



AGENDA

REGULAR MEETING OF THE FINANCE AND ADMINISTRATION COMMITTEE

November 17, 2020
3:30 PM

Call to Order

Public Comments

Discussion Items:

1. Proposed Formation of EVMWD Community Facilities District No. 2021-1
2. Termination of Easement for Road and Highway Purposes Upon APN 107-070-047
3. Financial Performance Measures/Indicators as of September 30, 2020
4. Other
5. Consider Items for Board Review
6. Adjourn

Pursuant to the Governor's Executive Order N-25-20, and in the interest of public health and safety, this meeting will be held telephonically. Remote public participation is encouraged in one of the following ways:

For Online Participation:

Go to: www.webex.com and select Join
Enter Meeting ID: 126 764 6054
Meeting Password: 92530

For Call-in Only:

Call: (213) 306-3065
Enter Meeting ID: 126 764 6054
Meeting Password: 92530



**FINANCE AND ADMINISTRATION
COMMITTEE**

DISCUSSION OUTLINE

Date: November 17, 2020

Originator: M. Armstrong - Strategic Programs

Subject: PROPOSED FORMATION OF EVMWD COMMUNITY FACILITIES DISTRICT NO. 2021-1

BACKGROUND AND RECOMMENDATION

Elsinore Valley Municipal Water District (“EVMWD”) has been approached by a developer, Strata Keith LLC, with a future development (Horizons) located south of Clinton Keith Road in the corner of Prielipp Road and Elizabeth Road, in the City of Wildomar (see Attachment A, Project Location Map) for water and sewer service for 135 new townhomes/senior facility.

The developer requested the formation of a Community Facilities District ("CFD") to help fund the cost of EVMWD facilities. The proposed CFD will have an authorizing bonding amount of approximately \$5 million. Bonds are not anticipated to be issued until the development is in further stages of development. At this time, the developer has agreed to enter into a funding and acquisition agreement. 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 the District's consultant, David Taussig & Associates 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 January 14, 2021, and will set a hearing date for February 25, 2021.

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 January 14, 2021 meeting and will call a hearing for the February 25, 2021 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 February 25, 2021. 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 February 25, 2021, 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

When the development is in further stages of development, we will return to the Board with legal documents and market offering materials for approval of the issuance of bonds to finance the Facility.

Staff anticipates presenting this item at the December 16 Study Session for discussion. Additionally, as outlined above, Staff anticipates that the resolution of intent to form the CFD be brought to the January 14, 2021 meeting for Board consideration.

ENVIRONMENTAL WORK STATUS

Not Applicable

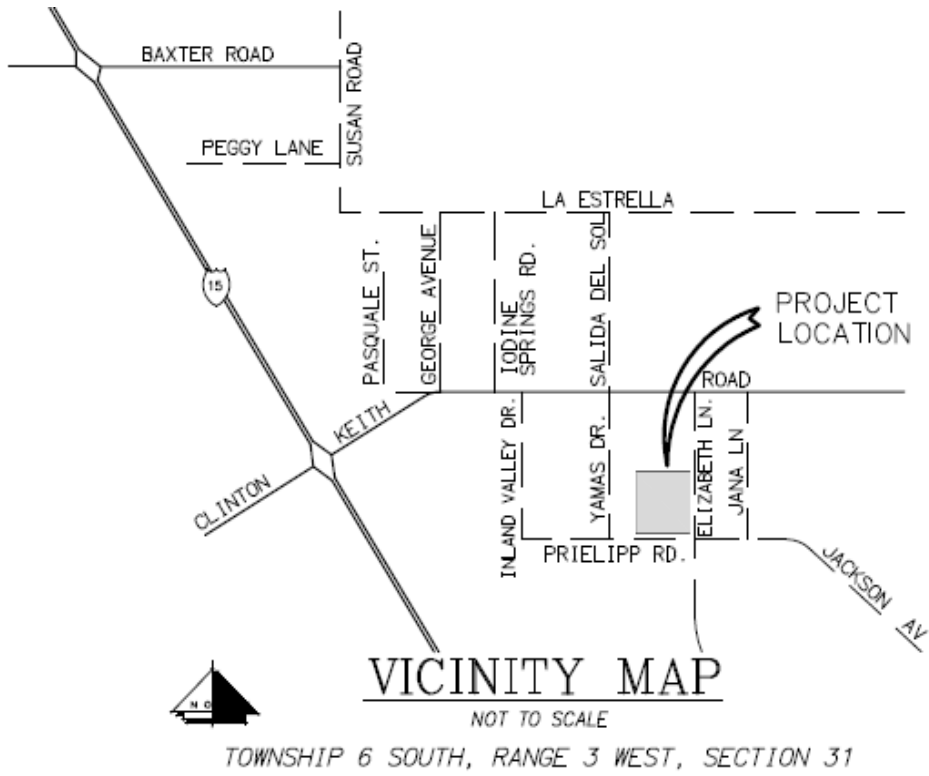
FISCAL IMPACT

Not Applicable - All cost associated with the formation of the CFD is funded by the developer.

Attachments:

Attachment "A" - Project Location Map

Attachment "A" Project Location Map





Horizons Community Facilities District (CFD) 2021-1

**Finance & Administrative
Committee**

November 17, 2020

Outline

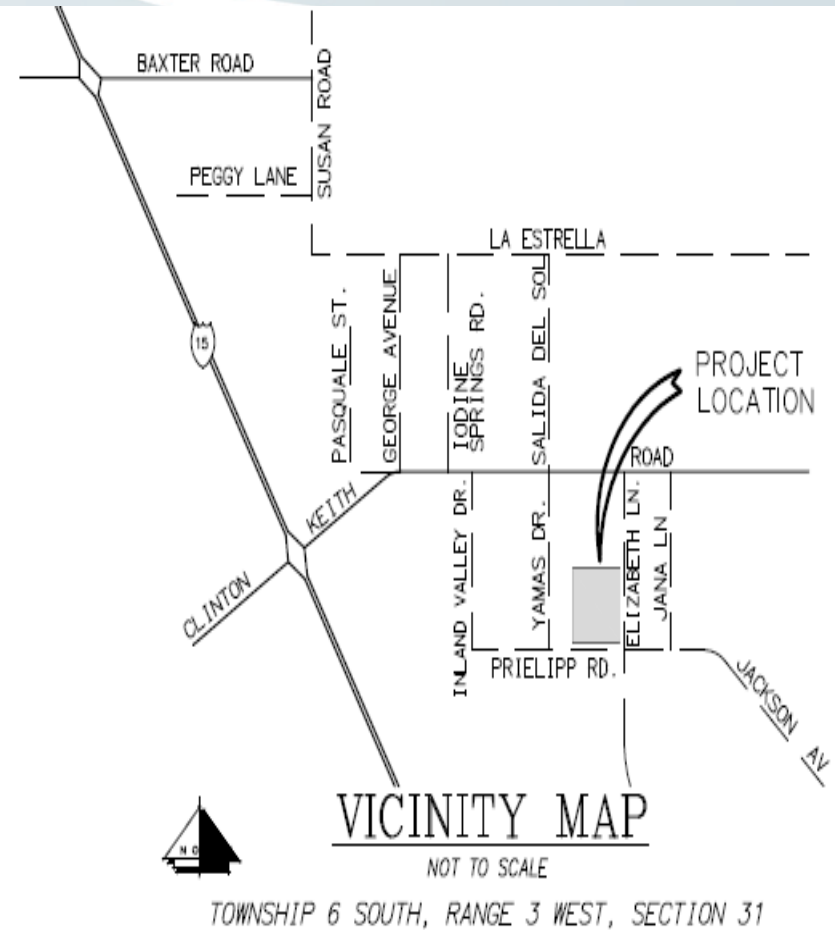
- Project Information
- CFD Information
- CFD Formation Schedule

