



**Casitas Municipal Water District
Proposed Community Facilities District
for the Ojai Service Area**

What is Mello-Roos?

- Mello-Roos Community Facilities Act of 1982

- Response to Proposition 13
- More flexible than Assessment Districts
- Authorized the levy of a “Special Tax” which can be used:
 - ✓ To pay debt service on bonds issued to finance public facilities, including, but not limited to:
 - Acquisition of land, rights-of-way
 - Acquisition of buildings
 - Costs of construction
 - Related legal costs
 - Related formation costs
 - ✓ To finance public facilities on a pay-as-you-go basis
 - ✓ To finance certain public services
 - ✓ To pay annual administrative expenses

CFD Financing Basics

■ District Formation

- Requires at least 2 meetings of public agency's governing board and a noticed public hearing
- 2/3 supermajority approval of the "qualified elector" required
 - If 12 or more registered voters live in the District, approval is by registered voters
 - Otherwise, vote is by landowners, who receive 1 vote per acre or portion of an acre owned

■ Determination of Special Tax Amount

- Based on Special Tax Formula (known as a "Rate and Method of Apportionment") created by a Special Tax consultant
- Not a fixed lien; Special Tax levy can vary each year depending on requirements, but subject to a maximum Special Tax

Proposed CFD Objectives

- Determine CFD Land Uses and Benefit Allocation
 - Prepare a database of residential and non-residential land uses currently being serviced by the Golden State Water Company in the Ojai service area (the “Project”)
 - Assign Standard Water Use Factors
 - Derived from “City of Santa Barbara Water Demand Factor and Conservation Study ‘User Guide’ Document No. 2” dated August 1989

Land Use Assumptions and Benefit Allocation

<u>Development Assumptions</u>	<u>Units/ Sq. Ft.</u>	<u>Water Usage (%)</u>
Single Family Residential		
Up to 9,999 S.F. Lot	1,051	18.78%
10,000 - 22,000 S.F. Lot	508	14.03%
22,000 – 43,560 S.F. Lot	258	11.87%
43,560 S.F. Lot or Greater	387	30.17%
Condominium/Townhome	84	1.27%
<u>Multi-Family</u>	<u>649</u>	<u>8.43%</u>
Sub-Total Residential	2,937	84.55%
Commercial	1,155,880	13.03%
Industrial	407,192	2.42%
Sub-Total Non-Residential	1,563,072	15.45%
TOTAL	N/A	100.00%

Proposed CFD Objectives (cont.)

- Determine Maximum Annual CFD Special Taxes
 - Base year maximum CFD Special Taxes assumed to equal \$2.69 million
 - Represents an approximate fifteen percent savings to the differential* between Golden State Water Company's projected charges for service and Casitas Municipal Water District's (the "District's") projected charges for service to the ratepayers within the Project
 - *The differential between Golden State Water Company's projected charges for service and Casitas Municipal Water District's of \$3.15 million is identified in Table VIII of "An Analysis of the Financial Feasibility of Providing Lower Cost Water Service to the Ojai Service Area of Golden State Water Company" dated March 20, 2011.
 - Allocation of base year maximum CFD Special Taxes
 - Utilizing determined CFD land uses and assumed benefit allocation, the proposed spread of maximum CFD Special Taxes identified below would generate \$2.69 million in base year revenues

Estimated Spread of CFD Special Taxes

<u>Description</u>	<u>Preliminary Tax Spread</u>
Residential Special Taxes (per Unit)	\$349 to \$2,093
Commercial - Average Special Taxes (per KSF)	\$303
Industrial - Average Special Taxes (per KSF)	\$159

Proposed CFD Objectives (cont.)

