



# Community Facilities District Financing

Presentation to SCV Water Finance and Administrative Committee  
August 16, 2021

# PROJECT DESCRIPTION

- The Highlands at Tesoro del Valle is the final phase of the existing Tesoro del Valle community constructed from 2000 to 2006
- The Highlands at Tesoro del Valle Project (“Project”) allows for the development of 820 total residential units (455 market rate units and 365 age qualified units)
- The Project includes 1,275 acres, with over 1,000 acres of open space and recreation uses
- Newport Pacific Land (“Developer”) has received the required entitlements to allow for development and has commenced grading the site for merchant homebuilders.
- The first occupancy in the Project is anticipated in Fall 2022.

# SITE PLAN



# CFD REQUEST

- Last year, SCV Water joined the California Municipal Finance Authority (“CMFA”), allowing a Joint Community Facilities Agreement (“JCFA”) with CMFA related to the formation of a new CFD.
- CMFA will form the CFD under their program, “Bond Opportunities for Land Development” (“BOLD”); the benefit is that CMFA handles all matters related to the CFD such as the issuance of bonds and annual administration of the CFD.
- The JCFA will allow SCV Water to retain control of the construction, inspection, and approval of the water facilities and eliminate any ongoing financial and administrative responsibility typical of a CFD.
- The Developer will also enter into JCFA’s with the City and County to fund flood control and transportation facilities and sewer facilities.
- The JCFA between the Developer and SCV Water provides for new water facilities to benefit existing and new SCV Water customers within the Project and the surrounding areas.
- The Developer is not asking for the funding of SCV Water fees.

## CFD / REQUEST (CONTINUED)

- Before you tonight is a Deposit and Reimbursement Agreement as well as a draft Acquisition and Funding Agreement.
- The Deposit and Reimbursement Agreement requires Developer to fund \$70,000 to off-set SCV Water costs associated with the BOLD program and CFD related expenses, with additional deposits in the amount of \$25,000 in the event the initial deposit dips below \$10,000.
- The draft Acquisition and Funding Agreement, which also serves as the JCFA, provides for the financing of SCV Water infrastructure costs with an estimated cost of \$17.5 million. The Developer, not SCV Water, will construct the improvements, and the CFD will fund the costs.
- The Developer requests that Finance Committee recommend approval of the draft Acquisition and Funding Agreement and forward the agreements to the SCV Water Board of Directors for approval at the September 7, 2021, meeting.



# NEW SCV WATER FACILITIES

- The total cost for SCV Water improvements are approximately \$17.5 million (table below).
- These water improvement projects will benefit existing and new rate payers by creating additional water storage and distribution facilities (which would improve service pressures, energy efficiency, and flexibility for system maintenance).
- Two new tanks will provide a regional benefit to the entire SCV Water service area as well as a new helipad for LA County Fire Department access with regional firefighting benefit.
- The new water distribution system will provide redundancy to surrounding community.

<b>SCVWA Improvement Projects</b>	<b>Estimated Cost</b>
Two Steel 1.2 Million Gallon Reservoirs	\$4,290,000
Pump Station - Two 1,000 GPM Pumps	\$2,420,000
Domestic Water - Backbone Avenida Rancho Tesoro	\$3,740,000
Domestic Water - Planning Areas	\$7,040,000
<b>Total Water Facilities</b>	<b>\$17,490,000</b>

# PRELIMINARY CFD ANALYSIS

Project and Property Tax Assumptions	Traditional SFD Unit	Estate SFD Unit	Age-Qualified Unit	Total / Weighted Average
Unit Mix	318	137	365	820
Weighted Average Home Size (SqFt)	3,113	4,647	2,055	2,898
Weighted Average Home Price	\$1,095,349	\$1,671,639	\$884,333	\$1,097,704
Ad Valorem Property Taxes				
General (1.000000%)	\$10,953	\$16,716	\$8,843	\$10,977
Elementary School (0.057021%)	\$625	\$953	\$504	\$626
High School (0.054642%)	\$599	\$913	\$483	\$600
Community College (0.040546%)	\$444	\$678	\$359	\$445
Water (0.070600%)	\$773	\$1,180	\$624	\$775
Combined Fixed Charges	\$1,005	\$1,098	\$890	\$969
Proposed CFD Special Tax	\$5,635	\$9,386	\$0	\$3,754
Total Annual Property Taxes	\$20,035	\$30,925	\$11,703	\$18,146
<b>Total Effective Property Tax Rate</b>	<b>1.83%</b>	<b>1.85%</b>	<b>1.32%</b>	<b>1.65%</b>

# PRELIMINARY CFD ANALYSIS (CONTINUED)

<b>Bond Assumptions and Estimated Bond Proceeds</b>	<b>Amount</b>
Number of Bond Issuances	2
Total Annual CFD Tax Collections	\$3,077,971
Average Bond Yield	3.50%
Gross Bond Proceeds	\$49,860,000
Underwriter's Discount	(\$747,900)
Reserve Fund	(\$2,706,908)
Capitalized Interest	(\$810,521)
Issuance Costs	(\$700,000)
<b>Net Construction Proceeds*</b>	<b>\$44,894,671</b>

\* \$17.5 million is expected to be allocated to the SCV Water facilities and the balance to City and County facilities.



