



# COUNTY of VENTURA

## Financial Planning Committee

**April 13, 2021 at 12:00 p.m. or after the  
end of the Board of Supervisors Meeting**

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In response to the declared state and local emergencies due to the novel coronavirus, and in accordance with the California Governor's Stay at Home order and the County of Ventura Health Officer's Stay Well at Home order, the Ventura County Government Center Hall of Administration is closed to the public. Members of the public may telephonically attend the Financial Planning Committee meeting by calling the following teleconference phone number and then entering the following teleconference number:

Teleconference phone number: (669) 900-9128 or (253) 215-8782 or (346) 248-7799  
Teleconference ID: 910 7695 5013  
Teleconference pin: 463803

Some or all of the members of the Financial Planning Committee may attend the meeting telephonically.

To submit a general public comment or to comment on a specific matter, members of the public may exercise one or both of the following options:

1. Submit a comment via e-mail by 5:00 p.m. Monday, April 12<sup>th</sup>, to [FPC@ventura.org](mailto:FPC@ventura.org). Please indicate the agenda item number in the e-mail's subject line. The comment will be placed into the item's record at the meeting.
2. Submit a comment via e-mail during the meeting to [FPC@ventura.org](mailto:FPC@ventura.org). Please indicate the agenda item number in the e-mail's subject line (e.g., "Item 1" for general public comment). A comment submitted during the meeting may not exceed 250 words. Every effort will be made to read the comment into the record, if received before the conclusion of the agenda item. A comment received during the meeting but after the agenda item has been heard will be made part of the record.

Persons who require accommodation for any disability in order to review an agenda, or to participate in a meeting, of the Financial Planning Committee, pursuant to the Americans with Disabilities Act, may request such accommodation by letter addressed to the Clerk of the Financial Planning Committee, 800 South Victoria Avenue, Loc. #1920, Ventura, CA 93009, by e-mail at [FPC@ventura.org](mailto:FPC@ventura.org) or by telephone at (805) 477-7203. Any request for accommodation should be made at least 48 hours prior to the scheduled meeting for which assistance is requested.

# **AGENDA**

1. Public Comment
2. Minutes of the January 27, 2021 Financial Planning Committee Meeting
3. Use of Revolving Credit Agreement and Cash Flow Loan for Waterworks District 19 Well No. 2 Iron and Manganese Treatment Facility Project
4. FY 2021-22 TRANS Issuance Recommendations and Timeline
5. Committee Member Comments on Any Other Items



**COUNTY of VENTURA**  
**County Executive Office**  
**MEMORANDUM**

DATE: April 13, 2021  
TO: Financial Planning Committee  
FROM: Bryan Friedman, County Executive Office

**SUBJECT: January 26, 2021 FINANCIAL PLANNING COMMITTEE MEETING MINUTES**

**Virtual Attendance via Teleconference:**

Committee Members Present:

Linda Parks, Board of Supervisors  
Michael Powers, Chair, County Executive Office  
Jeff Burgh, Auditor-Controller  
Steven Hintz, Treasurer-Tax Collector  
Michael Walker, County Counsel

County Staff

Kaye Mand, County Executive Office  
Michael Pettit, County Executive Office  
Bryan Friedman, County Executive Office

Chair Michael Powers called the meeting to order at 8:13 p.m. on January 26, 2021.

**1. Public Comment**

No Public Comments were submitted.

**2. Approval of Minutes of the July 21, 2020 Financial Planning Committee Meeting**

Michael Powers made a motion to approve the minutes and Supervisor Parks seconded the motion. There was no opposition and the motion passed.

**3. Extension of the Revolving Credit Facility Agreement with Wells Fargo Bank**

Kaye Mand, County Chief Financial Officer noted that the Revolving Credit Facility Agreement extension is necessary as the current agreement with Wells Fargo expires February 19, 2021. The County has maintained \$51 million-dollar financing program since 1998 in order to provide

flexibility for funding for capital projects.

To ensure competitive rates, our financial advisor, KNN Public Finance, conducted a Request for Proposal on the County's behalf. Six financial institutions responded, and Wells Fargo provided the lowest cost with Interest at 80% of the 1-month LIBOR Index plus a spread of 0.42%, subject to an index floor of 0.10%. Unutilized amounts would incur a cost of 0.22% interest and the term of the extension is for three years. Ms. Mand noted these rates are contingent on our credit rating and subject to increase if the rating is downgraded. The County currently holds the highest rating available from both Standard and Poor's and Moody's.

Ms. Mand detailed out the uncertainty in the municipal markets, and the pending discontinuation of the LIBOR index. She noted the agreement with Wells Fargo includes specific language that covers the process of transition to a new benchmark index. Lastly, she detailed out the range of bids received via the Request for Proposal. The spread ranged from 0.42% to 1.15% and the unutilized fee ranged from 0.22% to 0.50%.

The second recommendation relates to expenditures associated with this renewal including; \$30,000 for Bond Counsel, \$30,000 for Financial Advisory services, and \$25,000 for other items including but not limited to Bank Counsel.

Mr. Hintz inquired if Wells Fargo's proposal referenced any specific LIBOR replacements. Ms. Mand responded that it does mention the SOFR benchmark (Secured Overnight Financing Rate) as an example but does not specifically annotate it as the replacement index for this renewal.

Mr. Hintz also asked about the rate this agreement charges for unutilized principal and at what interval was it accessed. Ms. Mand responded that the unutilized rate was 0.22% and the interest was calculated on a monthly basis. Steven Hintz commented that this agreement offers a great interest rate and is only slightly higher than our current setup.

Michael Powers asked if there were any other questions from the group. Hearing none, Mr. Powers entertained motions to approve the renewal and associated expenditures.

Mr. Hintz made a motion to approve the Revolving Credit Agreement extension and expenditures and Supervisor Parks seconded the motion. There was no opposition and the motion passed.

#### **4. Committee Member Comments on Any Other Items**

The meeting was adjourned at 8:25 p.m.



# COUNTY of VENTURA

ITEM 3

## County Executive Office MEMORANDUM

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**DATE:** April 13, 2021

**TO:** Financial Planning Committee

**FROM:** Kaye Mand, County Chief Financial Officer

**SUBJECT:** **Ventura County Public Works Agency – Waterworks District 19: Financing of Well No. 2 Iron and Manganese Treatment Facility Project Request for Funding through the County’s Revolving Credit Agreement and General Fund Loan**

### **Recommendation:**

Approval of funding to the Public Works Agency – Waterworks District 19 for Well No. 2 Iron and Manganese Treatment Facility Project as presented below:

1. Use of Revolving Credit Agreement (RCA) for a Not to Exceed Amount of \$767,000 to be repaid over 30 years (Estimated Remaining Cost in Excess of Eligible Use of State Grant)
2. Use of Revolving Credit Agreement for a Not to Exceed Amount of \$2.525 million to be repaid over 23 years (Refinancing of Existing USDA Loan)
3. Short Term General Fund Loan Not to Exceed \$1.74 million to be repaid upon receipt of State Grant proceeds (Cash Flow Funding related to State Reimbursement timing)

### **Discussion:**

Please see attached memo for this request provided by the Public Works Agency (PWA).

