

SANTA YNEZ COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors
FROM: John D'Ornellas, Interim General Manager
Wendy Berry, Secretary/Treasurer
DATE: July 22, 2020
SUBJECT: CWSRF Application Process / Authorizing Resolution

Recommendation

Adopt Resolution 20-08 authorizing the General Manager to submit a CWSRF application for the Horizon Drive mainline sewer project.

Policy

Your Board has designated debt funding for the Horizon Drive project rather than use of District reserves. The least costly funding available to the District is public financing processed through the State Water Board's Clean Water State Revolving Fund (CWSRF).

Discussion

Staff is currently working on the CWSRF loan but continues to review other debt options for this project. The CWSRF application process is very cumbersome with lots of documentation required. Engineering support will be needed to complete the CWSRF technical package. The application process is generic and does not differentiate between a \$20 million loan or a \$700,000 loan. CWSRF construction loans have a 20 – 30 year loan term. The loan can be paid off early without penalty.

One item the application process requires for public agencies is submittal of a resolution designating an authorized representative and authorizing that individual to apply for the CWSRF. This action does not commit the District to any loan. It simply provides authorization to apply for the program.

The CWSRF can be either a loan or a grant on a combination of both. We will not know what we qualify for until we submit the application. The financial status of the community will be determined to calculate if we are a disadvantaged community and eligible for grants or a 0% interest rate loan. The State defines "disadvantaged" as a community whose Median Household Income (MHI) is less than 80% of the statewide MHI. It is unlikely that Santa Ynez will qualify as disadvantaged. Since Horizon Drive is a septic to sewer project, we may be in a position for other funding terms. As of April 23, 2020, the interest rate for CWSRF was 1.4%. A ten-year interest rate history for the CWSRF is attached.

As a side note, another funding source is through the California Special District Association Finance Corporation (CSDA Finance). This agency acts as a broker for

money to member agencies for any number of projects or equipment. The big advantage to CSDA Finance is there is no lengthy and bureaucratic application process. Their funding is often provided as a Lease Purchase Agreement. Lease purchase financing is essentially a loan with a lease payment schedule. It can be used to purchase equipment or used to fund construction. CSDA Finance does not actually loan money, it markets the debt to commercial banks. CSDA Finance provided the attached quote sheet for a \$700,000 loan at 15 years with a 2.98% interest rate. 15 years was the longest term they would provide for the Horizon Drive project. The loan can be paid off after 7 years with a prepayment option.

The District used CSDA Finance in 2006. The funding was provided by the Municipal Finance Corporation who arranged a sewer revenue installment sale agreement, for the construction of our office. This was a 20-year agreement that we paid off early. The proposed CSDA Finance agreement for the Horizon Drive project would be very similar to this agreement.

Attached is an example of what the financing would look like from CSDA Finance for \$700,000 loan at 15 years as compared to a 15-year loan from the CWSRF at its current interest rate. The summary reveals that \$178,277 of interest will be paid on a CSDA Finance loan and \$78,509 for a CWSRF loan over the 15 years.

Attachment: Resolution 20-08
Examples of CSDA Finance Corporation Payments/Principal & Interest
Example of CWSRF Payments/Principal & Interest
CWSRF 10 Year Interest Rate History

**SANTA YNEZ COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 20-08**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA YNEZ COMMUNITY SERVICES DISTRICT AUTHORIZING SUBMITTAL OF CWSRF APPLICATION FOR CONSTRUCTION FUNDING OF HORIZON DRIVE SEWER MAINLINE EXTENSION AND AUTHORIZING THE GENERAL MANAGER TO SIGN AND SUBMIT APPLICATION

WHEREAS, the Santa Ynez Community Services District has the authority to construct, operate, and maintain the Santa Ynez Community Services District wastewater collection system; and

WHEREAS, the Santa Ynez Community Services District desires to expand the community sewer collection system to provide service to the residents of Horizon Drive that are now served by on-site-septic systems; therefore;

BE IT RESOLVED by the Santa Ynez Community Services District Board of Directors **AS FOLLOWS**:

1. The General Manager (the “Authorized Representative”) or designee is hereby authorized and directed to sign and file, for and on behalf of the Entity, a Financial Assistance Application for a financing agreement from the State Water Resources Control Board for the planning, design, and construction of the Horizon Drive Mainline Extension (the “Project”).
2. This Authorized Representative, or his/her designee, is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto.
3. The Authorized Representative, or his/her designee, is designated to represent the Entity in carrying out the Entity’s responsibilities under the financing agreement, including certifying disbursement requests on behalf of the Entity and compliance with applicable state and federal laws.

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Santa Ynez Community Services District on the 22nd day of July 2020, by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

Karen Jones, President
Board of Directors

ATTEST:

Wendy Berry, Secretary
Board of Directors

Copy of Amortization Table

LOAN DATA

TABLE DATA

Loan amount:	\$700,000.00
Annual interest rate:	2.98%
Term in years:	15
Payments per year:	1
First payment due:	1/1/2020
Extra Payment:	\$0.00
Entered payment:	\$58,551.81
Calculated payment:	\$58,551.81

Table starts at date:			
or at payment number:			
# of Days out for first payment	30		
Regular PMT	\$58,551.81	\$878,277.22	15
Mortgage + PMT	\$58,551.81	\$878,277.22	15.0
SAVINGS	\$0.00		0.0

PERIODIC

PAYMENT

CALCULATIONS

The table uses the calculated periodic payment amount, unless you enter a value for "Entered payment."