- Determine Maximum Amount of CFD Bonded Indebtedness
 - Estimate the maximum amount of CFD bonded indebtedness, and corresponding amount of CFD bond financed legal/acquisition/construction proceeds, that could be supported by maximum annual CFD Special Taxes

CFD Financing Summary*

<u>Bond Assumptions</u>	<u>Units/ Quantities</u>
<i>Bonded Indebtedness</i>	<i>\$49,135,000</i>
<i>Generated Bond Proceeds</i>	<i>\$41,243,000</i>
Proposed Issuance Dates	September 2013, Spring/Summer 2015
Average Coupon Rates	Series 2013** – 6.25% Series 2015 – 5.00%
Bond Term	30
Cost of Issuance (each series)	4.00%
Reserve Requirement	Series 2013 – 10.00% Series 2015 – 9.19%
Debt Service	2% Escalating
Minimum Coverage	110%

**Preliminary, subject to change based on conditions at time of issuance, including, but not limited to, the actual interest rate(s), number of bond issues, and date(s) the bonds are issued.*

***Series 2013 bonds will be a taxable issuance with the expectation that the Series 2015 tax-exempt issuance will generate sufficient proceeds to refund the Series 2013 bonds.*

Proposed CFD Financing Priority

■ Anticipated Application of CFD Bond Financing Proceeds:

1. Pre-Acquisition Costs (bonds currently projected for Sept 2013):

- CFD formation costs, including the costs of holding the CFD special election
- Costs of appraisals, legal, and related expenses the District expects to incur in association with the acquisition by the District of Golden State Water Company's Ojai water system
 - ❖ Series 2013 proceeds currently estimated at \$5.0 million and applied to finance Pre-Acquisition Costs and a portion of Acquisition Costs
 - ❖ Pre-Acquisition Costs estimated at \$2.0 million; Series 2013 proceeds include a substantial \$3.0 million contingency
- The proposed spread of maximum CFD Special Taxes identified below would generate the revenues required to provide 110% debt service coverage on the Series 2013 bonds

Estimated Spread of CFD Special Taxes

<u>Description</u>	<u>Preliminary Tax Spread</u>
Residential Special Taxes (per Unit)	\$57 to \$345
Commercial - Average Special Taxes (per KSF)	\$50
Industrial - Average Special Taxes (per KSF)	\$26

Proposed CFD Financing Priority (cont.)

- Anticipated Application of CFD Bond Financing Proceeds:

- 2. Acquisition Costs (bonds currently projected for Spring/Summer 2015):

- Costs for the District to acquire Golden State Water Company's water system in the Ojai service area
 - ❖ Series 2015 proceeds currently estimated at \$36.2 million in new money (plus excess Series 2013 proceeds not required for Pre-Acquisition Costs) applied to finance Acquisition Costs and Post Acquisition Costs, together with proceeds to takeout the Series 2013 taxable bonds
 - ❖ Acquisition Costs, including reasonable contingency, estimated at \$21.4 million and extrapolated from Golden State Water Company's existing CPUC-approved rate base
 - ❖ Acquisition Costs are subject to change based on the uncertainty created by the fact that the date of value for determining the Acquisition Costs likely will not be until Spring or Summer of 2015, the estimated Acquisition Costs will vary depending upon what the Golden State Water Company's CPUC-approved rate base is at that time and what amount may ultimately be awarded/paid to Golden State Water Company as 'just compensation'

Proposed CFD Financing Priority (cont.)

■ Anticipated Application of CFD Bond Financing Proceeds, cont.:

3. Post-Acquisition:

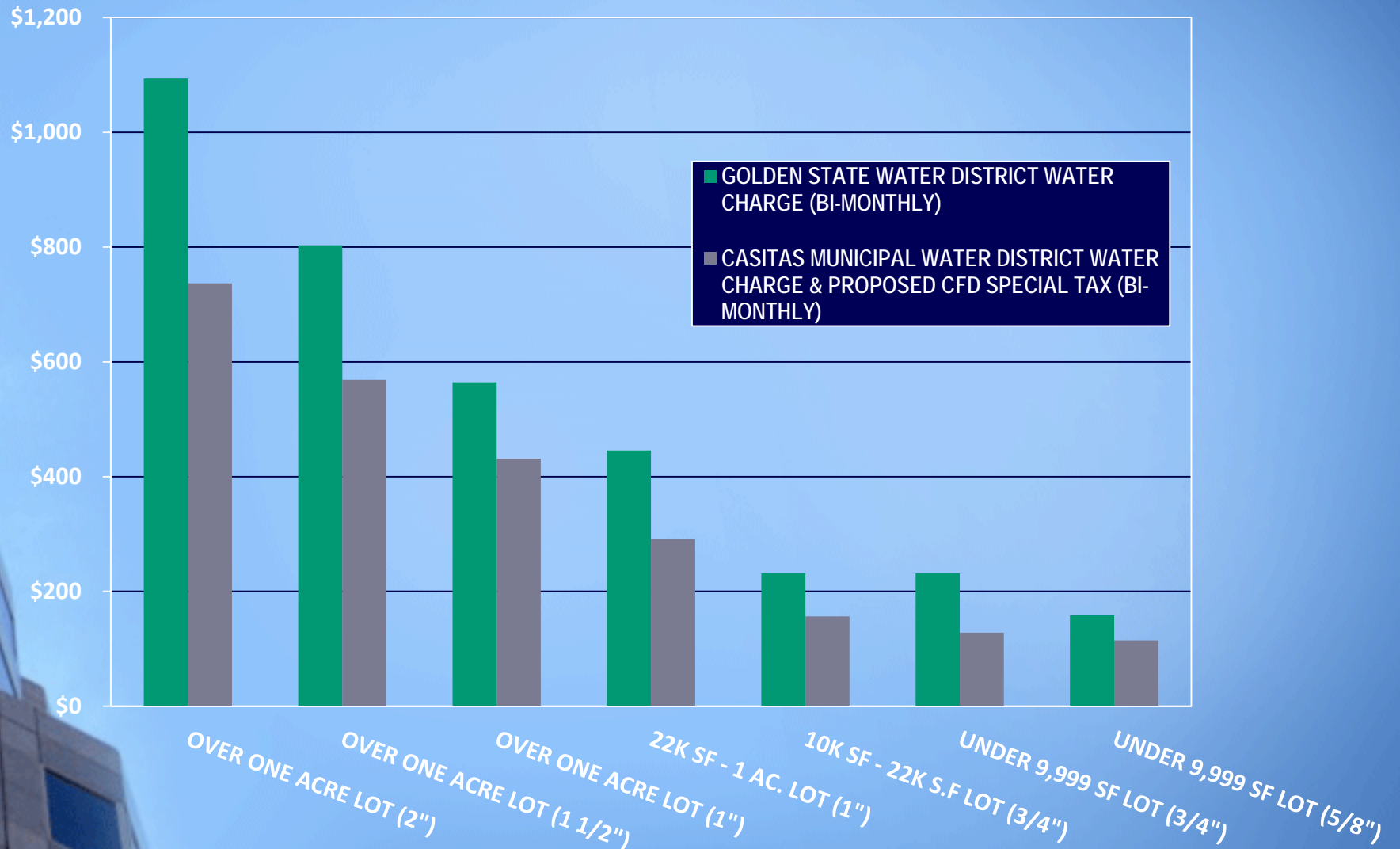
- To the extent additional CFD bond financing proceeds are available after the full funding of Pre-Acquisition Costs and Acquisition Costs
- Capital improvements to Golden State Water Company's existing water system after its acquisition by the District, as may be determined necessary and appropriate by the District's Board
 - ❖ Post-Acquisition proceeds currently estimated at approximately \$17.8 million and represent the remainder derived by subtracting the estimated Pre-Acquisition and Acquisition Costs from the assumed total CFD bond financing capacity
- The proposed spread of maximum CFD Special Taxes previously identified on Slide 5 and identified again below would generate the revenues required to provide for 110% debt service coverage on all series of bonds