Project Information

Development – Horizons

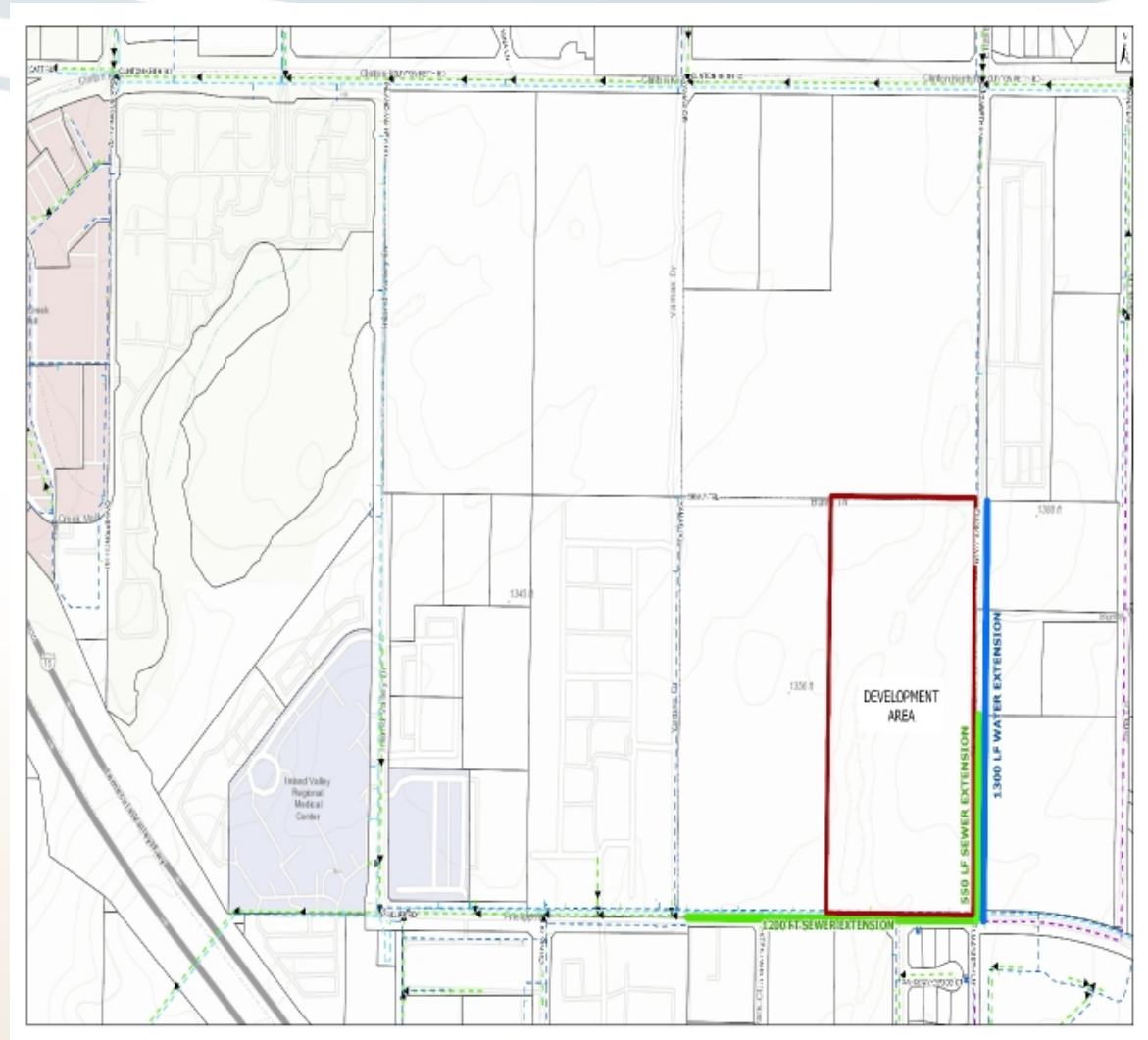
Developer – Strata Keith, LLC

of Units – 135 Townhomes & Senior Care Facility



CFD Improvements

- Water & Sewer Capacity Fees ~ \$3M
- Water & Sewer Facility ~ \$1M
 - Wastewater pipeline (Prielp Rd. & Elizabeth Ln)
 - Water pipeline (Elizabeth Ln)
- Total ~ \$4M



CFD Formation Schedule

1. **Completed** - Rate and method of apportionment of special tax based on development mix and legislative proceedings prepared
2. **November 17, 2020** – Present CFD information to Finance & Administration Committee
3. **December 16, 2020** – Present CFD information to Board at Study Session
4. **January 14, 2021** – EVMWD adopts resolution of intention to form CFD, which calls hearing and resolution declaring necessity to issue bonds
5. **February 25, 2021** – EVMWD conducts the hearing and considers resolution of formation of CFD (30-60 days after January 14) and resolution determining necessity to issue bonds
 - Calls an election, which may be held on the same day if all landowners agree. (Registered voter election requires 90-180 days)
 - Conducts election and declares election results
 - Conducts first reading of Ordinance authorizing levy of special taxes
6. **March 11, 2021** – EVMWD conducts second reading of Ordinance authorizing levy of special taxes
7. **Dependent on Project Schedule**
 - EVMWD Considers Approval of Bond Issuance
 - Issue Bonds

An aerial photograph of a residential area with a large lake in the foreground. The houses have red-tiled roofs and are surrounded by greenery. In the background, there are rolling hills and mountains under a clear sky. A large, stylized graphic of a water drop or wave is overlaid on the top half of the image.

THANK YOU





**FINANCE AND ADMINISTRATION
COMMITTEE**

DISCUSSION OUTLINE

Date: November 17, 2020

Originator: Matthew Bates- Engineering

Subject: **TERMINATION OF EASEMENT FOR ROAD AND HIGHWAY
PURPOSES UPON APN 107-070-047**

BACKGROUND AND RECOMMENDATION

The Elsinore Valley Municipal Water District (EVMWD) acquired the Temescal Water Company (Company) and their various assets in 1989. The acquisition included a fifty foot (50') wide easement for road and highway purposes located in the City of Corona along Sherborn Street south of Magnolia Avenue, more specifically over APN 107-070-047 (Property). This easement was acquired by the Company as recorded on January 17, 1935 (Easement) in Book 214, Page 284.

In 2019, the Property owner approached EVMWD with a conceptual plan to construct an industrial development (Development). The Development encompasses the subject Property and three adjacent parcels. The Development is unique in that an existing detention basin (Temescal Creek Detention Basin) encompasses roughly one-third of the developable area. The Development proposes to construct five (5) industrial buildings; of which, the Easement bisects Building 2.

Staff evaluated the Property owner's request to terminate the easement in its entirety. Based on staff's review, it is recommended that EVMWD consider a Termination of Easement only where it conflicts within the development area—the portion of the Easement outside the developable area would remain.

Following concurrence from the Property owner, staff conceptually discussed the termination with the Board at the July 3, 2019 Study Session Meeting. During Study Session, the Board expressed concerns regarding potential impacts to the Arlington Agricultural Pipeline and easement. Staff has evaluated the Board's concern and verified that the Termination of Easement does not impact this pipeline or easement. The Arlington Pipeline easement is recorded under separate instrument from the road and highway easement and is not included in this Termination. Furthermore, the Arlington Pipeline and easement is located outside the development area.

Staff plans to present this item at the November 24, 2020 Board of Directors Meeting to recommend approval of a Termination of Easement for a portion of the existing easement that lies within the proposed industrial development at APN 107-070-047.

ENVIRONMENTAL WORK STATUS

This item does not constitute a project under CEQA.

FISCAL IMPACT

Not applicable.