Maturity Date 1-Dec-34

Use payment of: \$58,551.81
1st payment in table: 1

Beginning balance at payment 1: \$700,000.00
Cumulative interest prior to payment 1: \$0.00

No.	Payment Date	Beginning Balance	Interest	Principal	Ending Balance	Cumulative Interest
1	1/1/2020	700,000.00	20,860.00	37,691.81	662,308.19	20,860.00
2	1/1/2021	662,308.19	19,736.78	38,815.03	623,493.15	40,596.78
3	1/1/2022	623,493.15	18,580.10	39,971.72	583,521.44	59,176.88
4	1/1/2023	583,521.44	17,388.94	41,162.88	542,358.56	76,565.82
5	1/1/2024	542,358.56	16,162.29	42,389.53	499,969.03	92,728.10
6	1/1/2025	499,969.03	14,899.08	43,652.74	456,316.29	107,627.18
7	1/1/2026	456,316.29	13,598.23	44,953.59	411,362.70	121,225.41
8	1/1/2027	411,362.70	12,258.61	46,293.21	365,069.50	133,484.01
9	1/1/2028	365,069.50	10,879.07	47,672.74	317,396.75	144,363.09
10	1/1/2029	317,396.75	9,458.42	49,093.39	268,303.36	153,821.51
11	1/1/2030	268,303.36	7,995.44	50,556.37	217,746.99	161,816.95
12	1/1/2031	217,746.99	6,488.86	52,062.95	165,684.03	168,305.81
13	1/1/2032	165,684.03	4,937.38	53,614.43	112,069.60	173,243.19
14	1/1/2033	112,069.60	3,339.67	55,212.14	56,857.46	176,582.87
15	1/1/2034	56,857.46	1,694.35	56,857.46	0.00	178,277.22

Copy of Amortization Table

LOAN DATA

TABLE DATA

Loan amount:	\$700,000.00	Table starts at date:	
Annual interest rate:	1.40%	or at payment number:	
Term in years:	15	# of Days out for first payment	30
Payments per year:	2	Regular PMT	\$25,950.29 \$778,508.82 15
First payment due:	1/1/2020	Mortgage + PMT	\$25,950.29 \$778,508.82 15:0
Extra Payment:	\$0.00	SAVINGS	\$0:00 0:0

PERIODIC	Entered payment:	\$25,950.29	The table uses the calculated periodic payment amount, unless you enter a value for "Entered payment."
PAYMENT	Calculated payment:	\$25,950.29	

CALCULATIONS

Use payment of:	\$25,950.29	Beginning balance at payment 1:	\$700,000.00
1st payment in table:	1	Cumulative interest prior to payment 1:	\$0.00

No.	Payment Date	Beginning Balance	Interest	Principal	Ending Balance	Cumulative Interest
1	1/1/2020	700,000.00	4,900.00	21,050.29	678,949.71	4,900.00
2	7/1/2020	678,949.71	4,752.65	21,197.65	657,752.06	9,652.65
3	1/1/2021	657,752.06	4,604.26	21,346.03	636,406.03	14,256.91
4	7/1/2021	636,406.03	4,454.84	21,495.45	614,910.58	18,711.75
5	1/1/2022	614,910.58	4,304.37	21,645.92	593,264.66	23,016.13
6	7/1/2022	593,264.66	4,152.85	21,797.44	571,467.22	27,168.98
7	1/1/2023	571,467.22	4,000.27	21,950.02	549,517.19	31,169.25
8	7/1/2023	549,517.19	3,846.62	22,103.67	527,413.52	35,015.87
9	1/1/2024	527,413.52	3,691.89	22,258.40	505,155.12	38,707.77
10	7/1/2024	505,155.12	3,536.09	22,414.21	482,740.91	42,243.85
11	1/1/2025	482,740.91	3,379.19	22,571.11	460,169.80	45,623.04
12	7/1/2025	460,169.80	3,221.19	22,729.11	437,440.70	48,844.23
13	1/1/2026	437,440.70	3,062.08	22,888.21	414,552.49	51,906.31
14	7/1/2026	414,552.49	2,901.87	23,048.43	391,504.06	54,808.18
15	1/1/2027	391,504.06	2,740.53	23,209.77	368,294.30	57,548.71
16	7/1/2027	368,294.30	2,578.06	23,372.23	344,922.06	60,126.77
17	1/1/2028	344,922.06	2,414.45	23,535.84	321,386.22	62,541.22
18	7/1/2028	321,386.22	2,249.70	23,700.59	297,685.63	64,790.93
19	1/1/2029	297,685.63	2,083.80	23,866.49	273,819.14	66,874.73
20	7/1/2029	273,819.14	1,916.73	24,033.56	249,785.58	68,791.46
21	1/1/2030	249,785.58	1,748.50	24,201.79	225,583.78	70,539.96
22	7/1/2030	225,583.78	1,579.09	24,371.21	201,212.58	72,119.05
23	1/1/2031	201,212.58	1,408.49	24,541.81	176,670.77	73,527.53
24	7/1/2031	176,670.77	1,236.70	24,713.60	151,957.17	74,764.23

Clean Water State Revolving Fund Interest Rate History

BOND SALE DATE	EFFECTIVE DATE	RATE
April 16, 2020	April 23, 2020	1.4%
March 10, 2020		1.2%
November 13, 2019		1.4%
September 5, 2019		1.3%
April 11, 2019		1.3%
October 17, 2018		1.9%
March 9, 2017		1.8%
March 8, 2016		1.7%
December 16, 2015		1.6%
October 20, 2015		1.8%
March 4, 2015		1.6%
November 13, 2014		1.5%
October 8, 2014		1.7%
March 13, 2014		1.9%
October 22, 2013		2.1%
April 11, 2013		1.9%
March 14, 2013		1.9%
October 23, 2012		1.7%
April 12, 2012		2.2%
March 1, 2012		1.8%
October 19, 2011		2.2%
September 20, 2011		2.0%
November 22, 2010		2.6%
March 11, 2010		2.7%