### **Background:**

Ventura County Waterworks District No. 19 provides water supply and distribution services to customers in the Somis area. Currently the water pumped from Well No.2 produces water that is high in iron and manganese content.

This water has been deemed safe to consume, but it is not within compliance ranges of the Drinking Water Standards as regulated by the Los Angeles Regional Water Quality Control Board. As it stands, Waterworks District 19 is currently operating under a waiver of this standard set to expire at the end of 2021.

## ITEM 3

Current District reserves plus additional funding from the State are not sufficient to fund the estimated \$3.14M remaining project cost. Utilization of the Revolving Credit Agreement and General Fund Short Term financing would provide the necessary financing to complete the project.

The District had previously sought approval from the Financial Planning Committee in February 2020. The loan was approved contingent on a rate increase being passed to provide a funding stream to meet debt service requirements. The District was unable to pass a rate increase before project bids expired.

Subsequently in December 2020, two surcharges were approved. One to replenish cash reserves and a second to fund the Well No. 2 loan. The project was rebid changing the District's financing needs.

### **Financing Request:**

#### **Revolving Credit Agreement \$767k**

The estimated debt service of financing an extra \$767k over 30 years at 2.0% is \$34,246 per year. This is substantially less than the estimated cost of purchasing additional imported water at \$2M a year.

#### **Revolving Credit Agreement \$2.525M**

In addition, the District has an existing USDA Loan with an unpaid balance of approximately \$2.52M. When reviewing the outstanding debt of District 19, it was determined that the Revolving Credit Agreement offered a competitive advantage over the current USDA loan. The interest rate on this loan through the USDA is 3.375% and financing this debt through the Revolving Credit Agreement would save the District and its rate payers approximately \$74k a year annually at current interest rates.

#### **General Fund Loan \$1.74M**

The State of California has appropriated \$2.65M in Grant Funds for the Well No. 2 treatment facility project. The \$1.74M short-term General Fund loan allows for necessary cash flow due to reimbursement timing.

It was confirmed with bond counsel that refunding the USDA loan through the Revolving Credit Agreement will not jeopardize its tax-exempt status.

Central Services  
Joan Araujo, Director

Engineering Services  
Christopher Cooper, Director

Transportation  
David Fleisch, Director

Water & Sanitation  
Joseph Pope, Director

Watershed Protection  
Glenn Shephard, Director

**Date:** April 13, 2021

**To:** Financial Planning Committee  
**From:** Joseph Pope, Water and Sanitation Director

**Via:** Jeff Pratt, Agency Director

**Subject:** VCWWD No. 19 Well No. 2 Iron and Manganese Treatment Facility Project Request for Funding Through County Revolving Credit Agreement and a Short-term General Fund Cash Flow Loan

## Project Background

Ventura County Waterworks District No. 19 (District) provides water supply and distribution services to District customers in the community of Somis. The District currently has 1,056 monthly service accounts including 787 residential accounts, 231 agricultural accounts, and 38 commercial and industrial accounts. The District collects its water service revenue through monthly billing to its customers. Increases to the water service rates are subject to the Proposition 218 protest process.

The raw water pumped from Well No. 2 located in the District contains high concentrations of iron and manganese and displays milky, brownish, and sometimes even reddish colors. Although safe to drink, it stains fixtures and clothes during washing, and customers have concerns about drinking and cooking with water that has colors and suspended particles.

In addition, the water exceeds the secondary Drinking Water Standards regulated by the Los Angeles Regional Water Quality Control Board (LARWQCB). The LARWQCB Division of Drinking Water (DDW) has required District 19 to treat and remove iron and manganese from the well water to meet the secondary Drinking Water Standards. Currently the District is operating under a waiver for secondary standards for iron and manganese that expires at the end of 2021. Should the District fail to make positive progress towards construction of the Well No. 2 Treatment Facility, the LARWQCB DDW could shut down Well No. 2 and Well No. 3. This would result in the District having to replace approximately two-thirds of its groundwater supply with more expensive imported water at a cost of approximately \$2M per year, an increase of approximately 50% of the current operating budget.

The best technology available to remove iron and manganese from the groundwater is to pump the groundwater through a filtration treatment process. This filtration treatment system can be constructed at the well site. Raw water pumped from the ground will flow through the filtration system at the Well and Treatment Facility to remove the iron and



manganese. This treated water will then be pumped into the District’s potable water distribution system. The estimated project budget is listed in the table below:

<b>Project Task</b>	<b>Original Project Budget</b>	<b>Revised Project Budget</b>
Design, Inspection, and Testing <sup>1</sup>	\$202,750	\$304,933
Construction Contract <sup>2</sup>	\$2,300,000	\$2,370,000
Project/Construction Management <sup>3</sup>	\$120,750	\$724,166
Contingency	\$115,000	\$150,000
<b>Total<sup>4</sup></b>	<b>\$2,738,500</b>	<b>3,549,099</b>

<sup>1</sup>Revised Project Budget totals includes \$237,933 in Design, Inspection, and Testing already expended in prior fiscal years

<sup>2</sup>Revised Project Budget totals reflects actual lowest responsive bid received Feb 24, 2021.

<sup>3</sup>Revised Project Budget totals includes \$174,166 in Project Management already expended in prior fiscal years

<sup>4</sup>**Total Remaining Project Costs \$3,137,000**

## Financial Summary

Over the past 30 years, the District Board has approved 18 water rate adjustments for the District. These rate adjustments were adequate to keep up with inflation and the principal requirements of operating an aging system. While the District continues to maintain basic safe operations, the past rate increases have proven to be insufficient to provide funding for a capital replacement program and improvements to the system. The Well 2 loan surcharge, supported by the Somis District Citizen’s Advisory Committee (CAC) and approved by the District Board on December 8, 2020 gives the District financial security to pay for the annual debt service required to complete the Well 2 Treatment Facility. The Board also approved a 12-month surcharge to replenish cash reserves due to expenses incurred from the Las Posas Groundwater Adjudication lawsuit, which was also supported by the Somis CAC and provides additional financial stability for the District

Total District operating expenditures for FY 2019-20 were \$4.02M and total operating revenues for FY 2019-20 were \$3.16M, with an operating loss of \$860k. The FY 2019-20 operating loss was due to an above-average number of water main breaks, unplanned repairs to the Greentree reservoirs, and insufficient revenue due to the protest of the proposed 9% rate increase in December 2019. The projection of the adjusted FY 2020-21 operating expenditures is \$3.1M (including debt service) and operating revenues are projected to be \$3.65M, with an operating gain (after debt service) of \$548k. The FY 2020-21 budget projection includes the new revenue from the two Board approved surcharges.