Attachments:

Termination of Easement
Site Plan

No Recording Fees Required
Per Government Code
Section 27383

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

ELSINORE VALLEY MUNICIPAL
WATER DISTRICT
P.O. Box 3000
31315 Chaney Street
Lake Elsinore, CA 92531

APN: 107-070-047

(Space above this line is for Recorders use)

FILE:

TRA:

TERMINATION OF EASEMENT/QUITCLAIM

AVMGGH II LIMITED PARTNERSHIP (“Owner”) is the record owner of that certain real property in the County of Riverside, State of California, described in Exhibit “A” and depicted in Exhibit “B” attached hereto and by reference made a part hereof (“Burdened Property”). ELSINORE VALLEY MUNICIPAL WATER DISTRICT, a public agency of the State of California (“District”), and its successors and assigns, possess an easement for road and highway purposes at a portion of the Burdened Property (“Easement”).

The District, as the holder of the Easement on the Burdened Property, no longer requires the use of the Easement. Based upon the foregoing, District hereby releases and terminates the Easement. As a result of this release and its recording in the records of Riverside County, California, the Easement will no longer affect title to the Burdened Property.

ELSINORE VALLEY MUNICIPAL WATER DISTRICT, a public agency of the State of California

Date _____

By: _____

Greg Thomas

(Print Name)

31315 Chaney St

(Mailing Address)

Lake Elsinore, CA 92530

(City, State, and Zip Code)

Doc. No. _____

NOTARY ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)

COUNTY OF _____)

On _____ before me, _____,
Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Notary Signature _____

(Seal)

EXHIBIT A

LEGAL DESCRIPTION OF EASEMENT AREA

[Attached on following page]

EXHIBIT "A"

WATER EASEMENT QUITCLAIM

"LEGAL DESCRIPTION"

THAT PORTION OF LAND LYING WITHIN PARCEL "E" OF LOT LINE ADJUSTMENT NO. 01-014, SITUATED IN THE CITY OF CORONA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, EVIDENCED BY DOCUMENT RECORDED JANUARY 16, 2002, AS INSTRUMENT NO. 2002-026202 OF OFFICIAL RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWESTERLY TERMINUS OF THE NORTHWESTERLY LINE OF SAID PARCEL "E",

THENCE NORTHEASTERLY ALONG THE NORTHWESTERLY LINES OF SAID LOT 4 AND PARCEL E, NORTH 40°44'32" EAST 768.40 FEET;

THENCE SOUTH 33°13'10" EAST 25.66 FEET;

THENCE SOUTH 30°21'02" EAST 26.79 FEET TO A LINE PARALLEL WITH AND DISTANT SOUTHEASTERLY 50.00 FEET MEASURED AT RIGHT ANGLES FROM SAID NORTHWESTERLY LINES;

THENCE SOUTHWESTERLY ALONG SAID PARALLEL LINE, SOUTH 40°44'32" WEST 836.36 FEET TO A CURVE IN THE WESTERLY LINE OF SAID PARCEL "E", SAID CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 250.00 FEET, A RADIAL LINE TO THE BEGINNING OF SAID CURVE BEARS NORTH 68°58'24" WEST;

THENCE NORTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 21°12'20", AN ARC LENGTH OF 88.16 FEET;

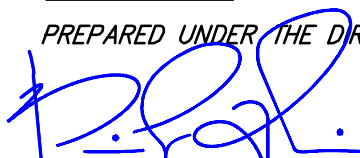
THENCE CONTINUING NORTHERLY ALONG SAID WESTERLY LINE, NORTH 00°48'12" EAST 9.95 FEET TO THE **POINT OF BEGINNING**.

CONTAINING 39,832 SQUARE FEET OR 0.914 ACRES, MORE OR LESS.

EXHIBIT "B" ATTACHED HERETO AND BY THIS REFERENCE MADE A PART THEREOF.

SURVEYOR:

PREPARED UNDER THE DIRECTION OF:



10/13/20

BRIAN L. THIENES
P.L.S. NO. 5750
REG. EXP. DEC. 31, 2021

DATE



Last Update: 10/13/20
O:\3738\ESMT\WATER ESMT QC\3738_WATER QC.dwg



EXHIBIT B

DEPICTION OF EASEMENT AREA

[Attached on following page]

EXHIBIT "B"

WATER EASEMENT QUITCLAIM

"PLAT"



PARCEL B
APN: 107-070-045

PARCEL F
APN: 107-070-048

APN: 107-070-016

LLA NO. 01-014
DOC. NO. 2002-026202
REC. 01/16/2002

PARCEL E
APN: 107-070-047

PARCEL D
APN: 107-070-037

NWLY LINE
PARCEL "E"

SEE SHEET 2 FOR DETAIL

SHERBORN STREET

SURVEYOR:

PREPARED UNDER THE DIRECTION OF:

[Handwritten Signature]

10/13/20

BRIAN L. THIENES
P.L.S. NO. 5750
REG. EXP. DEC. 31, 2021

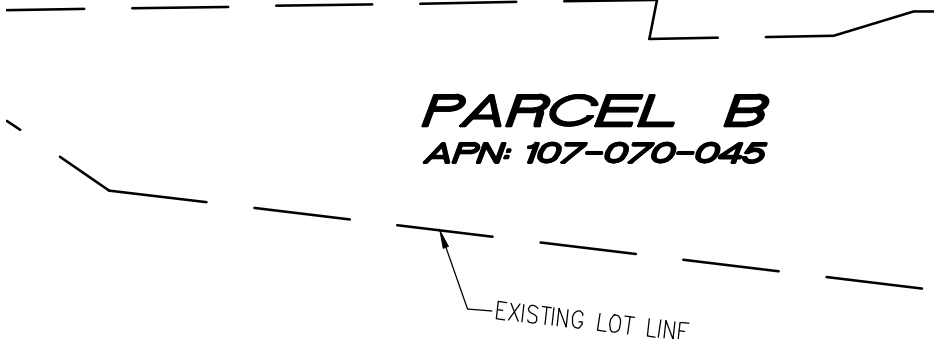
DATE



Last Update: 10/13/20
O:\3738\ESMT\WATER ESMT QC\3738_WATER QC.dwg

Thienes Engineering, Inc.
 CIVIL ENGINEERING • LAND SURVEYING
 14349 FIRESTONE BOULEVARD
 LA MIRADA, CALIFORNIA 90638
 PH.(714)521-4811 FAX(714)521-4173

EXHIBIT "B"
 WATER EASEMENT QUITCLAIM
 "PLAT"

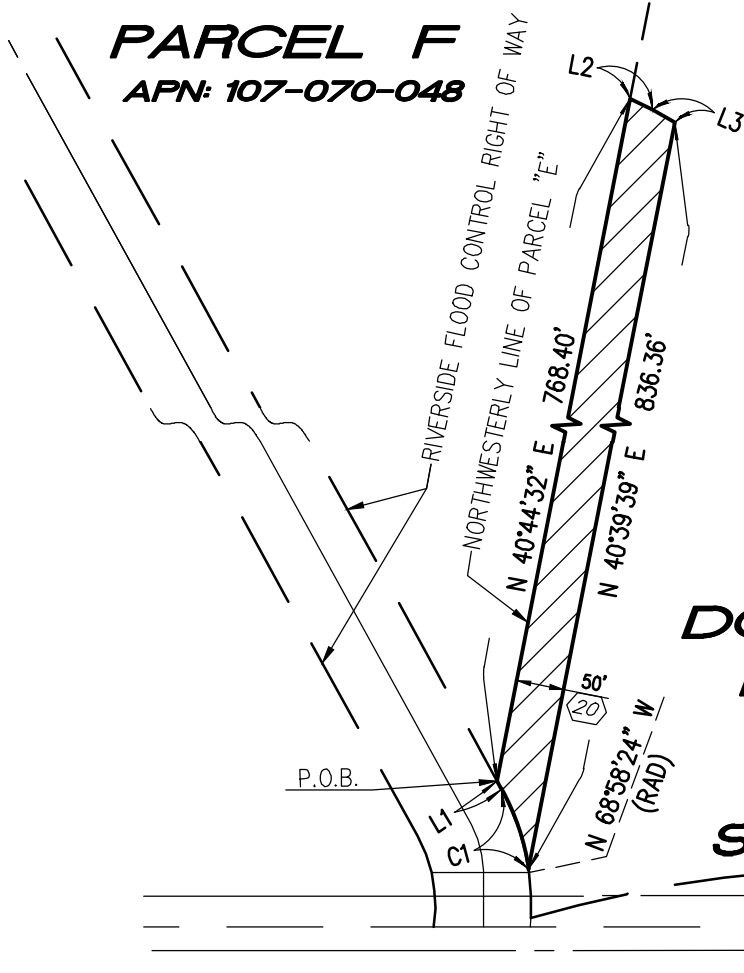


PARCEL B
 APN: 107-070-045

PARCEL F
 APN: 107-070-048

| LINE TABLE | | |
|------------|---------------|--------|
| LINE # | BEARING | LENGTH |
| L1 | N 0°48'12" E | 9.95' |
| L2 | S 33°13'10" E | 25.66' |
| L3 | S 30°21'02" E | 26.79' |

