



# Temecula Wine Country Special Benefit Area (SBA) Background and Update

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# Background – Special Benefit Area (SBA)

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- Utilized since 2003 to fund infrastructure within certain areas to support development activity
- Supported substantial land use intensification plans approved by cities/county in existing developed areas
- Facilitated partnerships with cities/county to advance projects to address regulatory compliance
- Implemented in situations where the District was able to advance a regional CIP project in concert with a developer project
- Policy Principles were adopted by the Board in October 2018 to provide clarity and consistency to the SBA funding mechanism

# SBA Policy Principles Adopted by Board in October 2018

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- Support project sponsors in identifying funding alternatives, prior to considering SBAs, including Community Facilities Districts (CFD).
- Consider SBA funding for Projects meeting two or more of the following:
  - Infrastructure projects prompted by other agencies' needs;
  - Advance an EMWD programmed CIP project; and
  - Funded by one developer which benefit other developers/properties
- SBA surcharge shall not exceed 25% of the applicable unit connection fee
- Consider SBA funding mechanism when significant costs are shared
- Provide formal notification to property owners
- EMWD's administrative costs to be included in the SBA surcharge fee
- EMWD's Board of Directors may consider exceptions for specific project(s), as applicable

# Existing SBAs

Project Number	Special Benefit Area	Year Formed	Project Value	EDUs	Surcharge (\$/EDU)
1	MARS A Sewer	2003	\$ 2,800,000	2,121	\$ 1,463
2	MARS B Sewer	2003	\$ 6,800,000	2,779	\$ 1,837
3	North San Jacinto Sewer	2005	\$ 32,000,000	15,730	\$ 2,030
4	Cottonwood Lift Station	2006	\$ 2,800,000	3,382	\$ 820
5	Meadowlark Sewer	2010	\$ 1,200,000	1,526	\$ 864
6	Olive Ave Parallel Sewer	2012	\$ 4,137,249	6,213	\$ 1,079
7	Olive Pipe Strengthening	2012	\$ 3,262,416	1,456	\$ 1,230
8	Temecula Wine Country	2013	\$ 28,844,000 <sup>(1)</sup>	4,383	\$ 6,573
9	Conestoga/Winchester (Salt Creek Sewer)	2014	\$ 6,286,140	3,291	\$ 865
11 <sup>(2)</sup>	Winchester 1719 PZ, Ph 1 & 2	2014	\$ 10,654,497	2,563	\$ 8,610
12	Temecula Old Town Sewer	2014	\$ 15,080,000	1,704	\$ 9,473
13	Anza Rd Regional Sewer	2015	\$ 1,361,965	699	\$ 2,143
14 <sup>(2)</sup>	Paradise Meadows Tank	2015	\$ 5,257,000	1,583	\$ 3,554
<b>Total =</b>			<b>\$ 120,483,267</b>	<b>47,430 EDUs</b>	

(1) Portion was committed, total cost was \$25M with EMWD contributing \$23M

(2) WATER SBAs (all others are SEWER SBAs)