The project’s Engineering Planning and Design and Right-of-Way costs of \$412,099 were paid previously from the District’s cash reserve. The original project budget including estimates for the construction portion of the project, contingency funding, design services, and PWA staff project management, was \$2.74M (Exhibit 1). The State of California appropriated \$2.65M in their FY 2019-20 budget for construction costs associated with





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Well No. 2 project. The Grant agreement with the State has a final reimbursement date of March 31, 2023. The project was competitively bid by three contractors for the construction portion, with bids received on September 25, 2019, with the lowest responsive bid coming in at \$3.04M. This revised the project budget to \$4.29M with the remaining project costs estimated as \$3.86M based on the lowest bid. Therefore, the District sought approval from the Financial Planning Committee (FPC) on Feb 11, 2020 for a loan of \$1.21M to complete construction of the Well No. 2 Treatment Facility. The FPC approved recommending the loan request to the Board of Supervisors contingent on rate increases sufficient to fund the long-term needs of the District. However due to the inability of the District to successfully increase rates in December 2019 and the uncertainty regarding the District's future revenues and ability to pay its debt service, in accordance with the decision by the FPC, the District did not proceed with requesting approval from the Board of Supervisors for the loan. Subsequently, the construction bids were cancelled on September 15, 2020.

New construction bids were solicited in January 2021 and the lowest responsive bid received on February 24, 2021 was \$2.37M. The most recent construction bid places the total remaining project budget at \$3.137M. With the \$2.65M in State funding being available for only the construction costs of \$2.37M, the District will need a loan of \$767,000. The Well 2 surcharge was set so that the District could pay the debt service on a 30-year, \$1.5M loan at 2% interest. The District will collect approximately \$84,000 in annual revenue from the Well 2 surcharge, while a \$767,000 30-year loan at 2% interest will cost \$34,246 per year. Should the interest rate increase in future years, there is approximately \$50,000 in extra surcharge collected from the District ratepayers each year that will be available to cover any increases.

The Water & Sanitation Department had previously obtained a \$5.0M loan for small rural communities from the United State Department of Agriculture (USDA) for District 19. The District used \$3.0M of this loan for pipe and booster pump replacement projects. However, in April 2019, USDA cancelled the remaining \$2.0M balance of the loan. USDA loans are designed for very small water agencies with no in-house engineering capabilities. The administrative requirements are onerous and often incompatible with the County's engineering procedures and regulations. In addition, USDA has required the use of their front-end contract documents, which are very different from the Ventura County Standard Specifications, and after County Counsel review, the USDA documents were determined to be incompatible with County procurement and regulations. USDA also wanted to dictate sole sourcing of treatment equipment for the Well No. 2 Project, which was not agreeable with the County Public Works Agency. Therefore, the Department sought other financing sources that will better suit the District and Agency needs.



The following table summarizes the District's total current debt obligations as of December 31, 2020. This table includes principal and future interest due under the USDA debt agreement and assumes no additional loan draws will be initiated; and that the debt obligation will be paid in full at its current projected date in Fiscal Year 2043.

<b>Loan</b>	<b>Outstanding Balance</b>	<b>Annual Payment</b>
USDA Small Rural Community Loan	\$2,524,986	\$160,467
<b>Total</b>	<b>\$2,524,986</b>	<b>\$160,467</b>

### District Request

The District is seeking to borrow from the County's Revolving Credit Agreement (RCA) for two purposes, a \$767,000 loan with a term of 30 years for a portion of the Well No. 2 Project remaining costs and a \$2.525M loan with a term of 23 years to refinance the existing USDA Small Rural Community Loan, both at the variable RCA annual interest rate. Although, the FY22 composite RCA annual interest rate is projected to be 1%, the fiscal analysis assumed a conservative 2% interest rate across the two amortization periods (Exhibit 2). The \$2.525M loan for the retirement of the USDA loan has a 3.375% interest rate, which is higher than both the FY22 projected composite RCA interest rate of 1% and assumed 2% interest rate for this analysis.

The terms of the USDA loan also required \$51,700 per year be deposited into the District's debt and capital reserve funds. With the re-financing of the USDA loan, this \$51,700 debt and capital reserve deposit is no longer required. The \$51,700 USDA loan debt and capital reserve deposit expense, while no longer required, is still built into the District's rate revenue structure and can be used to fund future increases in the variable RCA interest rate. With the offset of the \$51,700, the new potential debt service cost for the USDA Loan balance alone for fiscal year 2021 reflects approximately a 16.9% decrease in the District's debt service. Taking into account the additional debt service for the Well No. 2 Project, refinancing of the USDA Loan, and elimination of the \$51,700 capital and debt reserve deposit, overall debt service costs for the District as compared to the current fiscal year results in a net decrease in debt service and reserve deposits of approximately \$40,000 annually.

<b>Debt</b>	<b>Current Annual Debt Service Cost</b>	<b>Est New Annual Debt Service Cost</b>
USDA Loan Annual Payment	160,467	138,036
USDA Loan Reserve Req	51,700	-
Well No 2 Loan	-	34,246
<b>Total</b>	<b>212,167</b>	<b>172,282 (39,885)</b>

This decrease in total debt service, including the elimination of the USDA capital and debt reserve deposit, is approximately 1% of the estimated operating budget for the District for



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FY 2022. These costs which are reflected in the District's proposed future water rates structure, subject to the Waterworks District No. 19 Board approval, would provide adequate water service rate revenue to pay back the loans (Exhibit 2). Based on recent historical increases in operational costs, including the cost of imported water, it is anticipated that local groundwater production costs and general O&M costs will increase by around 3% per year and imported water costs will increase by 3.5% per year for the foreseeable future. In order to address these future increases, and the debt service required for funding future capital replacement projects, the District anticipates recommended future rates increases of no more than 3% each year between FY 2023 and FY 2035. At these proposed rates the District would maintain cash reserve balances in accordance with the Board's reserves policy established December 8, 2020.

Additionally, the invoices for reimbursement from the State Water Resources Control Board (SWRCB) of the \$2.65M State grant usually take 3 to 4 months to process. Therefore, based on the construction cash flow analysis in Exhibit 3, the District is also seeking a short-term loan from the General Fund not to exceed \$1.74M at the County's Treasury Pool rate to provide interim working capital for the Well No. 2 Project with repayment from the State Grant proceeds.

In summary, it is requested that the Financial Planning Committee approve the District's request to seek Board of Supervisors' approval of a 30-year loan in the amount of \$767,000 at the variable RCA interest rate from the County's RCA Fund, for purposes of construction of the Well No.2 Treatment Facility. The District is also requesting approval for a 23-year loan for \$2.525M at the variable RCA interest rate from the County's RCA Fund, for the purposes of retirement of the District's existing USDA Rural Loan. Lastly, the District is also seeking a short-term loan from the General Fund not to exceed \$1.74M at the County's Treasury Pool rate to provide interim working capital for the Well No. 2 Project with repayment from the State Grant proceeds.



