



SCV
WATER



**SCV WATER AGENCY
TELECONFERENCE
FINANCE AND ADMINISTRATION
COMMITTEE MEETING**

MONDAY, OCTOBER 18, 2021

START TIME: 6:00 PM (PST)

Join the Committee meeting from
your computer, tablet or smartphone: **-OR-**
<https://scvwa.zoomgov.com/j/1606108702>

Listen in Toll Free by Phone
+1-(833)-568-8864
Webinar ID: 160 610 8702

To participate in public comment from your computer, tablet, or smartphone:

When the Chair announces the agenda item you wish to speak on, click the **“raise hand” feature in Zoom***. You will be notified when it is your turn to speak.

To participate in public comment via phone:

When the Chair announces the agenda item you wish to speak on, **dial *9 to raise your hand**. Phone participants will be called on by the **LAST TWO digits** of their phone number. **When it is your turn to speak, dial *6 to unmute**. When you are finished with your public comment dial ***6 to mute**.

Can't attend? If you wish to still have your comments/concerns addressed by the Committee, all written public comments can be submitted by 4:00 PM the day of the meeting by either e-mail or mail.** Please send all written comments to Erika Dill. Refer to the Committee Agenda for more information.

*For more information on how to use Zoom go to support.zoom.us or for “raise hand” feature (**Alt+Y**) instructions, visit <https://support.zoom.us/hc/en-us/articles/205566129-Raise-Hand-In-Webinar>

**All written comments received after 4:00 PM the day of the meeting will be posted to www.yourscvwater.com the next day. Public comments can also be heard the night of the meeting.


Please Note: Pursuant to the provisions of AB 361 and SCV Water Resolution SCV-235, the SCV Water Board will continue to hold remote Board and Committee meetings due to the continuing State of Emergency for COVID-19 and the ongoing imminent risks to the health or safety of the attendees from COVID-19. The public may not attend meetings in person. The public may use the above methods to attend and participate in the public Committee meetings.

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Date: October 11, 2021

To: **Finance and Administration Committee**
Dan Mortensen, Chair
Beth Braunstein
Ed Colley
R. J. Kelly
Gary R. Martin

From: Eric Campbell 
Chief Financial and Administrative Officer

The **Finance and Administration Committee** is scheduled to meet via teleconference on **Monday, October 18, 2021 at 6:00 PM**; dial-in information is listed below.

**TELECONFERENCE ONLY
NO PHYSICAL LOCATION FOR MEETING**

TELECONFERENCING NOTICE

Pursuant to the provisions of AB 361 and SCV Water Resolution SCV-235, the SCV Water Board will continue to hold remote Board and Committee meetings due to the continuing State of Emergency for COVID-19 and the ongoing imminent risks to the health or safety of the attendees from COVID-19. Any Director may call into an Agency Committee meeting using the Agency's **Call-In Number (1-833-568-8864), Webinar ID 160 610 8702** **or Zoom Webinar by clicking on the link <https://scvwa.zoomgov.com/j/1606108702>** without otherwise complying with the Brown Act's teleconferencing requirements.

The public may not attend the meeting in person. 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. Please see the notice below if you have a disability and require an accommodation in order to participate in the meeting.

If the State of Emergency for COVID-19 expires prior to this meeting and after the posting of this Agenda, this meeting will be held in person at the Santa Clarita Valley Water Agency, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350 in the Board and Training Rooms.

We request that the public submit any comments in writing if practicable, which can be sent to **edill@scvwa.org** or mailed to **Erika Dill, Management Analyst II**, SCV Water, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. All written comments received before 4:00 PM the day of the meeting will be distributed to the Committee members and posted on the SCV Water website prior to the meeting. Anything received after 4:00 PM the day of the meeting will be posted on the SCV Water website the following day.

MEETING AGENDA

<u>ITEM</u>		<u>PAGE</u>
1.	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.)	
2.	Discuss Financing Policy – Financial Advisor	
3.	Discuss Wholesale Water Rates – Ratepayer Advocate	
4. *	Discuss Financing of Developer-Contributed Capital Through Community Facilities Districts (CFDs)	7
5.	Technology Update	
6. *	Committee Planning Calendar	13
7.	General Report on Finance and Administration Activities	
8.	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.

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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 12, 2021.

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COMMITTEE MEMORANDUM

DATE: October 11, 2021

TO: Finance and Administration Committee

FROM: Eric Campbell *EC*
Chief Financial and Administrative Officer

SUBJECT: Discuss Financing of Developer-Contributed Capital Through Community Facilities Districts (CFDs)

SUMMARY

At the September 7, 2021 regular Board meeting, two developers presented their cases for the Santa Clarita Valley Water Agency (Agency) to create a Community Facilities District (CFD) for obtaining land-based financing. Each presentation was followed by a lengthy Board discussion. The Board requested that staff return to the Finance and Administration Committee to discuss and possibly refine the existing policy (attached).