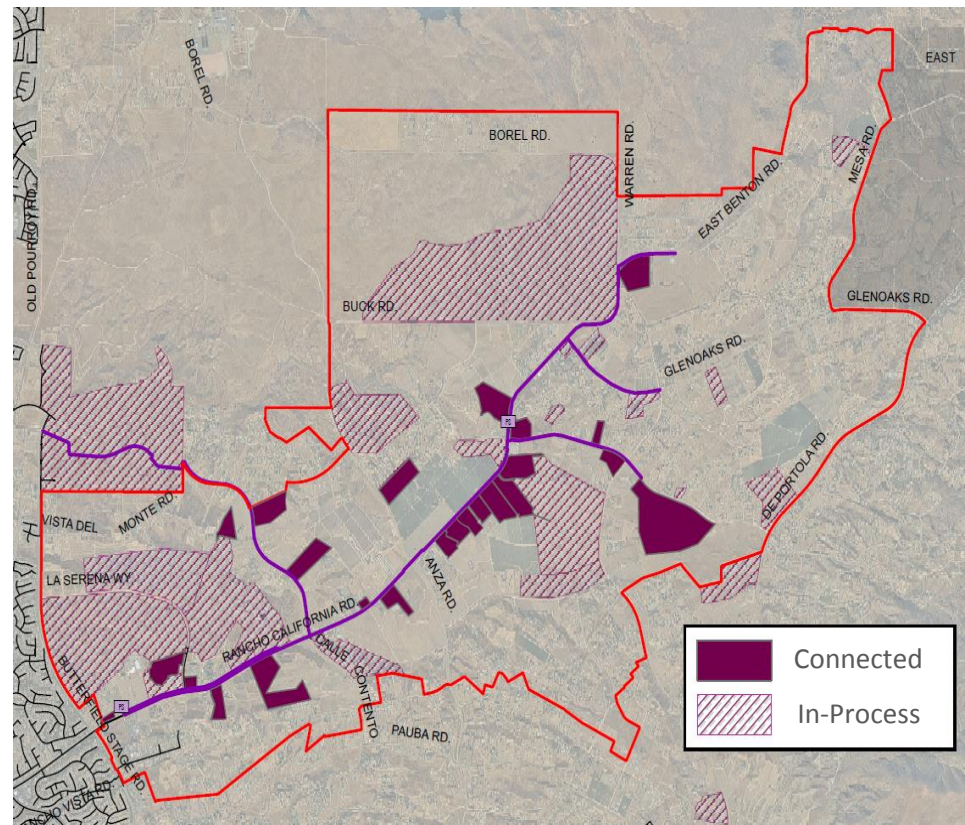
# Wine Country SBA Overview

- The Wine Country Sewer Infrastructure serves dual purpose to relieve existing establishments that are no longer able to be served by on-site wastewater systems and to accommodate projected growth under the Riverside County Wine Country Community Plan, adopted in 2014
- County of Riverside committed to contribute \$5.0 million (Phase 1 = \$2.0 million)
- In November 2013, the District approved and authorized the formation of the Temecula Wine Country SBA, including:
  - Financing program to allow developers to finance surcharge fee over 20 years
  - Initial Special Benefit Area surcharge fee estimated at \$5,440 per EDU based on 4,383 EDUs
- In September 2016, the Board adopted an adjustment to the Special Benefit Area surcharge fee (\$6,308 per EDU). The fee is subject to an annual increase based on the ENR-CC index, currently \$6,750 per EDU.

Project Phase	Project Cost	EMWD Funded	County of Riverside Funded
Phase 1 (North) Actual	\$25M	\$23M	\$2M
Phase 2 (South) Estimate	\$7M	\$4M	\$3M
<b>Total =</b>	<b>\$32M</b>	<b>\$27M</b>	<b>\$5M</b>

# Wine Country SBA Development Activity

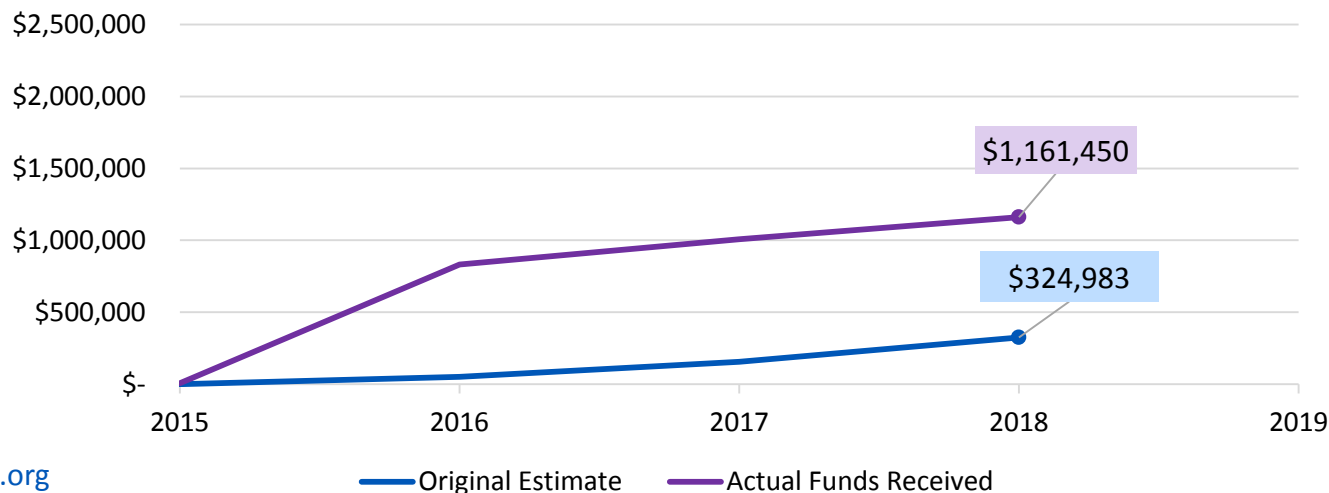
- Connections on-going from first availability in October 2015
- 29 Developments have either paid fees or entered into financial participation agreements totaling 499 EDUs
- Committed reimbursements total \$2.73 million
- There are currently 1,153 EDUs in various states of process with the Development Services Department



