

State Water Resources Control Board

CREDIT REVIEW CHECKLIST

Program Type	CW Construction
Applicant Name:	Lake County Sanitation District (Anderson Springs)
Project Number:	8210-210
Total Project Cost:	\$10,553,395
Amount Requested:	\$7,436,000

Attachment Checklist		
YES	NO	Were the following items submitted in the Financial Security Package?
✓		F1- Audited Financial Statements (3 years)
✓		F2- Budget Projections (2 years)
✓		F3- Payee Data Record (Form 204)
	N/A	F4- Tax Questionnaire
	N/A	F5- Reimbursement Resolution
✓		F6- Authorizing Resolution
✓		F7- Rate Adoption Resolution
	N/A	F8- Pledged Revenues and Fund(s) Resolution or Corporate Resolution
	N/A	F9- Related Debt Schedule and Debt Document Copies
	N/A	F10- New Tax; Assessment; Fee or Service Charge Projections (if applicable)
	N/A	F11- Relevant Service, Operating or Joint Powers Agreements (if applicable)
	N/A	F12- Future Capital Needs (if applicable)
	N/A	Received Debt Management Policy (Exempt: Private Entities and Public Entities receiving 100% Grant/PF)

Total Project Cost		\$10,553,395
Other Funding Source Amounts	USDA	\$1,123,132
	HCD	\$1,994,263

Current Year MHI	MHI Source	Percentage of State MHI	Population
\$24,000	Income Survey	39%	552

Disadvantaged Community Information		Qualifying Comments	
N/A	Small Disadvantaged Community	N/A	
✓	Small Severely Disadvantaged Community	39%	
✓	Current rate compared against TCR	0.82%	TCR @ 1.5% \$30.00
N/A	Proposed Rate compared against TCR	0.00%	
N/A	Principal Forgiveness Requested and Amount Qualified CW Green Project Reserve (GPR) only	\$0	

Current Monthly Rate		Proposed Increased Monthly Rate		Effective Date
\$16.30	Sewer Rate Revenue	\$0.00		9/14/1995
Middletown Sewer Rates are \$16.30, on July 26, 2017 Anderson Springs Prop 218 will be out for vote. Projected rates for Anderson Springs are \$52.45.				
Total Connections		Residential	Commercial	Other
Approximately 200 connections from septic to sewer are expected from Anderson Springs		0	0	0
Proposition 218 Public Hearing Date			Adopted and Signed Rate Increase Resolution Date	
7/25/1995			Ordinance No. 2298; Signed August 15, 1995	
N/A	Is Applicant Joint Powers Authority (JPA)?			
N/A	Original JPA Agreement and Amendments Attached?			
Dedicated Source of Repayment		Dedicated Source of Revenue Resolution Date		
N/A		N/A		
If Dedicated Source of Revenue is Special Assessment or Special Tax, was Documentation of Adoption and Amounts Submitted?		N/A		
Ratings Agency		Current Rating for Dedicated or Pledged Fund		
Fitch		N/A		
Moody's (only bond debt)		N/A		
Standard & Poor's		N/A		
Checked EMMA?		Yes		
Number of Outstanding Debts	Current Balance of All Outstanding Debts	Debt Service of All Outstanding Debts	Minimum Required Debt Service Coverage	Schedule of System Obligations and Debt Documents Received
N/A	N/A	N/A	N/A	N/A
Financial Documents			Years Received	
Financial Documents Audited Financials			2014-2016	
Budgets or Cash Flow Projections for Minimum of Two (2) Years			2017-2019	

Fiscal Year	Audited 2014	Audited 2015	Audited 2016	Projections 2017	Projections 2018	Projections 2019	Projections 2020
Operating Revenues	\$6,510,550	\$6,217,859	\$218,705	\$370,365	\$552,462	\$649,253	N/A
Non-Operating Revenues	\$33,777	\$66,363	\$219	\$0	\$0	\$0	N/A
Operating Expenses	\$5,213,196	\$5,413,126	\$206,042	\$247,215	\$287,303	\$262,982	N/A
Non-Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	N/A
Net Revenues	\$1,331,131	\$871,096	\$12,882	\$123,150	\$265,159	\$386,271	N/A
Outstanding Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	N/A
Proposed Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	N/A
Total Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	N/A
Debt Service Coverage	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Comments:

Audited years 2014 & 2015 are for Lake County Sanitation District. In 2016, Middletown created its own Sewer enterprise fund under the Lake County Sanitation District. In 2017, the Sewer Fund for Middletown is receiving Special Revenue Funds for capacity and connections for certain expansion projects. This revenue will be no longer available after 2019.

Despite a low anticipated Revenue, Anderson Springs anticipates to raise rates through Prop 218 within the next couple of months. Middletown shall also raise water rates upon completion of the construction project. Projected revenue for 2018 and 2019 includes the collection of revenue for the first phase of connections for Anderson Springs (1-year build out 100 connections, 2-year build out 50 connections, 3-year build out 50 connections).

Revenue increases anticipated for FY 17/18 and 18/19 will be through the Capacity Expansion Fee line item, which is a set fee charged per connection. The Capacity Expansion Fee for FY 18/19 was split amongst two fiscal years to reflect the anticipated connections added to Middletown from Anderson Springs after the completion of the Construction Project.

Other Documents or Certifications As Required	Comments
Litigation, Audits or Dispute Letter or Certification; Outstanding Penalties or Fines	No
Authorizing Resolution	Resolution No. 2017-46; Signed April 04, 2017
Reimbursement Resolution and Tax Questionnaire	N/A
Received email with comments from SRF Bond Counsel	N/A
501c Determination (required for private entities) http://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Business-Master-File-Extract-EO-BMF	N/A
Checked Secretary of State Website (SOS) (required for private entities) https://businesssearch.sos.ca.gov/	N/A
UCC Lien Filing https://uccconnect.sos.ca.gov/acct/acct-login.asp	N/A

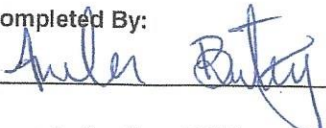
Socio-Economic Trends

Middletown's population has increased by 5.2% since 2000.
Middletown's median household income has increased by 38.8% since 2000.
Average home values in the city of Middletown have increased by 118.86% since 2000.
Unemployment rate of 7.8% in January 2016, have decreased since a high of 18.2% in January 2011.

Is this Project Transitioning from Planning?	No
If Yes, does the water system wish to convert the Planning Loan to the terms of the Construction Loan?	
Recommended Funding Approval Amount	\$7,436,000
Amount of Loan Loan Type	\$
Amount of Subsidy CW Subsidy	\$7,436,000
Financing Term	N/A
Interest Rate	N/A
Estimated (Proposed) Debt Service	N/A
Total Debt Service	N/A
Debt Service Coverage Required	N/A
Fiscal Services Agreement Needed	N/A
Standard Conditions	
1	
Special Conditions	
1	Recipient shall establish and maintain rates and charges sufficient to generate Revenues in the amounts necessary to cover Operations and Maintenance Costs; and to meet covenants and requirements of Recipient's outstanding System obligations.
2	
3	
4	
Comments:	

All information was verified and documented by the Credit Analyst prior to approval.

Completed By:


Amanda Benitez, AGPA

Date

June 29, 2017

Approved By:



Hilda Ledezma-Vasquez

Staff Services Manager I

Date 6/29/17