Joseph Pope  
Water and Sanitation Director

- Exhibit 1      Project Budget
- Exhibit 2      VCWWD No. 19 Financial Analysis Spreadsheet
- Exhibit 3      Construction Cash Flow Analysis



PROJECT BUDGET

WW13-02: WELL NO. 2 - IRON AND MANGANESE REMOVAL FACILITIES



	W&S Estimate 10/3/18	Remaining Project Budget	Expended
<b>CONSTRUCTION</b>	<b>\$ 2,300,000</b>	<b>\$ 2,370,000</b>	<b>\$ -</b>
10.01 Demolition	\$ -	\$ -	\$ -
10.02 Utilities	\$ -	\$ -	\$ -
10.03 Site Development	\$ -	\$ -	\$ -
10.04 Construction	\$ 2,300,000	\$ 2,370,000	\$ -
10.04 Change Orders	\$ -	\$ -	\$ -
<b>OWNER REQUIREMENTS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
20.01 Furniture, Fixtures, & Equipment	\$ -	\$ -	\$ -
20.02 Signage	\$ -	\$ -	\$ -
20.03 IT & Telecom	\$ -	\$ -	\$ -
20.04 Alarms and Security	\$ -	\$ -	\$ -
20.05 Move In/Relocation	\$ -	\$ -	\$ -
<b>PRELIMINARY STUDIES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 47,520</b>
30.01 Surveying	\$0		\$23,268
30.02 Geotechnical-Oakridge	\$0	\$0	\$10,760
30.03 Environmental-Padre	\$ -	\$ -	
30.03 Clerk/Recorder-CEQA	\$ -	\$ -	
30.04 Land Acquisition	0	0	
30.05 Utility Search/Real Estate Svcs	\$0	\$0	\$13,491
30.06 Hazmat Study	\$ -	\$ -	
<b>DESIGN SERVICES</b>	<b>\$ 65,000</b>	<b>\$ 67,000</b>	<b>\$ 184,684</b>
40.01 A/E Design-MSO	\$0	\$0	\$2,100
40.01 A/E Design-RBF	\$0	\$0	\$15,959
40.01 A/E Design-Michael Baker	\$0	\$0	\$166,625
40.01 A/E Design-Mitri Muna	\$ -	\$ -	
40.01 A/E Design-MBI	\$ -	\$ -	
40.02 A/E Construction-MBI	\$ 50,000	\$ 52,000	
40.03 A/E Construction-MSO	\$ 15,000	\$ 15,000	\$ -
<b>PERMITTING FEES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,729</b>
50.01 Grading Permit & Inspection	\$ -	\$ -	\$ -
50.02 Utilities	\$ -	\$ -	\$ -
50.03 Building & Safety Permits	\$ -	\$ -	\$ -
50.04 Building & Safety Inspection	\$ -	\$ -	\$ -
50.05 Miscellaneous	\$0	\$0	\$5,729
<b>INSPECTION &amp; TESTING</b>	<b>\$ 137,750</b>	<b>\$ 290,000</b>	
60.01 W&S Project Inspection	\$ 117,750	\$ 250,000	\$ -
60.02 Specialty Inspection & Testing	\$ 10,000	\$ 20,000	\$ -
60.03 SWPPP Monitoring	\$ -	\$ -	\$ -
60.04 Hazmat Abatement	\$ -	\$ -	\$ -
60.05 Geotechnical Inspection	\$ 10,000	\$ 20,000	\$ -
<b>SPECIALTY ITEMS</b>	<b>\$ -</b>	<b>\$ -</b>	
70.01 Misc-JVs	\$ -	\$ -	
70.02 Cost Reviews	\$ -	\$ -	\$ -
<b>PROJECT MANAGEMENT</b>	<b>\$ 120,750</b>	<b>\$ 260,000</b>	<b>\$ 174,166</b>
80.01 W&S PM/Staff	\$115,000	\$200,000	\$142,205
80.02 ESD PM/Staff	\$0	\$45,000	\$31,961
80.03 ESD Labor Compliance	\$ 5,750	\$ 15,000	\$ -
<b>CONTINGENCY</b>	<b>\$ 115,000</b>	<b>\$ 150,000</b>	<b>\$ -</b>
90.01 Design Contingency	\$ -	\$ -	\$ -
90.02 Construction Contingency	\$ 115,000	\$ 150,000	\$ -

<b>TOTALS</b>	<b>\$ 2,738,500</b>	<b>\$ 3,137,000</b>	<b>\$ 412,099</b>
<b>HARD</b>	<b>88%</b>	<b>80%</b>	<b>0%</b>
<b>SOFT</b>	<b>12%</b>	<b>20%</b>	<b>100%</b>
<b>A/E</b>	<b>2.4%</b>	<b>2.1%</b>	<b>44.8%</b>
<b>W&amp;S/PWA PM</b>	<b>4.4%</b>	<b>8.3%</b>	<b>42.3%</b>
<b>W&amp;S Inspection</b>	<b>4.3%</b>	<b>8.0%</b>	<b>0.0%</b>