| CURVE TABLE | | | |
|-------------|-----------|---------|--------|
| CURVE # | DELTA | RADIUS | LENGTH |
| C1 | 20°12'20" | 250.00' | 88.16' |



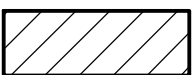
PARCEL E
 APN: 107-070-047

LLA NO. 01-014
DOC. NO. 2002-026202
REC. 01/16/2002

SHERBORN STREET

SANTA FE RAILROAD

LEGEND:



INDICATES EXISTING WATER
 EASEMENT BEING QUITCLAIMED
 HEREON (BK. 214, PG. 284, O.R.)
 CONTAINS: 39,832 SQ. FT.
 0.914 AC. ±

SURVEYOR:

PREPARED UNDER THE DIRECTION OF:

[Signature]

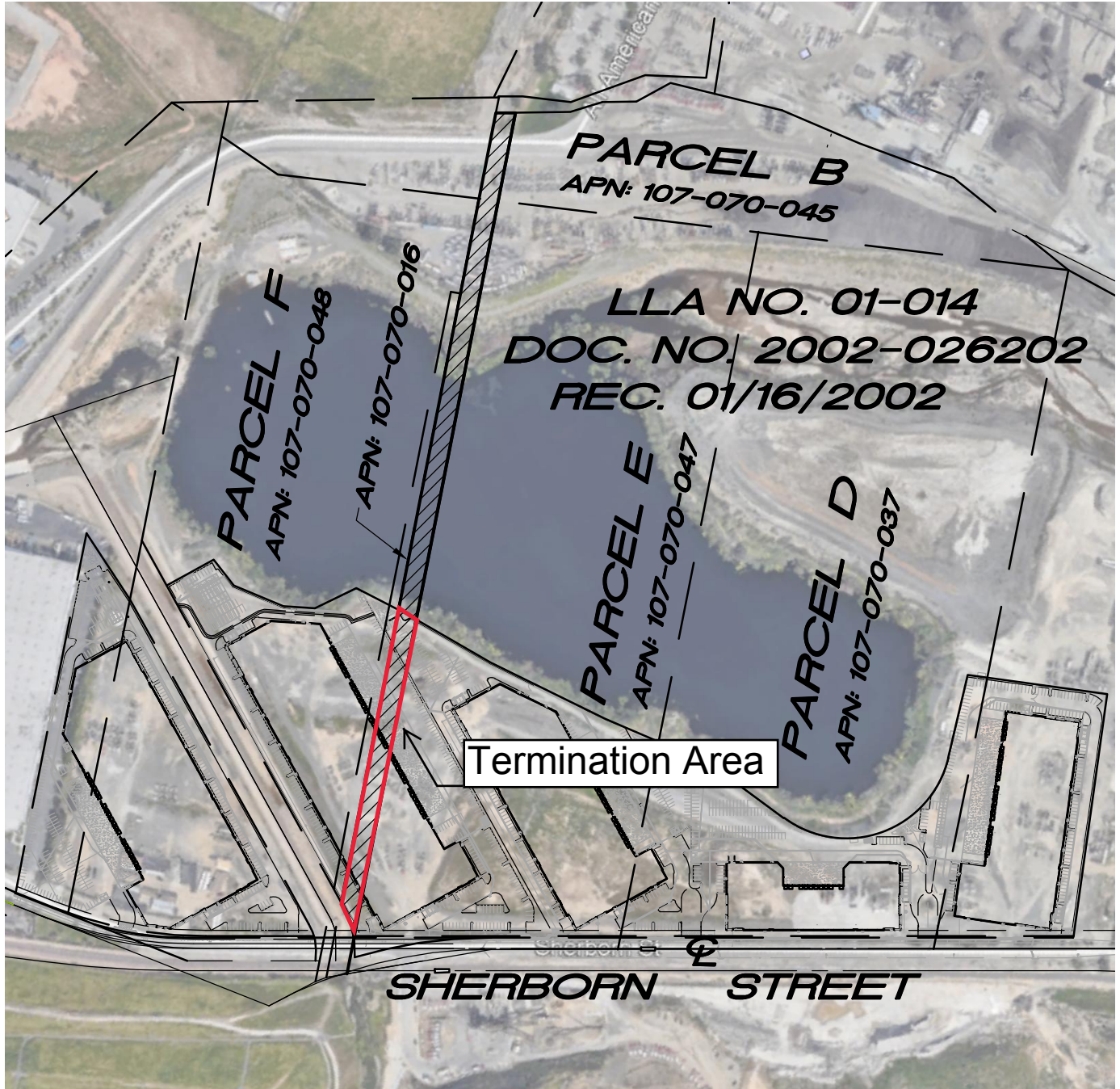
10/13/20
 DATE

BRIAN L. THIENES
 P.L.S. NO. 5750
 REG. EXP. DEC. 31, 2021



Thienes Engineering, Inc.
 CIVIL ENGINEERING • LAND SURVEYING
 14349 FIRESTONE BOULEVARD
 LA MIRADA, CALIFORNIA 90638
 PH.(714)521-4811 FAX(714)521-4173

EASEMENT SITE PLAN



Last Update: 10/20/20
O:\3700-3799\3738\ESMT\WATER ESMT QC\3738_WATER QC-SITEPLAN.dwg

Thienes Engineering, Inc.
 CIVIL ENGINEERING • LAND SURVEYING
 14349 FIRESTONE BOULEVARD
 LA MIRADA, CALIFORNIA 90638
 PH. (714) 521-4811 FAX (714) 521-4173