Estimated Spread of CFD Special Taxes

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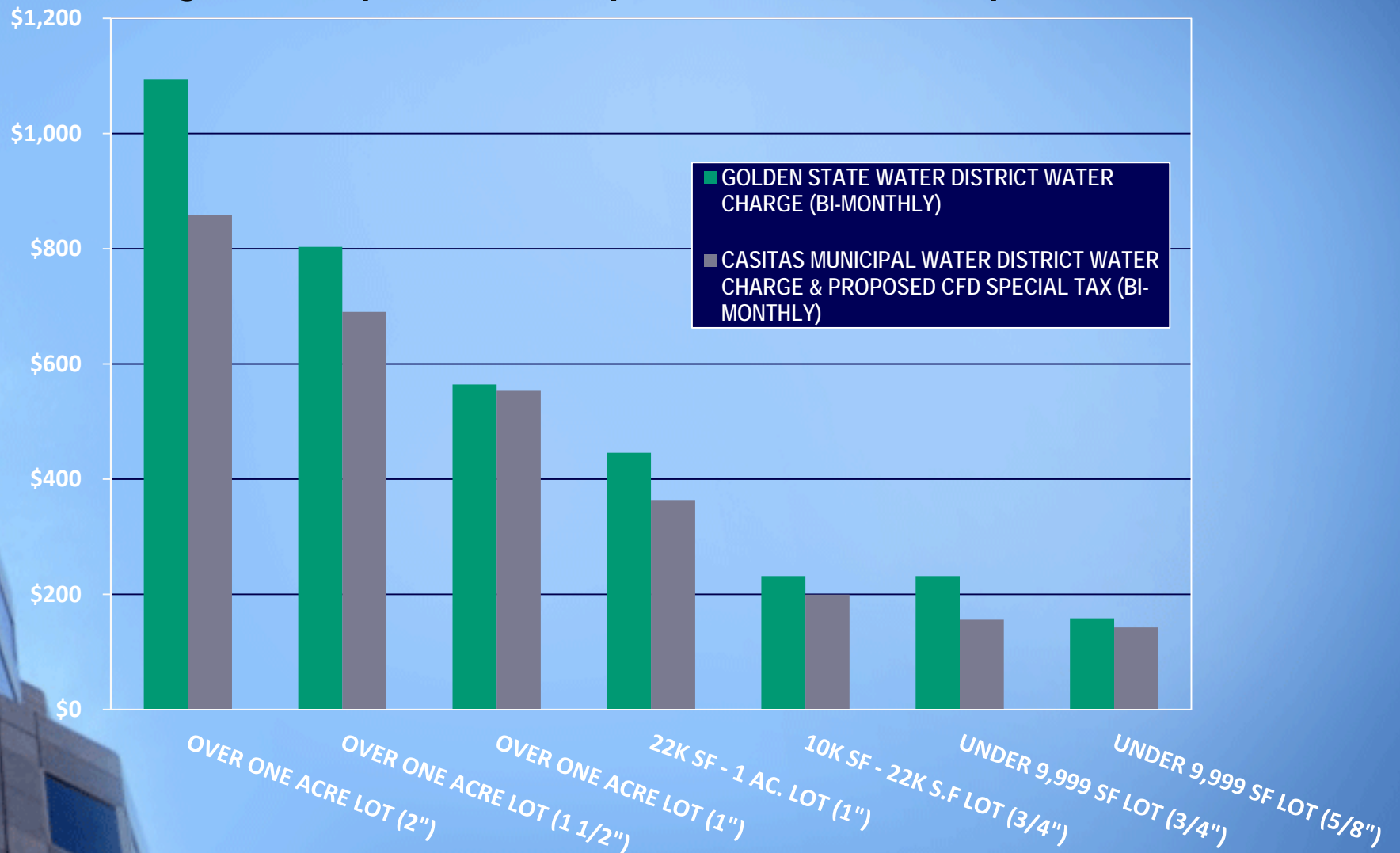
Estimated Water Rate Comparison - SFD