Available State Funding  
Additional Funds Needed

2,370,000  
767,000

Waterworks District #19 Somis Water Service  
Cash Flow Statement

						FISCAL YEAR 2020-2021						
	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Adjusted Budget	FY21 Actual	FY21 Yr-End Projection (AP04)	FY21 Yr-End (Modified)	FY22 Estimate	FY23 Estimate	FY24 Estimate
<b>OPERATING INCOME:</b>												
Actual/Estimated - Local Groundwater (AF)	1,521	1,837	1,718	1,696	1,715	1,800	736	1,872	1,999	2,100	2,100	2,100
Actual/Estimated - Imported AF	766	230	899	562	366	522	4	354	263	232	232	232
Total Production	2,287	2,067	2,618	2,257	2,080	2,322	739	2,226	2,262	2,332	2,332	2,332
Water Sales	\$2,655.2	\$2,682.9	\$3,653.5	\$3,343.2	\$3,107.3	\$3,463.8	\$1,297.1	\$3,576.7	\$3,476.6	\$3,526.3	\$3,627.3	\$3,731.2
Surcharge - Las Posas Adjudication Fee									\$156.2	\$156.2	\$0.0	\$0.0
Other Revenue- Late Charges & Customer Fees	\$2.7	\$5.1	\$9.6	\$48.6	\$9.7	\$10.1	\$3.4	\$10.8	\$10.8	\$10.8	\$10.8	\$10.8
Misc Revenue- Permit, Planning, Eng., Interest etc.	\$202.2	\$44.2	\$58.8	\$23.0	\$42.1	\$51.6	\$3.5	\$11.3	\$11.3	\$51.5	\$52.1	\$53.5
<b>Total Operating Income</b>	\$2,860.2	\$2,732.2	\$3,721.8	\$3,414.8	\$3,159.0	\$3,525.5	\$1,303.9	\$3,598.8	\$3,654.8	\$3,744.8	\$3,690.3	\$3,795.5
<b>OPERATING EXPENSES:</b>												
County & Agency Svcs	\$153.1	\$159.1	\$174.3	\$239.8	\$267.3	\$309.5	\$96.8	\$315.2	\$315.2	\$318.8	\$328.4	\$338.2
Imported Water Cost	\$1,027.7	\$367.7	\$1,298.8	\$916.9	\$663.9	\$531.0	\$31.8	\$480.1	\$477.1	\$450.5	\$466.3	\$482.6
Local Water Cost - Power& Ground Water Extract.	\$445.0	\$446.2	\$406.3	\$454.6	\$593.4	\$692.1	\$306.7	\$725.5	\$627.9	\$666.0	\$679.4	\$693.2
Operation & Maintenance	\$980.5	\$922.7	\$872.9	\$985.7	\$1,332.3	\$1,230.1	\$307.4	\$1,036.2	\$1,036.2	\$1,181.2	\$1,216.6	\$1,253.1
Regulatory Permit Costs	\$17.6	\$16.4	\$16.3	\$23.1	\$22.1	\$3.0	\$5.7	\$25.2	\$25.2	\$3.1	\$3.2	\$3.3
System Maint, Repairs & Replc.	\$299.4	\$259.2	\$418.3	\$592.3	\$634.4	\$350.8	\$88.0	\$283.1	\$283.1	\$592.3	\$610.0	\$610.0
Depreciation Expense	\$271.6	\$341.0	\$341.5	\$341.5	\$341.9	\$341.4	\$142.7	\$341.4	\$341.4	\$361.2	\$385.6	\$385.6
<b>Total Operating Expenses</b>	\$3,194.9	\$2,512.3	\$3,528.4	\$3,553.8	\$3,855.3	\$3,457.9	\$979.1	\$3,206.7	\$3,106.1	\$3,573.0	\$3,689.5	\$3,766.1
<b>NET OPERATING GAIN (LOSS)</b>	<b>(\$334.7)</b>	<b>\$219.9</b>	<b>\$193.3</b>	<b>(\$139.0)</b>	<b>(\$696.3)</b>	<b>\$67.6</b>	<b>\$324.9</b>	<b>\$392.1</b>	<b>\$548.8</b>	<b>\$171.8</b>	<b>\$0.7</b>	<b>\$29.4</b>
<b>NON-OPERATING (EXPENSES)INCOME</b>												
Interest Earnings	\$4.7	\$6.8	\$15.0	\$25.0	\$13.8	\$14.6	(\$0.1)	\$14.6	\$18.2	\$26.3	\$36.2	\$45.8
Capital Improvement Charges	\$2.4	\$44.0	\$6.0	\$22.8	\$6.0	\$8.0	\$0.0	\$8.0	\$8.0	\$2.4	\$2.4	\$2.4
Debt & Capital Reserve Contributions	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$51.7)	(\$51.7)	(\$51.7)	\$0.0	\$0.0	\$0.0	\$0.0
Contribution to ISF ( Fixed Asset Allocation)		(\$14.6)			(\$1.1)	(\$10.9)		(\$10.9)	(\$10.9)	(\$10.9)	(\$10.9)	(\$10.9)
Debt service- USDA Loan	(\$155.9)	(\$160.9)	(\$168.3)	(\$161.1)	(\$160.7)	(\$160.5)	(\$110.5)	(\$160.5)	\$0.0	\$0.0	\$0.0	\$0.0
Debt service- RCA - USDA Loan Payoff (\$2.525M/23yrs/2%)									(\$138.0)	(\$138.0)	(\$138.0)	(\$138.0)
Debt Service - RCA - Well 2 Loan (\$767k/30yrs/2%)									\$0.0	(\$23.1)	(\$34.2)	(\$123.5)
Transfers In					\$0.0	\$0.0	\$0.0	\$0.0	\$0.0			
General Fund Loan Interest									\$0.0			
<b>Total Non Operating (Expenses)Income</b>	<b>(\$148.8)</b>	<b>(\$124.6)</b>	<b>(\$147.3)</b>	<b>(\$113.4)</b>	<b>(\$142.0)</b>	<b>(\$200.5)</b>	<b>(\$162.3)</b>	<b>(\$200.5)</b>	<b>(\$122.7)</b>	<b>(\$143.3)</b>	<b>(\$144.6)</b>	<b>(\$224.3)</b>
<b>NET INCOME GAIN (LOSS)</b>	<b>(\$483.5)</b>	<b>\$95.3</b>	<b>\$46.0</b>	<b>(\$252.4)</b>	<b>(\$838.3)</b>	<b>(\$132.9)</b>	<b>\$162.5</b>	<b>\$191.6</b>	<b>\$426.1</b>	<b>\$28.5</b>	<b>(\$143.9)</b>	<b>(\$194.8)</b>
<b>PROJECTED CASH FLOW:</b>												
A Line 22 from Schedule 1 Net Income (Loss)	(\$483.5)	\$95.3	\$46.0	(\$252.4)	(\$838.3)	(\$132.9)	\$162.5	\$191.6	\$426.1	\$28.5	(\$143.9)	(\$194.8)
Add												
B Items in Operations not Requiring Cash:												
1 Depreciation (Line 17, Section 1))	\$271.6	\$341.0	\$341.5	\$341.5	\$341.9	\$341.4	\$142.7	\$341.4	\$341.4	\$361.2	\$385.6	\$385.6
C Cash Provided from:												
1 Proceeds from USDA Loan	\$300.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2 Proceeds from State Grant									\$0.0	\$790.0	\$1,580.0	
3 Proceeds from RCA - Well#2									\$0.0	\$517.0	\$250.0	\$2,000.0
4 Proceeds from RCA - PayOff USDA Loan Balance									\$2,525.0			
5 USDA Reserve Fund Transferred back to District's Account									\$335.5			
6 Proceeds from Loan					\$0.0	\$4,225.9	\$0.0	\$0.0	\$0.0	\$0.0		
7 General Fund Loan					\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		
8 Well 2 Surcharge ( Trust Fund Account) * Note 11									\$84.6	\$84.6	\$84.6	\$84.6
9 Incr. (Dec.) in Accounts Payable, Accruals, and Other Current Liab.	\$79.0	(\$606.3)	\$126.0	(\$223.4)	\$351.5	\$0.0	(\$611.2)	(\$259.7)	(\$259.7)	(\$0.0)	\$0.0	\$0.0