DISCUSSION

Background

Community Facilities Districts are often created for establishing a method of financing public improvements, fees, or services by imposing a “special tax” on real property in a defined geographic area. CFDs issue bonds, repaid by landowners (including homeowners) through an annual levy of the CFD special tax. The special tax is commonly referred to as a “Mello-Roos” tax. The Agency has historically not facilitated or allowed capacity fees or facilities for new development to be financed through a CFD, whether the CFD was created by the District or an overlapping public agency. Some public agencies, such as school districts, utilize CFDs to accelerate funding of fees or improvements. Accelerated funding enables faster development.

There may be instances where the use of CFD financing would benefit both the Agency and the Santa Clarita Valley. The Spring Canyon development is an example where it was determined by the Board to be beneficial.

FINANCIAL CONSIDERATIONS

There are no immediate financial or rate impacts resulting from this discussion item.

RECOMMENDATION

That the Finance and Administration Committee discuss the financing of developer-contributed capital through Community Facilities Districts and advise further action.

EC

Attachment

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POLICIES, RULES AND REGULATIONS	
Title: COMMUNITY FACILITIES DISTRICT (CFD) POLICY	
Approval Date: December 2020	Effective Date: December 15, 2020
Approved By: Board of Directors	DMS #26348

COMMUNITY FACILITIES DISTRICT (CFD) POLICY

1.0 INTRODUCTION

This policy has been developed to formally establish requirements that must be met for the Santa Clarita Valley Water Agency (Agency or SCV Water) to participate in financing infrastructure costs through a Community Facilities District (CFD). Community Facilities Districts are often created for establishing a method of financing public improvements, fees, or services by imposing a “special tax” on real property in a defined geographic area. CFDs issue bonds, repaid by homeowners through an annual levy of the CFD special tax. The special tax is commonly referred to as a “Mello-Roos” tax. SCV Water has not utilized CFDs in the past, whether the CFD was created by the Agency or another public agency. The Agency’s primary benefit of participating in CFDs is that CFDs are a source of financing critical infrastructure that would not impact its existing debt coverage ratios. A secondary benefit of CFD financing is that it ensures that the new development property owners pay their share of the cost of growth in the Agency’s capacity to serve its customers.

This policy describes the conditions that will determine if the Agency will participate in a CFD financing, how risk to the Agency is managed, and the CFD structures that SCV Water may elect to participate in.

2.0 STATEMENT OF PURPOSE

The purpose of SCV Water’s Community Facilities District Policy is to ensure the Agency’s: prudent management of risk; financial stability; access to an additional financing tool during a period of significant infrastructure investment, while managing the equitable allocation of costs to its customers.

3.0 LIMITS AND CONSTRAINTS FOR CFD PARTICIPATION

For the Agency to consider participating in a CFD, the following conditions must be met:

1. Facility Capacity Fees will not be financed.
2. On a case by case basis, there must be a benefit to the Agency’s customers as determined by the sole discretion of the Board.
3. Staff time must be available to carry out the Agency’s responsibilities in establishing and administering the CFD, and the Agency’s ongoing administration costs must be included in the special tax.
4. A Deposit and Reimbursement Agreement between the Agency and the developer must be agreed upon whereby the developer pays all the Agency’s costs, including third party consultant and legal costs.
5. Prior to the formation of the CFD or the issuance or sale of special tax bonds, the Agency and Developer will have a completed an Acquisition Agreement, setting forth the terms upon which the Agency will acquire the specific infrastructure to be funded by the CFD and acquired using proceeds of the special taxes and/or bonds.



POLICIES, RULES AND REGULATIONS	
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6. All Agreements shall be governed by, construed and enforced under the Constitution and laws of the State of California. Venue for any legal actions involving this Agreement shall rest with the Superior Court, County of Sacramento
7. Another public agency must be the primary administrator.

