NOTICE AND CALL OF RESCHEDULED MEETING

Notice is hereby given that I, R. J. Kelly, Chair of the Finance and Administration Committee, have called a RESCHEDULED MEETING of the Agency's Finance and Administration Committee.

Said RESCHEDULED MEETING of the Committee to be held on:

MONDAY, OCTOBER 24, 2022 AT 5:30 PM

Santa Clarita Valley Water Agency
27234 Bouquet Canyon Road
Santa Clarita, CA 91350
Rio Vista Water Treatment Plant Boardroom

OR

Join the meeting from your computer, tablet or smartphone by clicking the link below.

Zoom Webinar https://scvwa.zoomgov.com/j/1611798619

Or

Call in using your phone
(833) 568-8864
Webinar ID: 161 179 8619

Enclosed with and as part of this Notice and Call is an Agenda for the meeting.

Signed: ______________________
R. J. Kelly

Date: 10-4-22

Posted on October 17, 2022

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FINANCE AND ADMINISTRATION COMMITTEE MEETING

Monday, October 24, 2022
Meeting Begins at 5:30 PM

Members of the public may attend by the following options:

In Person

SCV Water
Rio Vista Water Treatment Plant
Board Room
27234 Bouquet Canyon Road
Santa Clarita, CA 91350

By Phone

Toll Free:
1-(833)-568-8864
Webinar ID: 161 179 8619

Remotely

Please join the meeting from your computer, tablet or smartphone:

https://scvwa.zoomgov.com/j/1611798619

Have a Public Comment?

Members of the public unable to attend this meeting may submit comments either in writing to edill@scvwa.org or by mail to **Erika Dill, Management Analyst II**, Santa Clarita Valley Water Agency, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. All written comments received before 3:00 PM the day of the meeting will be distributed to the Committee members and posted on the Santa Clarita Valley Water Agency website prior to the start of the meeting. Anything received after 3:00 PM the day of the meeting will be made available at the meeting, if practicable, and will be posted on the SCV Water website the following day. All correspondence with comments, including letters or emails, will be posted in their entirety.
(Public comments take place during Item 2 of the Agenda and before each Item is considered. Please see the Agenda for details.)

This meeting will be recorded and the audio recording for all Committee meetings will be posted to yourscvwater.com within 3 business days from the date of the Committee meeting.

Disclaimer: Attendees should be aware that while the Agency is following all applicable requirements and guidelines regarding COVID-19, the Agency cannot ensure the health of anyone attending a Board meeting. Attendees should therefore use their own judgment with respect to protecting themselves from exposure to COVID-19.

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Date: October 17, 2022

To: **Finance and Administration Committee**
R.J. Kelly, Chair
Kathye Armitage
Beth Braunstein
Ed Colley
Maria Gutzeit
Ken Petersen

From: Rochelle Patterson
Chief Financial and Administrative Officer

The **Finance and Administration Committee** is scheduled for **Monday, October 24, 2022** at **5:30 PM** at **27234 Bouquet Canyon Road, Santa Clarita, CA 91350 in the Board Room and the teleconference site listed below.**

Members of the public may attend in person or virtually. To attend this meeting virtually, please see below.

IMPORTANT NOTICES

This meeting will be conducted in person at the address listed above. As a convenience to the public, members of the public may also participate virtually by using the **Agency's Call-In Number 1-(833)-568-8864, Webinar ID: 161 179 8619 or Zoom Webinar by clicking on the link https://scvwa.zoomgov.com/j/1611798619**. Any member of the public may listen to the meeting or make comments to the Committee using the call-in number or Zoom Webinar link above. However, in the event there is a disruption of service which prevents the Agency from broadcasting the meeting to members of the public using either the call-in option or internet-based service, this meeting will not be postponed or rescheduled but will continue without remote participation. The remote participation option is being provided as a convenience to the public and is not required. Members of the public are welcome to attend the meeting in person.

Attendees should be aware that while the Agency is following all applicable requirements and guidelines regarding COVID-19, the Agency cannot ensure the health of anyone attending a Committee meeting. Attendees should therefore use their own judgment with respect to protecting themselves from exposure to COVID-19.

Members of the public unable to attend this meeting may submit comments either in writing to edill@scvwa.org or by mail to Erika Dill, Management Analyst II, SCV Water, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. All written comments received before 3:00 PM the day of the meeting will be distributed to the Committee members and posted on the SCV Water website prior to the start of the meeting. Anything received after 3:00 PM the day of the meeting will be made available at the meeting, if practical, and will be posted on the SCV Water website the following day. All correspondence with comments, including letters or emails, will be posted in their entirety.

MEETING AGENDA

ITEM			PAGE
1.		**PLEDGE OF ALLEGIANCE**	
2.	*	**PUBLIC COMMENTS** – Members of the public may comment as to items within the subject matter jurisdiction of the Agency that are not on the Agenda at this time. Members of the public wishing to comment on items covered in this Agenda may do so at the time each item is considered. (Comments may, at the discretion of the Committee Chair, be limited to three minutes for each speaker.)	
3.	*	Recommend Approval of a Revised Employee Manual Policy No. 18 – Other Benefits	9
4.	*	Recommend Approval of Contract Renewal of Enterprise GIS Software License Agreement with ESRI	21
5.	*	Discuss Pay-Go, Debt Projections and Future Rate Impact Scenarios	27
6.	*	Recommend Receiving and Filing of August 2022 Financial Report	53
		August 2022 Check Registers Link: https://yourscvwater.com/wp-content/uploads/2022/10/Check-Register-August-2022.pdf	
7.	*	Committee Planning Calendar	87
8.		Requests for Future Agenda Items	
9.		General Report on Finance and Administration Activities	
10.		Adjournment	

* Indicates attachments
♦ To be distributed

NOTICES:

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning **Erika Dill, Management Analyst II** at (661) 297-1600, or writing to SCV Water at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that Agency staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the Agency to provide the requested accommodation.

Pursuant to Government Code Section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Committee less than seventy-two (72) hours prior to the meeting will be available for public inspection at SCV Water, located at 27234 Bouquet Canyon Road, Santa Clarita, California 91350, during regular business hours. When practical, these public records will also be made available on the Agency's Internet Website, accessible at http://www.yourscvwater.com.

Posted on October 18, 2022.

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ITEM NO. 3

COMMITTEE MEMORANDUM

DATE: October 17, 2022

TO: Finance and Administration Committee

FROM: Rochelle Patterson
Chief Financial and Administrative Officer

SUBJECT: Recommend Approval of a Revised Employee Manual No. 18 – Other Benefits

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SUMMARY

In response to an item presented at the August 15, 2022 Finance & Administration Committee meeting when discussing the Agency's contribution of health care premiums, two public comments were received that requested that the Agency look at other options for out-of-state retirees. Out-of-state retirees have limited health plan options, which are typically higher in cost than California premiums, resulting in higher monthly contributions for them. As requested, this item will review survey responses received from the Agency's comparable market agencies regarding retiree medical benefits, as well as introduce options for the Committee to discuss in order to recommend changes, if necessary, to the Agency's policy regarding retiree medical benefit contributions.

DISCUSSION

In September 2022, Agency staff conducted a brief survey of the Agency's ten (10) comparable market agencies to see if those agencies offered additional benefits to out-of-state retirees.

- 10 agencies surveyed
- 8 agencies responded
- 6 agencies offer CalPERS for their health insurance program
- 2 agencies offer ACWA/JPIA for their health insurance program
- No agencies offered additional benefits to out of state retirees

Responding Agency	Retiree Benefits Offered	Out of State Retiree Benefits	Comments
Burbank Water & Power	Yes, All CalPERS plans	Same as in state of California	
Calleguas Municipal Water District	Yes, All CalPERS plans	Same as in state of California	Employer contribution varies based on hire date and years of service – Contributions are based on the maximum premium for Region 2 (Ventura counties).
Cucamonga Valley Water District	Yes, ACWA/JPIA PPO plan	Retirees only offered PPO plan	Employer contribution varies based on hire date and years of service – Contributions equal to District employee contribution.

Eastern Municipal Water District	Yes, All CalPERS plans	Same as in state of California	Employer contribution varies based on hire date and years of service – Contributions made to an HRA in the same manner as active employees.
Irvine Ranch Water District	Yes, All CalPERS plans	Same as in state of California	Employer contribution varies based on hire date and years of service – Contributions made to an HRA based on years of service.
Las Virgenes Municipal Water District	Yes, ACWA/JPIA PPO plan	Retirees only offered PPO plan	Employer contribution varies based on hire date and years of service.
Metropolitan Water District	Yes, All CalPERS plans	Same as in state of California	Employer contribution for retirees is 100% of the highest HMO premium between Region 2 and Region 3.
Torrance Municipal Water*	Yes, All CalPERS plans	Same as in state of California	City pays PERS minimum for active and retirees as well a supplemental contribution to an HRA while active. Amount of supplemental contribution is based on hire date.

	Retiree Benefits Offered	**Out of State Retiree Benefits**	**Comments**
SCV Water	**Yes, All CalPERS plans**	**Same as in state**	**Employer contribution for retirees is 90% of the highest plan in Region 3 based on hire date and years of service. *See summary below:***

Employee Manual Policy No. 18.9 - Benefits of the Retired Employee – Employees Hired **Before** January 1, 2009

- At present, a retired employee and eligible dependents shall be entitled to the same health and dental insurance premium payments as a regular employee.

Employee Manual Policy No. 18.10 - Benefits of the Retired Employee – Employees Hired **On or After** January 1, 2009

- A retired employee and eligible dependents shall be entitled to the same dental insurance premiums as a regular employee.
- A retired employee and eligible dependents shall be eligible for Agency contributions to medical insurance premiums, subject to a vesting schedule, as regulated by Government Code 22893. The vesting benefit package for retiree medical provides for employer paid retiree medical benefits based on years of "CalPERS" credited years or service.
    - A minimum of ten years of CalPERS service credit is required to receive 50% of the employer contribution.
    - Five of the ten years of service credit must be performed at the Santa Clarita Valley Water Agency.

Years of Service	% of Employer Contribution
10	50
11	55
12	60
13	65
14	70
15	75
16	80
17	85
18	90
19	95
20 or more	100

As shown in the survey results above, each agency differs, but a majority of the survey respondents use a similar approach to determine retiree benefits, i.e., hire date and years of service to determine employer contributions. Three (3) of the eight (8) responding agencies contribute to a Health Reimbursement Account (HRA). In that case, the retiree has the option to keep their CalPERS medical plan or choose an alternative. None of the agencies surveyed are offering a cash-in-lieu program for retirees.

Based on the information received from the survey, Agency staff, with the assistance of benefit counsel, have come up with two (2) options to discuss that may provide retirees flexibility for those who currently or in the future reside out of state, as well as those retirees who reside in state, or retirees who are dual covered, i.e., are enrolled under a spouse's medical plan. Both options would require the retiree to opt out of the CalPERS plan.

Option 1 – The Agency contribution deposited into an HRA

This option may be beneficial to retirees who live out of state or for those retirees who may have medical coverage under a spouse's plan. For those retirees who live out of state, a medical plan may be found at a reduced rate that meets the needs of the retiree. The retiree could then opt out of the CalPERS medical plan and pay for the new plan out of the HRA. Any unused portion of the contribution could be used to pay for medical-related expenses, i.e., copays, deductibles, prescriptions, etc. Those retirees that may have dual coverage (covered under a second medical plan), or who have the option of enrolling under a spouse's medical plan, could use the HRA to offset medical premiums or pay for out-of-pocket medical-related expenses. The HRA is non-taxable to the retiree.

- PROs – Easy to administer through a third-party administrator; allows flexibility for the retiree to determine which option best meets their medical needs; non-taxable.
- CONs – Maintenance of the HRA may be challenging for some retirees.

Option 2 –The Agency contribution paid out as cash-in-lieu

This option may be beneficial to those retirees who are covered under a spouse's medical plan, but have additional needs not eligible under an HRA, such as at-home care. This option will require more administrative costs to the Agency and is taxable to the retiree.

- PROs – Retiree can use the in-lieu for expenses not eligible to be reimbursed by the HRA.

- CONs – More time-consuming for Agency staff to administer (monthly AP checks and annual 1099); taxable to the retiree.

Below are a few examples of Agency/retiree contributions for those residing in Region 3 (Los Angeles), out-of-state and Region 1 (Northern California), eligible for Medicare or not eligible, and enrolled in the PERS Platinum PPO, beginning in January 2023:

Agency contributions are based on the plan that the retiree is eligible for and vesting schedule for retirees hired after January 1, 2009.

Retiree and eligible dependent
Resides in: **Region 3 (Los Angeles)**
Eligible for Medicare Supplement: **N**
Enrolled in: PERS Platinum PPO
Agency contribution: **$1,786.66 per month**
Retiree contribution: $ **198.52 per month**

Retiree and eligible dependent
Resides in: **Region 3 (Los Angeles)**
Eligible for Medicare Supplement: **Y**
Enrolled in: PERS Platinum PPO
Agency contribution: **$756.04 per month**
Retiree contribution: **$ 84.00 per month**

Retiree and eligible dependent
Resides in: **Out of State**
Eligible for Medicare Supplement: **N**
Enrolled in: PERS Platinum PPO
Agency contribution: **$1,786.66 per month**
Retiree contribution: **$ 221.14 per month**

Retiree and eligible dependent
Resides in: **Out of State**
Eligible for Medicare Supplement: **Y**
Enrolled in: PERS Platinum PPO
Agency contribution: **$756.04 per month**
Retiree contribution: **$ 84.00 per month**

Retiree and eligible dependent
Resides in: **Region 1 (Northern California)**
Eligible for Medicare Supplement: **N**
Enrolled in: PERS Platinum PPO
Agency contribution: **$1,786.66 per month**
Retiree contribution: **$ 613.58 per month**

Retiree and eligible dependent
Resides in: **Region 1 (Northern California)**
Eligible for Medicare Supplement: **Y**
Enrolled in: PERS Platinum PPO
Agency contribution: **$756.04 per month**
Retiree contribution: **$ 84.00 per month**

Option 1 or Option 2 do not directly increase out-of-state retiree benefits but will provide flexibility for retirees to choose which option works best for their needs.

CalPERS has a process and a form for retirees to complete if they choose to opt out of the CalPERS medical plan. A retiree can opt back in to the CalPERS medical plan at any time if there is a qualifying event, such as relocation, change of dependent status, family status change, i.e., divorce or death, or loss of other coverage. A retiree can also opt back in to the CalPERS medical plan during the open enrollment period, without a qualifying event.

The language for these options have been drafted in the attached policy, as depicted in the redline additions. It is the pleasure of the Committee to select the preferred option(s) and recommended to the Board.

FINANCIAL CONSIDERATIONS

The Agency already has an established HRA account with a third-party administrator, iGOE. That plan can be amended, or a new plan established that would allow for premium reimbursement for retirees. The monthly cost to administer the HRA is $3.90 per participant. It is unknown, out of the 66 current retirees of the Agency, who will opt out of the CalPERS medical plan. If 20% of retirees select Option 1, the annual cost to the Agency will be approximately $608.

RECOMMENDATION

That the Finance and Administration Committee recommend the Board of Directors approve revising Employee Manual Policy No. 18 – Other Benefits, to provide Agency retirees with medical plan options in retirement.

Attachment

RP

M65

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EMPLOYEE MANUAL	
Title: **OTHER BENEFITS**	
Policy No.: 18.0	Section Nos.: 18.0 – 18.11
Approval Date: ~~June 2020~~November 2022	Effective Date: ~~June 2020~~January 2023
Approved By: Board of Directors	

18.0 OTHER BENEFITS

The Agency provides its employees with a variety of benefits. A copy of each type of benefit, insurance policy or a certificate summarizing its terms will be maintained in the Agency's Human Resources Office, and will be available for inspection by any probationary full-time and regular full-time employees during business hours. The benefits, terms and limitations of such coverage shall be as set forth in the actual policies carried by the Agency, and are subject to change at the Agency's discretion. In the event this Manual contains statements, which differ from factual provisions of applicable benefit plan documents, the actual provisions of the benefit plan documents will govern.

The Agency shall not be responsible to insure, reimburse or otherwise indemnify any employee for costs or expenses not covered by any policy, and the Agency reserves the right at any time or times to change the carrier and policy by which the Agency and its full-time employees are insured. No coverage is provided to temporary or part-time employees.

18.1 Life Insurance

Group life insurance, which includes death and dismemberment benefits, presently is provided by the Agency for probationary full-time and regular full-time employees, and the premium is paid by the Agency. This benefit becomes effective on the first day of the month following 60 days of service.

18.2 Deferred Compensation Plan

A voluntary non-qualified deferred compensation Section 457 plan, (currently Lincoln Financial Services) is available to any eligible employee (generally probationary and regular full-time) who elects, pursuant to the Plan, to defer a portion of his/her compensation and who fulfills the requirements for participation in the Plan. The Agency will match 50% of employee contributions up to a maximum of 3% of employee salary (up to the IRS yearly maximum) for all participating employees.

Part-time employees who are not members of PERS may elect to also participate in Deferred Compensation under the FICA-Substitute Retirement Plan. Deferred Compensation contributions of at least 7.5% of salary (including both employee and employer contributions) are counted as a substitute for Social Security participation.

Information on the Plans is available from the Human Resources Office.

18.3 Flexible Benefits Spending Plan

The Flexible Benefits Spending Plan (cafeteria plan) is a voluntary program and is available to all full-time probationary and regular full-time employees pursuant to plan terms. The plan allows participants the opportunity to defer a portion of their compensation to pay for certain health-related and dependent care expenses on a pre-tax basis. The plan also allows for employee contributions for Agency group health insurance premiums to be deducted from earnings on a pre-tax basis. The Human Resources Office will provide the Information about this plan together with enrollment forms. The plan is administered by an outside consultant.

18.4 Employee Assistance Program (EAP)

The Agency cares about employees' well-being. As part of that concern, it has established an Employee Assistance Program (EAP) that provides confidential, professional assistance when personal or relationship problems affect life and work. The program offers information, consultation and counseling for employees, their dependents and domestic partners. More information is available from the Human Resources Office or call the EAP at (800) 535-4985.

18.5 Employee Longevity Policy

The purpose of this policy is to recognize employees who are at the top of his/her established Salary Range and to encourage employees with little opportunity for advancement to stay with the Agency.

An employee who has remained at the top of his or her Salary Range for a minimum of 18 months and who has received an overall performance rating of at least "Expected Performance" will be considered for longevity pay. The longevity pay will be in a lump sum amount as a percentage of his/her annual salary. The longevity pay percentage amount will be determined on a fiscal year basis in accordance with budgetary guidelines.

If the employee does not receive a promotion or range adjustment, but remains at the top of his or her range, he or she will be considered for the longevity pay every 18 months from the date of his or her first lump sum payment.

The employee's supervisor and Human Resources must confirm eligibility. After eligibility is confirmed, the General Manager must approve the lump sum amount. If an employee does not qualify for longevity pay at the time of eligibility, then the employee will not be eligible again for at least 6 months, or their next review, whichever comes first.

18.6 Mileage Reimbursement

Employees who use their private automobile in the performance of duties shall be reimbursed for such mileage at the standard rate permitted by the IRS at the time. Mileage reimbursement shall automatically be adjusted whenever the IRS adjusts their rate. Employees are required to present a current proof of insurance to Human Resources if requested.

An employee receiving a vehicle allowance shall not be entitled to additional remuneration for the cost of gasoline, repairs, maintenance or insurance on his/her vehicle, except that if the employee travels more than 300 miles in a roundtrip, he/she may submit a request for mileage driven.

18.7 California Public Employee's Retirees' Retirement System (PERS)

The Agency is a member of the California Public Employee's Retirees' Retirement System (PERS), and each full-time probationary and regular full-time employee, who works a minimum of one thousand (1,000) hours/fiscal year, automatically becomes a member upon his/her entry into employment. Eligible employees who are considered “classic” members of CalPERS will be enrolled in the PERS Local Miscellaneous 2% at 55 Plan. The Agency and employee contribution for this retirement plan is paid by the Agency. Employees who become “new” members of PERS on or after January 1, 2013 will be enrolled in the PERS Local Miscellaneous 2% at 62 Plan in accordance with the Public Employees’ Pension Reform Act of 2013 (PEPRA). New members for this retirement plan will be required to contribute at least 50% of the expected normal cost. The PERS membership booklets (available from PERS) describe the retirement programs and their benefits.

18.8 Supplemental Defined Contribution Plan

This provision applies to Agency management employees that are subject to the California Public Employees’ Pension Reform (PEPRA) and are not participating in Social Security. These positions are defined as Assistant General Manager, Chief Engineer, Chief Operating Officer, Director of Finance, Director of Administrative Services, Director of Operations and Maintenance, Director of Technology Services and Director of Water Resources. For these positions, the Agency will make an annual supplemental defined contribution to a 401(a) plan in the amount of 10%of the employee’s salary below the PEPRA pensionable cap.