Waterworks District #19 Somis Water Service  
Cash Flow Statement

						FISCAL YEAR 2020-2021							
		FY16 Actual	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Adjusted Budget	FY21 Actual	FY21 Yr-End Projection (AP04)	FY21 Yr-End (Modified)	FY22 Estimate	FY23 Estimate	FY24 Estimate
10	Dec (Incr) in Acct. Rec., Inventories, and Other Curr. Assets (Exclude Cash)	344.9	\$105.9	(\$168.1)	\$68.6	\$103.6	\$0.0	\$376.7	\$480.3	\$480.3	\$0.0	\$0.0	\$0.0
11	Others:	(\$5.3)				\$45.0							
12	Reconciling Items	\$0.0	(\$25.6)	\$17.5	\$18.6	(\$17.9)		\$0.1					
<b>D Total all A, B, and C Items</b>		<b>\$507.1</b>	<b>(\$89.7)</b>	<b>\$362.8</b>	<b>(\$47.1)</b>	<b>(\$14.2)</b>	<b>\$4,434.4</b>	<b>\$70.9</b>	<b>\$753.6</b>	<b>\$3,933.1</b>	<b>\$1,781.3</b>	<b>\$2,156.3</b>	<b>\$2,275.4</b>
<b>E Less: Cash Expended for:</b>													
1	All Construction, Equipment and New Capital Items												
2	Acquisition of Land												
3	Water Syst. Replacement & Construction Projects	\$9.0	\$0.0	\$31.8	\$56.7	\$52.0	\$541.2	\$3.7	\$109.9	\$130.0	\$174.9	\$74.4	\$2,075.9
4	Well 2 Treatment Facility	\$1.5	\$0.0	\$128.5	\$119.9	\$99.5	\$3,954.6	\$11.0	\$100.7	\$0.0	\$1,307.0	\$1,830.0	\$0.0
5	Misc Water System Improvement	\$84.1	\$104.0	\$8.5	\$26.1	\$411.1	\$80.7	\$0.2	\$49.0	\$49.0	\$100.0	\$100.0	\$100.0
6	Other Capital Expenses	\$31.7	\$31.9	\$10.3	\$9.9	\$4.2	\$17.1	\$0.0	\$6.4	\$9.4	\$9.4	\$9.4	\$9.4
8	USDA Loan O/S Balance PayOff									\$2,525.0			
9	General Fund Loan Repayment									\$0.0	\$0.0		
<b>Total E 1 through 7</b>		<b>\$126.2</b>	<b>\$135.9</b>	<b>\$179.1</b>	<b>\$212.6</b>	<b>\$566.8</b>	<b>\$4,593.6</b>	<b>\$14.9</b>	<b>\$266.0</b>	<b>\$2,713.3</b>	<b>\$1,591.3</b>	<b>\$2,013.8</b>	<b>\$2,185.3</b>
<b>F Add: Beginning Cash Balance</b>		<b>\$517.4</b>	<b>\$898.2</b>	<b>\$672.6</b>	<b>\$856.3</b>	<b>\$596.6</b>	<b>\$15.6</b>	<b>\$15.6</b>	<b>\$15.6</b>	<b>\$15.6</b>	<b>\$1,235.4</b>	<b>\$1,425.3</b>	<b>\$1,567.9</b>
<b>G Ending Cash Balances</b>		<b>898.20</b>	<b>672.60</b>	<b>856.26</b>	<b>596.56</b>	<b>15.59</b>	<b>(143.66)</b>	<b>71.60</b>	<b>503.20</b>	<b>1,235.40</b>	<b>1,425.33</b>	<b>1,567.86</b>	<b>1,657.95</b>
Minimum Cash Balance Requirement: 25% O&M/10% Rate Revenue		\$1,103.2	\$940.2	\$1,289.5	\$1,263.1	\$1,315.0	\$1,266.6	\$415.0	\$1,215.1	\$1,161.4	\$1,288.9	\$1,330.9	\$1,382.8
Variance: (shortfall)/surplus		(\$205.0)	(\$267.6)	(\$433.3)	(\$666.5)	(\$1,299.4)	(\$1,410.3)	(\$343.4)	(\$711.9)	\$74.0	\$136.4	\$237.0	\$275.2
FMS Balance		898.20	672.6	856.3	596.6	15.6		71.60					
Variance		0.00	0.00	(0.00)	(0.00)	0.00		(0.00)					
		FY16 Actual	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Adjusted Budget	FY21 Actual	FY21 Yr-End Projection (AP04)	FY21 Yr-End (Modified)	FY22 Estimate	FY23 Estimate	FY24 Estimate
% Commodity Rate Increase				10%	0%	0%	0%	0%	0%	0%	3.0%	3.0%	3.0%
% Fixed Rate Increase				10%	0%	0%	0%	0%	0%	0%	3.0%	3.0%	3.0%
<b>Notation:</b>													
1 \$2.7M USDA Loan Annual Debt Service													
2 State of California Grant appropriated \$2.65M to partially fund Well No. 2 Treatment Facility Project													
3 County's Revolving Credit Agreement (RCA) proposed loan borrowing to financed remainder of Well No.2 Treatment Plant Project cost													
4 County's Revolving Credit Agreement (RCA) proposed loan borrowing to payoff USDA outstanding loan balance													
5 General Fund Loan proposed temporary borrowing of \$2.65M to cover project cost until the execution of SWRCB for the State Budget Appropriation													
6 Consider Well No. 2 project cost only and deferral of other capital projects till District accumulate sufficient funding..													
7 Payment of General Fund Loan interest and loan repayment upon receipt of State Grant.													
8 Depreciation not included, not a cash outflow. Depreciation not funded, assume Commercial Loan for capital replacement needs													
9 Rate Study is on Cash Basis													
# Recommended Rate Increases													
# Surcharges collected for Well 2 Loan Repayment will be set aside in Trust Fund - Specifically used for Loan Repayment only													



Waterworks District #19 Somis Water Service  
Cash Flow Statement

		FY25 Estimate	FY26 Estimate	FY27 Estimate	FY28 Estimate	FY29 Estimate	FY30 Estimate	FY31 Estimate	FY32 Estimate	FY33 Estimate	FY34 Estimate	FY35 Estimate	% INC
10	Dec (Incr) in Acct. Rec., Inventories, and Other Curr. Assets (Exclude Cas	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
11	Others:												
12	Reconciling Items												
<b>D Total all A, B, and C Items</b>		<b>\$1,261.7</b>	<b>\$1,230.9</b>	<b>\$1,634.5</b>	<b>\$146.2</b>	<b>\$157.2</b>	<b>\$168.6</b>	<b>\$180.3</b>	<b>\$192.3</b>	<b>\$207.7</b>	<b>\$226.7</b>	<b>\$274.9</b>	
<b>E Less: Cash Expended for:</b>													
1	All Construction, Equipment and New Capital Items												
2	Acquisition of Land												
3	Water Syst. Replacement & Construction Projects	\$1,077.4	\$1,078.9	\$1,582.1	\$85.4	\$88.8	\$92.4	\$96.0	\$99.9	\$103.9	\$108.0	\$112.4	
4	Well 2 Treatment Facility	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	Note5
5	Misc Water System Improvement	\$100.0	\$100.0	\$100.0	\$100.0	\$100.0	\$100.0	\$100.0	\$100.0	\$100.0	\$100.0	\$100.0	
6	Other Capital Expenses	\$9.4	\$9.4	\$9.4	\$9.4	\$9.4	\$9.4	\$9.4	\$9.4	\$9.4	\$9.4	\$9.4	
8	USDA Loan O/S Balance PayOff												Note3
9	General Fund Loan Repayment												Note2
<b>Total E 1 through 7</b>		<b>\$1,186.8</b>	<b>\$1,188.3</b>	<b>\$1,691.5</b>	<b>\$194.8</b>	<b>\$198.2</b>	<b>\$201.8</b>	<b>\$205.4</b>	<b>\$209.3</b>	<b>\$213.3</b>	<b>\$217.4</b>	<b>\$221.8</b>	
<b>F Add: Beginning Cash Balance</b>		<b>\$1,658.0</b>	<b>\$1,732.8</b>	<b>\$1,775.4</b>	<b>\$1,718.4</b>	<b>\$1,669.8</b>	<b>\$1,628.9</b>	<b>\$1,595.7</b>	<b>\$1,570.5</b>	<b>\$1,553.6</b>	<b>\$1,548.0</b>	<b>\$1,557.3</b>	
<b>G Ending Cash Balances</b>		<b>1,732.81</b>	<b>1,775.36</b>	<b>1,718.41</b>	<b>1,669.84</b>	<b>1,628.85</b>	<b>1,595.67</b>	<b>1,570.53</b>	<b>1,553.57</b>	<b>1,548.02</b>	<b>1,557.33</b>	<b>1,610.44</b>	Note 9
Minimum Cash Balance Requirement: 25% O&M/10% Rate Revenue		\$1,424.3	\$1,465.1	\$1,510.6	\$1,541.9	\$1,580.4	\$1,620.0	\$1,660.8	\$1,702.8	\$1,746.4	\$1,791.5	\$1,840.8	
Variance: (shortfall)/surplus		\$308.5	\$310.3	\$207.8	\$128.0	\$48.5	(\$24.3)	(\$90.3)	(\$149.3)	(\$198.4)	(\$234.2)	(\$230.4)	
FMS Balance													
Variance													
		FY25 Estimate	FY26 Estimate	FY27 Estimate	FY28 Estimate	FY29 Estimate	FY30 Estimate	FY31 Estimate	FY32 Estimate	FY33 Estimate	FY34 Estimate	FY35 Estimate	
% Commodity Rate Increase		3.0%	2.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	Note 10
% Fixed Rate Increase		3.0%	2.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	Note 10
<b>Notation:</b>													
1 \$2.7M USDA Loan Annual Debt Service													
2 State of California Grant appropriated \$2.65M to partially fund Well No. 2 Treat													
3 County's Revolving Credit Agreement (RCA) proposed loan borrowing to financ													
4 County's Revolving Credit Agreement (RCA) proposed loan borrowing to payoff													
5 General Fund Loan proposed temporary borrowing of \$2.65M to cover project c													
6 Consider Well No. 2 project cost only and deferral of other capital projects till D													
7 Payment of General Fund Loan interest and loan repayment upon receipt of Sta													
8 Depreciation not included, not a cash outflow. Depreciation not funded, assum													
9 Rate Study is on Cash Basis													
# Recommended Rate Increases													
# Surcharges collected for Well 2 Loan Repayment will be set aside in Trust Fund													