Temescal Water Company Easement Termination

FAC – November 17, 2020



Sherborn Development

91 FWY

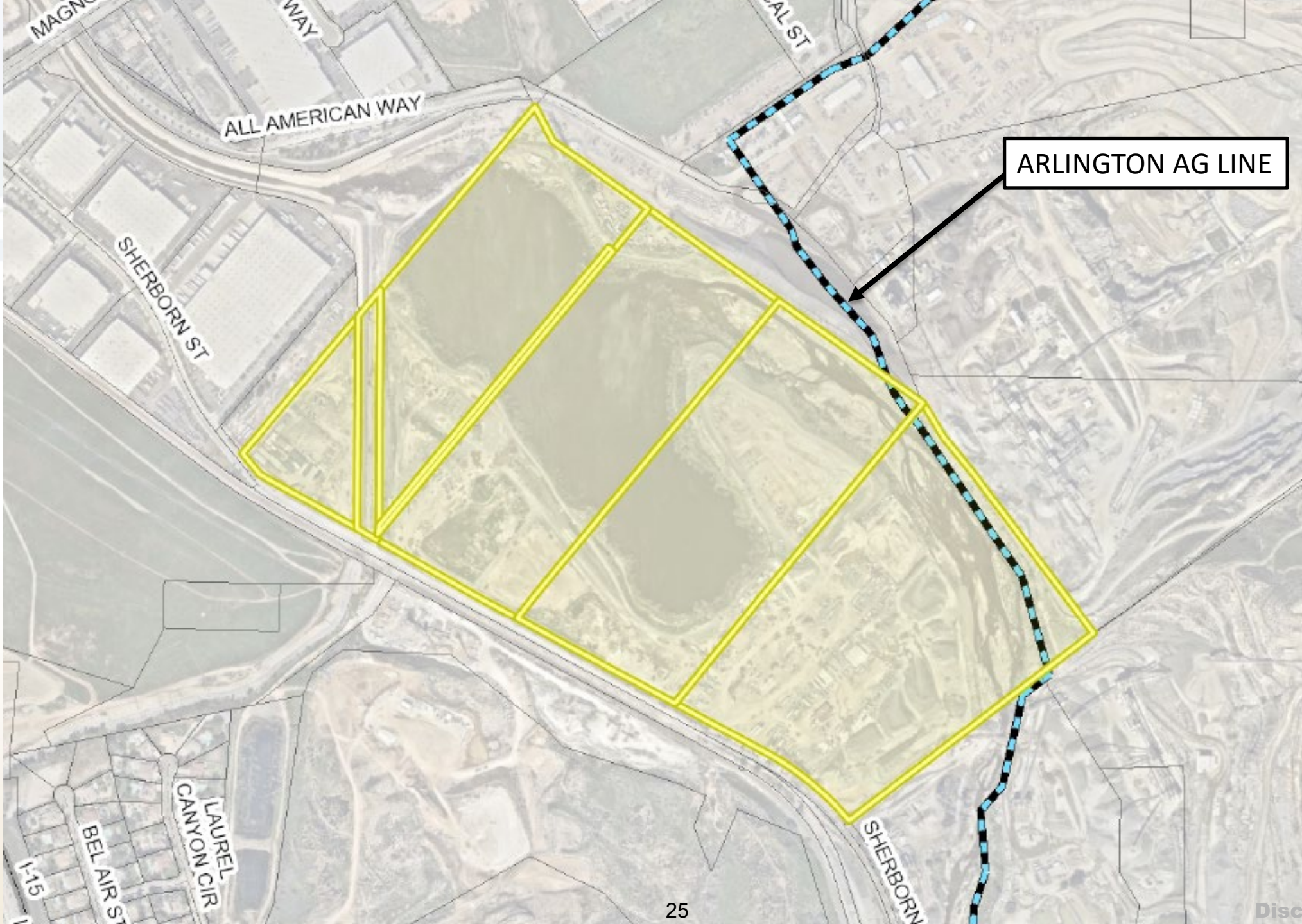
I-15

MAGNOLIA AVE

DEVELOPMENT AREA

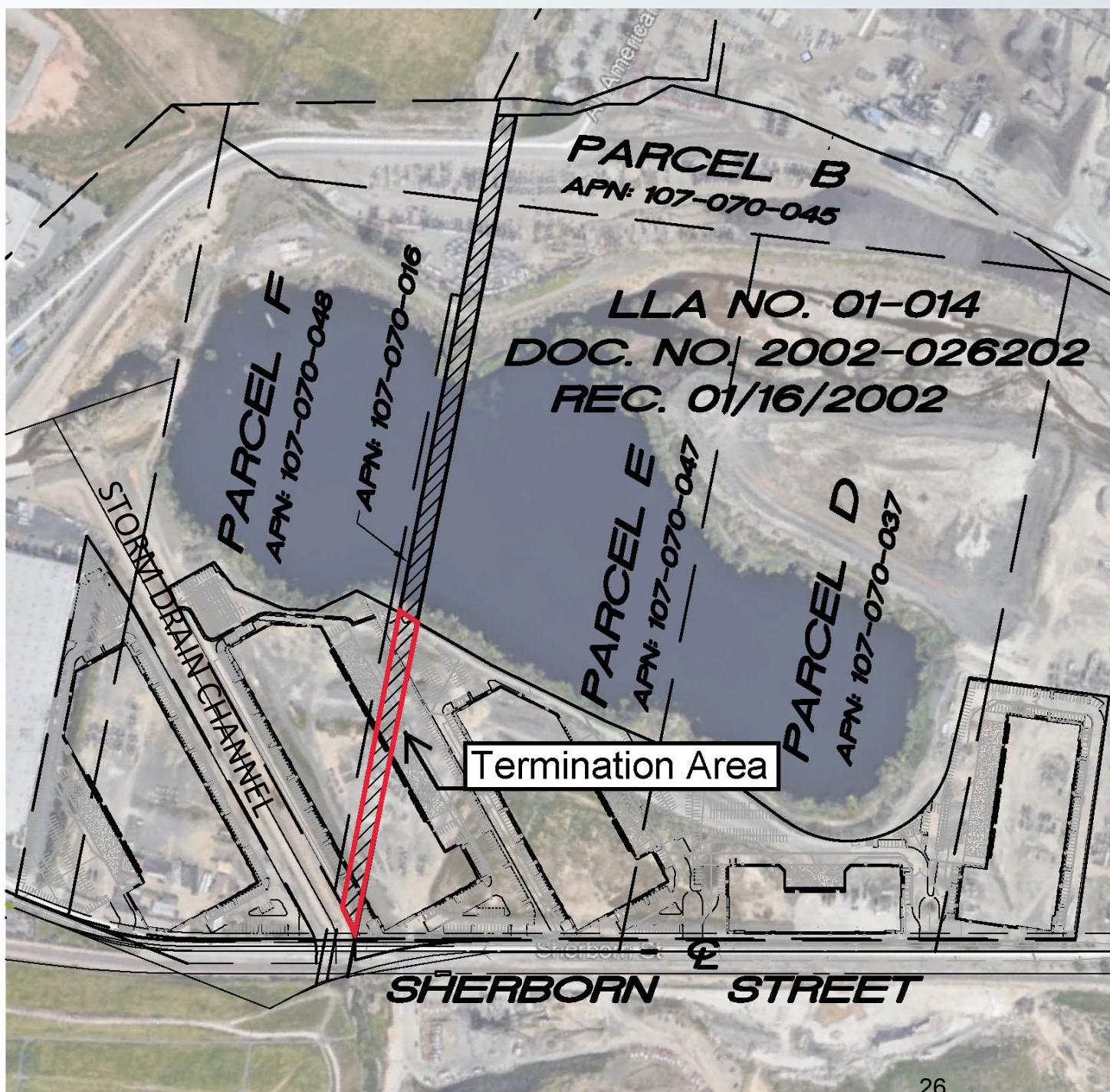
Google Earth





ARLINGTON AG LINE





- Consider Item at November 24, 2020 BOD Meeting
- Authorize GM to Sign Termination of Easement

QUESTIONS?



**FINANCE AND ADMINISTRATION
COMMITTEE**

DISCUSSION OUTLINE

Date: November 17, 2020
Originator: Scott Thompson- Finance
Subject: FINANCIAL PERFORMANCE MEASURES/INDICATORS AS OF
SEPTEMBER 30, 2020

BACKGROUND AND RECOMMENDATION

The Finance Department has compiled a report of key performance measures/indicators for the Department and District as a whole. Staff will review in detail with the Committee.