18.9 Benefits of the Retired Employee – Employees Hired Before January 1, 2009

At present, a retired employee and eligible dependents shall be entitled to the same health and dental insurance premium payments as a regular employee. This may be modified in the future by the Agency, subject to the regulations of State law.

Upon retirement, an employee’s remaining vacation and personal leave benefits shall be added to his/her final compensation. Unused sick leave may be:

1. Converted to additional retirement credit at the rate of 0.004 year for each day of unused sick leave (8 hour day/2080 hour year);
2. Converted to cash at the rate of 50% of the employee’s hourly rate; or
3. A combination of retirement credit and cash.

18.9.1 Retirees may opt out of the CalPERS medical plan due to having dual coverage (covered under another medical plan), or elect to have a different medical plan outside of CalPERS. If the retiree opts out of the CalPERS medical plan, the Agency will enroll the retiree into the Agency’s Health Reimbursement Account (HRA) and contribute the employer’s share of the retiree's eligible plan on a monthly basis. The HRA can be used to pay for medical-related expenses, i.e., premiums, copays, deductibles, prescriptions, etc. The HRA is non-taxable to the retiree.

AND/OR

18.9.2 Retirees may opt out of the CalPERS medical plan due to having dual coverage (covered under another medical plan), or elect to have a different medical plan outside of CalPERS. If the retiree opts out of the CalPERS medical plan, the Agency will pay the retiree the employer's share as a cash-in-lieu option of the eligible plan. The cash-in-lieu is taxable to the retiree.

Notwithstanding anything to the contrary, the Agency reserves the right to modify, terminate, or otherwise change the manner or type of provision of these or other benefits, subject to the requirements of applicable law.

18.10 Benefits of the Retired Employee – Employees Hired On or After January 1, 2009

A retired employee and eligible dependents shall be entitled to the same dental insurance premiums as a regular employee. This may be modified in the future by the Agency, subject to regulations of State Law.

A retired employee and eligible dependents shall be eligible for Agency contributions to medical insurance premiums, subject to a vesting schedule, as regulated by Government Code 22893. The vesting benefit package for retiree medical provides for employer paid retiree medical benefits based on years of "CalPERS" credited years or service.

1. A minimum of ten years of CalPERS service credit is required to receive 50% of the employer contribution.
2. Five of the ten years of service credit must be performed at the Santa Clarita Valley Water Agency.
3. Each additional service credit year after ten years increases the employer contribution percentage by 5% until twenty years, at which time the retiring employee is eligible for 100% of the employer contribution, as follows:

Years of Service	% of Employer Contribution
10	50
11	55
12	60
13	65
14	70
15	75
16	80
17	85
18	90
19	95
20 or more	100

4. The employer contribution would be the same amount that the State contributes each year.
5. While this vesting schedule requires five years of service time with the Agency, the calculation for years of service is calculated based on all CalPERS service time. That is, for an employee with fifteen years of CalPERS service with another organization and five years of CalPERS service with the Agency, the employee would have twenty years of service time and would receive the 100% of the monthly amount.
6. Exceptions to the vesting requirements who are eligible for the full employer contribution are:
   a. An employee who retires on disability retirement
   b. An employee who performs 20 years of service credit solely with the Agency

Upon retirement, an employee's remaining vacation and personal leave benefits shall be added to his/her final compensation. Unused sick leave may be:

1. Converted to additional retirement credit at the rate of 0.004 year for each day of unused sick leave (8 hour day/2080 hour year);
2. Converted to cash at the rate of 50% of the employee's hourly rate; or
3. A combination of retirement credit and cash.

18.10.1 Retirees may opt out of the CalPERS medical plan due to having dual coverage (covered under another medical plan), or elect to have a different medical plan outside of CalPERS. If the retiree opts out of the CalPERS medical plan, the Agency will enroll the retiree into the Agency's Health Reimbursement Account (HRA) and contribute the employer's share of the retiree's eligible plan based on the vesting schedule, on a monthly basis. The HRA can be used to pay for medical-related expenses, i.e., premiums, copays, deductibles, prescriptions, etc. The HRA is non-taxable to the retiree.

AND/OR

18.10.2 Retirees may opt out of the CalPERS medical plan due to having dual coverage (covered under another medical plan), or elect to have a different medical plan outside of CalPERS. If the retiree opts out of the CalPERS medical plan, the Agency will pay the retiree the employer's share as a cash-in-lieu option of the eligible plan based on the vesting schedule, on a monthly basis. The cash-in-lieu is taxable to the retiree.

Notwithstanding anything to the contrary, the Agency reserves the right to modify, terminate, or otherwise change the manner or type of provision of these or other benefits, subject to the requirements of applicable law.

18.11 Medicare Eligible Retirees

The Agency contribution toward coverage for eligible retirees shall not exceed the basic rate the Agency pays for its then-current employees. When an eligible retiree qualifies for coverage under Medicare or other equivalent program, the retiree will be converted to a CalPERS Medicare Plan, or such equivalent plan as may exist at the time.

ITEM NO. 4

COMMITTEE MEMORANDUM

DATE: October 17, 2022

TO: Finance and Administration Committee

FROM: Cris Pérez
Director of Technology Services

SUBJECT: Recommend Approval of Contract Renewal of Enterprise GIS Software License Agreement with ESRI

SUMMARY

SCV Water's Geographic Information System (GIS) technology utilizes a framework created by a company called ESRI (Environmental Systems Research Institute, Inc.) for managing, analyzing, and illustrating spatially referenced information, and is heavily leveraged by nearly every department at the Agency. ESRI GIS has been used by the Agency since its inception, as well as its predecessor organizations, for decades. This software allows staff to closely examine water distribution flow, patterns, relationships, and trends in order to enhance our problem solving capabilities by visual and statistical representation, leading to improved water system management practices. It is critical to our daily operations, planning, water systems maintenance, and emergency response.

The Agency's current three-year license signed in 2019 with ESRI is set to expire and needs to be renewed. The Small Utility Enterprise Agreement (EA) for government organizations allows SCV Water discounted access to unlimited ESRI GIS individual licenses, an enterprise server license, and maintenance for the term of the agreement. However, this discounted license agreement is only offered in three-year increments. To allow for cost-efficient and continual utilization of this software, staff recommends the Agency enter into another three-year agreement (attached) with ESRI.

DISCUSSION

The Santa Clarita Valley Water Agency uses ESRI GIS products to help manage water distribution infrastructure, including pipelines, service meters & laterals, hydrants, system valves, wells, tanks, pump stations, and Santa Clarita Valley's land use data. ESRI GIS is the global leader and industry standard in GIS, and almost every facet of SCV Water depends on or leverages GIS systems. Within the Agency, the Information Technology, Engineering, Water Resources, Operations, Conservation, and Treatment departments utilize the product daily. All water system assets have a spatial location, and GIS is the tool to connect spatial assets to tabular data.

Additionally, the Agency hosts non-GIS servers that interact with GIS products, including WaterSmart, the Agency's Ground Water Service Area, SCADA, and Mapplet applications. GIS-established servers consist of a hydraulic modeling application, water demand factor tool, analytics & operations dashboard, pipeline asset management system, and a GIS spatial database engine (SDE) hosted within a Structured Query Language (SQL) database inside the Microsoft Azure Cloud environment.

ESRI GIS offers two solutions for accessing its software: purchase a limited number of licenses (a la carte), or buy an enterprise license that allows SCV Water uncapped access to ESRI products (unlimited licenses). As illustrated in the chart below, based on the number and type of GIS licenses needed by SCV Water, it is less expensive to enter into an EA than to buy individual licenses. The Agency could spend $380,000 just on 25 individual licenses, or $165,000 for an unlimited number of licenses for a 3-year term.

3-year GIS Software Cost Comparison

Software Type	Individual Licenses	EA (Enterprise Agreement)
User License (25 Seats) *	$125,000	N/A
Enterprise - Server/Portal/SDE (1 Seat) *	$40,000	N/A
Maintenance (3-years)	$215,000	$165,000
Total	**$380,000**	**$165,000**

* One-time fee. Individual License. Does not include software extension packages.

Numerous local and state organizations recognize the importance of obtaining an enterprise solution for the effective development, maintenance, coordination, and deployment of GIS data and applications. The uncapped access to ESRI products along with timely and expert assistance will minimize the cost of software compliance and asset management, and maximizes the use with unlimited product quantities. It allows the Agency to build a scalable system best aligned with our current needs and future organization objectives.

The EA is a three-year term contract with fixed payments of $55,000 annually. All Agency departments, employees, and in-house contractors of the Agency are eligible to utilize all software and services included in the EA.

FINANCIAL CONSIDERATIONS

The total cost for the three-year EA is $165,000, paid annually at $55,000 per year.

RECOMMENDATION

That the Finance and Administration Committee recommend that the Board of Directors authorize the General Manager to enter into the three-year Enterprise License Agreement with ESRI in the total amount of $165,000.

CP

Attachment

M65

July 12, 2022

Jose Huerta
Santa Clarita Valley Water Agency
24631 Avenue Rockefeller
Valencia, CA 91355-3907

Dear Jose,

The Esri Small Utility Enterprise Agreement (SUEA) is a three-year agreement that will grant your organization access to Esri term license software. The EA will be effective on the date executed and will require a firm, three-year commitment.

Based on Esri's work with several organizations similar to yours, we know there is significant potential to apply Geographic Information System (GIS) technology in many operational and technical areas within your organization. For this reason, we believe that your organization will greatly benefit from an Enterprise Agreement (EA).

An EA will provide your organization with numerous benefits including:

- A lower cost per unit for licensed software
- Substantially reduced administrative and procurement expenses
- Complete flexibility to deploy software products when and where needed

The following business terms and conditions will apply:

- All current departments, employees, and in-house contractors of the organization will be eligible to use the software and services included in the EA.
- If your organization wishes to acquire and/or maintain any Esri software during the term of the agreement that is not included in the EA, it may do so separately at the Esri pricing that is generally available for your organization for software and maintenance.
- The organization will establish a single point of contact for orders and deliveries and will be responsible for redistribution to eligible users.
- The organization will establish a Tier 1 support center to field calls from internal users of Esri software. The organization may designate individuals as specified in the EA who may directly contact Esri for Tier 2 technical support.
- The organization will provide an annual report of installed Esri software to Esri.
- Esri software and updates that the organization is licensed to use will be automatically available for downloading.
- The fee and benefits offered in this EA proposal are contingent upon your acceptance of Esri's Small Utility EA terms and conditions.

- Licenses are valid for the term of the EA.

The terms and conditions in this Small Utility EA offer are for utilities with a total meter count which falls under the applicable tier in the Esri EA Small Utility Program. By accepting this offer, you confirm that your organization's meter count falls within this range on the date of signature and that you are therefore eligible for this pricing. If your organization's meter count does not fall within this range, please confirm your current meter count, and Esri will provide a revised quotation.

This program offer is valid for 90 days. To complete the agreement within this time frame, please contact me within the next seven days to work through any questions or concerns you may have.

To expedite your acceptance of this EA offer:

1. Sign and return the EA contract with a Purchase Order or issue a Purchase Order that references this EA Quotation and includes the following statement on the face of the Purchase Order:

   "THIS PURCHASE ORDER IS GOVERNED BY THE TERMS AND CONDITIONS OF THE ESRI SMALL UTILITY EA, AND ADDITIONAL TERMS AND CONDITIONS IN THIS PURCHASE ORDER WILL NOT APPLY."

   Have it signed by an authorized representative of the organization.

2. On the first page of the EA, identify the central point of contact/agreement administrator. The agreement administrator is the party that will be the contact for management of the software, administration issues, and general operations. Information should include name, title (if applicable), address, phone number, and e-mail address.

3. In the purchase order, identify the "Ship to" and "Bill to" information for your organization.

4. Send the purchase order and agreement to the address, email or fax noted below:

   Esri
   Attn: Customer Service SU-EA
   380 New York Street
   Redlands, CA 92373-8100

   e-mail: service@esri.com
   fax documents to: 909-307-3083

I appreciate the opportunity to present you with this proposal, and I believe it will bring great benefits to your organization.

Thank you very much for your consideration.

Best Regards,

Jay Hoffman

Quotation # Q-455250

Date: July 12, 2022

Customer # 292054 **Contract # ENTERPRISE AGREEMENT**

Environmental Systems Research Institute, Inc.
380 New York St
Redlands, CA 92373-8100
Phone: (909) 793-2853 **Fax: (909) 307-3049**
DUNS Number: 06-313-4175 **CAGE Code: 0AMS3**

Santa Clarita Valley Water Agency
24631 Avenue Rockefeller
Valencia, CA 91355-3907

To expedite your order, please attach a copy of this quotation to your purchase order.
Quote is valid from: 7/12/2022 To: 10/10/2022

ATTENTION: Jose Huerta
PHONE: 6612940828
EMAIL: jhuerta@scvwa.org

Material	Qty	Term	Unit Price	Total
168090	1	Year 1	$55,000.00	$55,000.00
Meter Counts 50,001 to 100,000 Small Utility Term Enterprise License Agreement				
168090	1	Year 2	$55,000.00	$55,000.00
Meter Counts 50,001 to 100,000 Small Utility Term Enterprise License Agreement				
168090	1	Year 3	$55,000.00	$55,000.00
Meter Counts 50,001 to 100,000 Small Utility Term Enterprise License Agreement				

Subtotal:	$165,000.00
Sales Tax:	$0.00
Estimated Shipping and Handling (2 Day Delivery):	$0.00
Contract Price Adjust:	$0.00
Total:	$165,000.00

Effective March 1, 2022, the Small Utility Enterprise Agreement will see a 10% price increase on the annual fee of each tier.

Esri may charge a fee to cover expenses related to any customer requirement to use a proprietary vendor management, procurement, or invoice program.

For questions contact:	Email:	Phone:
Jay Hoffman	jhoffman@esri.com	1-800-447-9778 x5675

The items on this quotation are subject to and governed by the terms of this quotation, the most current product specific scope of use document found at https://assets.esri.com/content/dam/esrisites/media/legal/product-specific-terms-of-use/e300.pdf, and your applicable signed agreement with Esri. If no such agreement covers any item quoted, then Esri's standard terms and conditions found at https://go.esri.com/MAPS apply to your purchase of that item. If any item is quoted with a multi-year payment schedule, then unless otherwise stated in this quotation, Customer is required to make all payments without right of cancellation. Third-party data sets included in a quotation as separately licensed items will only be provided and invoiced if Esri is able to provide such data and will be subject to the applicable third-party's terms and conditions. If Esri is unable to provide any such data set, Customer will not be responsible for any further payments for the data set. US Federal government entities and US government prime contractors authorized under FAR 51.1 may purchase under the terms of Esri's GSA Federal Supply Schedule. Supplemental terms and conditions found at https://www.esri.com/en-us/legal/terms/state-supplemental apply to some US state and local government purchases. All terms of this quotation will be incorporated into and become part of any additional agreement regarding Esri's offerings. Acceptance of this quotation is limited to the terms of this quotation. Esri objects to and expressly rejects any different or additional terms contained in any purchase order, offer, or confirmation sent to or to be sent by buyer. Unless prohibited by law, the quotation information is confidential and may not be copied or released other than for the express purpose of system selection and purchase/license. The information may not be given to outside parties or used for any other purpose without consent from Esri. Delivery is FOB Origin for customers located in the USA.

HOFFMANJ **This offer is limited to the terms and conditions incorporated and attached herein.**

Quotation # Q-455250

Date: July 12, 2022

Environmental Systems Research Institute, Inc.
380 New York St
Redlands, CA 92373-8100
Phone: (909) 793-2853 Fax: (909) 307-3049
DUNS Number: 06-313-4175 CAGE Code: 0AMS3

Customer # 292054 Contract # ENTERPRISE AGREEMENT

Santa Clarita Valley Water Agency
24631 Avenue Rockefeller
Valencia, CA 91355-3907

To expedite your order, please attach a copy of this quotation to your purchase order.
Quote is valid from: 7/12/2022 To: 10/10/2022

ATTENTION: Jose Huerta
PHONE: 6612940828
EMAIL: jhuerta@scvwa.org

If you have made ANY alterations to the line items included in this quote and have chosen to sign the quote to indicate your acceptance, you must fax Esri the signed quote in its entirety in order for the quote to be accepted. You will be contacted by your Customer Service Representative if additional information is required to complete your request.

If your organization is a US Federal, state, or local government agency; an educational facility; or a company that will not pay an invoice without having issued a formal purchase order, a signed quotation will not be accepted unless it is accompanied by your purchase order.

In order to expedite processing, please reference the quotation number and any/all applicable Esri contract number(s) (e.g. MPA, ELA, SmartBuy, GSA, BPA) on your ordering document.

BY SIGNING BELOW, YOU CONFIRM THAT YOU ARE AUTHORIZED TO OBLIGATE FUNDS FOR YOUR ORGANIZATION, AND YOU ARE AUTHORIZING ESRI TO ISSUE AN INVOICE FOR THE ITEMS INCLUDED IN THE ABOVE QUOTE IN THE AMOUNT OF $ 55,000**, PLUS SALES TAXES IF APPLICABLE. DO NOT USE THIS FORM IF YOUR ORGANIZATION WILL NOT HONOR AND PAY ESRI'S INVOICE WITHOUT ADDITIONAL AUTHORIZING PAPERWORK.**

Please check one of the following:

___ **I agree to pay any applicable sales tax.**

___ **I am tax exempt, please contact me if exempt information is not currently on file with Esri.**

9/7/22

Signature of Authorized Representative **Date**

Jose L. Huerta
Name (Please Print)

GIS Manager
Title

Any estimated sales and/or use tax reflected on this quote has been calculated as of the date of this quotation and is merely provided as a convenience for your organization's budgetary purposes. Esri reserves the right to adjust and collect sales and/or use tax at the actual date of invoicing. If your organization is tax exempt or pays state tax directly, then prior to invoicing, your organization must provide Esri with a copy of a current tax exemption certificate issued by your state's taxing authority for the given jurisdiction.

Esri may charge a fee to cover expenses related to any customer requirement to use a proprietary vendor management, procurement, or invoice program.

For questions contact:	Email:	Phone:
Jay Hoffman	jhoffman@esri.com	1-800-447-9778 x5675

The items on this quotation are subject to and governed by the terms of this quotation, the most current product specific scope of use document found at https://assets.esri.com/content/dam/esrisites/media/legal/product-specific-terms-of-use/e300.pdf, and your applicable signed agreement with Esri. If no such agreement covers any item quoted, then Esri's standard terms and conditions found at https://go.esri.com/MAPS apply to your purchase of that item. If any item is quoted with a multi-year payment schedule, then unless otherwise stated in this quotation, Customer is required to make all payments without right of cancellation. Third-party data sets included in a quotation as separately licensed items will only be provided and invoiced if Esri is able to provide such data and will be subject to the applicable third-party's terms and conditions. If Esri is unable to provide any such data set, Customer will not be responsible for any further payments for the data set. US Federal government entities and US government prime contractors authorized under FAR 51.1 may purchase under the terms of Esri's GSA Federal Supply Schedule. Supplemental terms and conditions found at https://www.esri.com/en-us/legal/terms/state-supplemental apply to some US state and local government purchases. All terms of this quotation will be incorporated into and become part of any additional agreement regarding Esri's offerings. Acceptance of this quotation is limited to the terms of this quotation. Esri objects to and expressly rejects any different or additional terms contained in any purchase order, offer, or confirmation sent to or to be sent by buyer. Unless prohibited by law, the quotation information is confidential and may not be copied or released other than for the express purpose of system selection and purchase/license. The information may not be given to outside parties or used for any other purpose without consent from Esri. Delivery is FOB Origin for customers located in the USA.

HOFFMANJ **This offer is limited to the terms and conditions incorporated and attached herein.**

ITEM NO. 5

COMMITTEE MEMORANDUM

DATE: October 17, 2022

TO: Finance and Administration Committee

FROM: Rochelle Patterson
Chief Financial and Administrative Officer

SUBJECT: Discuss Pay-Go, Debt Projections and Future Rate Impact Scenarios – PRELIMINARY AND SUBJECT TO CHANGE

SUMMARY

At its August 15, 2022 Finance & Administration Committee meeting, a revised Debt Management Policy was discussed, as well as an introduction to the Water Infrastructure Finance and Innovation Act (WIFIA) federal credit program administered by the Environmental Protection Agency (EPA) to provide funding for eligible water and wastewater infrastructure projects. Through that discussion, there were questions and concerns regarding how to fund the Agency's Capital Improvement Program (CIP), the Agency's principal outstanding debt, what impact new debt issuances would have on rates and the debt coverage ratio, as well as considering a pay as you go (pay-go) option to fund all CIP projects using pay-go.

