

SANTA YNEZ COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors
FROM: Jose Acosta, General Manager
Clayton Tuckfield, Tuckfield and Associates
DATE: June 2, 2021
SUBJECT: Review and Discuss Horizon Drive Capacity Fee Costs Study and CSDA financing terms.

Recommendation

Review, discuss and approve Horizon Drive capacity costs and authorize staff to move forward with the CSDA financing.

Policy Implications

The CSD has requested Tuckfield and Associates to compile the costs for Horizon Drive residents to connect to sewer.

Fiscal Implications

The loan amount for the project will be \$1.3M and for a term of 20 years. The terms for capacity fees are included in the analysis report. The District does offer a loan payment plan for the customers to consider and allows for payments over a 20-year period.

Alternatives Considered

The only alternative at this time is to reassess the project and financial terms, which could delay the completion of the project and most likely increase the cost in the future.

Discussion

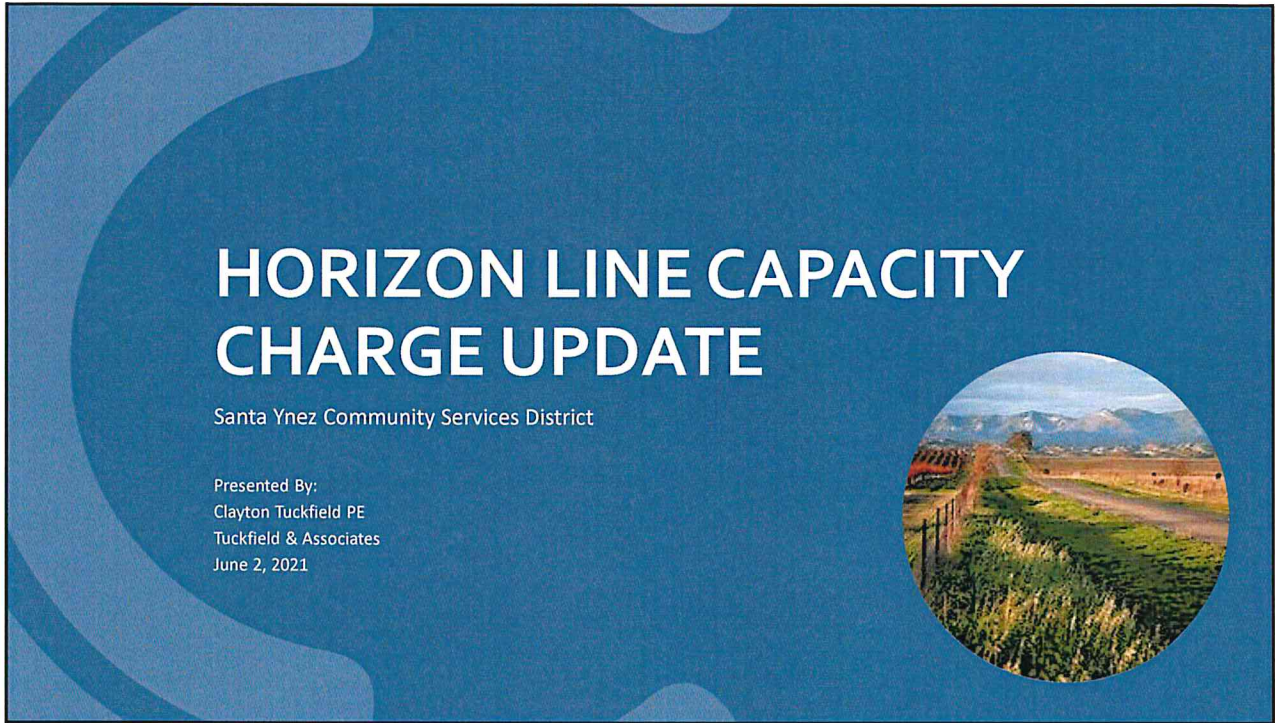
At the May 19, 2021 regular Board meeting, the Board requested staff to contact Clayton Tuckfield and Associates to complete an updated Horizon Drive capacity costs analysis. The Board elected to schedule a Special Board meeting for June 2, 2021, to share this information with residents of Horizon Drive and the public.

The District has requested a loan from California Special District Association (CSDA), in the amount \$1.3M, with a repayment term of 20 years and interest rate of 2.93%, this term sheet is attached for Board review.

Clayton Tuckfield will be present at the Board meeting to discuss the analysis and answer any questions the Board or public may have. The Horizon Drive project costs analysis report is attached for presentation and discussion.