ENVIRONMENTAL WORK STATUS

Not applicable

FISCAL IMPACT

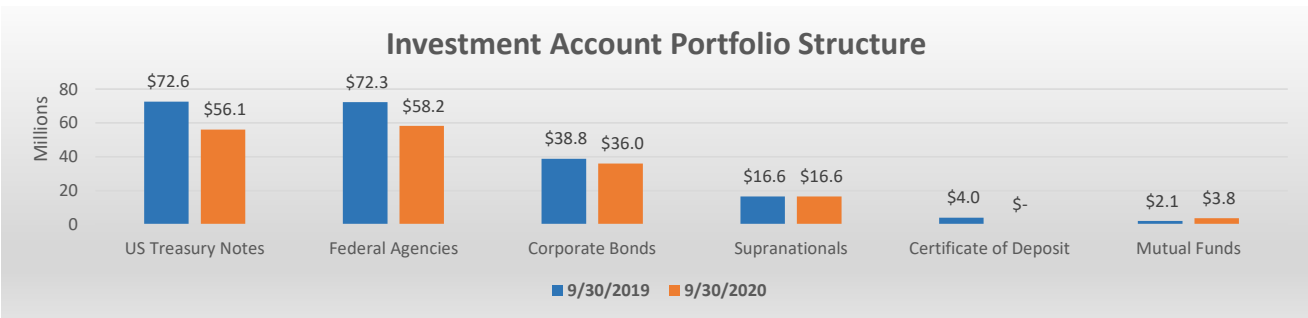
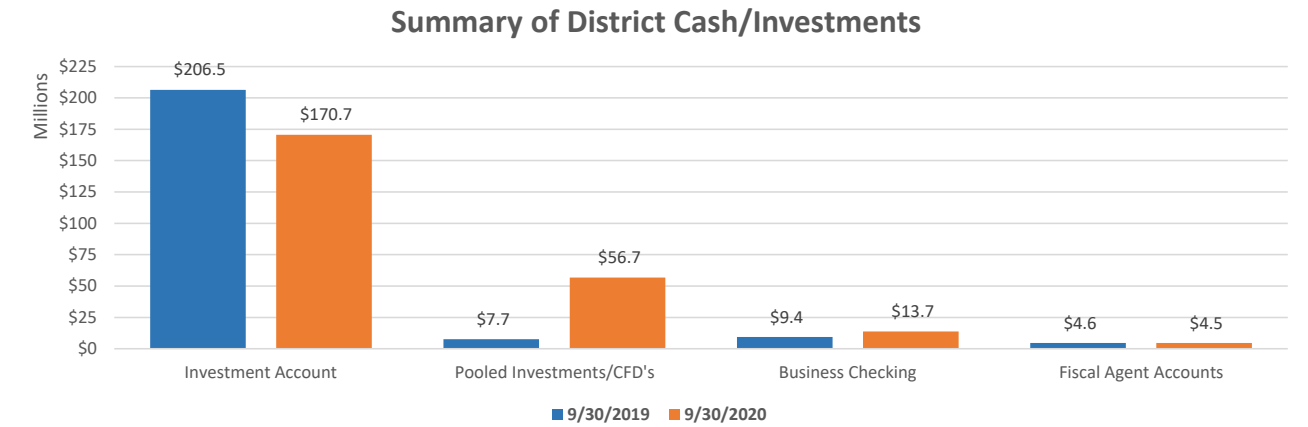
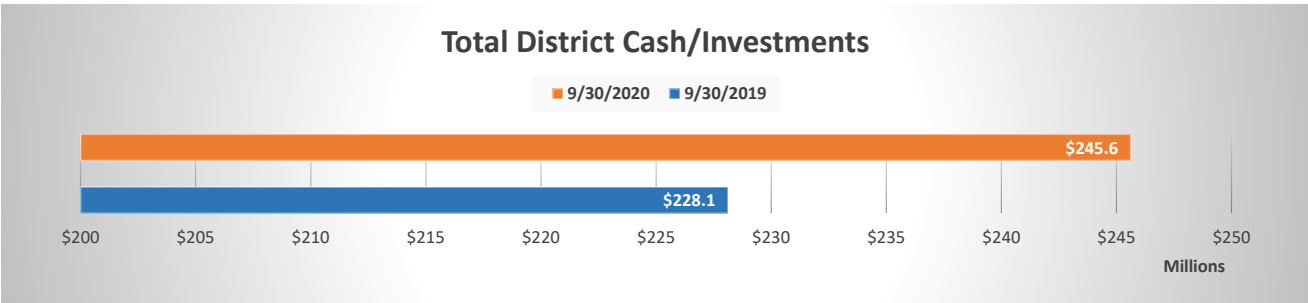
Not applicable

Attachments:

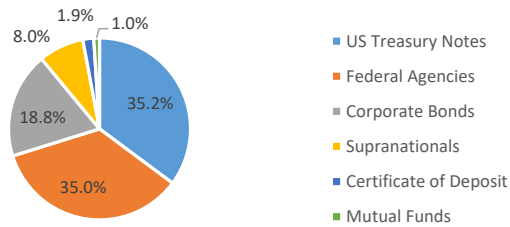
September 30th, 2020 Financial Performance Measures/Indicators



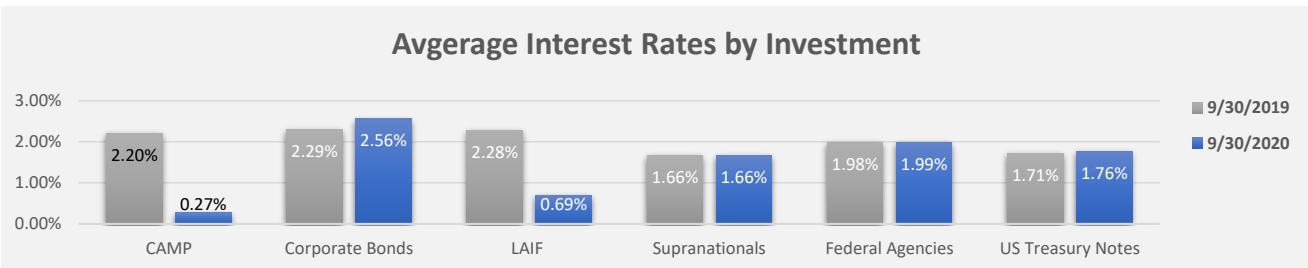
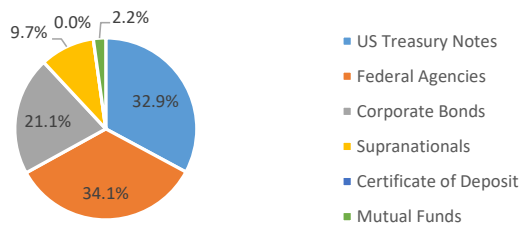
Cash & Investment Performance Measures