This discussion will review four (4) scenarios prepared by staff and the Agency's Municipal Advisor (MA). It is hoped that the illustrative examples provided in this agenda item will assist the Committee and Board in providing policy guidance to staff on a number of key issues, including near term financing of needed capital improvements, use of WIFIA funding when/if the Agency becomes eligible to utilize this mechanism, use of the Agency's reserves to advance capital funding, and use of pay-go funding generated through retail water rate revenue.

DISCUSSION

Below is the Agency's current 10-year forecast for funding of the CIP, which was updated for the revised FY 2022/23 budget. In order to calculate the forecast, the Agency's retail rate model was updated to project future operating revenues, non-operating revenues, operating expenses (assumptions provided by the Ratepayer Advocate), existing debt service as well as proposed debt service, current level of reserve funds used for the entire 10-year forecast, and funds remaining that are used to fund the Agency CIP pay-go program, which is shown below.

An important note. This forecast uses currently known information, but as with any forecast, there are both assumptions and unknown items. For example, while the Agency has a pending court judgement to recover significant costs of perchlorate and VOC contamination, we have not assumed any of those funds contributing to the forecast. If they are realized in the future, the capital and operating expenses (and resulting forecasted water rates) in each scenario would be reduced accordingly. Similarly, future grant funding that may be awarded through various competitive or directed state or federal grant programs are not included as an assumption and would reduce the capital and rate requirements accordingly. Also not yet known are the results of the water system master plan that is under preparation. Projects in the CIP and O&M

projections are provided based on current or legacy planning documents and known needs/projects that have been defined.
For planning purposes, we assume identified CIP projects can be completed as planned, however the timing of capital improvements can be impacted by a number of factors including permitting delays, timing of related infrastructure projects, site acquisition, etc. Delays in capital projects can impact the timing and magnitude of CIP funds required. Future state mandates, future water quality regulations, and other external factors are not known and not included. Costs for materials, labor, etc. are escalated but are subject to changes based on market and supply chain conditions (as we have seen in recent years).

The resulting rate projections presented in scenarios below, particularly beyond the current Board approved and adopted rate case, are illustrative and have not been approved by the Board or developed through a formal rate-making process. Any future rates beyond the current 5-year rate case would go through such a process and be subject to the provisions of Proposition 218, including a public hearing, public input, and review and approval by the Board. Rate information provided here is to illustrate the relative outcomes between different financing, reserve usage, and pay-go strategies.

Presented below is the current 10-year capital and capital funding forecast.

CURRENT 10-YEAR FORECAST

	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY2026/27
Bond Interest Rate	5.00%		5.00%		4.00%
Proposed New Funding	**$ 75,000,000**	**$ -**	**$ 100,000,000**	**$ -**	**$ 75,000,000**
CIP Debt Unfunded (Prior Year)	$ -	$ -	$ (15,120,530)	$ -	$ -
Available PayGo from Rates	$ 21,186,966	$ 11,676,052	$ 14,020,495	$ 14,007,502	$ 17,459,231
Other Funding Sources[1]	$ 7,260,170	$ -	$ 11,138,002	$ 19,769,769	$ 17,202,519
Carryover Funds	$ 47,358,694	$ 22,833,184	$ 12,424,618	$ -	$ -
Pay-Go Projects	$ (75,805,830)	$ (34,509,236)	$ (37,583,115)	$ (33,777,271)	$(34,661,751)
Debt Funded Projects	$ (41,981,000)	$ (66,961,000)	$ (41,590,000)	$ (41,540,000)	$(62,320,000)
Existing Bond Proceeds[2]	$ 18,071,470	$ 51,465,470	$ -	$ 43,664,470	$ 2,499,470
Interest on Bond Proceeds	$ 375,000	$ 375,000	$ 375,000	$ 375,000	$ 375,000
Over/(Under)[3]	**$ 51,465,470**	**$ (15,120,530)**	**$ 43,664,470**	**$ 2,499,470**	**$ 15,554,470**

	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32
Bond Interest Rate		4.00%			
Proposed New Funding	**$ -**	**$ 75,000,000**	**$ -**	**$ 50,000,000**	**$ -**
CIP Debt Unfunded (Prior Year)	$ -	$ (5,745,530)	$ -	$ (2,646,530)	$ -
Available PayGo from Rates	$ 15,886,711	$ 25,895,556	$ 29,714,115	$ 34,074,997	$ 38,803,343
Other Funding Sources[1]	$ 16,035,213	$ 7,148,119	$ 4,545,135	$ 1,445,324	$ (1,974,713)
Carryover Funds	$ -	$ -	$ -	$ -	$ -
Pay-Go Projects	$ (31,921,925)	$(33,043,675)	$ (34,259,250)	$ (35,520,321)	$ (36,828,631)
Debt Funded Projects	$ (21,675,000)	$(38,250,000)	$ (34,401,000)	$ (8,001,000)	$ (2,701,000)
Existing Bond Proceeds[2]	$ 15,554,470	$ -	$ 31,379,470	$ -	$ 39,727,470
Interest on Bond Proceeds	$ 375,000	$ 375,000	$ 375,000	$ 375,000	$ 375,000
Over/(Under)[3]	**$ (5,745,530)**	**$ 31,379,470**	**$ (2,646,530)**	**$ 39,727,470**	**$ 37,401,470**

[1]Other Funding Sources (Grants, Settlements, Retail Capacity Fees, Surplus Revenues)
[2]Existing bond proceeds spent on debt funded projects only
[3]Over/(Under) to be used for the next year debt funded CIP or reimbursed to the Agency in the next bond issue

The existing forecast projected issuing $375 million of debt over the 10-year period to complete $360 million of CIP debt funded projects. In addition, the forecast projects approximately $387 million in pay-go funded projects. The existing retail rate structure does not generate sufficient revenues to complete the 10-year pay-go CIP. In the forecast above, the approved 6.5% annual rate increase ends in FY 2025/26 and a 4% rate increase was projected each year for FY 2026/27 through FY 2031/32. However, the Agency and Board would need to conduct a Proposition 218 rate setting process prior to FY 2025/26 and make decisions in light of current information. In this forecast, assuming the 4% increases in the next rate case, the Agency falls short of its pay-go funding by approximately $75 million, as referenced in the two lines highlighted in yellow.

On September 6, 2022, the Board of Directors approved submittal of a Letter of Interest for the Federal WIFIA loan program. This program has the potential to be utilized in lieu of traditional bond financing if the Agency's application is eventually approved. As presented to the Board previously, WIFIA financing could have benefits over traditional bond financing in terms of the flexibility in timing of debt issuance, the interest rate, prepayment, and the flexibility of repayment and other factors. However, the application process will take some time to complete. For this analysis, staff and the Agency's Municipal Advisor developed four (4) possible CIP funding scenarios, including two (2) WIFIA loan options, that would identify funds needed from water rates to complete the 10-year CIP, plan for use and recovery of reserves, while trying to maintain the Agency's cash liquidity and debt coverage ratio.

It is important to note that it is estimated to take up to 18 months to get financing from WIFIA, assuming the Agency is invited to apply. In our current 10-year forecast, we show that by using our carryover funds (funds available as presented in proforma for the FY 2022/23 revised budget) we can complete this year's (FY 2022/23) CIP pay-go, as planned as well as projected pay-go for FY 2023/24, and portion of pay-go in FY 2024/25. If we do not receive WIFIA financing, we would need to use reserves of approximately $31 million, as shown in yellow (or find some other funding mechanism) to complete the FY 2024/25 and FY 2025/26 pay-go plan. For the debt funded portion of the CIP, the five-year rate case and forecast include a series of bond issuances. Remaining bond proceeds from the last issuance in 2020 will be fully utilized during the current fiscal year. At least one additional bond issuance will be required to complete the FY 2022/23 debt funded projects, due to the later timing of the potential WIFIA financing. The forecast included a $75 million bond issue in FY 2022/23. One option presented in Scenario 4 would be to reduce the proposed FY 2022/23 bond issue by $15 million to $60 million by using Agency reserves to cover the difference. We would still be $15 million short in FY 2023/24, but that can be rolled into the WIFIA loan (if accepted) or the next debt financing.

The following Scenarios illustrate different strategies and policy choices in financing future capital and pay-go expenditures.

Scenario #1 – Pay-go with upfront bond issuances

This Scenario is intended to illustrate the concept of funding capital with pay-go generated from water rates (rather than with debt issued and repaid from water rates over a longer period of time). However, in this scenario, since there are no additional funding options until future rates start to generate enough revenue for the entire CIP, thus two bond issues are proposed in this scenario ($75 m 2023, $100 m 2025). After that, increased water rates would generate necessary funds for the capital program. This scenario also includes the idea of conducting and approving a new rate study one year earlier than planned.

Attachment 1, Scenario #1

- Would require $295 million in additional revenue from FY 2025/26 to FY 2031/32 to fund all CIP through pay-go and recover uses of reserves
- Annual rate increases would range from 20% in FY 2025/26 down to 4% in FY 2031/32
- Reserves will drop to a low of 26% of the funding target in FY 2028/29
- The monthly bill for a customer with a ¾" meter, using 18ccf's per month would see an increase of $13.51 in FY 2025/26
- Annual debt service payments would range from a high of $43.5 million in FY 2027/28 to a low of $23.2 million in FY 2031/32
- At the end of this period, the Agency's outstanding debt would be reduced to approximately $271 million

<u>Scenario #2 – Status quo – all long-term bonds</u>

This Scenario illustrates the status quo (current forecast methodology) with four (4) bond issues through FY 2029 to fund approximately $360 million of capital projects. This scenario does include future rate adjustments to increase pay-go funding (but not funding 100% of all capital through present rate revenues) and approving a rate study one year earlier than planned. Debt issuances are projected to be $75 m 2023, $100 m 2025, $100 m 2027, $65 m 2029. This scenario does not include WIFIA financing.

Attachment 1, Scenario #2

- Would require $170 million in additional revenue from FY 2025/26 to FY 2031/32 to fund all CIP identified as pay-go and to recover uses of reserves
- Annual rate increases would range from 15% in FY 2025/26 down to 3% in FY 2031/32
- Reserves will drop to a low of 59% of the funding target in FY 2027/28
- The monthly bill for a customer with a ¾" meter, using 18ccf's per month would see an increase of $10.13 in FY 2025/26
- Annual debt service payments would range from a high of $48.5 million in FY 2027/28 from the current low of $33.2 million in FY 2022/23
- At the end of this period in FY 2031/32, the Agency's outstanding debt would be approximately $433 million

<u>Scenario #3 – WIFIA + upfront bond in FY 2023</u>

This scenario assumes the Agency will be approved for the WIFIA loan program and approximately 30% ($196 m) of the first draw to take place in FY 2025, along with a bond issue in FY 2023 for $75 m. This scenario does not assume an early rate action.

Attachment 2, Scenario #3

- Would require $84 million in additional revenue from FY 2026/27 to FY 2031/32 to fund all CIP and recover uses of reserves
- Annual rate increases would range from 11% in FY 2026/27 down to 4% by FY 2029/30
- Reserves will drop to 80% of the funding target in FY 2026/27
- The monthly bill for a customer with a ¾" meter, using 18ccf's per month would see an increase of $7.91 in FY 2026/27

- Annual debt service payments would range from a high of $42.3 million in FY 2028/29 from the current low of $33.2 million in FY 2022/23
- The Agency's outstanding debt in FY 2031/32 would be approximately $530 million.

<u>Scenario #4 – WIFIA + upfront bonds in FY 2023, reduced by approximately $15 million of reserves</u>

This scenario assumes the Agency will be approved for the WIFIA loan program and approximately 30% ($194 m) of the first draw to take place in FY 2025, a bond issue in FY 2023 for $60 million, with $15 million from reserves. No early rate action is included, and projects full recovery of funded reserves by FY 2031/32.

Attachment 2, Scenario #4

- Would require $99 million in additional revenue from FY 2026/27 to FY 2031/32 to fund all CIP and recover uses of reserves
- Annual rate increases would range from 10% in FY 2026/27 down to 4% by FY 2030/31
- Reserves will drop to 70% of the funding target in FY 2026/27
- The monthly bill for a customer with a ¾" meter, using 18ccf's per month would see an increase of $7.19 in FY 2026/27
- Annual debt service payments would range from a high of $41.5 million in FY 2028/29 from the current low of $33.2 million in FY 2022/23
- The Agency's outstanding debt in FY 2031/32 would be approximately $510 million.

Within each scenario there are many different options to discuss. For example, the percent of rate adjustment each year in order to achieve the additional revenue projected or the size and timing of the debt issuances (defer projects to future years).

Staff is seeking direction based on the information presented. In each scenario, an upfront bond is needed to complete the debt funded projects (Attachment 4). There are $109 million of projects identified in FY 2022/23 and FY 2023/24 with approximately $18 million of available funds from the previous bond issue that is projected to be fully expended by February 2023. If there is a consensus to begin the process of the upfront bond (approximately 4-6 months to get funded), staff will begin the process of requesting an approval of a reimbursement resolution. With a reimbursement resolution in place, the Agency can continue its debt funded CIP, withdraw funds from reserves and then reimburse those funds once the bond proceeds are received.

The decision to utilize additional pay-go financing really has two levels to consider. First, increasing rate revenue to generate sufficient pay-go financing for the projects that have traditionally been financed on a pay as you go basis (paid from present year rates), and second, additional revenue sufficient to pay cash for capital projects that would otherwise be debt financed. The scenarios presented give an initial idea of how that might work and what the various financial metrics such as rate changes, debt levels, and reserve levels would be over the forecast period through FY 2031/32.

Staff proposes the following strategy:

1) Move forward with a $60 to $75 million bond issuance for early 2023.
2) Determine whether to utilize $15 million in reserves or not prior to going to market.

3) Continue efforts to secure WIFIA financing.
4) Once WIFIA financing outcome is known (late 2023 or early 2024), revisit forecasts and scenarios with this Committee to determine amount of WIFIA financing and address the level of pay-go funds to be generated in the next rate case.
5) Depending on the outcome of 4, consider timing of next rate case to generate sufficient revenue for financing objectives.

FINANCIAL CONSIDERATIONS

None at this time.

RECOMMENDATION

That the Finance and Administration Committee provide direction to staff to focus on a single scenario, or to research alternative options.

RP

Attachments

M65

ATTACHMENT 1

#		FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32
	Scenario #1 - Pay-go with upfront bond issuances										
1	*Rate Increase Required %*	6.50%	6.50%	6.50%	*20.00%*	*15.00%*	*10.00%*	*10.00%*	*6.00%*	*6.00%*	*4.00%*
2	Additional Revenue from New Rates				*12,826,849*	*26,245,086*	*35,750,399*	*46,695,506*	*52,561,561*	*58,870,209*	*62,400,384*
3	*Debt Issuance*	$ 75,000,000		$ 100,000,000							
4	*Reserve Target Funded %*	132%	95%	78%	*65%*	*28%*	*27%*	*26%*	*31%*	*56%*	*95%*
5	*Principal Debt Outstanding* [1]	$ 403,256,566	$ 376,555,626	$ 449,236,958	*$ 421,315,543*	*$ 392,719,330*	*$ 362,973,536*	*$ 336,667,658*	*$ 309,632,735*	*$ 281,816,775*	*$ 271,397,494*
6	*Prior to Rate Increase Debt Coverage Ratio*	1.64	1.30	1.41	*1.35*	*1.35*	*1.40*	*1.62*	*1.70*	*1.78*	*3.11*
7	*Debt Coverage Ratio*	1.64	1.30	1.41	*1.65*	*1.96*	*2.22*	*2.80*	*3.03*	*3.27*	*5.80*
8	*Pay-go Forecast*	$ 75,805,830	$ 34,509,236	$ 37,583,115	*$ 33,777,271*	*$ 34,661,751*	*$ 31,921,925*	*$ 33,043,675*	*$ 34,259,250*	*$ 35,520,321*	*$ 36,828,631*
9	*Debt Funded Project Forecast*	$ 41,981,000	$ 66,961,000	$ 41,590,000	*$ 41,540,000*	*$ 62,320,000*	*$ 21,675,000*	*$ 38,250,000*	*$ 34,401,000*	*$ 8,001,000*	*$ 2,701,000*
10	Actual & *Projected Annual Debt Service*	$ 33,214,071	$ 37,540,749	$ 37,685,430	*$ 42,811,844*	*$ 42,967,711*	*$ 43,521,286*	*$ 39,448,632*	*$ 39,436,249*	*$ 39,416,463*	*$ 23,208,574*
11	*Average Monthly Bill (3/4" Meter, 18ccf's)* [2]	$ 59.54	$ 63.41	$ 67.53	*$ 81.04*	*$ 93.19*	*$ 102.51*	*$ 112.76*	*$ 119.53*	*$ 126.70*	*$ 131.77*
12	*Monthly Impact 3/4" Meter, 18ccf's (PY)*		$ 3.87	$ 4.12	*$ 13.51*	*$ 12.16*	*$ 9.32*	*$ 10.25*	*$ 6.77*	*$ 7.17*	*$ 5.07*

Since there is no available funding options until rates start to generate enough revenue for the entire CIP, two bond issues are proposed in this scenario ($75 m 2023, $100 m 2025) and approving a new rate study one year earlier than planned. The table below represents the additional funding needed from rates in order for all projects to be funded by rates after FY 2025.

[1] *Includes Accreted Interest (1999 CAB)*

[2] *Excluding Legacy Debt Charge*

#		FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32
	Scenario #2 – Status quo – all long-term bonds										
1	*Rate Increase Required %*	6.50%	6.50%	6.50%	*15.00%*	*12.00%*	*8.00%*	*6.00%*	*5.00%*	*4.00%*	*3.00%*
2	Additional Revenue from New Rates				*8,065,727*	*17,371,079*	*23,341,515*	*27,353,465*	*30,306,203*	*31,872,303*	*32,140,368*
3	*Debt Issuance*	$ 75,000,000		$ 100,000,000		*$ 100,000,000*		*$ 65,000,000*			
4	*Reserve Target Funded %*	132%	95%	80%	*64%*	*60%*	*59%*	*66%*	*72%*	*80%*	*97%*
5	*Principal Debt Outstanding* [1]	$ 403,256,566	$ 376,555,626	$ 449,236,958	*$ 421,315,543*	*$ 492,719,330*	*$ 462,973,536*	*$ 501,667,658*	*$ 474,632,735*	*$ 446,816,775*	*$ 433,309,717*
6	*Prior to Rate Increase Debt Coverage Ratio*	1.64	1.30	1.41	*1.35*	*1.35*	*1.25*	*1.43*	*1.40*	*1.47*	*2.08*
7	*Revised Debt Coverage Ratio*	1.64	1.30	1.41	*1.54*	*1.76*	*1.73*	*2.05*	*2.04*	*2.14*	*3.02*
8	*Pay-go Forecast*	$ 75,805,830	$ 34,509,236	$ 37,583,115	*$ 33,777,271*	*$ 34,661,751*	*$ 31,921,925*	*$ 33,043,675*	*$ 34,259,250*	*$ 35,520,321*	*$ 36,828,631*
9	*Debt Funded Project Forecast*	$ 41,981,000	$ 66,961,000	$ 41,590,000	*$ 41,540,000*	*$ 62,320,000*	*$ 21,675,000*	*$ 38,250,000*	*$ 34,401,000*	*$ 8,001,000*	*$ 2,701,000*
10	Actual & *Projected Annual Debt Service*	$ 33,214,071	$ 37,540,749	$ 37,685,430	*$ 42,811,844*	*$ 42,967,711*	*$ 48,548,786*	*$ 44,476,132*	*$ 47,735,999*	*$ 47,716,213*	*$ 34,596,100*
11	*Average Monthly Bill (3/4" Meter, 18ccf's)* [2]	$ 59.54	$ 63.41	$ 67.53	*$ 77.66*	*$ 86.98*	*$ 93.94*	*$ 99.58*	*$ 104.55*	*$ 108.74*	*$ 112.00*
12	*Monthly Impact 3/4" Meter, 18ccf's (PY)*		$ 3.87	$ 4.12	*$ 10.13*	*$ 9.32*	*$ 6.96*	*$ 5.64*	*$ 4.98*	*$ 4.18*	*$ 3.26*

This is the status quo with 4 bond issues through FY 2029 to fund large capital projects, future rate adjustments to increase Pay-go and approving a rate study one year earlier than planned. ($75 m 2023, $100 m 2025, $100 m 2027, $65 m 2029)

[1] *Includes Accreted Interest (1999 CAB)*

[2] *Excluding Legacy Debt Charge*

ATTACHMENT 2

Scenario #3 – WIFIA + upfront bond in FY 2023

This scenario assumes we will be approved for the WIFIA loan program and 30% ($196 m) of the first draw to take place in FY 2025, and a bond issue in FY 2023 for $75 m. No early rate action.

		FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32
1	Rate Increase Required %	6.50%	6.50%	6.50%	6.50%	11.00%	7.00%	7.00%	4.00%	4.00%	4.00%
2	Additional Revenue from New Rates					7,161,147	11,012,825	15,363,940	16,191,278	17,027,998	18,081,682
3	Debt Issuance	$ 75,000,000		$ 196,360,275			$ 125,291,276				
4	Reserve Target Funded %	132%	95%	88%	81%	80%	84%	90%	97%	94%	98%
5	Principal Debt Outstanding [1]	$ 403,256,566	$ 376,555,626	$ 414,147,986	$ 445,146,110	$ 499,877,581	$ 511,286,435	$ 538,896,571	$ 562,694,663	$ 543,624,726	$ 530,350,783
6	Prior to Rate Increase Debt Coverage Ratio	1.64	1.30	1.41	1.53	1.53	1.58	1.51	1.58	1.65	1.90
7	Revised Debt Coverage Ratio	1.64	1.30	1.41	1.53	1.72	1.87	1.87	1.96	2.06	2.37
8	Pay-go Forecast	$ 75,805,830	$ 34,509,236	$ 37,583,115	$ 33,777,271	$ 34,661,751	$ 31,921,925	$ 33,043,675	$ 34,259,250	$ 35,520,321	$ 36,828,631
9	Debt Funded Project Forecast	$ 41,981,000	$ 66,961,000	$ 41,590,000	$ 41,540,000	$ 62,320,000	$ 21,675,000	$ 38,250,000	$ 34,401,000	$ 8,001,000	$ 2,701,000
10	Actual & Projected Annual Debt Service	$ 33,214,071	$ 37,540,749	$ 37,685,430	$ 37,784,344	$ 37,940,211	$ 38,493,786	$ 42,328,222	$ 42,315,839	$ 42,296,053	$ 38,043,207
11	Average Monthly Bill (3/4" Meter, 18ccf's) [2]	$ 59.54	$ 63.41	$ 67.53	$ 71.92	$ 79.83	$ 85.42	$ 91.40	$ 95.06	$ 98.86	$ 102.81
12	Monthly Impact 3/4" Meter, 18ccf's (PY)		$ 3.87	$ 4.12	$ 4.39	$ 7.91	$ 5.59	$ 5.98	$ 3.66	$ 3.80	$ 3.95

[1] Includes Accreted Interest (1999 CAB)

[2] Excluding Legacy Debt Charge

Scenario #4 - WIFIA + upfront bonds in FY 2023, reduced by approximately $15 m of reserves

This scenario assumes we will be approved for the WIFIA loan program and 30% ($196 m) of the first draw to take place in FY 2025, a bond issue in FY 2023 for $60 m, $15 m from reserves. No early rate action, recovery of reserves by 2032.

		FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32
1	Rate Increase Required %	6.50%	6.50%	6.50%	6.50%	10.00%	9.00%	7.00%	6.00%	4.00%	4.00%
2	Additional Revenue from New Rates					6,133,885	12,189,060	16,639,254	20,277,680	21,325,563	22,633,604
3	Debt Issuance	$ 60,000,000		$ 194,103,525			$ 122,809,866				
4	Reserve Target Funded %	132%	82%	76%	71%	70%	75%	82%	91%	92%	99%
5	Principal Debt Outstanding [1]	$ 388,256,566	$ 361,555,626	$ 398,387,273	$ 428,590,067	$ 482,490,015	$ 493,028,567	$ 519,724,758	$ 542,562,636	$ 523,359,261	$ 510,547,148
6	Prior to Rate Increase Debt Coverage Ratio	1.64	1.32	1.44	1.56	1.56	1.61	1.54	1.61	1.69	1.97
7	Revised Debt Coverage Ratio	1.64	1.32	1.44	1.56	1.73	1.94	1.94	2.10	2.20	2.59
8	Pay-go Forecast	$ 75,805,830	$ 34,509,236	$ 37,583,115	$ 33,777,271	$ 34,661,751	$ 31,921,925	$ 33,043,675	$ 34,259,250	$ 35,520,321	$ 36,828,631
9	Debt Funded Project Forecast	$ 41,981,000	$ 66,961,000	$ 41,590,000	$ 41,540,000	$ 62,320,000	$ 21,675,000	$ 38,250,000	$ 34,401,000	$ 8,001,000	$ 2,701,000
10	Actual & Projected Annual Debt Service	$ 33,214,071	$ 36,788,499	$ 36,933,180	$ 37,032,094	$ 37,187,961	$ 37,741,536	$ 41,463,642	$ 41,451,259	$ 41,431,473	$ 36,578,335
11	Average Monthly Bill (3/4" Meter, 18ccf's) [2]	$ 59.54	$ 63.41	$ 67.53	$ 71.92	$ 79.11	$ 86.23	$ 92.27	$ 97.81	$ 101.72	$ 105.79
12	Monthly Impact 3/4" Meter, 18ccf's (PY)		$ 3.87	$ 4.12	$ 4.39	$ 7.19	$ 7.12	$ 6.04	$ 5.54	$ 3.91	$ 4.07

[1] Includes Accreted Interest (1999 CAB)

[2] Excluding Legacy Debt Charge

Pay-go Projects
FY 2023 through FY 2032

Attachment 3

Capital Project Description	FY 2022/23 Revised		10 Year FY 2023 - FY 2032		Useful Life
Additional Wells (T7, U4, U6) (includes S1&S2 Wells VOC Treatment & Flexte	$	1,400,000	$	-	30
Appurtenance Improvements & Replacements	$	410,000	$	4,683,352	30
Asset Management	$	200,000	$	350,000	5
Battery Energy Storage and Solar Project - ESFP	$	1,892,652	$	-	10
Battery Energy Storage Project - RVWTP	$	1,166,446	$	-	10
Booster Station/Turnout Improvements & Replacements	$	1,050,000	$	11,993,951	20
Bridgeport Pocket Park	$	230,000	$	-	40
BVRRB Storage and Recovery Program	$	2,937,832	$	34,008,688	20
Catala PS Pipelines (Bouquet & Central Park)	$	150,000	$	2,250,000	50
Catala Pump Station	$	150,000	$	-	20
Deane Pump Station @ Sand Canyon Plaza*	$	2,400,000	$	500,000	20
Deane Pump Station @ Skyline Ranch*	$	750,000	$	750,000	20
Deane SC-6 Pump Station	$	50,000	$	1,400,000	20
Deane SC-6 Soledad Pipeline	$	50,000	$	650,000	20
Deane Tank (One 2.08 MG Tank) @ Skyline Ranch*	$	3,500,000	$	500,000	50
Deane Tank (Second 2.08 MG) @ Skyline Ranch	$	-	$	3,650,000	50
Deane Tank Site (Existing) Improvements	$	275,000	$	290,125	30
Deane Tanks - One 1.5 MG Tank @ Sand Canyon Plaza*	$	1,750,000	$	3,000,000	50
Deane Zone Disinfection @ Skyline Ranch*	$	100,000	$	-	30
Devil's Den Property Solar Project	$	100,000	$	-	10
Dickason Pipeline Replacement	$	2,300,000	$	-	50
Disinfection System Improvements & Replacements	$	775,000	$	8,852,678	30
Dockweiler-Sierra Hwy Pipeline*	$	150,000	$	1,500,000	50
E Wells (E-14, E-15, E-16, E-17)	$	1,800,000	$	-	30
Equipment and Vehicle Improvements & Replacements	$	1,575,000	$	17,990,927	10
ESFP Improvements & Replacements	$	450,000	$	5,140,265	30
ESFP Standby Generator	$	10,000	$	-	10
ESFP Two 5 MG Tanks Improvements	$	50,000	$	-	30
ESIPS Improvements & Replacements	$	100,000	$	1,142,282	30
Feasibility Study and Environmental Docs GSP	$	150,000	$	-	N/A
Friendly Valley Booster Station (Crossroads)	$	75,000	$	1,925,000	20
Friendly Valley Pipeline @ Via Princessa (Crossroads)	$	50,000	$	50,000	50
Friendly Valley Tank (3.25 MG) @ Crossroads	$	150,000	$	9,350,000	50
Golden Valley Pipeline @ Via Princessa (Crossroads)	$	50,000	$	50,000	50
Golden Valley Road Bore & Jack	$	100,000	$	-	50
Golden Valley Tank (1.6 MG) @ Crossroads	$	50,000	$	150,000	50
Honby Pipeline Bottleneck	$	500,000	$	-	50
Invasive Species Management	$	250,000	$	2,855,702	N/A
Laboratory Improvements & Replacements	$	400,000	$	4,569,125	5
Meter & Meter Infrastructure Improvements & Replacements	$	2,075,000	$	23,702,331	20
Newhall Tanks 1 and 1A - Tank Upgrades	$	700,000	$	-	30
Office Furniture - General	$	30,000	$	342,684	10
Office Improvements - Various	$	850,000	$	2,963,465	10
Pipeline Relocations/Modifications	$	4,334,900	$	-	50

Pay-go Projects
FY 2023 through FY 2032

Attachment 3

Capital Project Description	FY 2022/23 Revised	10 Year FY 2023 - FY 2032	Useful Life
Pipelines & Pipeline Improvements & Replacements	$ 2,100,000	$ 86,209,887	50
Pitchess Pipeline Modifications Project	$ 9,000	$ -	50
Recycled Water Program Phase II, 2B - Vista Cyn Customer Conversion	$ 295,000	$ -	50
Recycled Water Program Phase II, 2B - Vista Cyn Distribution	$ 200,000	$ -	50
Recycled Water Program Phase II, 2C - South End Distribution	$ 50,000	$ -	50
Recycled Water Program Phase II, 2D - West Ranch Customer Conversion	$ 800,000	$ -	50
Resiliency Water Master Plan	$ 1,500,000	$ -	20
RVIPS Improvements & Replacements	$ 100,000	$ 1,142,282	30
RVTP Improvements & Replacements (includes Access Gate Improvements)	$ 700,000	$ 7,995,967	30
RVWTP Underground Storage Tank Replmt	$ 100,000	$ -	50
S Wells (S6, S7 and S8)	$ 750,000	$ -	30
Santa Clara and Honby Wells	$ 6,400,000	$ -	30
Saugus 3 & 4 Replacement Wells (Complete by 7/1/25)	$ 14,200,000	$ -	30
SCADA Improvements & Replacements	$ 300,000	$ 3,426,843	5
Sierra Hwy Bridge Expansion Water Pipelines Protection	$ 84,000	$ -	50
Stair/Ladder Safety Improvements	$ 100,000	$ -	10
Tanks & Storage Facility Improvements & Replacements	$ 840,000	$ 9,595,161	30
Technology Improvements and Replacements	$ 2,261,000	$ 25,826,973	5
Update Water Conservation and Education Garden	$ 2,000,000	$ -	40
V-9 Improvements	$ 100,000	$ -	20
Valencia Marketplace Pipeline Replacement	$ 3,200,000	$ -	50
Valley Center Well	$ 500,000	$ -	30
Vista Cyn Bridge Piping at Soledad/Lost Canyon	$ 150,000	$ -	50
Warehouse & Surface Improvements &Replacements	$ 850,000	$ 9,709,387	10
Well 205 (Perchlorate)	$ 615,000	$ -	30
Wells & Well Facility Improvements	$ 976,000	$ 11,148,663	30
Yuba Accord Water	$ 1,089,000	$ 12,439,441	20
	$ 75,805,830	**$ 312,105,179**	

Debt Financed Projects
FY 2023 through FY 2032

Attachment 4

Capital Project Description	FY 2022/23 Revised	10 Year FY 2024 - FY 2033	Useful Life
As-Needed Regulatory Support for Non-Potable Recycled Water Permitting	$ 100,000	$ 50,000	N/A
New Water Banking Program (AVEK/Mid Valley/Rosedale)	$ 2,300,000	$ 24,300,000	20
Sites Reservoir	$ 1,000,000	$ 19,900,000	20
Castaic Conduit	$ 4,200,000	$ 13,120,000	50
Honby Parallel	$ 100,000	$ 25,650,000	50
LARC Pipeline*	$ 1,500,000	$ 750,000	50
Magic Mountain Pipeline No. 4	$ 250,000	$ 6,000	50
Magic Mountain Pipeline No. 5	$ 250,000	$ 6,000	50
Magic Mountain Pipeline No. 6	$ 3,400,000	$ 14,000	50
Newhall Ave Railroad Crossing	$ -	$ 2,500,000	50
Recycled Water Fill Station	$ 1,000,000	$ 5,000	50
Recycled Water Program Phase II, 2A - Central Park	$ 1,000	$ 3,000	50
Recycled Water Program Phase II, 2B - Vista Canyon Backbone	$ 200,000	$ 2,000,000	50
Recycled Water Program Phase II, 2C - South End Backbone	$ 6,000,000	$ 7,500,000	50
Magic Mountain Reservoir	$ 3,000,000	$ 32,100,000	50
Magic Mountain Reservoir 2	$ -	$ 45,400,000	50
Sand Canyon Reservoir Expansion	$ -	$ 17,600,000	30
Southern Service Area Reservoir	$ -	$ 17,150,000	50
ESFP Sludge Collection System	$ 15,000,000	$ 10,675,000	35
Mitchell 5A Replacement	$ 150,000	$ 5,000,000	30
Well 201 VOC Groundwater Treatment Improvements	$ 3,300,000	$ 1,010,000	30
Additional Wells (T7, U4, U6) (includes S1&S2 Wells VOC Treatment & Flextend)	$ -	$ 13,000,000	30
E Wells (E-14, E-15, E-16, E-17)	$ -	$ 8,200,000	30
S Wells (S6, S7 and S8)	$ -	$ 14,000,000	30
Santa Clara and Honby Wells	$ -	$ 2,825,000	30
Saugus Dry Year Reliability Wells 5 & 6	$ 230,000	$ 42,125,000	30
Well E-14 Site Improvements	$ -	$ 6,275,000	30
Well E-16 Site Improvements	$ -	$ 6,275,000	30
	$41,981,000	**$ 317,439,000**	
Existing Bond Proceeds (2020A)	($18,171,470)		
	$ 23,809,530	$ 23,809,530	
Funding Needed		$ 341,248,530	

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FIELDMAN | ROLAPP & ASSOCIATES

EXPERIENCE, INTEGRITY & SERVICE

SCV WATER

SANTA CLARITA VALLEY WATER AGENCY

Finance and Administration Committee Meeting

Preliminary, subject to change

October 24, 2022

DISCLAIMER

- These materials include an assessment of current market conditions, and include Fieldman, Rolapp & Associates, Inc. assumptions about interest rates, execution costs, and other matters related to municipal securities issuance or municipal financial products. These assumptions may change at any time subsequent to the date these materials were provided. The scenarios presented herein are not intended to be inclusive of every feasible or suitable financing alternative.

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BACKGROUND

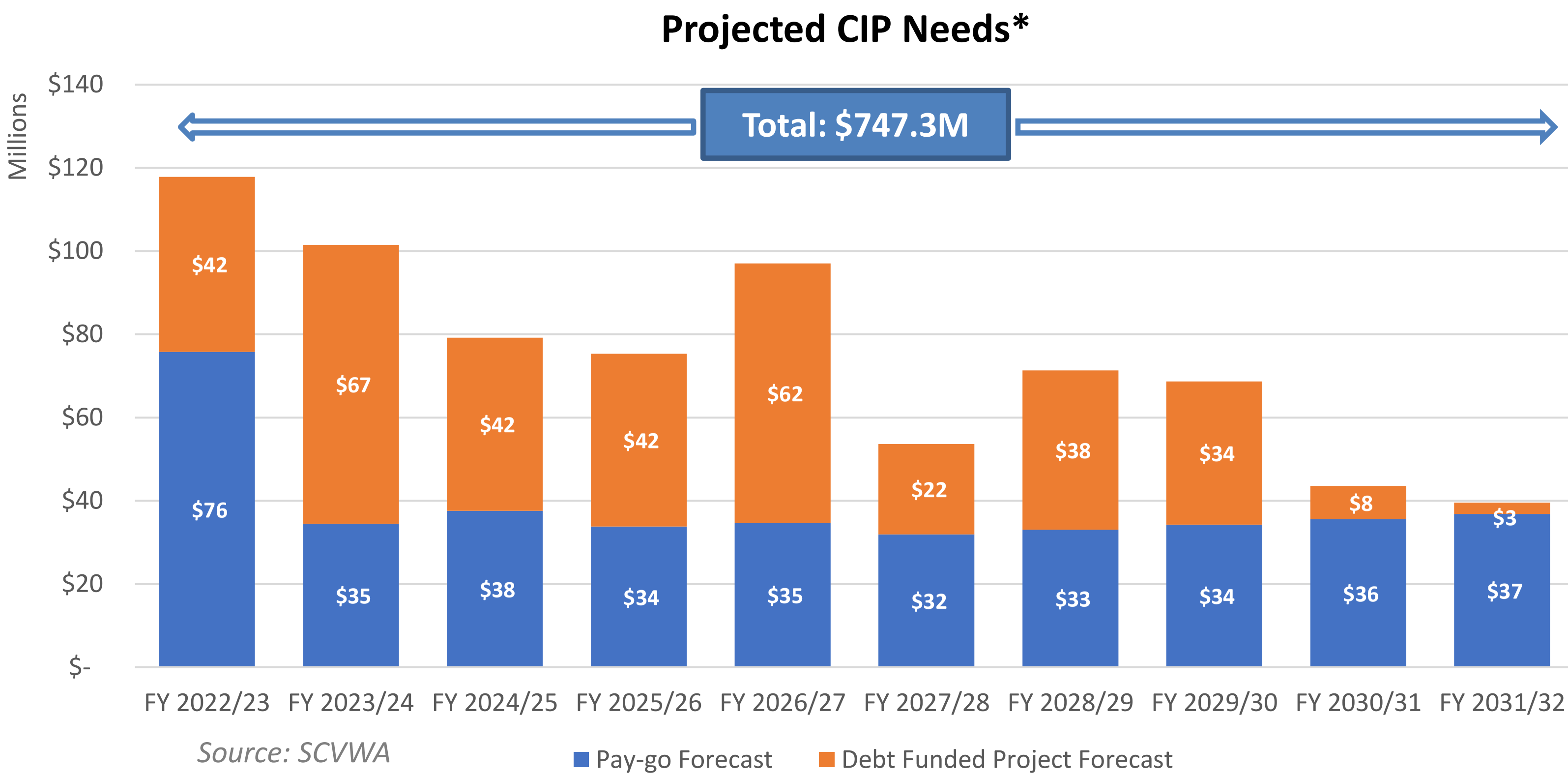
The Agency has identified needed capital improvements over the next 10 years; such costs can be funded with a combination of the following sources:

- Available cash/reserves (pay-as-you-go)
- Current year revenue from rates
- Grants
- Government Subsidized Loans (SRF or WIFIA Loan)
- Long term revenue debt (public or private)

WIFIA VS. Bonds

STRUCTURE	WIFIA	TRADITIONAL FIXED RATE MUNICIPAL BONDS
Loan Amount	49% of Eligible Project Costs	100% of Construction Costs
Interest Rate	US Treasury rate corresponding to Loan's average life, plus 1bp	Municipal market conditions, plus a credit spread
Term	35 Years after substantial completion of project	30 Years after Issuance
Refunding	Permits a rate re-set after one year after Loan execution if no draws have been made; depends on market conditions	Typically, after ten years; depends on market conditions
Prepayment	Any date $1MM minimum	Typically, after ten years; depends on market conditions
Debt service	Sculpted to fit borrower's needs	Sculpted to fit borrower’s needs
Payment deferrals	Up to 5 years after substantial completion of project	None, payments typically start after 6 - 12 months

OVERVIEW OF SCVWA PROJECT NEEDS



Source: SCVWA

Assumptions:

1. Based upon Agency CIP from the revised FY 2022-23 Budget.
2. Debt-funded CIP project costs include inflationary adjustments from engineering and Pay-go funded CIP projects assumes 3.5% - 6.5% inflationary increases annually, following consultation with the Ratepayer Advocate.
3. CIP needs for FY 2030/31 and FY 2031/32 are subject to change based on engineering estimates from the Master Plan for additional debt-funded projects which are not included in the existing CIP.

*CIP costs are split between Pay-Go and Debt Funded project needs and is estimated by the Agency; timing and amounts are subject to change. See the Appendix for further details on assumptions.

CIP FUNDING SCENARIOS

Scenario #1 - Pay-go with upfront bond issuances

Current revenue forecast does not provide adequate funding for the entire CIP without debt and additional rate increases. No current funding options besides rates, thus two bond issues are proposed in this scenario ($75 m 2023, $100 m 2025) and approving a new rate study one year earlier than planned.