Attachment

- Tuckfield and Associates Horizon Drive project costs analysis report
- CSDA loan term sheet



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Horizon Line Capacity Charge

- Capacity Charge = \$1,300,000 cost serving 20 SFR dwelling units
 - \$1,300,000 / 20 customers = **\$65,000** per SFR dwelling unit
- Is this high enough to compensate for ...
 - District financing of customer capacity charges (Horizon, Capacity, and Annexation)
 - Time-value of money

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Horizon Line Capacity Charge

- The Horizon Capacity Charge in FY 21-22 inflates at 3% annually
- Horizon Line Customers finance their capacity charge at **4.25% for 20 years** through the District
- Horizon Line Project financed at 3% for 20 years through CSDA (Horizon Project Debt Service)

Year	Fiscal Year	Horizon Capacity Charge Required ⁽¹⁾	Customers Financing			Annual Cash Flow	NPV at 3.0% of Annual Cash Flow
			Number of New ERU's Annually	Horizon Customer Payment ⁽²⁾	CSDA Debt Service ⁽³⁾		
1	FY 2021-22	\$58,083	4	\$17,476	(\$87,380)	(\$69,904)	(\$67,869)
2	FY 2022-23	59,826	4	35,476	(87,380)	(51,904)	(48,924)
3	FY 2023-24	61,621	4	54,017	(87,380)	(33,364)	(30,532)
4	FY 2024-25	63,469	4	73,113	(87,380)	(14,267)	(12,676)
5	FY 2025-26	65,373	4	92,783	(87,380)	5,402	4,660
6	FY 2026-27	67,335		92,783	(87,380)	5,402	4,524
7	FY 2027-28	69,355		92,783	(87,380)	5,402	4,393
8	FY 2028-29	71,435		92,783	(87,380)	5,402	4,265
9	FY 2029-30	73,578		92,783	(87,380)	5,402	4,141
10	FY 2030-31	75,786		92,783	(87,380)	5,402	4,020
11	FY 2031-32	78,059		92,783	(87,380)	5,402	3,903
12	FY 2032-33	80,401		92,783	(87,380)	5,402	3,789
13	FY 2033-34	82,813		92,783	(87,380)	5,402	3,679
14	FY 2034-35	85,297		92,783	(87,380)	5,402	3,572
15	FY 2035-36	87,856		92,783	(87,380)	5,402	3,468
16	FY 2036-37	90,492		92,783	(87,380)	5,402	3,367
17	FY 2037-38	93,207		92,783	(87,380)	5,402	3,269
18	FY 2038-39	96,003		92,783	(87,380)	5,402	3,173
19	FY 2039-40	98,883		92,783	(87,380)	5,402	3,081
20	FY 2040-41	101,850		92,783	(87,380)	5,402	2,991
21	FY 2041-42	104,905		75,307	0	75,307	40,481
22	FY 2042-43	108,052		57,306	0	57,306	29,908
23	FY 2043-44	111,294		38,766	0	38,766	19,642
24	FY 2044-45	114,633		19,669	0	19,669	9,676
Totals			20			108,050	0

⁽¹⁾ Capacity Charges increase at 3.0% annually.
⁽²⁾ Horizon Line Capacity Charge financed at 4.25% for 20 years.
⁽³⁾ Includes debt service payments related only to the CSDA loan of \$1,300,000 at 3.0% for 20 years.

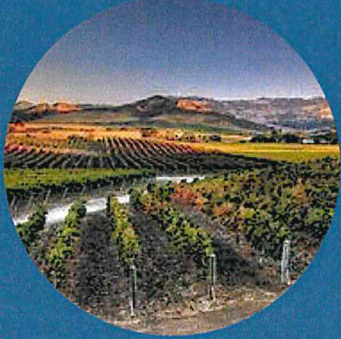
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Estimated Customer Payments of Financed Horizon Line, Capacity, and Annexation Charges