Portfolio Structure @ 9/30/2019



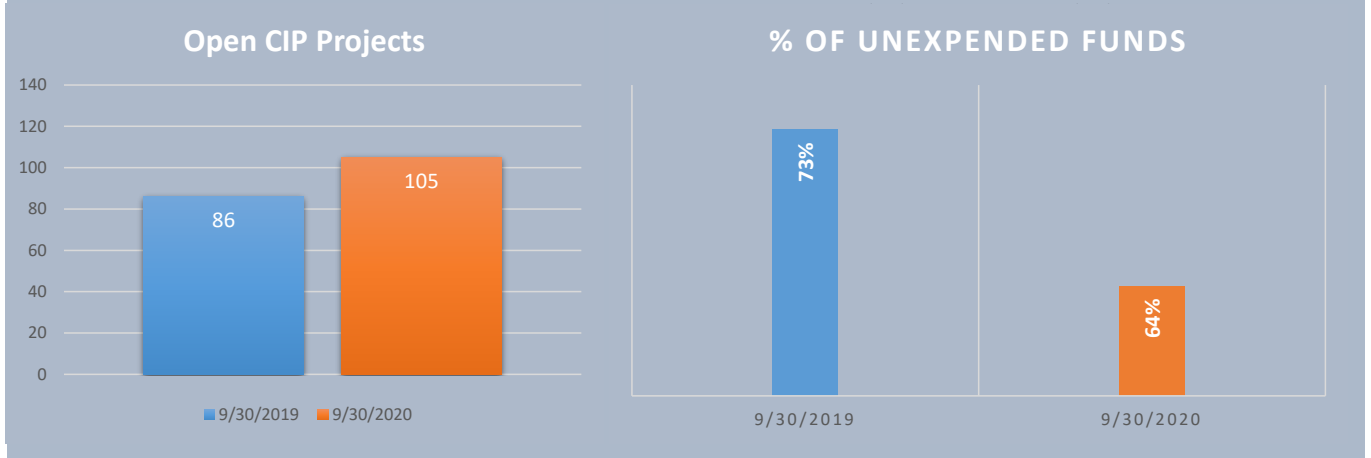
Portfolio Structure @ 9/30/2020





Construction Improvement Projects ("CIP") Measures

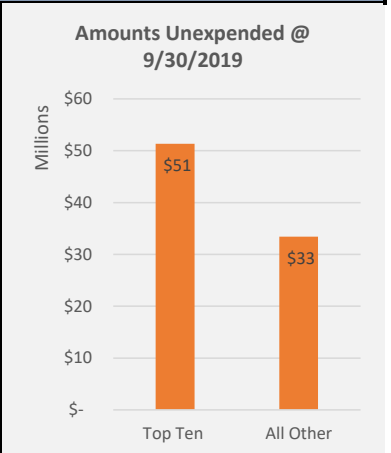
| Summary of Open CIP Projects | Balance @ 9/30/2019 | Balance @ 9/30/2020 | Change |
|------------------------------|---------------------|---------------------|-------------------|
| Amounts Funded | 115,437,894 | 152,033,723 | 36,595,829 |
| Amounts Expended | (30,695,855) | (54,188,933) | (23,493,078) |
| Net Unexpended Funds | 84,742,039 | 97,844,789 | 13,102,751 |



Summary of Top Ten Open CIP Projects

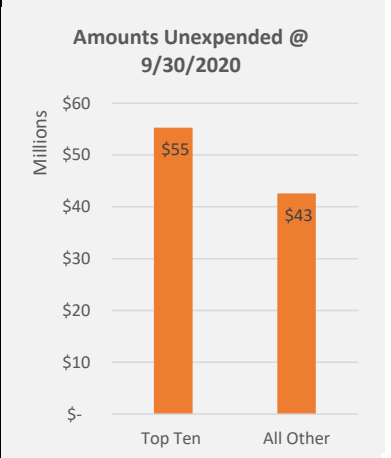
As of 9/30/2019

| Project # | Project Name | Amount Unexpended | Unexpended Funds |
|------------------------------------|---|----------------------|------------------|
| 75906 | DeSalter Project | \$ 15,998,000 | 18.88% |
| 75937 | Lee Lake Well Conversion | 6,786,000 | 8.01% |
| C1902 | Diamond Regional Lift Station Dual Force Main | 6,394,000 | 7.55% |
| 75888 | Horsethief Trmt Plnt Upgrade | 5,894,000 | 6.96% |
| 75940 | Diamond Regional Lift Station | 3,496,000 | 4.13% |
| 75882 | Regional WRF Expansion Plan | 2,979,000 | 3.52% |
| C1801 | McVicar Lift Station Force Main | 2,939,000 | 3.47% |
| 75897 | Skymeadows Pump Station | 2,760,000 | 3.26% |
| 75892 | Palomar Well | 2,224,000 | 2.62% |
| 75907 | Mills Capacity Line | 1,868,000 | 2.20% |
| Total Unexpended-Highest 10 | | \$ 51,338,000 | 60.58% |



As of 9/30/2020

| Project # | Project Name | Amount Unexpended | Unexpended Funds |
|------------------------------------|---|----------------------|------------------|
| 75906 | DeSalter Project | \$ 15,998,000 | 16.35% |
| 75937 | Lee Lake Well Conversion | 7,571,000 | 7.74% |
| C1902 | Diamond Regional Lift Station Dual Force Main | 6,230,000 | 6.37% |
| 75888 | Horsethief Trmt Plnt Upgrade | 5,776,000 | 5.90% |
| C2004 | Mayhew Well (New) | 4,200,000 | 4.29% |
| 75882 | Regional WRF Expansion Plan | 3,354,000 | 3.43% |
| C2001 | CLWTP Master Plan Phase I Improvements | 3,272,000 | 3.34% |
| 75940 | Diamond Regional Lift Station | 3,224,000 | 3.30% |
| C1801 | McVicar Lift Station Force Main | 2,939,000 | 3.00% |
| 75892 | Palomar Well | 2,712,000 | 2.77% |
| Total Unexpended-Highest 10 | | \$ 55,276,000 | 56.49% |

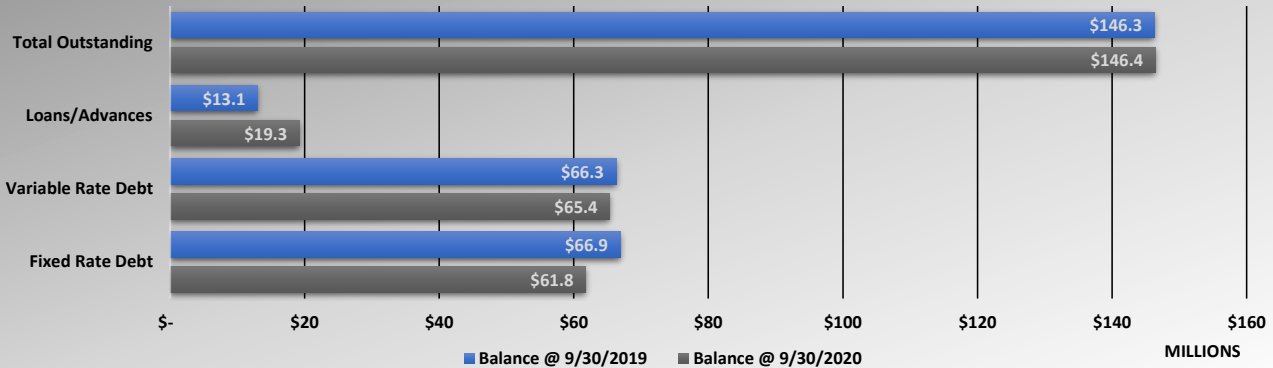




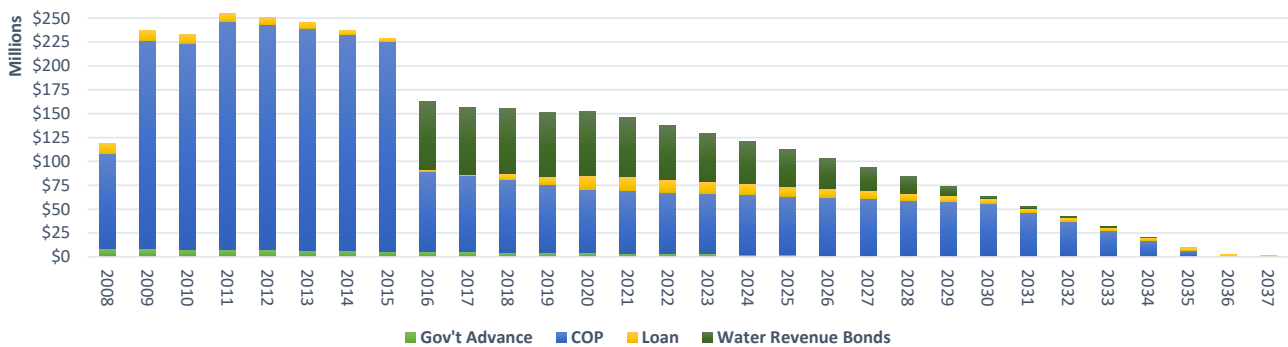
Debt Performance Measures

| District Bond Ratings | Rating | Last Rating |
|-----------------------|--------|---------------|
| Fitch | AA | February 2018 |
| Moodys | Aa2 | February 2016 |
| Standard and Poor's | AA+ | February 2016 |