New Debt: $175M; Pay-Go/Rates/Reserves: $554M

FY Ending June 30	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Reserve Target Funded %	132%	95%	78%	65%	28%	27%	26%	31%	56%	95%

Scenario #2 – Status quo – all long-term bonds

This is the status quo with 4 bond issues through FY 2029 to fund large capital projects, additional rate increases to increase Pay-go and approving a rate study one year earlier than planned. ($75 m 2023, $100 m 2025, $100 m 2027, $65 m 2029). New Debt: $340M; Pay-Go/Rates/Reserves: $389M

FY Ending June 30	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Reserve Target Funded %	132%	95%	80%	64%	60%	59%	66%	72%	80%	97%

Scenario #3 – WIFIA + upfront bond in FY 2023

This scenario assumes Agency will be approved for the WIFIA loan program for current round of funding ($196 m Loan in FY 2025 and $125 m loan in FY 2028). Assumes 30% of the first draw to take place in FY 2025, and a bond issue in FY 2023 for $75 m. No early rate action. New Debt: $396M; Pay-Go/Rates/Reserves: $333M

FY Ending June 30	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Reserve Target Funded %	132%	95%	88%	81%	80%	84%	90%	97%	94%	98%

Scenario #4 - WIFIA + upfront bonds in FY 2023, reduced by approximately $15 m of reserves

This scenario assumes Agency will be approved for the WIFIA loan program for current round of funding ($194 m Loan in FY 2025 and $122 m loan in FY 2028). Assumes 30% of the first draw to take place in FY 2025, and a bond issue in FY 2023 for $60 m, $15 m from reserves. No early rate action, recovery of reserves by 2032.

New Debt: $376M; Pay-Go/Rates/Reserves: $352M

FY Ending June 30	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Reserve Target Funded %	132%	82%	76%	71%	70%	75%	82%	91%	92%	99%

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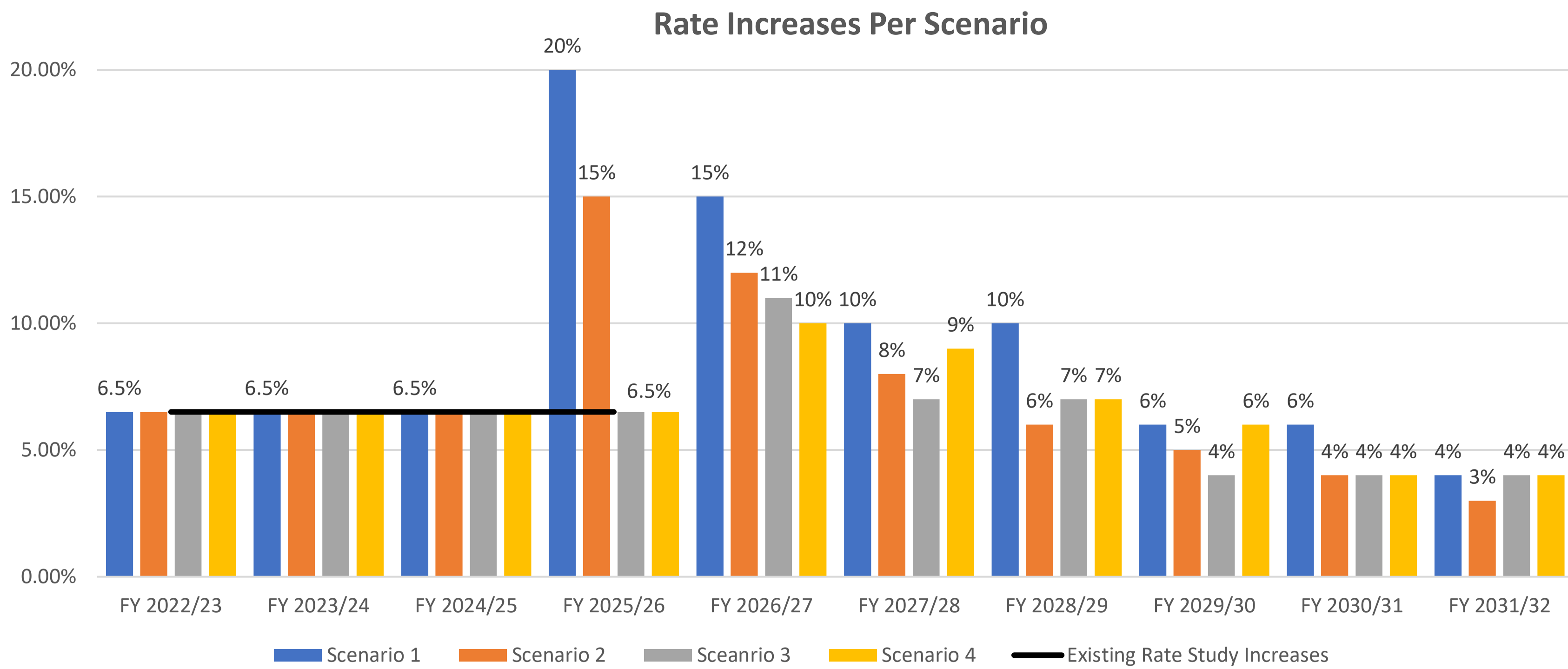
See the Appendix for further details on assumptions. Draws from reserves are taken first from the capital, revenue rate stabilization, and water supply reliability reserves before the emergency and operating reserve.

Rate Summary Analysis

Monthly Change to Customer Bill*

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Avg. Rate Increase
Scenario 1	*NA*	*$3.87*	*$4.12*	*$13.51*	*$12.16*	*$9.32*	*$10.25*	*$6.77*	*$7.17*	*$5.07*	*10.14%*
Scenario 2	*NA*	*$3.87*	*$4.12*	*$10.13*	*$9.32*	*$6.96*	*$5.64*	*$4.98*	*$4.18*	*$3.26*	*7.57%*
Scenario 3	*NA*	*$3.87*	*$4.12*	*$4.39*	*$7.91*	*$5.59*	*$5.98*	*$3.66*	*$3.80*	*$3.95*	*6.21%*
Scenario 4	*NA*	*$3.87*	*$4.12*	*$4.39*	*$7.19*	*$7.12*	*$6.04*	*$5.54*	*$3.91*	*$4.07*	*6.64%*



*Reflects monthly increases in customer bills for ¾” meters and usage of 18 ccf. See the Appendix for further details on assumptions.

AVAILABLE PAY-GO FUNDS

The estimated "Pay-Go" generated from the estimated increase in rates covers not only ongoing CIP needs but also funds reserves back to the required target levels by FY 2032.

	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32
Scenario #1 - Pay-go with upfront bond issuances										
Rate Increase	6.50%	6.50%	6.50%	20.00%	15.00%	10.00%	10.00%	6.00%	6.00%	4.00%
Rate Rev. generated	$21,186,966	$13,778,130	$15,319,863	$27,805,301	$41,408,030	$53,123,100	$71,067,259	$80,042,890	$89,485,711	$111,373,905
Rev. for Pay-go CIP	$21,186,966	$13,778,130	$15,319,863	$27,805,301	$34,661,751	$31,921,925	$33,043,675	$34,259,250	$35,520,321	$36,828,631
Rev. for Debt CIP	$0	$0	$0	$0	$6,746,279	$21,201,175	$38,023,584	$34,401,000	$8,001,000	$2,701,000
Rev. for Reserves	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$11,382,640**	**$45,964,390**	**$71,844,274**
Scenario #2 – Status quo – all long-term bonds										
Rate Increase	6.50%	6.50%	6.50%	15.00%	12.00%	8.00%	6.00%	5.00%	4.00%	3.00%
Rate Rev. generated	$21,186,966	$13,778,130	$15,319,863	$23,042,856	$32,531,557	$35,683,268	$46,692,344	$49,481,599	$54,180,564	$69,714,544
Rev. for Pay-go	$21,186,966	$13,778,130	$15,319,863	$23,042,856	$32,531,557	$31,921,925	$33,043,675	$34,259,250	$35,520,321	$36,828,631
Rev. for Debt CIP	$0	$0	$0	$0	$0	$0	$0	$0	$0	$478,000
Rev. for Reserves	**$0**	**$0**	**$0**	**$0**	**$0**	**$3,761,343**	**$13,648,669**	**$15,222,349**	**$18,660,243**	**$32,407,913**
Scenario #3 – WIFIA + upfront bond in FY 2023										
Rate Increase	6.50%	6.50%	6.50%	6.50%	11.00%	7.00%	7.00%	4.00%	4.00%	4.00%
Rate Rev. generated	$21,186,966	$13,778,130	$15,319,863	$19,974,200	$27,346,288	$33,406,153	$36,847,398	$40,782,913	$44,752,301	$52,203,261
Rev. for Pay-go	$21,186,966	$13,778,130	$15,319,863	$19,974,200	$20,153,450	$22,358,972	$21,446,213	$24,552,390	$35,520,321	$36,828,631
Rev. for Debt CIP	$0	$0	$0	$0	$0	$0	$0	$0	$8,001,000	$2,701,000
Rev. for Reserves	**$0**	**$0**	**$0**	**$0**	**$7,192,838**	**$11,047,181**	**$15,401,185**	**$16,230,523**	**$1,230,980**	**$12,673,630**
Scenario #4 - WIFIA + upfront bonds in FY 2023, reduced by approximately $15 m of reserves										
Rate Increase	6.50%	6.50%	6.50%	6.50%	10.00%	9.00%	7.00%	6.00%	4.00%	4.00%
Rate Rev. generated	$21,186,966	$14,530,380	$16,072,113	$20,726,450	$27,070,989	$35,334,964	$38,987,646	$45,735,030	$49,915,638	$58,221,833
Rev. for Pay-go	$21,186,966	$14,530,380	$16,072,113	$20,726,450	$20,905,700	$23,111,222	$22,310,793	$25,416,970	$35,520,321	$36,828,631
Rev. for Debt CIP	$0	$0	$0	$0	$0	$0	$0	$0	$8,001,000	$2,701,000
Rev. for Reserves	**$0**	**$0**	**$0**	**$0**	**$6,165,290**	**$12,223,742**	**$16,676,854**	**$20,318,061**	**$6,394,317**	**$18,692,202**

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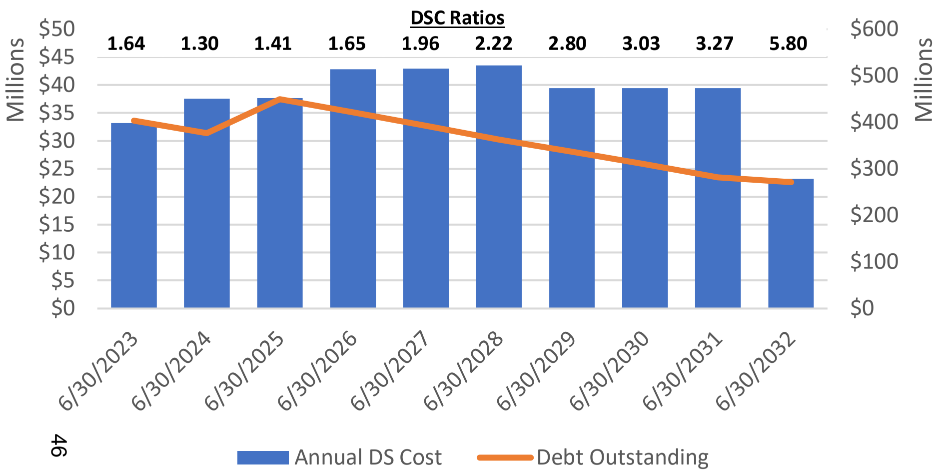
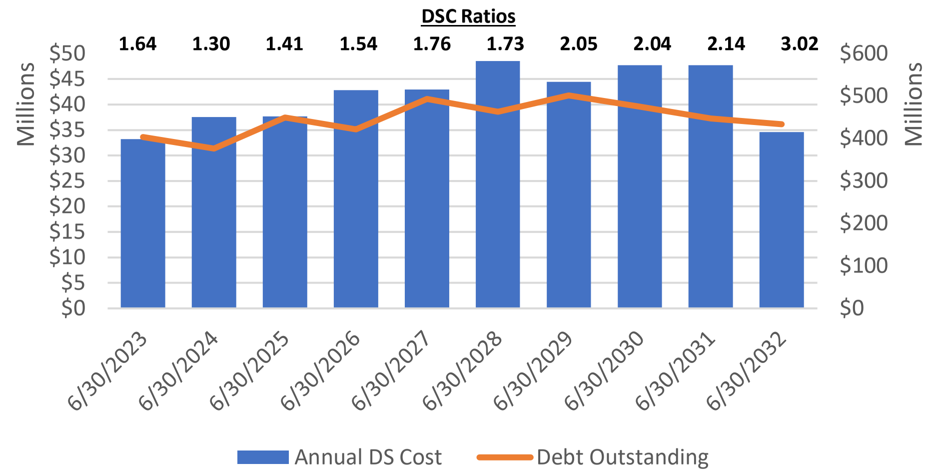
See the Appendix for further details on assumptions.

DEBT SUMMARY ANALYSIS*

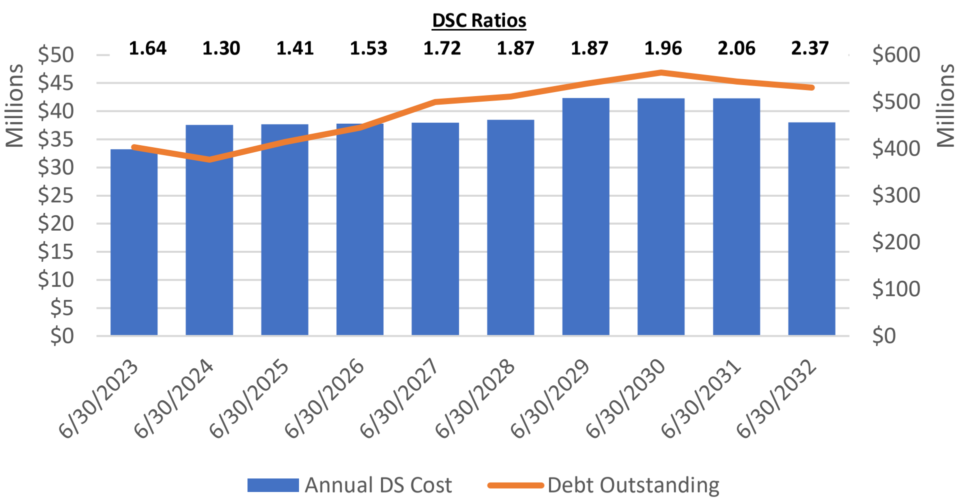
Scenario #1 - Pay-go with upfront bond issuances



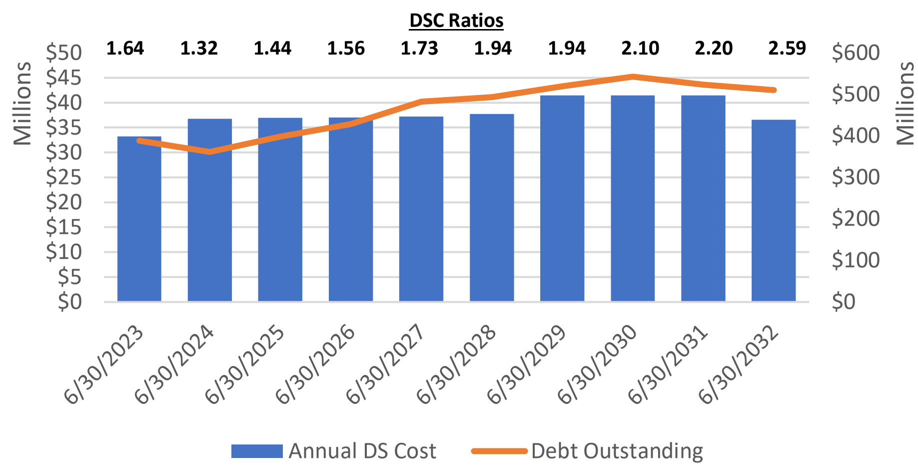
Scenario #2 – Status quo – all long-term bonds



Scenario #3 – WIFIA + upfront bond in FY 2023



Scenario #4 - WIFIA + upfront bonds in FY 2023, reduced by approximately $15 m of reserves



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*Debt outstanding includes accreted interest on 1999 CABs. See the Appendix for further details on assumptions.

Recommendation

- Scenario #3 is recommended for the following reasons:
  - Results in the lowest amount of annual rate increase, on average
  - Results in adequate levels of reserve funds at 80% or higher, and fully funded by FY 2032
  - WIFIA Loan provides more flexible terms and attractive interest rates, in comparison to traditional fixed rate bonds

Scenario #3 – WIFIA + upfront bond in FY 2023

This scenario assumes Agency will be approved for the WIFIA loan program for current round of funding ($196 m Loan in FY 2025 and $125 m loan in FY 2028). Assumes 30% of the first draw to take place in FY 2025, and a bond issue in FY 2023 for $75 m. No early rate action. New Debt: $396M; Pay-Go/Rates/Reserves: $333M

FY Ending June 30	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Reserve Target Funded %	132%	95%	88%	81%	*80%*	*84%*	*90%*	*97%*	*94%*	*98%*

Questions and Further Discussion

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APPENDIX

SCENARIOS 1-4 OVERVIEW

Scenario #1 - Pay-go with upfront bond issuances

	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32
Rate Increase Required %	6.50%	6.50%	6.50%	*20.00%*	*15.00%*	*10.00%*	*10.00%*	*6.00%*	*6.00%*	*4.00%*
Debt Issuance	$ 75,000,000		$ 100,000,000							
Reserve Target Funded %	132%	95%	78%	*65%*	*28%*	*27%*	*26%*	*31%*	*56%*	*95%*
Principal Debt Outstanding	$ 403,256,566	$ 376,555,626	$ 449,236,958	*$ 421,315,543*	*$ 392,719,330*	*$ 362,973,536*	*$ 336,667,658*	*$ 309,632,735*	*$ 281,816,775*	*$ 271,397,494*
Revised Debt Service Coverage	1.64	1.30	1.41	*1.65*	*1.96*	*2.22*	*2.80*	*3.03*	*3.27*	*5.80*
Actual & Projected Annual Debt Service	$ 33,214,071	$ 37,540,749	$ 37,685,430	*$ 42,811,844*	*$ 42,967,711*	*$ 43,521,286*	*$ 39,448,632*	*$ 39,436,249*	*$ 39,416,463*	*$ 23,208,574*
Monthly Impact 3/4" Meter, 18ccf's (PY)		$ 3.87	$ 4.12	*$ 13.51*	*$ 12.16*	*$ 9.32*	*$ 10.25*	*$ 6.77*	*$ 7.17*	*$ 5.07*
Average Monthly Bill (3/4" Meter, 18ccf's)[2]	$59.54	$63.41	$67.53	*$81.04*	*$93.19*	*$102.51*	*$112.76*	*$119.53*	*$126.70*	*$131.77*

Scenario #2 – Status quo – all long-term bonds

	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32
Rate Increase Required %	6.50%	6.50%	6.50%	*15.00%*	*12.00%*	*8.00%*	*6.00%*	*5.00%*	*4.00%*	*3.00%*
Debt Issuance	$ 75,000,000		$ 100,000,000		*$ 100,000,000*		*$ 65,000,000*			
Reserve Target Funded %	132%	95%	80%	*64%*	*60%*	*59%*	*66%*	*72%*	*80%*	*97%*
Principal Debt Outstanding	$ 403,256,566	$ 376,555,626	$ 449,236,958	*$ 421,315,543*	*$ 492,719,330*	*$ 462,973,536*	*$ 501,667,658*	*$ 474,632,735*	*$ 446,816,775*	*$ 433,309,717*
Revised Debt Service Coverage	1.64	1.30	1.41	*1.54*	*1.76*	*1.73*	*2.05*	*2.04*	*2.14*	*3.02*
Actual & Projected Annual Debt Service	$ 33,214,071	$ 37,540,749	$ 37,685,430	*$ 42,811,844*	*$ 42,967,711*	*$ 48,548,786*	*$ 44,476,132*	*$ 47,735,999*	*$ 47,716,213*	*$ 34,596,100*
Monthly Impact 3/4" Meter, 18ccf's (PY)		$ 3.87	$ 4.12	*$ 10.13*	*$ 9.32*	*$ 6.96*	*$ 5.64*	*$ 4.98*	*$ 4.18*	*$ 3.26*
Average Monthly Bill (3/4" Meter, 18ccf's)[2]	$59.54	$63.41	$67.53	*$77.66*	*$86.98*	*$93.94*	*$99.58*	*$104.55*	*$108.74*	*$112.00*

