



AGENDA

REGULAR STUDY SESSION

April 3, 2019

9:00 AM

DIRECTORS PRESENT: McBride ☐ Burke ☐ Morris ☐ Ryan ☐ Williams ☐

PUBLIC COMMENTS

DISCUSSION ITEMS

1. Introduction of New and Promoted Employees
2. Proposed Formation of EVMWD Community Facilities District No. 2019-1
3. FY2020 & FY2021 Budgets
4. Project Updates
5. Board Committee Updates
6. Other
7. Adjournment

To request a disability-related modification or accommodation regarding agendas or attendance, contact Terese Quintanar, at (951)674-3146, extension 8223 at least 48 hours before the meeting.

Introduction of New and Promoted Employees (Human Resources)

New Employees:

Mayra Cabrera – Sr. Civil Engineer – Dev. Services – start date 3/11/2019

Devan Milligan – Field Maintenance Worker I-FS – start date 3/18/2019

Joseph Salgado – Field Maintenance Worker I-CM – start date 4/1/2019

Promoted Employees:

Jon Moore – Safety Technician – start date 3/11/2019



STUDY SESSION
DISCUSSION OUTLINE

Date: March 20, 2019

Originator: M. Armstrong- Strategic Planning

Subject: PROPOSED FORMATION OF EVMWD COMMUNITY FACILITIES DISTRICT NO. 2019-1

BACKGROUND AND RECOMMENDATION

Elsinore Valley Municipal Water District (“EVMWD”) has been approached by four developers with future developments within the Horsethief Canyon area of the EVMWD service area for water and sewer service for approximately 1,200 new residential units (the “Project”). In 2016, the Board approved a development agreement allowing for the expansion of Horsethief Water Reclamation Facility (WRF), which will be fully funded by the developers.

As has been agreed to in the development agreement, three of the four developers participating in this project has requested the formation of a Community Facilities District (CFD) to help fund the cost of Horsethief WRF expansion as well as other public facilities. The participating developers are Hill Country S.A., L.P., Rich Haven – Visser, L.P., Richland Ventures, Inc., SAM-Horsethief, LLC and Temescal Valley Lands, LLC. The developer that does not want to participate in the CFD is MPLC JBJ Ranch.

The proposed CFD would be formed with 6 improvement areas, with a total authorizing bonding amount of approximately \$33 million. The CFD is structured with an Improvement Area “A” and “B” for each developer. Improvement Area “A” bonds will be based on the amount anticipated to finance each developer’s proportionate share of Horsethief WRF expansion, with an estimated amount of \$13.5 million. These bonds are anticipated to be issued upon formation of the CFD. Improvement Area “B” bonds will be utilized additional public facilities, either for EVMWD or the School District, and issued based on the timing of each development. The total estimated amount of the “B” series bonds is \$19.5 million for all three developments. The purpose of dividing the CFD into several improvement areas is to provide flexibility in the future and to mitigate risk. Should several developments go forward and one development lag behind, then the slower developing parcel does not impact the credit or the special taxes of the other developments.

At the October 3rd, 2018 Study Session, the Board considered reducing the EVMWD value to lien requirement for a CFD bond issue from 4:1 to 3:1 so long as the developer provided the District with a letter of credit securing the payment of special taxes for each improvement area for a period of two years. At this time, the developers have agreed to enter into funding and acquisition agreements, which set forth how the Facility will be constructed, acquired and financed through the levy of special taxes within the CFD and each improvement area therein and CFD bond proceeds, as well as the security for the payment of special taxes. Outlined below is a summary of the proceedings required to form a CFD.

1. Receipt of Petition

The act authorizes EVMWD to establish a CFD upon receipt of a petition signed by the owners of not less than 10 percent of the area of land within the proposed CFD.

2. Rate and Method of Apportionment of Special Taxes

A special tax consultant prepares a rate and method of apportionment of the special taxes to be levied in a proposed CFD to finance the proposed facilities and/or services within the CFD. The rate and method describe the formula for determining the annual special tax levy an individual property receives. Typically, the rate and method of apportionment categorizes property by land use type, building square footage, acreage, etc. Each of these categories is then assigned a maximum special tax rate. The actual amount of annual special tax levied against any one property is determined by the apportionment methodology in the rate and method of apportionment and cannot exceed the maximum special tax. A special tax rate and method of apportionment has been prepared by DTA for each of the improvement areas.

3. Resolution of Intention to Establish CFD

Within 90 days after receiving a request or a petition and payment of the fee, the Board of Directors must adopt a resolution of intention to establish a CFD. The resolution of intention describes (a) the proposed boundaries of the proposed CFD; (b) the name of the proposed CFD; (c) facilities and/or services to be financed by CFD funds and any incidental expenses to be incurred; (d) includes the Rate and Method of Apportionment of special taxes within each improvement area; (e) the time and a place for a public hearing which cannot be less than 30 days nor more than 60 days after the resolution of intention is adopted; and (f) describe the proposed voting procedure. At this time, it is anticipated that the Board will take action to approve the resolution of intention to form the CFD on April 11 and will set a hearing date for May 23.