Year	Fiscal Year	Horizon Capacity Charge Required	Horizon Customer Payment	Capacity Charge		Annexation Fee		Total Customer Charge	Total Annual Customer Payments	Total Monthly Payments One ERU
				Capacity Charge	Customer Payments	Annexation Charge	Customer Payments			
1	FY 2021-22	\$58,083	\$17,476	\$9,996	\$3,007	\$1,995	\$600	\$70,074	\$21,083	\$439
2	FY 2022-23	59,826	35,476	10,195	6,075	1,995	1,200	72,016	42,751	\$445
3	FY 2023-24	61,621	54,017	10,399	9,204	1,995	1,801	74,014	65,022	\$452
4	FY 2024-25	63,469	73,113	10,819	12,459	1,995	2,401	76,283	87,973	\$458
5	FY 2025-26	65,373	92,783	11,035	15,779	1,995	3,001	78,403	111,563	\$465
6	FY 2026-27	67,335	92,783	11,256	15,779	1,985	3,001	80,585	111,563	
7	FY 2027-28	69,355	92,783	11,481	15,779	1,995	3,001	82,830	111,563	
8	FY 2028-29	71,435	92,783	11,711	15,779	1,995	3,001	85,141	111,563	
9	FY 2029-30	73,578	92,783	11,945	15,779	1,995	3,001	87,518	111,563	
10	FY 2030-31	75,786	92,783	12,303	15,779	1,995	3,001	90,084	111,563	
11	FY 2031-32	78,059	92,783	12,672	15,779	1,995	3,001	92,726	111,563	
12	FY 2032-33	80,401	92,783	13,053	15,779	1,995	3,001	95,448	111,563	
13	FY 2033-34	82,813	92,783	13,444	15,779	1,995	3,001	98,252	111,563	
14	FY 2034-35	85,297	92,783	13,848	15,779	1,995	3,001	101,140	111,563	
15	FY 2035-36	87,856	92,783	14,263	15,779	1,995	3,001	104,114	111,563	
16	FY 2036-37	90,492	92,783	14,691	15,779	1,995	3,001	107,178	111,563	
17	FY 2037-38	93,207	92,783	15,132	15,779	1,995	3,001	110,333	111,563	
18	FY 2038-39	96,003	92,783	15,586	15,779	1,995	3,001	113,583	111,563	
19	FY 2039-40	98,883	92,783	16,053	15,779	1,995	3,001	116,931	111,563	
20	FY 2040-41	101,850	92,783	16,535	15,779	1,995	3,001	120,379	111,563	
21	FY 2041-42	104,905	75,307	17,031	12,772	1,995	2,401	123,931	90,480	
22	FY 2042-43	108,052	57,306	17,542	9,704	1,995	1,801	127,589	68,811	
23	FY 2043-44	111,294	38,766	18,068	6,575	1,995	1,200	131,356	46,541	
24	FY 2044-45	114,633	19,669	18,610	3,320	1,995	600	135,237	23,589	

Note: Annexation Charge includes \$350 administration fee.

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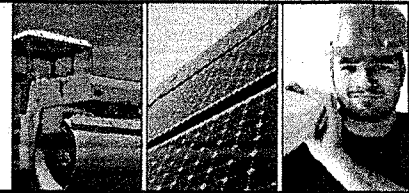
QUESTIONS?

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Tuckfield & Associates

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PREPARED BY CSDA FINANCE CORPORATION

DATE: May 20, 2021

PROPOSED INSTALLMENT PURCHASE FOR: Santa Ynez Community Services District

RE: Sewer Mainline Extension

NOTE: TERMS ARE BASED UPON LEASE BEING BANK QUALIFIED

Purchase Option amount is exclusive of the rental payment due on same date.

Interest rate quote is valid for an acceptance within 15 days and lease funding within 60 days.

Payments: Annually in arrears	Financing Amount \$1,300,000	Interest Rate 2.93%	Term 20 Years
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PMT #	Due Date	Rent Payment	To Principal	To Interest	Purchase Option
1		\$86,815.89	\$48,725.89	38,090.00	
2		86,815.89	50,153.56	36,662.33	
3		86,815.89	51,623.06	35,192.83	
4		86,815.89	53,135.61	33,680.28	
5		86,815.89	54,692.49	32,123.40	
6		86,815.89	56,294.98	30,520.91	
7		86,815.89	57,944.42	28,871.47	
8		86,815.89	59,642.19	27,173.70	
9		86,815.89	61,389.71	25,426.18	
10		86,815.89	63,188.43	23,627.46	743,209.66
11		86,815.89	65,039.85	21,776.04	678,169.81
12		86,815.89	66,945.51	19,870.38	611,224.30
13		86,815.89	68,907.02	17,908.87	542,317.28
14		86,815.89	70,925.99	15,889.90	471,391.29
15		86,815.89	73,004.13	13,811.76	398,387.16
16		86,815.89	75,143.15	11,672.74	323,244.01
17		86,815.89	77,344.84	9,471.05	245,899.17
18		86,815.89	79,611.04	7,204.85	166,288.13
19		86,815.89	81,943.65	4,872.24	84,344.48
20		86,815.89	84,344.48	2,471.41	0.00

TOTALS:	<u>\$1,736,317.80</u>	<u>\$1,300,000.00</u>	<u>\$436,317.80</u>
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Approved and agreed to: Santa Ynez Community Services District

By: _____

Date: _____

Title: _____