Scenario #3 – WIFIA + upfront bond in FY 2023

	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32
Rate Increase Required %	6.50%	6.50%	6.50%	6.50%	*11.00%*	*7.00%*	*7.00%*	*4.00%*	*4.00%*	*4.00%*
Debt Issuance	$ 75,000,000		$ 196,360,275			*$ 125,291,276*				
Reserve Target Funded %	132%	95%	88%	81%	*80%*	*84%*	*90%*	*97%*	*94%*	*98%*
Principal Debt Outstanding	$ 403,256,566	$ 376,555,626	$ 414,147,986	*$ 445,146,110*	*$ 499,877,581*	*$ 511,286,435*	*$ 538,896,571*	*$ 562,694,663*	*$ 543,624,726*	*$ 530,350,783*
Revised Debt Service Coverage	1.64	1.30	1.41	*1.53*	*1.72*	*1.87*	*1.87*	*1.96*	*2.06*	*2.37*
Actual & Projected Annual Debt Service	$ 33,214,071	$ 37,540,749	$ 37,685,430	$ 37,784,344	*$ 37,940,211*	*$ 38,493,786*	*$ 42,328,222*	*$ 42,315,839*	*$ 42,296,053*	*$ 38,043,207*
Monthly Impact 3/4" Meter, 18ccf's (PY)		$ 3.87	$ 4.12	$ 4.39	*$ 7.91*	*$ 5.59*	*$ 5.98*	*$ 3.66*	*$ 3.80*	*$ 3.95*
Average Monthly Bill (3/4" Meter, 18ccf's)[2]	$59.54	$63.41	$67.53	$71.92	*$79.83*	*$85.42*	*$91.40*	*$95.06*	*$98.86*	*$102.81*

Scenario #4 - WIFIA + upfront bonds in FY 2023, reduced by approximately $15 m of reserves

	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32
Rate Increase Required %	6.50%	6.50%	6.50%	6.50%	*10.00%*	*9.00%*	*7.00%*	*6.00%*	*4.00%*	*4.00%*
Debt Issuance	$ 60,000,000		$ 194,103,525			*$ 122,809,866*				
Reserve Target Funded %	132%	82%	76%	71%	*70%*	*75%*	*82%*	*91%*	*92%*	*99%*
Principal Debt Outstanding	$ 388,256,566	$ 361,555,626	$ 398,387,273	*$ 428,590,067*	*$ 482,490,015*	*$ 493,028,567*	*$ 519,724,758*	*$ 542,562,636*	*$ 523,359,261*	*$ 510,547,148*
Revised Debt Service Coverage	1.64	1.32	1.44	1.56	*1.73*	*1.94*	*1.94*	*2.10*	*2.20*	*2.59*
Actual & Projected Annual Debt Service	$ 33,214,071	$ 36,788,499	$ 36,933,180	$ 37,032,094	*$ 37,187,961*	*$ 37,741,536*	*$ 41,463,642*	*$ 41,451,259*	*$ 41,431,473*	*$ 36,578,335*
Monthly Impact 3/4" Meter, 18ccf's (PY)		$ 3.87	$ 4.12	$ 4.39	*$ 7.19*	*$ 7.12*	*$ 6.04*	*$ 5.54*	*$ 3.91*	*$ 4.07*
Average Monthly Bill (3/4" Meter, 18ccf's)[2]	$59.54	$63.41	$67.53	$71.92	*$79.11*	*$86.23*	*$92.27*	*$97.81*	*$101.72*	*$105.79*

[2] Excluding Legacy Debt Charge

Rate Increase Overview

Scenario #1 - Pay-go with upfront bond issuances

	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32
Rate Increase Required %	6.50%	6.50%	6.50%	*20.00%*	*15.00%*	*10.00%*	*10.00%*	*6.00%*	*6.00%*	*4.00%*
Debt Issuance	$75,000,000		$ 100,000,000							
Reserve Target Funded %	132%	95%	78%	*65%*	*28%*	*27%*	*26%*	*31%*	*56%*	*95%*
Monthly Impact 3/4" Meter, 18ccf's		$3.87	$4.12	*$13.51*	*$12.16*	*$9.32*	*$10.25*	*$6.77*	*$7.17*	*$5.07*
Average Monthly Bill (3/4" Meter, 18ccf's)[2]	$59.54	$63.41	$67.53	*$81.04*	*$93.19*	*$102.51*	*$112.76*	*$119.53*	*$126.70*	*$131.77*

Scenario #2 – Status quo – all long-term bonds

	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32
Rate Increase Required %	6.50%	6.50%	6.50%	*15.00%*	*12.00%*	*8.00%*	*6.00%*	*5.00%*	*4.00%*	*3.00%*
Debt Issuance	$75,000,000		$100,000,000		*$100,000,000*		*$65,000,000*			
Reserve Target Funded %	132%	95%	80%	*64%*	*60%*	*59%*	*66%*	*72%*	*80%*	*97%*
Monthly Impact 3/4" Meter, 18ccf's		$3.87	$4.12	*$10.13*	*$9.32*	*$6.96*	*$5.64*	*$4.98*	*$4.18*	*$3.26*
Average Monthly Bill (3/4" Meter, 18ccf's)[2]	$59.54	$63.41	$67.53	*$77.66*	*$86.98*	*$93.94*	*$99.58*	*$104.55*	*$108.74*	*$112.00*

Scenario #3 – WIFIA + upfront bond in FY 2023

	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32
Rate Increase Required %	6.50%	6.50%	6.50%	6.50%	*11.00%*	*7.00%*	*7.00%*	*4.00%*	*4.00%*	*4.00%*
Debt Issuance	$75,000,000		$196,360,275			*$125,291,276*				
Reserve Target Funded %	132%	95%	88%	81%	*80%*	*84%*	*90%*	*97%*	*94%*	*98%*
Monthly Impact 3/4" Meter, 18ccf's		$3.87	$4.12	*$4.39*	*$7.91*	*$5.59*	*$5.98*	*$3.66*	*$3.80*	*$3.95*
Average Monthly Bill (3/4" Meter, 18ccf's)[2]	$59.54	$63.41	$67.53	$71.92	*$79.83*	*$85.42*	*$91.40*	*$95.06*	*$98.86*	*$102.81*

Scenario #4 - WIFIA + upfront bonds in FY 2023, reduced by approximately $15 m of reserves

	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32
Rate Increase Required %	6.50%	6.50%	6.50%	6.50%	*10.00%*	*9.00%*	*7.00%*	*6.00%*	*4.00%*	*4.00%*
Debt Issuance	$60,000,000		$194,103,525			*$122,809,866*				
Reserve Target Funded %	132%	82%	76%	71%	*70%*	*75%*	*82%*	*91%*	*92%*	*99%*
Monthly Impact 3/4" Meter, 18ccf's		$3.87	$4.12	$4.39	*$7.19*	*$7.12*	*$6.04*	*$5.54*	*$3.91*	*$4.07*
Average Monthly Bill (3/4" Meter, 18ccf's)[2]	$59.54	$63.41	$67.53	$71.92	*$79.11*	*$86.23*	*$92.27*	*$97.81*	*$101.72*	*$105.79*

[2] Excluding Legacy Debt Charge

Debt Issuance Assumptions

For planning purposes, all long-term public debt assumes traditional fixed rate bonds over 30-year terms. Additional structures are available to the Agency, including but not limited to variable bonds. Each bond issuance includes assumptions regarding underwriter fees and cost of issuance. The long-term forecast of revenues and expenses was provided by the Agency.

Scenario #1 - Pay-go with upfront bond issuances

Bond Issuance #1: Issuance of $75 million in proceeds at 5.0% in FY 2023 for a 30-year term (interest only thru FY 2031)
Bond Issuance #2: Issuance of $100 million in proceeds at 5.0% in FY 2025 for a 30-year term (interest only thru FY 2028)

Scenario #2 – Status quo – all long-term bonds

Bond Issuance #1: Issuance of $75 million in proceeds at 5.0% in FY 2023 for a 30-year term (interest only thru FY 2031)
Bond Issuance #2: Issuance of $100 million in proceeds at 5.0% in FY 2025 for a 30-year term (interest only thru FY 2028)
Bond Issuance #3: Issuance of $100 million in proceeds at 5.0% in FY 2027 for a 30-year term (interest only thru FY 2031)
Bond Issuance #2: Issuance of $65 million in proceeds at 5.0% in FY 2029 for a 30-year term (interest only thru FY 2031)

Scenario #3 – WIFIA + upfront bond in FY 2023

Bond Issuance #1: Issuance of $75 million in proceeds at 5.0% in FY 2023 for a 30-year term (interest only thru FY 2031)
WIFIA Loan #1: Issuance of $196 million in proceeds at 4.5% in FY 2025 for a 35-year term
WIFIA Loan #2: Issuance of $125 million in proceeds at 5.0% in FY 2028 for a 35-year term

Scenario #4 - WIFIA + upfront bonds in FY 2023, reduced by approximately $15 m of reserves

Bond Issuance #1: Issuance of $60 million in proceeds at 5.0% in FY 2023 for a 30-year term (interest only thru FY 2031)
WIFIA Loan #1: Issuance of $194 million in proceeds at 4.5% in FY 2025 for a 35-year term
WIFIA Loan #2: Issuance of $122 million in proceeds at 5.0% in FY 2028 for a 35-year term

ITEM NO. 6

Monthly Financial Report

AUGUST 2022

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Statement of Revenues and Expenses

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SCV Water
Statement of Revenues and Expenses
For the 2nd Period Ending 8.31.22

	(A)	(B)	(C)	(D)		(E)	(F)	(G)	(H)	
	Current Period					Year-to-Date				
	Actual	**Budget**	**Variance**	**Percent**		**Actual**	**Budget**	**Variance**	**Percent**	
					Operating Revenues					
(1)	$ 8,729,477	$ 10,909,829	$ (2,180,352)	(20%)	(a) Water Sales	$ 16,928,762	$ 20,910,505	$ (3,981,743)	(19%)	(1)
(2)	24,362	24,447	(85)	(0%)	Water Sales - WWR	48,724	48,895	(171)	(0%)	(2)
(3)	45,383	39,051	6,332	16%	Water Sales - Recycled	84,994	78,102	6,892	9%	(3)
(4)	46,660	122,400	(75,740)	(62%)	(b) Misc Fees and Charges	112,260	234,600	(122,340)	(52%)	(4)
(5)	$ 8,845,881	$ 11,095,727	$ (2,249,846)	(20%)	**Total Operating Revenues**	$ 17,174,741	$ 21,272,102	$ (4,097,361)	(19%)	(5)
					Operating Expenses					
(6)	$ 108,383	$ 469,867	$ (361,484)	(77%)	(c) Management	$ 196,933	$ 939,734	$ (742,801)	(79%)	(6)
(7)	1,353,280	1,670,211	(316,931)	(19%)	(d) Finance, Admin & IT	2,724,808	3,325,022	(600,215)	(18%)	(7)
(8)	242,294	219,192	23,102	11%	(e) Customer Care	357,281	438,385	(81,104)	(19%)	(8)
(9)	966,022	862,015	104,007	12%	(f) Trans & Distribution	1,685,903	1,723,731	(37,828)	(2%)	(9)
(10)	882,750	1,488,935	(606,184)	(41%)	(g) Pumping Wells & Storage	1,412,162	2,522,469	(1,110,307)	(44%)	(10)
(11)	517,711	763,662	(245,951)	(32%)	(h) Water Resources	749,870	1,526,324	(776,454)	(51%)	(11)
(12)	280,506	1,043,467	(762,960)	(73%)	(i) Source of Supply	383,628	2,083,583	(1,699,955)	(82%)	(12)
(13)	895,198	910,850	(15,652)	(2%)	(j) Water Quality, Treatment & Maintenance	1,664,476	1,796,812	(132,335)	(7%)	(13)
(14)	311,599	400,662	(89,063)	(22%)	(k) Engineering Services	480,157	801,325	(321,167)	(40%)	(14)
(15)	$ 5,557,744	$ 7,828,861	$ (2,271,117)	(29%)	**Total Operating Expenses**	$ 9,655,218	$ 15,157,384	$ (5,502,167)	(36%)	(15)
(16)	$ 3,288,137	$ 3,266,866	$ 21,272	1%	**Net Operating Revenues (Expenses)**	$ 7,519,523	$ 6,114,718	$ 1,404,805	23%	(16)
					Non-Operating Revenues and (Expenses)					
(17)	$ 957,522	$ 1,174,735	$ (217,213)	(18%)	(l) Non-Operating Revenues [1]	$ 1,047,249	$ 2,349,471	$ (1,302,222)	(55%)	(17)
(18)	(1,053,132)	(6,317,153)	5,264,021	(83%)	(m) Capital Improvement Projects - Pay Go	805,351	(12,634,305)	13,439,656	(106%)	(18)
(19)	-	-	-	NA	Debt Service	(29,909,651)	(29,909,652)	0	0%	(19)
(20)	$ (95,609)	$ (5,142,417)	$ 5,046,808	(98%)	**Net Non-Operating Revenues and (Expenses)**	$ (28,057,052)	$ (40,194,486)	$ 12,137,434	(30%)	(20)
(21)	$ 3,192,528	$ (1,875,551)	$ 5,068,079	(270%)	**Increase (Decrease) in Net Position**	$ (20,537,529)	$ (34,079,768)	$ 13,542,240	(40%)	(21)

Monthly Changes of more than 10% and $20,000

(a) Overall consumption was lower than anticipated due to conservation mandates.
(b) Late Fees/Disconnects are lower than budgeted.
(c) Litigation lower than budgeted.
(d) Outside services lower than budgeted.
(e) Burdened labor higher due to overtime. Outside services higher than expected.
(f) Burdened labor higher due to overtime. Maintenance & repairs/outside services higher than expected.
(g) Outside services and utilities lower than expected. Timing of utility bills affects monthly budget vs actual.
(h) Outside services, burdened labor, and utilities lower than expected. No utilities charged to WR Dept.
(i) August expenses lower due to timing of the firming and core water expenses.
(j) Outside services & utilities lower than expected. Burdened labor costs higher due to overtime.
(k) Outside services lower than expected. Burdened labor costs higher due to retirement of long-term employee.
(l) Non-Oper. Revenues lower than expected due to Capacity/Connection Fees; Communication Revenues; Annexation Revenues & PERCH Reimbursements.
Interest income higher than expected due to increasing interest rates.
(m) Timing of capital projects vary from month to month.

[1] Non-Operating Revenues include: Grants & Reimbursements, 1% Property Tax, Cell Sites, FCF, Lab Revenues, Interest Income

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Investment Report

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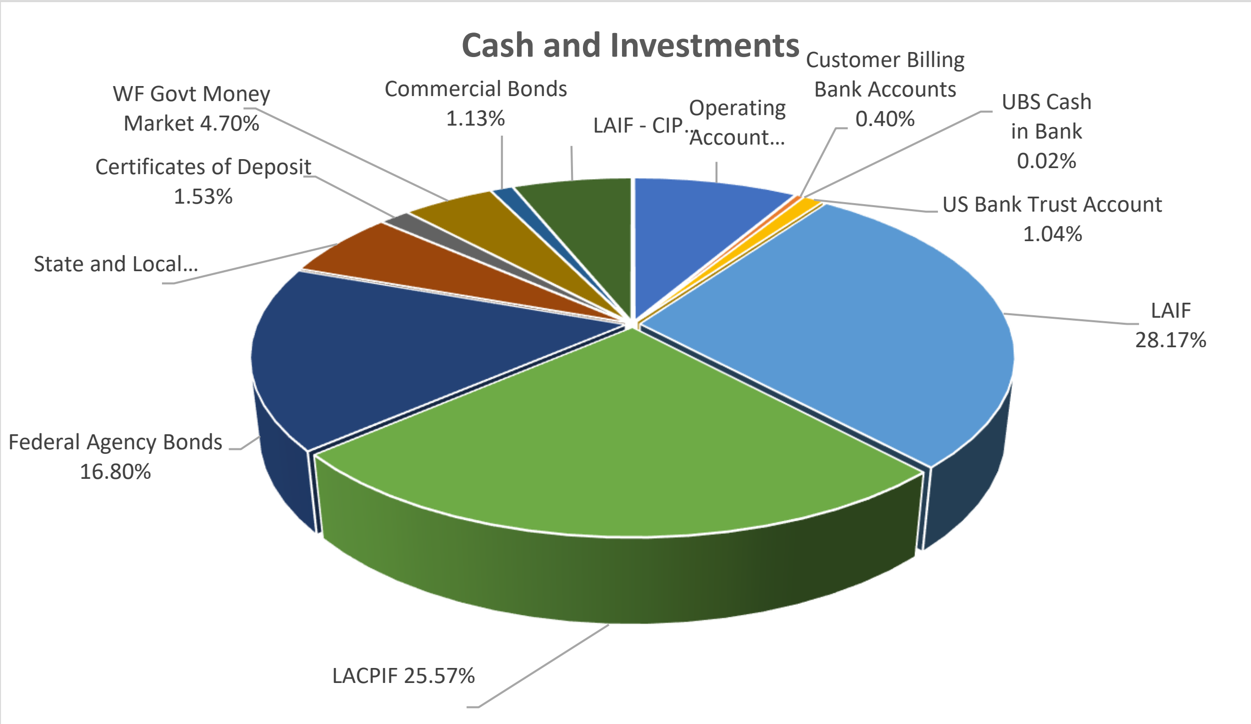
Santa Clarita Valley Water Agency

Cash and Investment Summary

8/31/22



Operating Account-Incl FCF's, SWP & CIP	XXX-10101	$	22,468,634	8.44%
Customer Billing Bank Accounts	101-10105		1,063,851	0.40%
UBS Cash in Bank	101-10109		58,722	0.02%
US Bank Trust Account (1% Prop Tax)	101-10202		2,772,961	1.04%
LAIF - Operating	101-11061		74,927,355	28.17%
LAC Pooled Investment Fund	101-11062		68,044,142	25.57%
Federal Agency Bonds	101-11064		44,684,835	16.80%
State and Local Government Bonds	101-11065		16,148,995	6.07%
Certificates of Deposit	101-11066		4,073,760	1.53%
WF Government Money Mkt Fund	101-11067		12,506,579	4.70%
Commercial Bonds	101-11068		3,000,000	1.13%
LAIF - CIP	220-11002		16,308,750	6.13%
		$	266,058,585	100.00%

Estimated Refundable Developer Deposits: $ 6,931,474 in totals above

Portfolio-wide Investments:

Average Yield 1.369%

Rochelle Patterson
Treasurer/Director of Finance & Administration

Amy Aguer
Controller

All investment actions executed since the last report have been made in full compliance with the Investment Policy, and the Agency will meet its expenditure obligations for the next six months as required by Government Code Section 53646(b)(2) and (3), respectively.

