Operating Expenses	\$2,949,860	\$2,716,397	\$3,250,711	\$3,028,272	\$3,403,256
Nonoperating Revenues					
Miscellaneous ⁽¹⁾	\$12,295	\$22,514	\$56,332	\$119,745	\$2,103
Interest Income	117,838	139,166	0	0	31,899
Development Impact Fees	41,678	50,624	287,058	300,220	188,275
Total Nonoperating Revenues	\$171,811	\$212,304	\$343,390	\$419,965	\$222,277
Net Revenues Available for Debt Service	\$2,578,423	\$2,844,945	\$2,615,543	\$3,188,068	\$2,790,771
Debt Service					
2016 Bonds	\$220,000	\$222,600	\$218,850	\$220,100	\$221,200.00
2007 SRF Loan ⁽²⁾	1,750,790	1,750,790	0	0	0
2019 Bonds ⁽³⁾	0	0	1,221,211	1,220,477	1,221,043
Total Debt Service	\$1,970,790	\$1,973,390	\$1,440,061	\$1,440,577	\$1,442,243
Debt Service Coverage	1.31	1.44	1.82	2.21	1.94
Coverage Without SRF Loan	11.72	12.78	1.82	2.21	1.94

(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 2022/23.

VI. OCCURRENCE OF SPECIFIC EVENTS

The Continuing Disclosure Covenants outline the Occurrence of Specific Events that must be reported. 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, 2023.

1. **Event of Default.** The City shall immediately notify the Bond Owner(s) by email, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an Event of Default under the Indenture, together with a detailed statement by an Authorized Representative of the City of the steps being taken by the City to cure the effect of such Event of Default.
2. **Action, Suit or Proceeding.** The City shall promptly notify the Bond Owner(s) in writing (A) of any action, suit or proceeding or any investigation, inquiry or similar proceeding by or before any court, or other governmental authority, against the City or any of the Wastewater System or the Gross Revenues, of which the City has notice or knowledge and which involves claims equal to or in excess of \$1,000,000 or that seeks injunctive relief that would have a Material Adverse Effect, (B) any Material Litigation or (c) of any loss or destruction of or damage to any portion of the Wastewater System in excess of \$1,000,000.
3. **Cancellation of Insurance or Loss.** The City shall promptly notify the Bond Owner(s) in writing in the event of any termination or cancellation of any insurance policy which the City is required to maintain under the Indenture, or any uninsured or partially uninsured loss through liability or property damage, or through fire, theft or any other cause affecting the Wastewater System in excess of an aggregate of \$1,000,000.
4. **Additional Information.** The City shall provide the Bond Owner(s) with such additional information as reasonably requested by the Bond Owner(s).