Public Works Agency WW #19 - Somis Construction Cash Flow Loan Analysis USDA Loan																			
	Total	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Total
<b>Beginning Cash</b>		0	0	0	0	(62,200)	(160,400)	(260,200)	(409,400)	(425,200)	(575,200)	(825,200)	(895,200)	(1,286,400)	(1,740,000)	(1,169,000)	(1,155,000)	(1,155,000)	0
<b>Expenditures</b>																			
Well #2																			
Construction	2,370,000				50,000	100,000	100,000	150,000	150,000	150,000	250,000	400,000	420,000	450,000	150,000				2,370,000
Design																			0
A/E Construction - MBI	52,000				20,000	10,000	5,000	1,000	1,000	1,000	1,000	1,000	2,000	5,000	5,000				52,000
A/E Construction - MSO	15,000				3,000	2,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	2,000				15,000
Inspection & Testing																			0
W&S Project Inspection	250,000				10,000	10,000	20,000	20,000	25,000	25,000	25,000	25,000	30,000	30,000	30,000				250,000
Specialty Inspection & Testing	20,000				1,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,000				20,000
Geotechnical Inspection	20,000				1,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,000				20,000
Project Management																			0
W&S PM/Staff	200,000				20,000	20,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	30,000	25,000				200,000
ESD PM/Staff	45,000				5,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000				45,000
ESD Labor Compliance	15,000				1,000	2,000	2,000	2,000	1,000	1,000	1,000	1,000	1,000	1,000	2,000				15,000
Construction Contingency	150,000											150,000							150,000
	<b>3,137,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>111,000</b>	<b>152,000</b>	<b>151,000</b>	<b>197,000</b>	<b>201,000</b>	<b>201,000</b>	<b>301,000</b>	<b>601,000</b>	<b>477,000</b>	<b>525,000</b>	<b>220,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,137,000</b>
<b>Revenues</b>																			
RCA Loan	767,000			0	48,800	53,800	51,200	47,800	50,200	51,000	51,000	171,000	85,800	71,400	71,000	14,000		0	767,000
State Grant	2,370,000								135,000			360,000			720,000			1,155,000	2,370,000
<b>Total Revenues</b>	<b>3,137,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>48,800</b>	<b>53,800</b>	<b>51,200</b>	<b>47,800</b>	<b>185,200</b>	<b>51,000</b>	<b>51,000</b>	<b>531,000</b>	<b>85,800</b>	<b>71,400</b>	<b>791,000</b>	<b>14,000</b>	<b>0</b>	<b>1,155,000</b>	<b>3,137,000</b>
<b>Ending Cash Balance</b>	<b>\$0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(62,200)</b>	<b>(160,400)</b>	<b>(260,200)</b>	<b>(409,400)</b>	<b>(425,200)</b>	<b>(575,200)</b>	<b>(825,200)</b>	<b>(895,200)</b>	<b>(1,286,400)</b>	<b>(1,740,000)</b>	<b>(1,169,000)</b>	<b>(1,155,000)</b>	<b>(1,155,000)</b>	<b>0</b>	<b>0</b>
Assumptions:																			
1. RCA Draw downs are once every 30 days and takes approximately two months to receive.																			
Invoice received from vendor on 30th of the month. Draw down will be processed and sent within 30 days of receipt.																			
RCA has 20 working days to cut the check. Allow 5 working days for U. S. Mail to deliver reimbursement request.																			
Allow another 5 working days to receive reimbursement.																			
2. Consolidated and State Grant reimbursement due the 20th day following the end of the quarter.																			
Consolidated and State Grant reimbursement received 60 days following the request.																			
Consolidated and State Grant 10% retention held on last reimbursement request.																			
Grant Retention received 60 days following the close of the grant period																			
3. Project is awarded in April 21' and construction is completed by March 22'																			
4. Labor and construction costs based on the methodology described below:																			
- Project starts submittal and paperwork heavy in the beginning requiring significant CM/Consultant labor and not a lot the contractor can bill for																			
- Contractor completes short lead items and site work resulting in low to moderate billings during the middle of the contract period																			
- Approximately 3/4 of the way through the billing period the contractor receives long lead items and installs them. This will result in a period of high billings, high CM time, and high inspection time.																			
- the last month contractor starts the equipment up, commissions, and wraps up the final items. This will result in significant billings and labor but slightly less than the previous month																			



# COUNTY *of* VENTURA

## County Executive Office MEMORANDUM

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**DATE:** April 13, 2021

**TO:** Financial Planning Committee

**FROM:** Kaye Mand, County Chief Financial Officer

**SUBJECT:** Proposed FY 2021-22 Tax and Revenue Anticipation Notes

The short-term tax-exempt market is currently experiencing a period of stability with short-term yields for 1-year tax-exempt notes pricing in the range of 20 - 30 basis points, depending on credit. Based upon current market conditions, we anticipate the County's upcoming Tax and Revenue Anticipation Notes ("TRANS") to sell effectively in the competitive market, as investor demand is currently very strong. The financing team will continue to monitor short-term market conditions as we approach pricing.