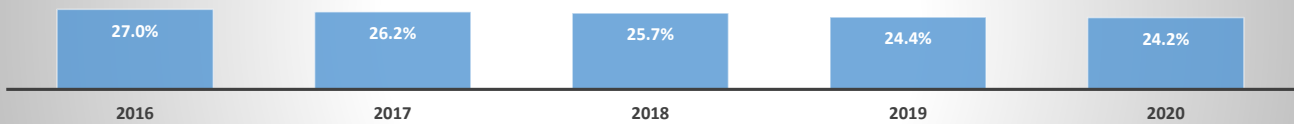
Principal Balance Outstanding



EVMWD Outstanding Debt By Type

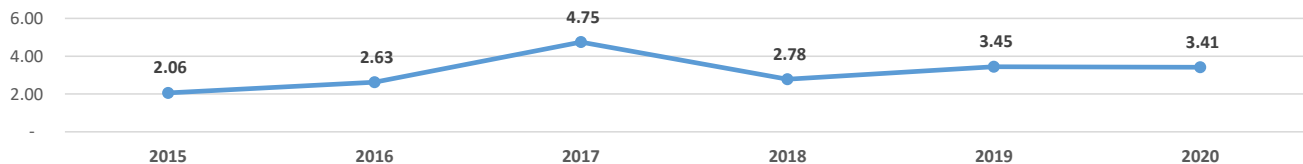


Debt/Asset Ratio



The **Debt to Assets Ratio** is an indicator of financial leverage. It tells you the percentage of total assets that were financed by creditors, liabilities, debt, etc. This ratio is calculated by dividing the District's total liabilities by its total assets. This provides creditors and rate payers with a general idea as to the amount of leverage being used by the District. The lower the percentage, the less leverage being used and the stronger the equity position.

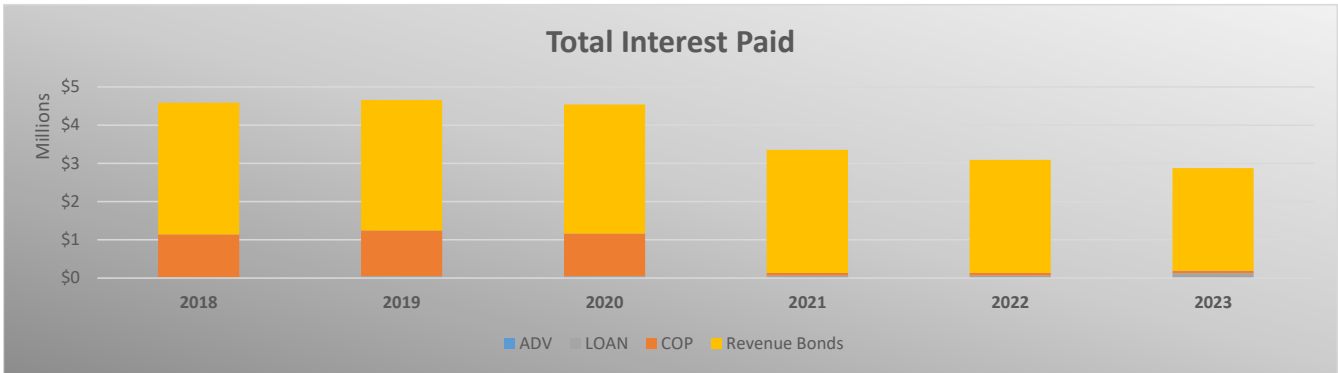
Debt Coverage Ratio



The **Debt Coverage Ratio** is defined as net income (excluding depreciation & debt service) divided by total debt service (principle & interest) and serves as a measure of the cash flow available to pay current debt obligations. Typically a DCR greater than 1 means the District has sufficient income to pay its current debt service. However, the closer to 1 the more vulnerable the District could be to a minor decline in cash flow making it difficult to make debt service payments. The District is required by bond covenants to maintain a DCR of at least 1.20.

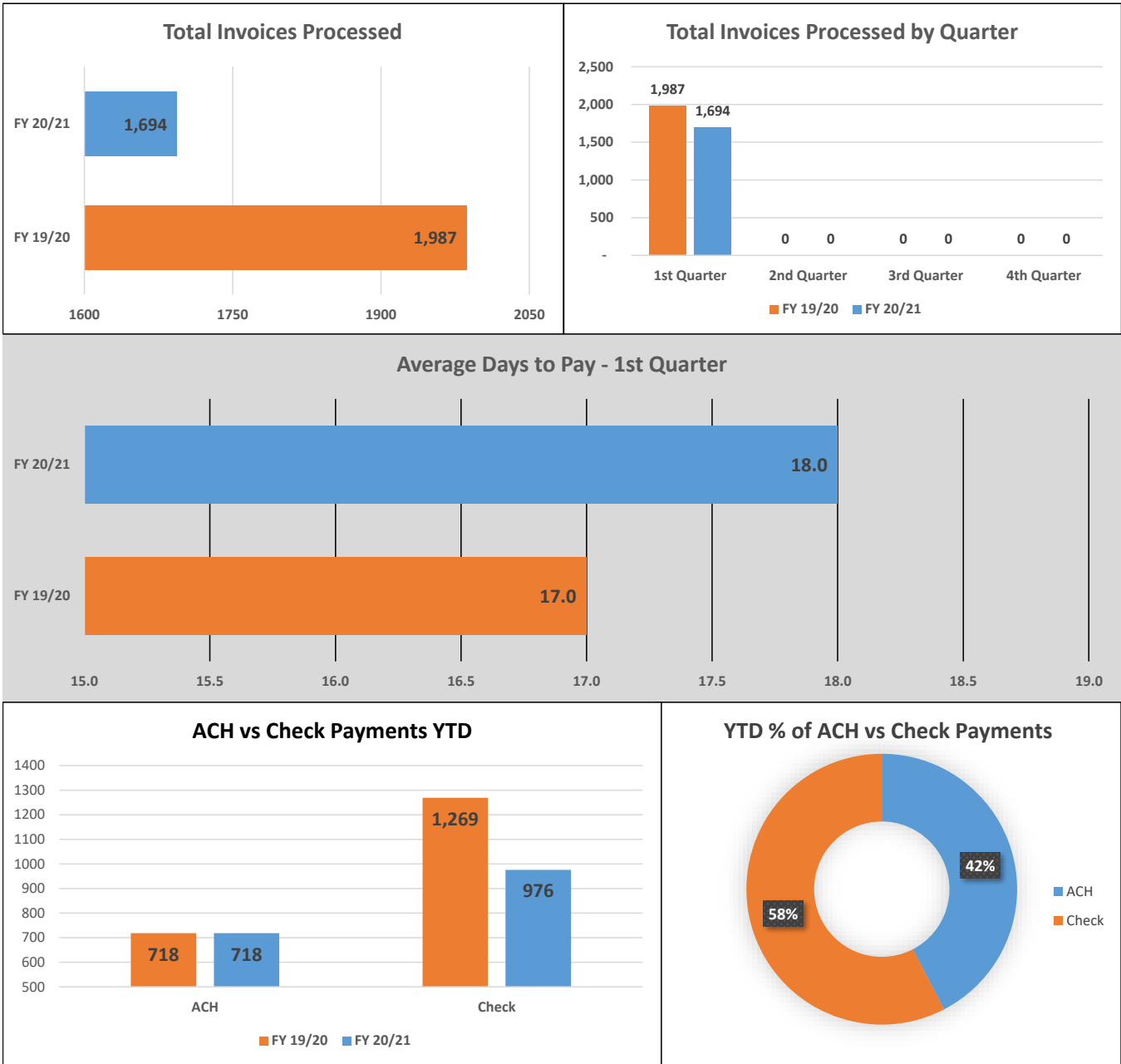


Debt Performance Measures Cont'd





Accounts Payable Performance Measures





**Rate Stabilization Reserves
As of 9/30/2020**

Per Admin Code §2953B, Rate Stabilization Reserves are established to accommodate unexpected operational changes, legislative impacts or other economic events that may affect the District's operations which could not have been reasonably anticipated at the time of budget preparation.

Target Level = 15-30% of operating expenses