4. Resolution of Declaring Necessity to Incur Bonded Indebtedness

Additionally, at the same meeting at which the resolution of intention is adopted, Board of Directors of EVMWD will consider the adoption of a resolution declaring the necessity

to incur bonded indebtedness which (a) makes declaration of the necessity for the indebtedness; (b) describes the purpose for which the proposed debt is to be incurred; (c) sets forth the amount of the proposed debt; and (d) sets the time and place for a public hearing on the proposed debt authorization. This resolution will be approved at the April 11 meeting and will call a hearing for the May 23 meeting.

5. CFD Report

When the resolution of intention is adopted, the Board of Directors must direct each officer responsible for providing one or more of the proposed facilities and/or services to be financed to file a report at or before the time of the hearing. The CFD report provides (a) a brief description of the type of facilities or services required to meet adequately the needs of the CFD; (b) an estimate of the cost of providing the facilities and/or services; and (c) if the CFD proposes to pay for incidental expenses associated with its formation and annual administration, an estimate of the fair and reasonable cost of those expenses.

6. Notice of Public Hearing

A notice of the public hearing is required to be published pursuant to Government Code section 6061 and in accordance with the Act. The notice must be published once, in a newspaper of general circulation in the proposed CFD, at least seven days before the public hearing.

7. Hearing and Written Protests

We anticipate that the hearing to form the CFD will take place on May 23, 2019. Oral or written protests may be made at the public hearing by any interested persons or taxpayers against the establishment of the CFD, the extent of the CFD, and the types of facilities and/or services to be provided. If 50 percent of the owners of one-half or more of the nonexempt land in, the territory proposed to be included in the CFD protest against the establishment of the CFD, the proceedings to create the CFD or to levy the special tax must be discontinued for a period of one year.

8. Resolution of Formation

If, at the conclusion of the public hearing, the determination is made to form the CFD, a resolution of formation must be adopted. The resolution of formation generally describes (a) the information that was contained in the resolution of intention; (b) that the proposed special tax to be levied in the CFD has not been precluded by majority protest; (c) that upon recordation of a notice of special tax lien, a continuing lien to secure each levy of the special tax will attach to all non-exempt real property in the CFD and will continue until the special tax obligation is permanently satisfied or the Board of Directors ceases collection of the special tax; (d) identifies election procedures for the levy of the special taxes within the CFD.

The Act specifies that if there are fewer than 12 registered voters within the boundaries of the proposed CFD, the qualified electors are the landowners within the boundaries of the CFD. As the land within the proposed boundaries of CFD is vacant, it is anticipated that a landowner vote will be conducted.

9. Resolution Determining Necessity to Incur Bonded Indebtedness

If, at the conclusion of the public hearing, the Board of Directors makes the determination to incur bonded indebtedness within the CFD, a resolution of determining necessity to incur bonded indebtedness must be adopted which describes the maximum term and amount of indebtedness that can be incurred and election proceedings.

10. Election

The election must be held at least 90 days, but not more than 180 days, following the adoption of the resolution of formation. If the election is to be held less than 125 days following the adoption of the resolution of formation, the concurrence of the election official is required. However, any time limit may be waived with the concurrence of the unanimous consent of the qualified electors of the proposed CFD and the concurrence of the election official. We will prepare the proper documentation and landowner waivers so that the election will be conducted on May 23, immediately after the hearing.

11. Recordation, Notice, of Special Tax Lien, Levy of Annual Special Tax, and Issuance of Bonds

Upon a determination by the Board of Directors that the requisite two-thirds votes cast in the election are in favor of levying the special tax, within 15 days of the landowner election, a notice of special tax lien must be recorded in the office of the Riverside County Recorder, whereupon the lien of the special tax will attach.

The special tax must be levied initially by an ordinance adopted by the Board of Directors, and thereafter (assuming the tax is levied at the same rate or a lower rate than in the ordinance).

12. Issuance of Bonds

After the proceedings to form the formation of the CFD have been completed, we will return to the board with legal documents and market offering materials for approval of the issuance of bonds to finance the Facility.

As outlined above, Staff anticipates that the resolution of intent to form the CFD be brought to the April 11, 2019 meeting for Board consideration.

ENVIRONMENTAL WORK STATUS

Not applicable.

FISCAL IMPACT

Not applicable.

Attachments:

None.



STUDY SESSION
DISCUSSION OUTLINE

Date: April 3, 2019
Originator: Robert Hartwig- Business Services
Subject: FY2020 & FY2021 BUDGETS

BACKGROUND AND RECOMMENDATION

The budget process for FY2020 & FY2021 began in October 2018. The budget preparation, compilation, review, and discussions with the Board are anticipated to go through April 2019, with a tentative schedule for Board approval on June 13, 2019.

At the study session, staff will be presenting brief budget overviews for discussion.

ENVIRONMENTAL WORK STATUS

Not applicable.

FISCAL IMPACT

Not applicable.

Attachments:

Information will be provided at the meeting.