SCV Water

Consolidated Cash & Investment Summary

8/31/2022

	Note	Acct #	Balance		Total	% of Total
AGENCY FUNDS						
Cash & Sweep Accounts						
Operating Account-Incl FCF's, SWP & CIP		XXX-10101	22,468,634			
Less: Restricted Cash (FCFs, SWP & CIP)	**1**	2XX-10101	(1,147,530)			
Customer Billing - Northstar Account		101-10105	322,266			
Customer Billing - enQuesta Account		101-10107	741,585			
US Bank - Cash with Fiscal Agent		101-102XX	4,764			
US Bank Trust Account (1% Prop Tax)		101/204-10202	2,772,961			
UBS Bank Cash		101-10109	58,722			
Less: Restricted Cash US Bank Accts -SWP	**1**	204-10202	(1,119,685)			
Subtotal - Cash & Sweep Accounts Unrestricted				$	24,101,717	9.06%
Investments - Unrestricted						
Local Agency Investment Fund		101/202/204-1106:	$ 74,927,355			
LAC Pooled Investment Fund		101/204-11062	68,044,142			
Federal Agency Bonds		101-11064	44,684,835			
State and Local Government Bonds		101-11065	16,148,995			
Certificates of Deposit		101-11066	4,073,760			
WF Government Money Mkt Fund		101-11067	12,506,579			
Commercial Bonds		101-11068	3,000,000			
Less: Restricted Investments - FCF	**2**	202-11061	(9,883,306)			
Less: Restricted Investments - SWP	**3**	204-11061/11062	(77,444,563)			
Subtotal - Investments Unrestricted				$	136,057,798	51.14%
Cash and Investments - Restricted						
Facility Capacity Fee Fund - Cash	**4**	202-10101	$ -			
Facility Capacity Fee Fund - Investments	**5**	202-11061	9,883,306			
State Water Project - Cash (WF & US Bank)	**6**	204-10XXX	1,119,735			
State Water Project - Investments	**7**	204-11061/11062	77,444,563			
Subtotal - Investments Restricted					88,447,604	33.24%
TOTAL AGENCY CASH & INVESTMENTS				**$**	**248,607,118**	
CAPITAL IMPROVEMENT PROJECT FUNDS						
Cash & Sweep Accounts	**8**	220-10101	$ 1,147,480			
Local Agency Investment Fund - Restricted		220-11061	16,308,750			
TOTAL CAPITAL IMPROVEMENT PROJECT FUNDS				$	17,456,230	6.56%
TOTAL CASH AND INVESTMENTS				$	266,063,348	100.00%

Notes

1. Less: Restricted Cash - FCF's, SWP & CIP
2. Less: Restricted Investments - FCF's Legacy SCWD
3. Less: Restricted Investments - State Water Project
4. Restricted Cash - FCF's (Regional Legacy)
5. Restricted Investments - FCF's (SCWD Legacy)
6. Restricted Cash - SWP (State Water Project)
7. Restricted Investments - SWP (State Water Project)
8. Restricted Cash - CIP 2020A Bond Proceeds

8/31/22

Agency-wide General Funds Invested:

	Description		Cost	Rate	Yield	Purchase Date	Maturity Date	Life Days	Rem. Days	Average Interest
1	Local Agency Investment Fund (LAIF)		74,927,355	1.276%	1.276%	Various	Liquid	N/A	N/A	79,673
1	LA County Pooled Invest Fund (LACPIF)		68,044,142	1.670%	1.670%	Various	Liquid	N/A	N/A	94,695
1	Wells Fargo Gov't Money Market		12,506,579	1.980%	1.980%	Various	Liquid	N/A	N/A	20,636
3		$	155,478,076		0.125%					195,003

State and Local Agency Investment Portfolio
Wells Fargo records these at Par value

	Description		Cost	Rate	Yield	Purchase Date	Maturity Date	Life Days	Rem. Days	Average Interest
1	San Bernardino Com College Dist Bonds		1,050,078.70	1.964%	1.964%	03/22/22	08/01/23	497	335	20,624
1	State of California GO Bonds		1,946,780	2.250%	2.862%	01/25/19	10/01/23	1710	396	43,803
1	Semitropic Improvement District		1,302,045	2.262%	2.262%	10/30/19	12/01/23	1493	457	29,452
1	State of California GO Bonds		3,098,130	3.000%	3.000%	05/28/19	04/01/24	1770	579	92,944
1	San Diego Successor Agency		1,147,938	3.000%	2.052%	10/23/19	09/01/24	1775	732	34,438
1	L.A. Cnty MET Transp BA Bonds		3,159,800.00	5.130%	5.130%	12/29/21	06/01/25	1,250	1005	162,098
1	Univ of Cal Ca Revenues Txbl-Relief		1,270,703.25	3.063%	3.063%	12/29/21	07/01/25	1,280	1035	38,922
1	Cal St Txbl-Various Purpose-Bid group		3,173,520.00	2.650%	2.650%	12/29/21	04/01/26	1,554	1309	84,098
8		$	16,148,995		3.142%				5,848	506,378
								Avg Remaining Life	731 Days	

Certificates of Deposit

	Description		Cost	Rate	Yield	Purchase Date	Maturity Date	Life Days	Rem. Days	Average Interest
1	Live Oak Bkg Co - WF CD		250,000	1.550%	1.550%	03/06/20	09/06/22	914	6	3,875
1	Goldman Sachs Bank - UBS CD		200,000	2.290%	2.290%	10/24/17	11/01/22	1834	62	4,580
1	UBS Bank USA Salt LA UT- UBS CD		200,000	0.150%	0.150%	11/13/20	11/21/22	738	82	300
1	WEBBANK - WF CD		250,000	0.100%	0.100%	12/28/20	12/28/22	730	119	250
1	SYNCHRONY Bank - UBS CD		200,000	1.280%	1.280%	04/13/20	04/17/23	1099	229	2,560
1	BMW Bank North AME - UBS CD		200,000	0.250%	0.250%	11/13/20	05/22/23	920	264	500
1	Beal Bank USA - WF CD		250,000	0.600%	0.600%	01/05/22	01/03/24	728	490	1,500
1	First State Bank/NE - WF CD		250,000	0.500%	0.500%	01/12/22	01/12/24	730	499	1,250
1	TIAA FSB Florida - UBS CD		200,000	0.400%	0.400%	03/31/21	04/09/24	1105	587	800
1	American National Bk - UBS CD		244,388	0.250%	0.250%	06/08/21	05/21/24	1078	629	611
1	New York Cmnty Bk - UBS CD		245,000	0.350%	0.350%	06/08/21	06/03/24	1091	642	858
1	Leader Bank NA MA - UBS CD		244,373	0.250%	0.250%	06/08/21	06/03/24	1091	642	611
1	Greenstate Credit AI US - UBS CD		245,000	0.450%	0.450%	06/08/21	06/17/24	1105	656	1,103
1	LUANA Savings Bank- WF CD		250,000	0.250%	0.250%	12/30/20	07/01/24	1279	670	625
1	Texas Exchange Bank - UBS CD		200,000	0.500%	0.500%	07/22/21	07/30/24	1104	699	1,000
1	UBS Bank - UBS CD		200,000	0.700%	0.700%	10/14/20	10/28/24	1475	789	1,400
1	Morgan Stanley PRI NY - UBS CD		245,000	1.640%	1.640%	04/01/20	03/05/25	1799	917	4,018
1	Sallie Mae Bank - UBS CD		200,000	1.880%	1.880%	11/22/19	11/20/24	1825	812	3,760
18		$	4,073,760						8794	29,600
			Weighted Avg Yield		0.727%			Avg Remaining Life	489 Days	

Federal Government Agency Investment Portfolio
Wells Fargo records these at Par value

1	FFCB - WF	2,000,560	0.120%	0.120%	02/02/21	01/12/23	709	134	2,401
1	FFCB - WF	2,000,000	0.180%	0.180%	01/13/21	07/13/23	911	316	3,600
1	FHLB - UBS	3,000,000	1.250%	1.125%	04/12/22	10/12/23	548	407	37,500
1	FHLB - UBS	3,000,000	1.800%	1.800%	02/28/22	02/27/24	729	545	54,000
1	FHLB - WF	2,996,580	2.125%	2.125%	03/25/22	02/28/24	705	546	63,677
1	FHLB - UBS	2,000,000	1.875%	1.875%	03/14/22	03/14/24	731	561	37,500
1	FHLB - UBS	2,000,000	1.500%	1.500%	03/25/22	03/28/24	734	575	30,000
1	FFCB - WF	5,000,000	0.270%	0.270%	01/05/21	04/05/24	1186	583	13,500
1	FHLB - UBS	200,005	0.750%	0.750%	11/24/21	05/24/24	912	632	1,500
1	FHLB - UBS	235,000	1.350%	1.350%	02/24/22	05/24/24	820	632	3,173
1	FHLB - UBS	4,500,000	0.400%	0.400%	06/08/21	08/29/24	1178	729	18,000
1	FFCB - WF	1,997,700	0.875%	0.875%	11/18/21	11/18/24	1096	810	17,480
1	FHLB - WF	2,000,000	0.400%	0.400%	02/26/21	11/26/24	1369	818	8,000
1	FHLB - WF	996,470	3.063%	3.063%	01/03/22	01/13/25	1106	866	30,522
1	FHLB - WF	2,000,000	0.690%	0.690%	06/10/21	06/10/25	1461	1014	13,800
1	FNMA - WF	3,985,680	0.500%	0.500%	11/12/20	11/07/25	1821	1164	19,928
1	FNMA - WF	1,992,840	0.500%	0.500%	11/12/20	11/07/25	1821	1164	9,964
1	FHLB - UBS	280,000	0.500%	5.000%	04/15/21	04/29/26	1840	1337	1,400
1	FHLB - UBS	1,500,000	0.600%	0.600%	06/09/21	06/30/26	1847	1399	9,000
1	FHLB - UBS	3,000,000	0.500%	0.500%	06/08/21	06/30/26	1848	1399	15,000
20		$ 44,684,835						15631	389,945
		Weighted Avg Yield		0.894%		Avg Remaining Life		782 Days	

Commercial Bonds

1	JP Morgan Chase Financial	3,000,000	3.125%	3.125%	05/13/22	05/13/24	731	621	93,750
1		$ 3,000,000						621	93,750
		Weighted Avg Yield		3.125%		Avg Remaining Life		621 Days	

	Cost	
Portfolio-wide Investment Yield	223,385,666	
	Weighted Avg Yield	0.548%

Liquid Investments - LAIF, LACPIF, WF MM	155,478,076	
State and Local Agencies	16,148,995	
Certificates of Deposit	4,073,760	
Subtotals by Agency		
FED AGENCY-FHLMC	0	0%
FED AGENCY-FNMA	5,978,520	13%
FED AGENCY-FFCB	10,998,260	25%
FED AGENCY-FHLB	27,708,055	62%
	44,684,835	100%
Commercial Bonds	3,000,000	
Agency Account Total	223,385,666	

3-Month Cashflow

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SANTA CLARITA VALLEY WATER AGENCY
3 - Month Cash Flow Projection

Cash Flow for October FY23 to December FY23

DESCRIPTION	UNRESTRICTED		RESTRICTED		
	Checking	Investments	CIP Fund	SWC	Capacity Fees
Beginning Balance (estimated):	$ 22,991,541	$ 138,278,298	$ 16,531,225	$ 74,923,451	$ 9,811,501
October					
Cash Provided from:					
Water Sales	9,115,972	-	-	-	-
Water Sales Misc[1]	102,000	-	-	-	-
Recycled Water Sales	39,051	-	-	-	-
Non Operating Income:					
Property Taxes	-	-	-	-	-
Capacity Fees	-	-	-	-	466,667
Interest Earned	54,167	-	-	35,833	-
Communication/Rental	62,681	-	-	-	-
Grants	380,302	-	-	-	-
Reimbursements [2]	228,371	-	-	-	-
Bond/Loan Proceeds	-	-	-	-	-
Other [3]	1,917	-	-	-	-
Cash Used/Added to/for:					
Monthly Expenses	(8,676,047)	-	-	(216,445)	-
DWR Payments	-	-	-	(1,100,000)	-
Misc. Water Purchases	-	-	-	(1,315,469)	-
Debt Service	-	-	-	-	-
CIP	(6,317,153)	-	(3,498,417)	-	-
CalPERS UAL	-	-	-	-	-
Txfr to/from Investments	-	-	-	-	-
Projected Ending Balance Oct	$ 17,982,801	$ 138,278,298	$ 13,032,808	$ 72,327,370	$ 10,278,168
November					
Cash Provided from:					
Water Sales	8,206,819	-	-	-	-
Water Sales Misc [1]	91,800	-	-	-	-
Recycled Water Sales	39,051	-	-	-	-
Non Operating Income:					
Property Taxes	604,891	-	-	736,665	-
Capacity Fees	-	-	-	-	466,667
Interest Earned	54,167	-	-	35,833	-
Communication/Rental	62,681	-	-	-	-
Grants	380,302	-	-	-	-
Reimbursements [2]	237,271	-	-	-	-
Bond/Loan Proceeds	-	-	-	-	-
Other [3]	1,917	-	-	-	-
Cash Used/Added to/for:					
Monthly Expenses	(7,476,426)	-	-	(216,445)	-
DWR Payments	-	-	-	(990,000)	-
Misc. Water Purchases	-	-	-	(1,315,469)	-
Debt Service	-	-	-	-	-
CIP	(6,317,153)	-	(3,498,417)	-	-
Txfr to/from Investments	-	-	-	-	-
Projected Ending Balance. Nov	$ 13,868,122	$ 138,278,298	$ 9,534,392	$ 70,577,955	$ 10,744,834

SANTA CLARITA VALLEY WATER AGENCY
3 - Month Cash Flow Projection

Cash Flow for October FY23 to December FY23

DESCRIPTION	UNRESTRICTED		RESTRICTED		
	Checking	Investments	CIP Fund	SWC	Capacity Fees
December					
Cash Provided from:					
Water Sales	6,388,514	-	-	-	-
Water Sales Misc [1]	71,400	-	-	-	-
Recycled Water Sales	39,051	-	-	-	-
Non Operating Income:					
Property Taxes	11,311,459	-	-	13,775,640	-
Capacity Fees	-	-	-	-	466,667
Interest Earned	54,167	-	-	35,833	-
Communication/Rental	62,681	-	-	-	-
Grants	387,093	-	-	-	-
Reimbursements [2]	237,271	-	-	-	-
Bond/Loan Proceeds	-	-	-	-	-
Other [3]	1,917	-	-	-	-
Cash Used/Added to/for:					
Monthly Expenses	(7,319,626)	-	-	(216,445)	-
DWR Payments	-	-	-	(770,000)	-
Misc. Water Purchases	-	-	-	(1,315,469)	-
Debt Service	-	-	-	-	-
CIP	(6,317,153)	-	(3,498,417)	-	-
Txfr to/from Investments	-	-	-	-	-
Projected Ending Balance Dec	$ 18,784,896	$ 138,278,298	$ 6,035,975	$ 82,087,514	$ 11,211,501

Notes:

[1] Water Sales Misc. includes Late Charges, Misc. Retail Charges, Rebates, Drought Offense Fee and Water Sales-One time

[2] Reimbursements include Annexation and PERCH Reimbursements - O&M & CIP

[3] Other includes Laboratory Revenues and Other Non-Operating Revenue

Debt & Cash Position

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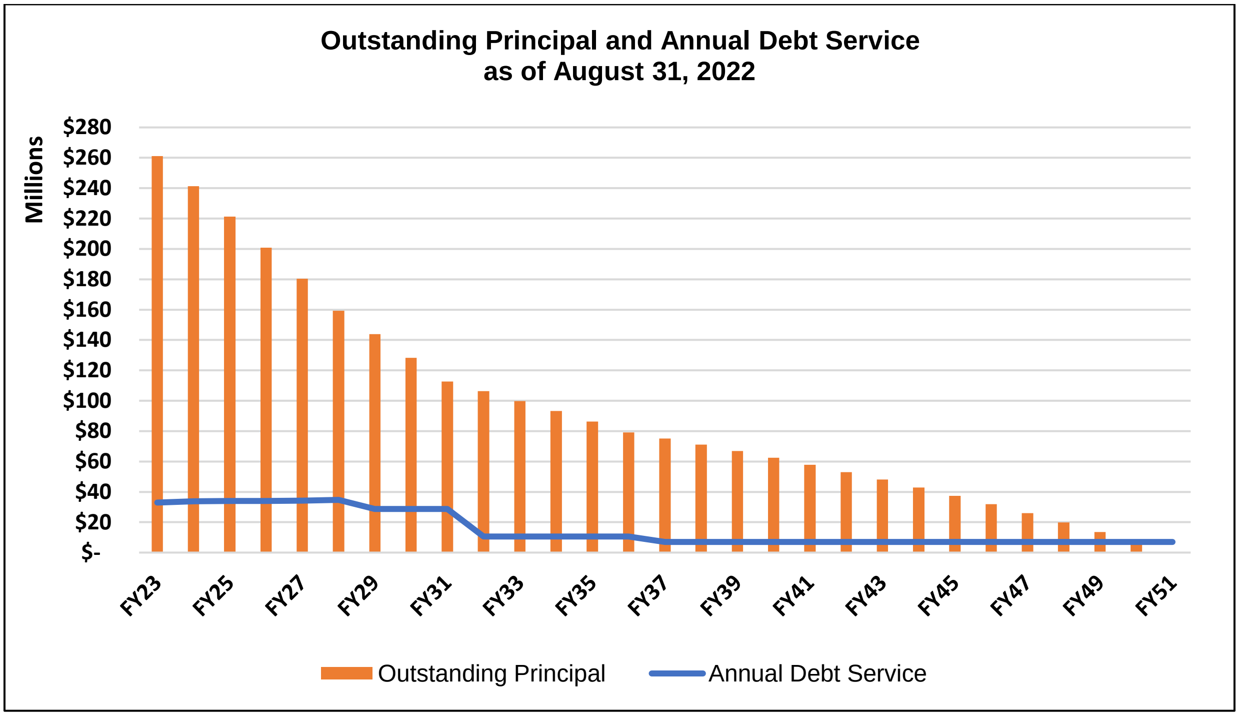
This report reviews the Agency's outstanding principal and debt service on an annual basis, cash balances of unrestricted, restricted, and reserve funds as of August 31, 2022, and the total current and non-current assets as of June 30, 2021 (The updated data will be made available once the audit is completed in December).

DEBT SERVICE

The outstanding principal debt as of August 31, 2022, is $261,195,488* with an annual debt service of $32,214,070. The debt payments are due in August and February of each fiscal year.

The outstanding principal and annual debt service payments shown in the graph below consists of the current outstanding debt and associated payments. It does not include potential future debt which may be approved and issued to fund construction projects.



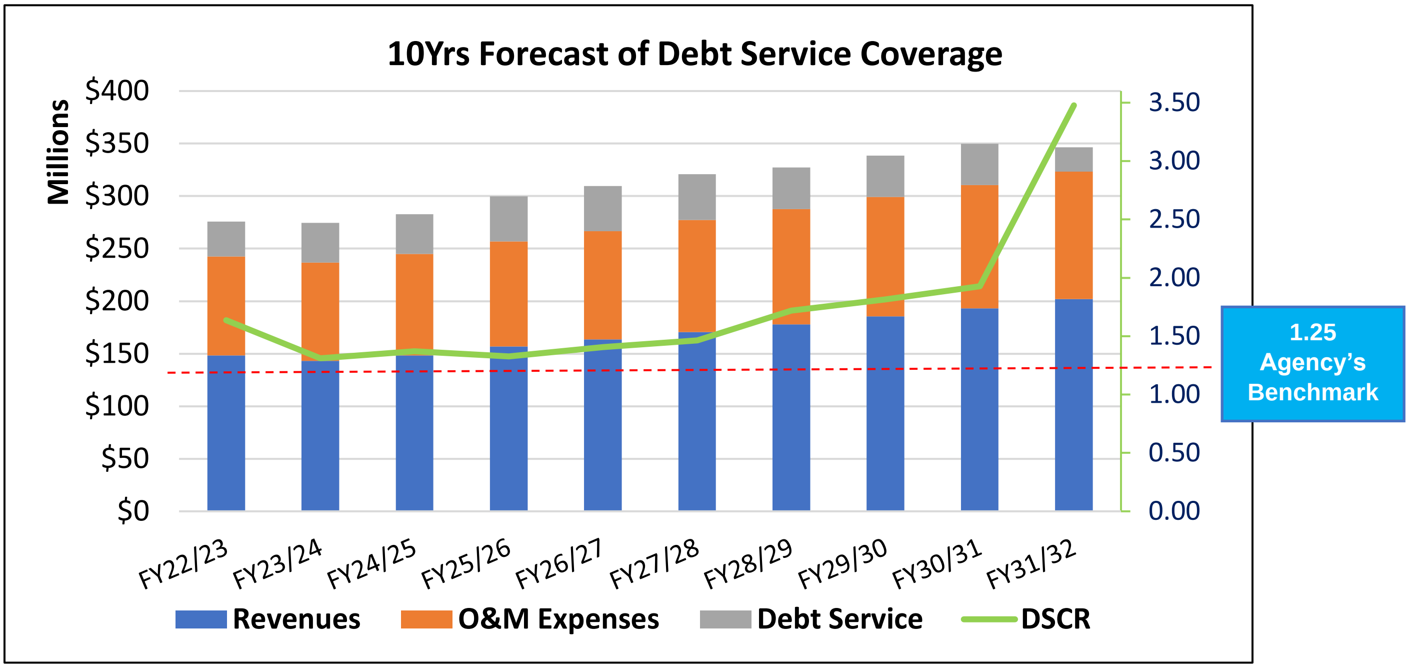
*The outstanding principal of VWD Acquisition Interfund Loan of $64,634,523 and accreted interest from the 1999 CAB is excluded from the outstanding principal balances.

DEBT SERVICE COVERAGE RATIO

The debt-service coverage ratio (DSCR) is a measurement of the Agency's available cash flow to pay current debt obligations. The formula for the DSCR is:

DSCR = *Net Operating Income* ÷ *Total Debt Service*

A DSCR of less than 1 indicates negative cash flow, typically signifies that an agency will have to take on additional debt in order to satisfy current obligations. The Agency's Debt Management Policy prohibits this action. Most businesses use a minimum DSCR ratio of 1.25 as a benchmark, which indicates that the borrower will be able to pay back the loan with some added cushion. The current bond covenants require a DSCR of 1.20.



The DSCR listed above projects four (4) traditional bond financings to meet the capital needs of the Agency, estimated at $375 million over the ten (10) year forecast. This is a forecast only and is subject to change.