Funding Pre-Acquisition & Acquisition Costs



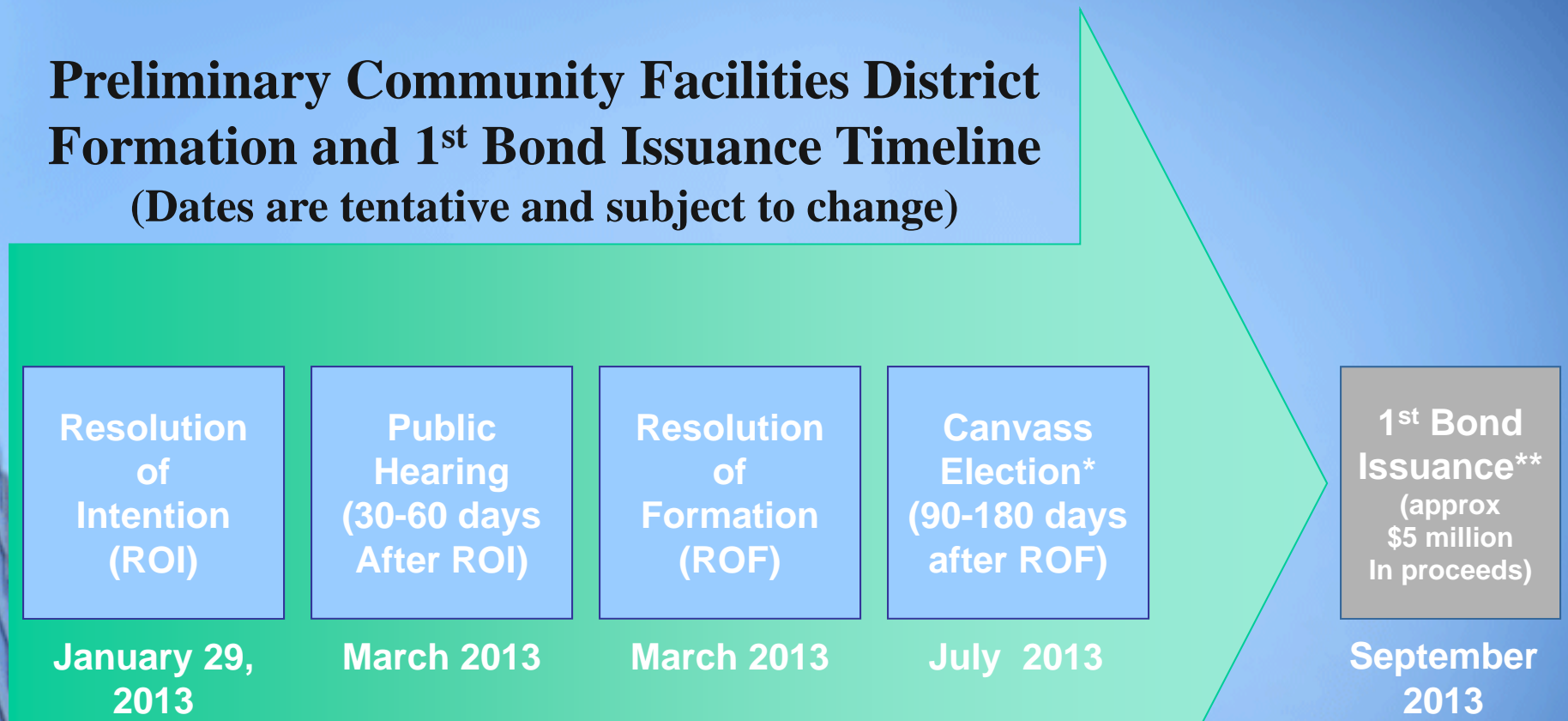
Estimated Water Rate Comparison - SFD

Funding Pre-Acquisition, Acquisition & Post Acquisition Costs



CFD Formation Process

Preliminary Community Facilities District Formation and 1st Bond Issuance Timeline (Dates are tentative and subject to change)



**Subject to change based on selected election process (i.e. mailed ballot vs. special election at polling place)*

***Requires approval by the Board of Directors of a Resolution of Issuance*

Questions and Answers