## IMPACT TO HOMEBUYER

- The effective tax rate for the Project ranges from 1.32% to 1.85% of a home's assessed value which is well below the 2% policy limit. The weighted average tax rate is 1.65%.

## BENEFITS TO SCV WATER

- Finances \$17.5 million of water facilities including two water tanks, pump station and pipeline system.
- New water tanks will increase storage capacity by 2.4 million gallons.
- New pump station will increase reliability of water service to new and existing customers.
- New pipeline system will provide looped distribution capability to new and existing customers.
- Existing water tanks and water tank sites will be transferred to the SCVWA at no cost
- Existing water tanks will be connected to permanent electrical power.
- A new Fire Department helistop will be located next to the new water tanks to increase firefighting capability.

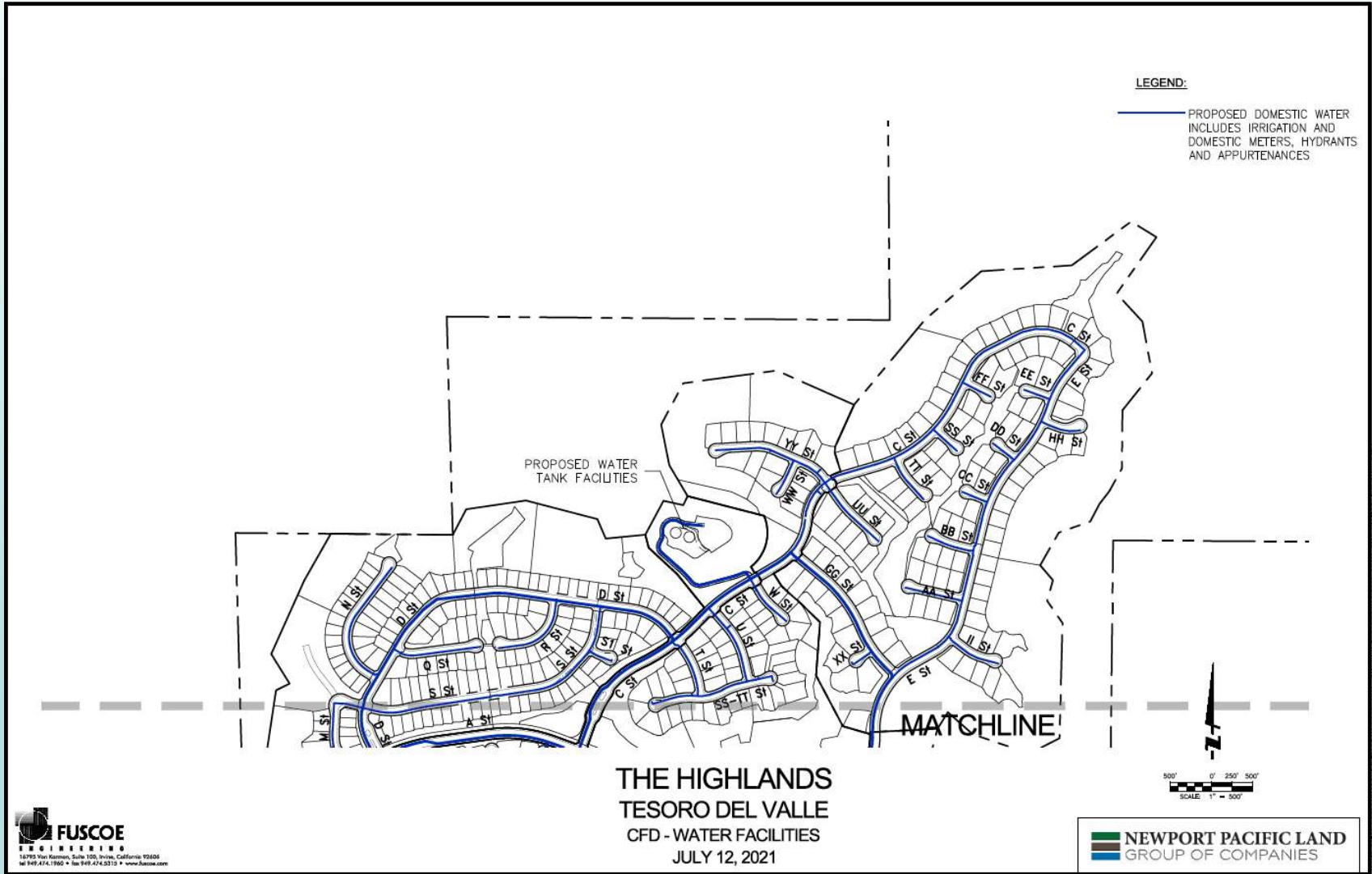
# WATER TANK SITES



**Existing Water Tanks**

**New Tank Site  
with Helistop**

# WATER FACILITIES

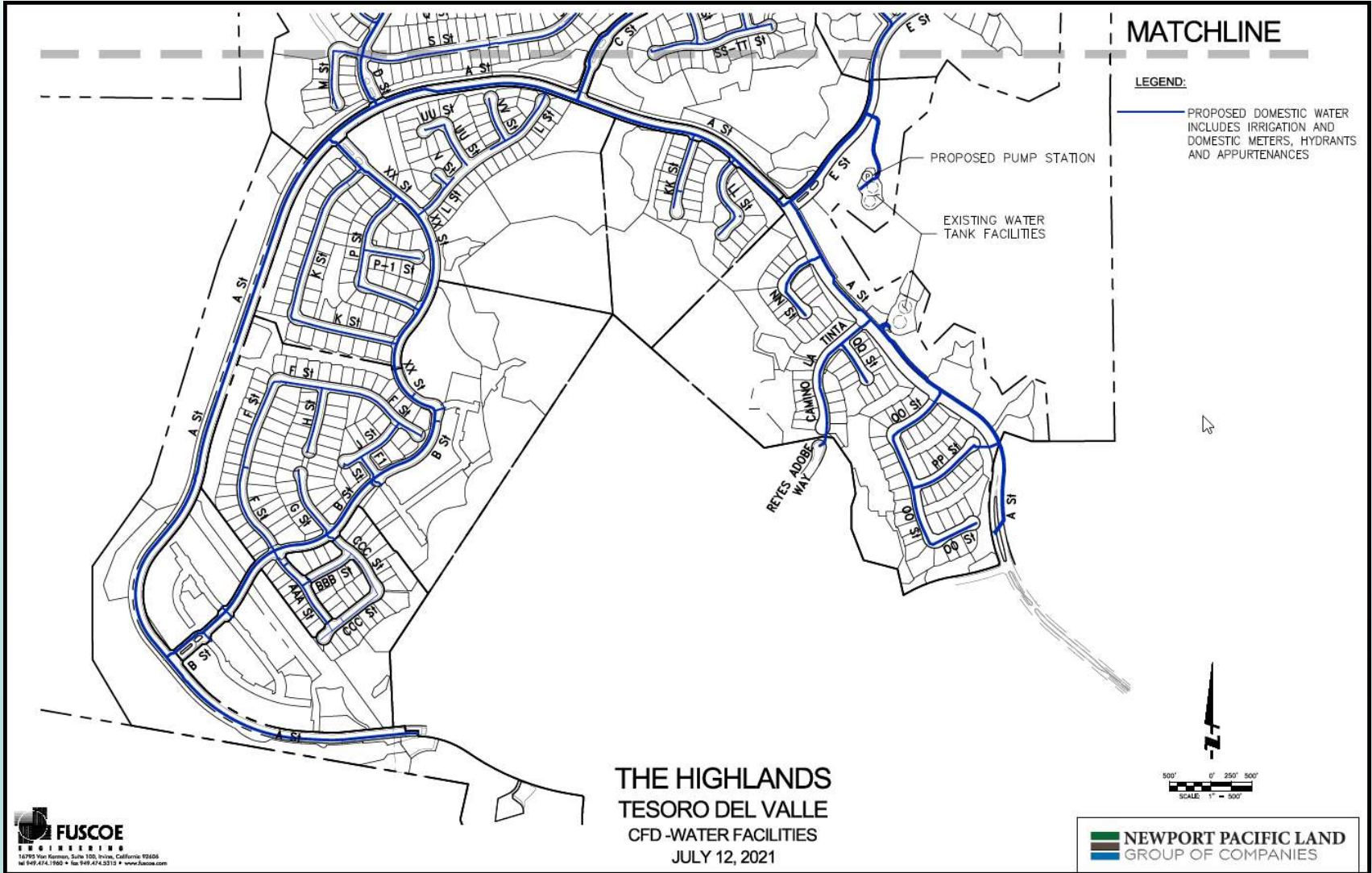


THE HIGHLANDS  
TESORO DEL VALLE  
CFD - WATER FACILITIES  
JULY 12, 2021





# WATER FACILITIES



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# PROPOSED CFD HIGHLIGHTS / FAQs

## Benefits of a CMFA CFD

- Provides accelerated funding for public improvements without SCV Water assuming any financial or administrative burden.
- Existing rate payers do not pay cost of improvements; future homeowners in the project mitigate the impact of the Project.

## SCV Water Fiscal Impacts and Exposure

- No financial risk to SCV Water;
- Zero cost to SCV Water;
- No impact to existing homeowners with SCV Water service who do not live in Project.

## Tax Bill Questions

- SCV Water is not listed on the property tax bill. CMFA is on the tax bill. CMFA and the administrator's phone number will be listed for taxpayers to call if they have any questions regarding their tax bill.

## Effect on SCV Water's Bonding Capacity

- There is no impact to SCV Water's bonding capacity. This is a stand-alone financing mechanism solely secured by this Project, and CMFA will handle all CFD related issues.

## Delinquent Taxes

- CMFA will be responsible for the collection of any delinquent taxes. SCV Water will not have any involvement, responsibility, or liability.

## CFDs and Other Water Agencies

- Numerous other water agencies and special districts in the State have used CFD financing and the BOLD program to help fund needed infrastructure.

# QUESTIONS AND COMMENTS



**THANK YOU!**