The following comments and recommendations are provided for your consideration and approval:

### 1. Requirements for a Debt Issue

**Recommendation:** It is recommended that we issue TRANS not to exceed par amount of \$200,000,000 with a term of twelve months. The size of the issue will be determined at a later date when estimates for FY 2021-22 revenues and expenditures are finalized.

The County's cash requirements will exceed cash receipts until the first installment of property taxes is received in December 2021. Issuing TRANS would bridge this shortfall. Also, as in past years, we plan to pre-fund the County's annual retirement contribution which results in additional savings.

### 2. Type of Issue – Negotiated or Competitive

**Recommendation:** It is recommended we proceed with a competitive offering not to exceed par amount of \$200,000,000.

Prior to FY 2010-11, Ventura County issued TRANs via a negotiated method of sale due to the flexibility offered in selecting the most favorable date in terms of interest rates. Since then, we have issued TRANs on a competitive method of sale basis. A competitive issue is considered a more open process since the issue is sold through a public auction. Through the competitive bid process, market forces and competition among underwriters should effectively keep interest costs at their lowest.

One disadvantage of a competitive bid is the limited timing. Due to the legal notice requirements of a competitive bid, there is a required lag period between the time documents are completed and the actual pricing date. In a competitive bid, it is also important to attract sufficient investor and underwriter interest. We feel the market is familiar with the County as we have been issuing TRANs since 1979. Last year, the County benefited from a successful competitive sale that attracted 9 bids.

Based on current market conditions, and feedback from the market, we believe the County can effectively sell the 2021-22 TRAN via a competitive sale. However, it is important to preserve the flexibility to switch to a negotiated method of sale if market conditions change significantly before pricing.

### 3. Other Expenditures

**Recommendation:** Approve the following expenditures related to this borrowing, estimated as follows:

- A. Bond and Disclosure Counsel - \$55,000 for legal services.
- B. Other County Expenses - \$145,000 including, but not limited to, municipal advisor fees, rating agencies' fees and printing charges.
- C. Interest and Underwriter Expenses - to be determined at the time of sale.

### 4. Fixed or Variable Interest Rate

**Recommendation:** It is recommended that the County issue TRANs with a fixed interest rate. If significant market changes occur prior to issuance, we would return to your committee to reevaluate the interest rate structure.

Whether we use a fixed or variable interest rate will depend on market conditions and should be reevaluated closer to the issue date. At present, we would recommend a fixed interest rate. Last year, the competitive sale resulted in a fixed coupon rate of 4.0% and yield of 0.19%. The exact coupon rate and yield will not be known until we price the TRANs issue in early June.

**Preliminary TRANs Schedule:** Timeline for TRANs issue (attached).



## County of Ventura 2021-22 Tax and Revenue Anticipation Notes

(as of March 30, 2021)

March 2021							April 2021							May 2021							June 2021							July 2021						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5	6					1	2	3							1			1	2	3	4	5					1	2	3
7	8	9	10	11	12	13	4	5	6	7	8	9	10	2	3	4	5	6	7	8	6	7	8	9	10	11	12	4	5	6	7	8	9	10
14	15	16	17	18	19	20	11	12	13	14	15	16	17	9	10	11	12	13	14	15	13	14	15	16	17	18	19	11	12	13	14	15	16	17
21	22	23	24	25	26	27	18	19	20	21	22	23	24	16	17	18	19	20	21	22	20	21	22	23	24	25	26	18	19	20	21	22	23	24
28	29	30	31				25	26	27	28	29	30		23	24	25	26	27	28	29	27	28	29	30				25	26	27	28	29	30	31
														30	31																			

= Holiday

Date	Activity	Responsibility
Wednesday, March 31 <sup>st</sup> at 9:30 am	Kick-off conference call to discuss key cash flow items, financing schedule, and Distribution List. via MS Teams (link in Calendar item) OR Dial: 279-666-3113   Code: 951 182 320#	All
Thursday, April 8 <sup>th</sup>	Financial Planning Committee Agenda deadline for April 13 <sup>th</sup> Meeting.	County
Friday, April 9 <sup>th</sup>	Distribute initial draft of legal documents (Board Resolution, Official Notice Inviting Bids, Notice of Intention to Sell Notes, Note Purchase Contract) and disclosure document (Preliminary Official Statement).	NRF
Week of April 12 <sup>th</sup>	Working group call to review first draft of financing and disclosure documents.	All
<b>Tuesday, April 13<sup>th</sup></b>	<b>Financial Planning Committee Meeting to Approve 2021-22 TRAN financing.</b>	<b>County</b>
Friday, April 23 <sup>rd</sup>	Distribute second draft of legal and disclosure documents.	NRF
Week of April 26 <sup>th</sup>	Conference call to review second draft of legal and disclosure documents.	All
Week of May 3 <sup>rd</sup>	Distribute draft of cash flow statements, inclusive of March 2021 actuals.	County
Thursday, May 6 <sup>th</sup>	Distribute substantially final legal documents and disclosure documents for BOS Agenda.	NRF
Friday, May 7 <sup>th</sup>	BOS Agenda deadline for May 18 <sup>th</sup> BOS meeting.	County
	Cash Flow Variance Memo distributed to County.	KNN
	Distribute initial draft of rating presentation.	KNN

Date	Activity	Responsibility
Week of May 10 <sup>th</sup>	Conference call to review Cash Flow Variance Memo and confirm TRAN sizing with Tax Counsel.	County, NRF, KNN
Wednesday, May 12 <sup>th</sup>	Conference call to review draft of rating agency presentation.	County, KNN
Friday, May 14 <sup>th</sup>	Finalize rating agency presentation.	County, KNN
<b>Tuesday, May 18<sup>th</sup></b>	<b>County Board of Supervisors Meeting to Approve 2021-22 TRAN Financing.</b>	<b>County</b>
[Wednesday May 19 <sup>th</sup> or Thursday, May 20 <sup>th</sup> ]	Rating Calls: Moody's & Standard & Poor's.	County, KNN
Monday, May 24 <sup>th</sup>	Conference call to finalize POS.	All
Thursday, May 27 <sup>th</sup>	Receive credit ratings.	County, KNN
	Post POS.	All
Monday, May 31 <sup>st</sup>	Memorial Day holiday.	All
Week of June 1 <sup>st</sup> or June 7 <sup>th</sup>	Competitive pricing of TRANs. (must be at least 397 days from final maturity to preserve money market fund eligibility).	County, KNN, UW
One-week Post Pricing	Finalize Official Statement.	NRF
	Distribute revised legal documents for signature.	NRF
Thursday, July 1 <sup>st</sup>	TRAN closing.	All

County = County of Ventura  
 KNN = KNN Public Finance LLC (Municipal Advisor)  
 NRF = Norton Rose Fulbright US LLP (Bond and Disclosure Counsel)  
 UW = TBD (Underwriter)  
 All = Working Group

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