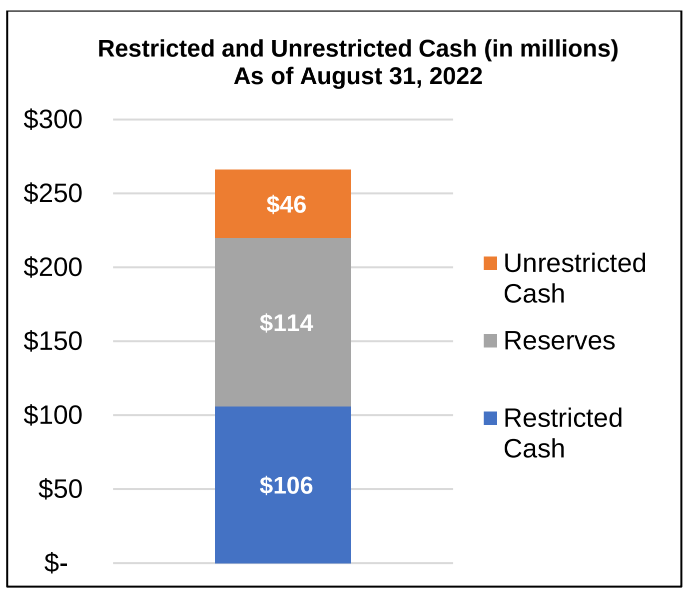
CASH POSITION

As of August 31, 2022, the Agency has:

- Fully funded reserve balance of $113,990,701 as per the agency policy, and

- Restricted cash of $105,903,834 which includes the Facility/Retail Capacity Fee Funds, State Water Project Fund, and remaining Bond Proceeds, and

- Unrestricted cash of $46,168,814 to meet the Agency's payment obligations such as operating expenses (including debt service), payroll expenses, insurance, CIP Pay-Go, etc.

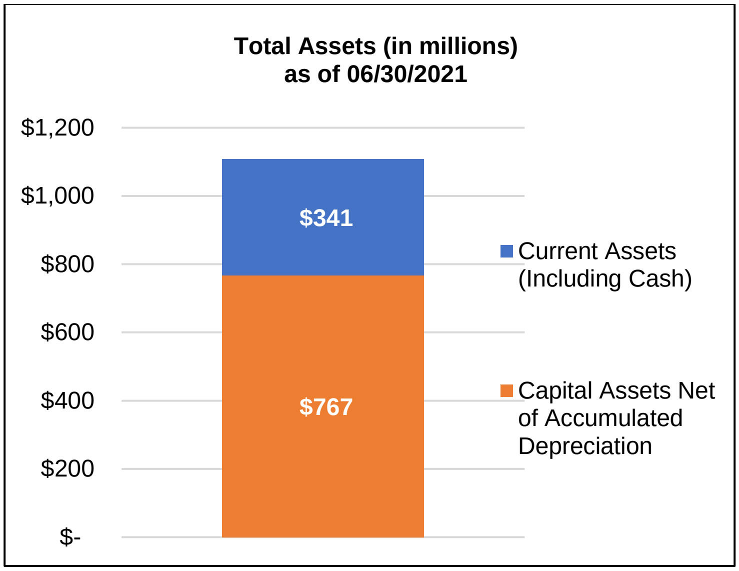


TOTAL ASSETS

As of June 30, 2021 (audited)*, the total assets consist of:

- Current Assets including cash with a balance of $341,153,720, and
- Capital Assets Net of Accumulated Depreciation with a balance of $766,983,482.

*The updated data will be made available once the audit is completed in December.



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Ten Largest Disbursements
Check Register

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SCV Water

Ten Largest Disbursements

August 1, 2022 to August 31, 2022

No.	Date	Supplier_Name	Invoice_Description	Method	Payment_Amount
	08-31-2022	Zim Industries, Inc.	Replacement (Saugus 3 & 4) Wells Construction Project, Progress Payment through 6/30/22	CHECK	1,934,277.90
1		**Zim Industries, Inc.**			**1,934,277.90**
	08-31-2022	Department of Water Resources	DWR Monthly Variable - July 2022 Contract 160213	CHECK	1,074,736.00
2		**Department of Water Resources**			**1,074,736.00**
	08-10-2022	Newhall Land and Farming Co.	Magic Mountain Pipeline Phase 6A, Progress Payment through 4/30/22	SCV_ACH	535,994.50
3		**Newhall Land and Farming Co.**			**535,994.50**
	08-31-2022	So. California Edison Co.	Acct-2152 8/9/22 Statement	AUTO_DEBIT	436,427.23
4		**So. California Edison Co.**			**436,427.23**
	08-31-2022	So. California Edison Co.	Acct-4924 8/17/22 Statement	AUTO_DEBIT	428,881.23
5		**So. California Edison Co.**			**428,881.23**
	08-10-2022	Newhall Land and Farming Co.	Magic Mountain Pipeline Phase 6A, Progress Payment through 1/31/22	SCV_ACH	381,363.31
6		**Newhall Land and Farming Co.**			**381,363.31**
	08-10-2022	Newhall Land and Farming Co.	Magic Mountain Pipeline Phase 6A, Progress Payment through 6/30/22	SCV_ACH	349,113.56
7		**Newhall Land and Farming Co.**			**349,113.56**
	08-10-2022	BCDI AV Acquisition, Inc.	Santa Clara & Honby Wells PFAS G	SCV_ACH	295,521.58
8		**BCDI AV Acquisition, Inc.**			**295,521.58**
	08-17-2022	Pacific Hydrotech Corporation	ESFP Washwater Return and Systems Project, Progress Payment through 7/20/22	CHECK	288,372.50
9		**Pacific Hydrotech Corporation**			**288,372.50**
	08-31-2022	So. California Edison Co.	Acct-2308 8/3/22 Statement	AUTO_DEBIT	135,351.58
			Acct-1812 8/1/22 Statement	AUTO_DEBIT	99,372.86
10		**So. California Edison Co.**			**234,724.44**

Total	**5,959,412.25**
Total-All Disbursements Issued During August 2022	**11,498,462.90**
Largest Ten Vendor Payments as Compared to Total	**52%**

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Director Stipends

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DIRECTORS STIPENDS PAID IN SEPTEMBER 2022
For the Month of August 2022

Director Kathye Armitage

Date	Meeting	Amount
08/02/22	Regular Board Meeting	$239.00
08/10/22	Water Resources and Watershed Committee Meeting	$239.00
08/15/22	Finance and Administration Committee Meeting	$239.00
08/16/22	Regular Board Meeting	$239.00
08/17/22	Executive Committee Meeting of the Special Districts of North LA County	$239.00
08/29/22	Special Board Meeting	$239.00
	Stipend Total	**$1,434.00**
	Total Paid Days	**6**
	Total Meetings	**6**

Director Beth Braunstein

Date	Meeting	Amount
08/02/22	Regular Board Meeting	$239.00
08/15/22	Finance and Administration Committee Meeting	$239.00
08/16/22	Regular Board Meeting	$239.00
08/18/22	Public Outreach and Legislation Committee Meeting	$239.00
08/29/22	Special Board Meeting	$239.00
	Stipend Total	**$1,195.00**
	Total Paid Days	**5**
	Total Meetings	**5**

Director Ed Colley

Date	Meeting	Amount
08/02/22	Regular Board Meeting	$239.00
08/10/22	Water Resources and Watershed Committee Meeting	$239.00
08/15/22	Finance and Administration Committee Meeting	$239.00
08/16/22	Regular Board Meeting	$239.00
08/16/22	Devil's Den Water District Special Board Meeting	$0.00
08/29/22	Special Board Meeting	$239.00
	Stipend Total	**$1,195.00**
	Total Paid Days	**5**
	Total Meetings	**6**

Director William Cooper

Date	Meeting	Amount
08/02/22	Regular Board Meeting	$239.00
08/10/22	Water Resources and Watershed Committee Meeting	$239.00
08/16/22	Regular Board Meeting	$239.00
08/16/22	Devil's Den Water District Special Board Meeting	$0.00
08/29/22	Agenda Planning Meeting	$239.00
08/29/22	Special Board Meeting	$0.00
08/31/22	ACWA Region 8 Meeting	$239.00
	Stipend Total	**$1,195.00**
	Total Paid Days	**5**
	Total Meetings	**7**

Director Jeff Ford

Date	Meeting	Amount
08/02/22	Regular Board Meeting	$239.00
08/04/22	Engineering and Operations Committee Meeting	$239.00
08/10/22	Water Resources and Watershed Committee Meeting	$239.00
08/16/22	Regular Board Meeting	$239.00
08/16/22	Devil's Den Water District Special Board Meeting	$0.00
08/25/22	VIA Candidates Forum	$239.00
08/29/22	Special Board Meeting	$239.00
	Stipend Total	**$1,434.00**
	Total Paid Days	**6**
	Total Meetings	**7**

Director Maria Gutzeit

Date	Meeting	Amount
08/02/22	Regular Board Meeting	$239.00
08/10/22	Water Resources and Watershed Committee Meeting	$239.00
08/29/22	Special Board Meeting	$239.00
	Stipend Total	**$717.00**
	Total Paid Days	**3**
	Total Meetings	**3**

Director R. J. Kelly

Date	Meeting	Amount
08/02/22	Regular Board Meeting	$239.00
08/15/22	Finance and Administration Committee Meeting	$239.00
08/16/22	Regular Board Meeting	$239.00
08/16/22	Devil's Den Water District Special Board Meeting	$0.00
08/18/22	Public Outreach and Legislation Committee Meeting	$239.00
08/29/22	Special Board Meeting	$239.00
	Stipend Total	**$1,195.00**
	Total Paid Days	**5**
	Total Meetings	**6**

Director Gary Martin

Date	Meeting	Amount
08/02/22	Regular Board Meeting	$239.00
08/04/22	Engineering and Operations Committee Meeting	$239.00
08/09/22	One-on-One Meeting with DCA ED Graham Bradner	$239.00
08/15/22	DCA Board of Directors Briefing	$239.00
08/16/22	Regular Board Meeting	$239.00
08/18/22	Public Outreach and Legislation Committee Meeting	$239.00
08/23/22	UWI 29th Annual Water Conference	$239.00
08/24/22	UWI 29th Annual Water Conference	$239.00
08/25/22	UWI 29th Annual Water Conference	$239.00
08/26/22	UWI 29th Annual Water Conference	$239.00
08/29/22	Agenda Planning Meeting	$0.00
08/29/22	Special Board Meeting	$0.00
08/31/22	SCV Chamber of Commerce 4th Annual Congressional Forum	$0.00
	Stipend Total	**$2,390.00**
	Total Paid Days	**10**
	Total Meetings	**13**

Director Piotr Orzechowski

Date	Meeting	Amount
08/01/22	Meeting with General Manager and Assistant General Manager	$239.00
08/02/22	Regular Board Meeting	$239.00
08/04/22	Engineering and Operations Committee Meeting	$239.00
08/16/22	Regular Board Meeting	$239.00
08/17/22	7th Annual CA Water Data Summit	$239.00
08/18/22	Public Outreach and Legislation Committee Meeting	$239.00
08/29/22	Agenda Planning Meeting	$239.00
08/29/22	Special Board Meeting	$0.00
08/31/22	One-on-One Meeting with General Manager	$239.00
	Stipend Total	**$1,912.00**
	Total Paid Days	**8**
	Total Meetings for June with Additional May Meetings	**9**

Director Lynne Plambeck

Date	Meeting	Amount
08/02/22	Regular Board Meeting	$239.00
08/04/22	Engineering and Operations Committee Meeting	$239.00
08/16/22	Regular Board Meeting	$239.00
08/18/22	Public Outreach and Legislation Committee Meeting	$239.00
08/22/22	One-on-One Meeting with General Manager	$239.00
08/25/22	Santa Clara River Watershed Council	$239.00
08/29/22	Special Board Meeting	$239.00
	Stipend Total	**$1,673.00**
	Total Paid Days	**7**
	Total Meetings	**7**

TOTAL PAID DAYS	**60**
TOTAL MEETINGS	**69**
TOTAL STIPENDS	**$14,340.00**

Director Reimbursements

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CA Govt. Code Section 53065.5

List of Reimbursement for "Individual Charges" = $100 or more

Annual Disclosure for Fiscal Year 22/23 **AP Transactions Updated as of: 08/31/2022**

DIRECTORS **P- Card (VISA) Transactions Updated as of: 8/31/22** ***August PCard transactions affect September cash.**

Date	Recipient of Reimbursement	Reason for Reimbursement	Amount
08/17/22	Orzechowski, Piotr	CA Water Data Summit, Newport Beach, CA 8/16/22-8/17/22 (Lodging)	428.76
08/17/22	Orzechowski, Piotr	CA Water Data Summit, Newport Beach, CA 8/16/22-8/17/22 (Mileage, Parking)	149.75
08/26/22	Martin, Gary	UWI Conference, San Diego, CA 8/24/22-8/26/22 Expenses (Lodging, Meals)	609.11
08/26/22	Martin, Gary	UWI Conference, San Diego, CA 8/24/22-8/26/22 Expenses (Mileage, Parking)	215.00
			1,402.62

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ITEM NO. 7

Finance and Administration Committee
Planning Calendar
FY 2022/23

	Item	July 5 Board	July 18 Comm	Aug 2 Board	Aug 15 Comm (Q4)	Sept 6 Board	Sept 19 Comm	Sept 20 Board	Oct 4 Board	Oct 24 RESCHED Comm	Nov 15 Board	Nov 21 Comm (Q1)	Dec 6 Board	Dec 12 RESCHED Comm	Dec 20 Board	Jan 3 Board	Jan 23 RESCHED Comm	Feb 7 Board	Feb 27 RESCHED Comm (Q2)	Mar 7 Board	Mar 20 Comm	April 4 Board	April 17 Comm	May 2 Board	May 15 Comm (Q3)	June 6 Board	June 19 Comm
1	Recommend Approval of Resolution Authorizing July 2022 Water Supply Contract Payment (consent)	C																									
2	Recommend Approval of Resolutions Setting Santa Clarita Valley Water Agency Tax Rate for FY 2022/23 and Requesting Levy of Tax by Los Angeles County and Ventura County (consent)	C																									
3	Recommend Approval of Revised Agency Classification Plan and Position Control	C																									
4	Recommend Approval of Revised Capitalization Policy for Fixed Assets	C																									
5	Recommend Receiving and Filing of April 2022 Monthly Financial Report (consent)	C																									
6	Recommend Approval of a Resolution Authorizing FY 2022/23 Water Supply Contract Payments (consent)		C	C																							
7	Recommend Approval of a Contract Amendment with Robert D. Niehaus, Inc. for Ratepayer Advocate Services		C	C																							
8	Recommend Approval of a Contract with Chandler Asset Management, Inc. for As-Needed Investment Advisory Services		C	C																							
9	Recommend Receiving and Filing of May 2022 Monthly Financial Report (consent)		C	C																							

C = Completed Item
P = Planned Item

10/18/2022

Finance and Administration Committee
Planning Calendar
FY 2022/23

	Item	July 5 Board	July 18 Comm	Aug 2 Board	Aug 15 Comm (Q4)	Sept 6 Board	Sept 19 Comm	Sept 20 Board	Oct 4 Board	Oct 24 RESCHED Comm	Nov 15 Board	Nov 21 Comm (Q1)	Dec 6 Board	Dec 12 RESCHED Comm	Dec 20 Board	Jan 3 Board	Jan 23 RESCHED Comm	Feb 7 Board	Feb 27 RESCHED Comm (Q2)	Mar 7 Board	Mar 20 Comm	April 4 Board	April 17 Comm	May 2 Board	May 15 Comm (Q3)	June 6 Board	June 19 Comm
10	Recommend Approval of a Revised Customer Service Policy				C	C																					
11	Recommend Approval of a Revised Debt Management Policy				C	C																					
12	Recommend Approval to Complete Letter of Interest Form for the EPA's WIFIA Program				C	C																					
13	Recommend Approval of a Resolution Adjusting Employer's Contributions for CalPERS Medical Insurance				C	C																					
14	Technology Update				C																						
15	Fleet and Warehouse Update				C																						
16	Recommend Receiving and Filing of June 2022 Montly and FY 2021/22 Fourth Quarter Financial Report				C	C																					
17	Recommend Approval of a Resolution Adopting a Revised Investment Policy - (Annually adopted via reso) (consent)						C		C																		
18	Recommend Approval of a Revised Classification Plan, Position Control and Job Descriptions						C		C																		
19	Recommend Approval of a Revised Employee Manual Policy No. 13 - Holidays						C		C																		
20	Flexible Workplace Program Policy - Status Update						C																				
21	Recommend Receiving and Filing of July 2022 Monthly Financial Report (consent)						C		C																		
22	Review Strategic Plan Strategy Updates - All Depts							C																			
23	Approve a Revised COVID-19 Supplemental Paid Sick and Emergency Administrative Leave Policy to Comply with SB 152								C																		

C = Completed Item
P = Planned Item

Finance and Administration Committee
Planning Calendar
FY 2022/23

	Item	July 5 Board	July 18 Comm	Aug 2 Board	Aug 15 Comm (Q4)	Sept 6 Board	Sept 19 Comm	Sept 20 Board	Oct 4 Board	Oct 24 RESCHED Comm	Nov 15 Board	Nov 21 Comm (Q1)	Dec 6 Board	Dec 12 RESCHED Comm	Dec 20 Board	Jan 3 Board	Jan 23 RESCHED Comm	Feb 7 Board	Feb 27 RESCHED Comm (Q2)	Mar 7 Board	Mar 20 Comm	April 4 Board	April 17 Comm	May 2 Board	May 15 Comm (Q3)	June 6 Board	June 19 Comm
24	Recommend Approval of a Revised Employee Manual Policy No. 18 - Other Benefits									P	P																
25	Recommend Approval of Contract Renewal of Enterprise GIS Software License Agreement with ESRI									P	P																
26	Discuss Pay-Go, Debt Projections and Future Rate Impact Scenarios									P																	
27	Recommend Receiving and Filing of August 2022 Monthly Financial Report (consent)									P	P																
28	Recommend Approval of a Revised Debt Management Policy											P	P														
29	Recommend Approval of a Revised Flexible Workplace Program Policy											P	P														
30	Recommend Approval of a Revised Customer Service Policy and Cross-Connection Control Plan											P	P														
31	Recommend Approval of Employee Manual No. 42 - Internship Program											P	P														
32	Technology Update											P															
33	Fleet and Warehouse Update											P															
34	Recommend Receiving and Filing of September 2022 Monthly and FY 2022/23 First Quarter Financial Report											P	P														
35	Recommend Receiving and Filing of SCV Water Annual Comprehensive Financial Report (ACFR) ended June 30, 2022 (consent)													P	P												
36	Recommend Receiving and Filing of October 2022 Monthly Financial Report (consent)													P	P												
37	Recommend Approval of a Revised Employee Manual Policy No. 10 - Overtime																P	P									
38	Recommend Receiving and Filing of November 2022 Monthly Financial Report (consent)																P	P									

C = Completed Item
P = Planned Item

Finance and Administration Committee
Planning Calendar
FY 2022/23

	Item	July 5 Board	July 18 Comm	Aug 2 Board	Aug 15 Comm (Q4)	Sept 6 Board	Sept 19 Comm	Sept 20 Board	Oct 4 Board	Oct 24 RESCHED Comm	Nov 15 Board	Nov 21 Comm (Q1)	Dec 6 Board	Dec 12 RESCHED Comm	Dec 20 Board	Jan 3 Board	Jan 23 RESCHED Comm	Feb 7 Board	Feb 27 RESCHED Comm (Q2)	Mar 7 Board	Mar 20 Comm	April 4 Board	April 17 Comm	May 2 Board	May 15 Comm (Q3)	June 6 Board	June 19 Comm
39	Review Budget Calendar																		P								
40	FY 2022/23 Mid-Year Budget Review																		P								
41	Technology Update																		P								
42	Fleet and Warehouse Update																		P								
43	Recommend Receiving and Filing of December 2022 and FY 2022/23 Second Quarter Financial Report																		P	P							
44	Recommend Approval of a Proposed Employee Salary Adjustment (COLA) for FY 2023/24																				P	P					
45	Review Annual List of Professional Services Contracts (consent)																				P	P					
46	Recommend Receiving and Filing of January 2023 Monthly Financial Report (consent)																				P	P					
47	Recommend Approval of a Resolution Adopting the FY 2023/24 and FY 2024/25 Biennial Budget																						P	P			
48	Recommend Receiving and Filing of February 2023 Monthly Financial Report (consent)																						P	P			
49	Approve a Resolution Adopting the Appropriation of All As-Yet Unappropriated Funds for FY 2022/23 (consent)																								P	P	
50	Approve a Resolution Adopting the Appropriation Limit for FY 2023/24 (consent)																								P	P	
51	Technology Update																								P		
52	Fleet and Warehouse Update																								P		
53	Recommend Receiving and Filing of March 2022 and FY 2022/23 Third Quarter Financial Report																								P	P	
54	Recommend Receiving and Filing of April 2022 Monthly Financial Report (consent)																										P

C = Completed Item
P = Planned Item