4.0 PRUDENT MANAGEMENT OF RISK

- a. The Agency will not allow its Facility Capacity Fees (FCFs) to be included in CFD Financing. FCFs must be paid by the developer when building permits are issued. CFDs may only be used to pay for the costs of infrastructure.
- b. There will be no obligation or requirement for the Agency to pay the bonds.
- c. The public agency forming and administering the CFD and issuing debt works with advisors, consultants, and an underwriter to determine the credit quality of the developer/landowner and economic viability of the proposed project to be financed.
- d. Specific credit quality requirements are mandated and documented in Section 53345.8 of Mello-Roos Community Facilities Act of 1982. (Bonding requirements)
- e. To enhance the credit quality of bond issues, the public agency forming and administering the CFD and issuing debt, will require that each bond issue be secured by a reserve fund, funded in an amount no less than the least of: (a) 10% of the original proceeds of the bond issue, (b) maximum annual debt service on the bonds of such issue, or (c) 125% of the average annual debt service on the bonds of such issue.
- f. Prior to the issuance of any CFD bonds, all environmental and/or land-use planning approvals, special permits (e.g., permits required by the Army Corps of Engineers, California Fish and Game, and other agencies), and approval by the city or county in whose jurisdiction the development lies of a tentative map must be obtained.
- g. As CFD bonds are secured by real property owned by the Developer and ultimately by the purchaser of the developed property, CFD debt has no impact on Agency financial metrics or credit capacity.
- h. The Agency will not be forming any CFDs, therefore the Agency will not be associated with any debt issued by such CFDs.
- i. To ensure that the Agency will be reimbursed for all costs incurred related to CFD creation, the Agency will enter into a "Deposit and Reimbursement Agreement" with the Developer requiring the Developer to deposit an initial amount of funds into an account for the Agency to use to pay preliminary incidental costs and expenses incurred in connection with proceedings to implement a CFD. Should the account be drawn down to a determined amount, the Agency will notify the Developer to provide an additional deposit to enable continuing payments of preliminary expenses. Limited administrative costs may also be recovered from special tax proceeds.



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- j. The total tax burden (that is, the maximum annual CFD special tax, together with ad valorem property taxes, special assessments, special taxes for any overlapping CFD, and any other taxes, fees, and charges payable from and secured by the property) on any residential owner-occupied parcel in a CFD, shall not exceed 2% (the basic property tax levy of 1%, plus 1%) of the expected assessed value of such parcel upon completion of the public and private improvements relating thereto.

(Originally adopted February 2020; revised December 2020)

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**Finance and Administration Committee
Planning Calendar
FY 2021/22**

Item	July 6 Board	July 19 Comm	Aug 3 Board	Aug 16 Comm	Sept 7 Board	Sept 20 Comm	Oct 5 Board	Oct 18 Comm	Nov 2 Board	Nov 15 Comm	Dec 7 Board	Dec 13 RESCHEDULED Comm	Jan 4 Board	Jan 24 RESCHEDULED Comm	Feb 15 Board	Feb 28 RESCHEDULED Comm	Mar 15 Board	Mar 21 Comm	April 5 Board	April 18 Comm	May 3 Board	May 16 Comm	June 7 Board	June 20 Comm	June 21 Board
1	Approve a Resolution Allowing for PFAS Financing	C																							
2	Recommend Approval of Revised Customer Service Policy	C																							
3	Recommend Approval of a Contract Amendment with Equation Technologies for Project Management Services	C																							
4	Recommend Approval of Resolutions Setting Santa Clarita Valley Water Agency Tax Rate for FY 2021/22 and Requesting Levy of Tax by Los Angeles County and Ventura County (consent)	C																							
5	Recommend Approval of Resolution Authorizing July 2021 Water Supply Contract Payment (consent)	C																							
6	Recommend Receiving and Filing of April 2021 Monthly Financial Report (consent)	C																							
7	Recommend Approval of a Resolution Revising the Appropriations Limits for FY 2020/21 and FY 2021/22		C																						
8	Recommend Approval of a Resolution Authorizing FY 2021/22 Water Supply Contract Payments (consent)		C																						
9	Recommend Receiving and Filing of May 2021 Monthly Financial Report (consent)		C																						

**ITEM NO.
9**

**Finance and Administration Committee
Planning Calendar
FY 2021/22**

	Item	July 6 Board	July 19 Comm	Aug 3 Board	Aug 16 Comm	Sept 7 Board	Sept 20 Comm	Oct 5 Board	Oct 18 Comm	Nov 2 Board	Nov 15 Comm	Dec 7 Board	Dec 13 RESCHEDULED Comm	Jan 4 Board	Jan 24 RESCHEDULED Comm	Feb 15 Board	Feb 28 RESCHEDULED Comm	Mar 15 Board	Mar 21 Comm	April 5 Board	April 18 Comm	May 3 Board	May 16 Comm	June 7 Board	June 20 Comm	June 21 Board
10	Discuss Financing Policy - Financial Advisor				C																					
11	Discuss Establishing a Community Facility District (CFD) for the Spring Canyon Development				C	C																				
12	Discuss Establishing a Community Facility District (CFD) for The Highlands at Tesoro del Valle Development				C	C																				
13	Recommend Approval of Employee Manual 40 - Flexible Workplace Program				C	C																				
14	Recommend Approval of a Resolution Adjusting Employer's Contributions for PERS Medical Insurance				C	C																				
15	Review Financial Performance Metrics				P																					
16	Recommend Receiving and Filing of June 2021 Monthly Financial Report (consent)				C	C																				
17	Discuss Financing Policy - Financial Advisor						C																			
18	Recommend Approval of Additional Oracle Software Licenses with DLT Solutions, LLC						C	P																		
19	Review Financial Performance Metrics						C																			
20	Discuss Financing Policy - Financial Advisor								P																	
21	Discuss Wholesale Water Rates - Ratepayer Advocate								P																	
22	Discuss Financing of Developer-Contributed Capital Through Community Facilities Districts (CFDs)								P	P																
23	Technology Update								P	P																

**Finance and Administration Committee
Planning Calendar
FY 2021/22**

	Item	July 6 Board	July 19 Comm	Aug 3 Board	Aug 16 Comm	Sept 7 Board	Sept 20 Comm	Oct 5 Board	Oct 18 Comm	Nov 2 Board	Nov 15 Comm	Dec 7 Board	Dec 13 RESCHEDULED Comm	Jan 4 Board	Jan 24 RESCHEDULED Comm	Feb 15 Board	Feb 28 RESCHEDULED Comm	Mar 15 Board	Mar 21 Comm	April 5 Board	April 18 Comm	May 3 Board	May 16 Comm	June 7 Board	June 20 Comm	June 21 Board
24	Recommend Approval of Wholesale Water Rates										P	P														
25	Discuss Approval of a Mission Village CFD										P	P														
26	Review Financial Performance Metrics										P															
27	Recommend Receiving and Filing of July 2021 Monthly Financial Report (consent)										P															
28	Recommend Receiving and Filing of August 2021 Monthly Financial Report (consent)										P															
29	Recommend Receiving and Filing of SCV Water Comprehensive Annual Financial Report (CAFR) ended June 30, 2021 (consent)												P	P												
30	Technology Update												P													
31	Recommend Receiving and Filing of September 2021 Monthly Financial Report (consent)												P	P												
32	Recommend Approval of a Revised Investment Policy - (Annually adopted via reso) (consent)														P	P										
33	Recommend Receiving and Filing of October 2020 Monthly Financial Report (consent)														P	P										
34	Recommend Receiving and Filing of November 2021 Monthly Financial Report (consent)														P	P										
35	Review Financial Performance Metrics																P									
36	Recommend Receiving and Filing of December 2021 Monthly Financial Report (consent)																P	P								

**Finance and Administration Committee
Planning Calendar
FY 2021/22**

	Item	July 6 Board	July 19 Comm	Aug 3 Board	Aug 16 Comm	Sept 7 Board	Sept 20 Comm	Oct 5 Board	Oct 18 Comm	Nov 2 Board	Nov 15 Comm	Dec 7 Board	Dec 13 RESCHEDULED Comm	Jan 4 Board	Jan 24 RESCHEDULED Comm	Feb 15 Board	Feb 28 RESCHEDULED Comm	Mar 15 Board	Mar 21 Comm	April 5 Board	April 18 Comm	May 3 Board	May 16 Comm	June 7 Board	June 20 Comm	June 21 Board
37	Review Budget Calendar																		P							
38	Review Annual List of Professional Services Contracts (consent)																		P	P						
39	Technology Update																		P							
40	Recommend Receiving and Filing of January 2021 Monthly Financial Report (consent)																		P	P						
41	Recommend Approval of a Proposed Employee Salary Adjustment for FY 2022/23																				P					
42	Review Status of Operating FY 2021/22 and FY 2022/23 Biennial Budget																				P					
43	Recommend Receiving and Filing of February 2021 Monthly Financial Report (consent)																				P					
44	Recommend Approval of a Resolution Revising the FY 2021/22 and FY 2022/23 Biennial Budget																									
45	Approve a Resolution Adopting the Appropriation of All As-Yet Unappropriated Funds for FY 2021/22 (consent)																									
46	Approve a Resolution Adopting the Appropriation Limit for FY 2022/23 (consent)																									
47	Review Financial Performance Metrics																									
48	Recommend Receiving and Filing of March 2021 Monthly Financial Report (consent)																									
49	Recommend Approval of Resolution Authorizing July 2021 Water Supply Contract Payment																									
50	Technology Update																									

**Finance and Administration Committee
Planning Calendar
FY 2021/22**

51	Item	Recommend Receiving and Filing of April 2021 Monthly Financial Report (consent)
		July 6 Board
		July 19 Comm
		Aug 3 Board
		Aug 16 Comm
		Sept 7 Board
		Sept 20 Comm
		Oct 5 Board
		Oct 18 Comm
		Nov 2 Board
		Nov 15 Comm
		Dec 7 Board
		Dec 13 RESCHEDULED Comm
		Jan 4 Board
		Jan 24 RESCHEDULED Comm
		Feb 15 Board
		Feb 28 RESCHEDULED Comm
		Mar 15 Board
		Mar 21 Comm
		April 5 Board
		April 18 Comm
		May 3 Board
		May 16 Comm
		June 7 Board
		June 20 Comm
		June 21 Board

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