# Wine Country SBA Financing Plan Status

## Original Estimate to Actuals (2015-2018)

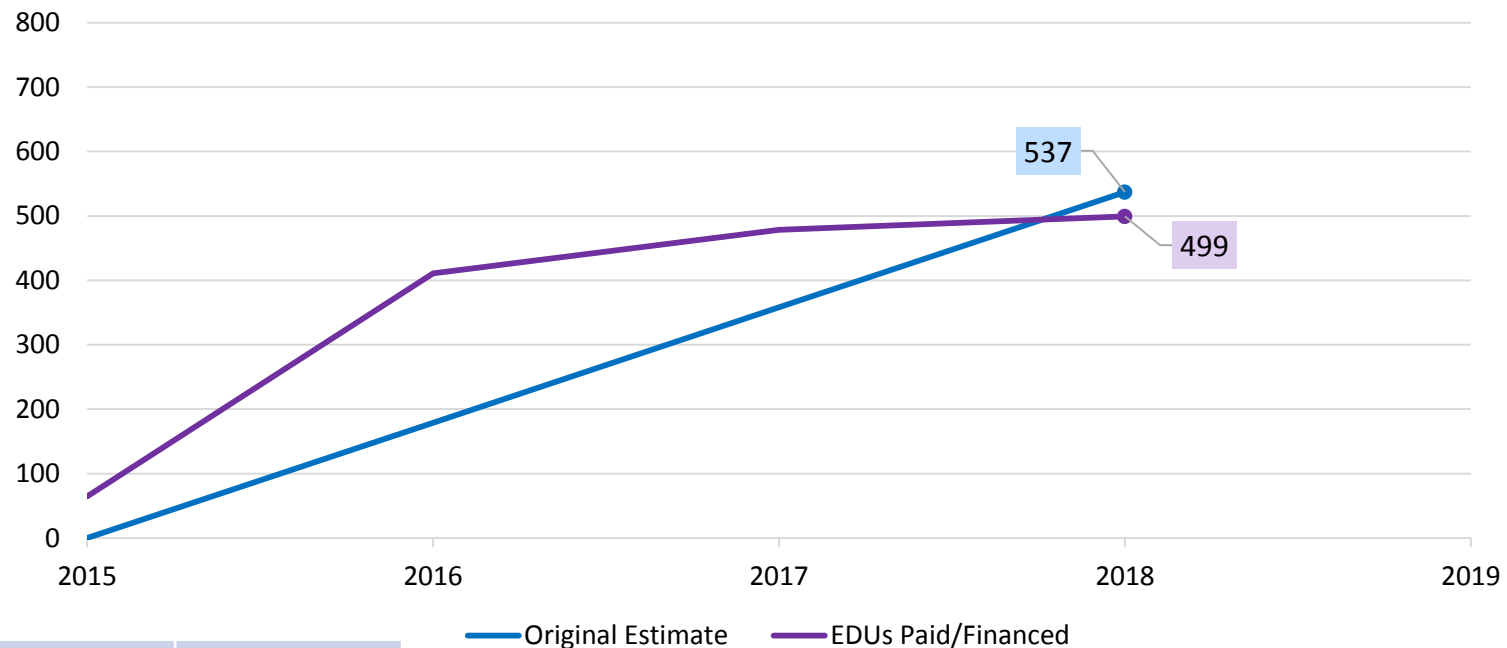
- In November 2013, staff prepared an Original Estimate of the number of EDUs and collected surcharge fees. The Original Estimate assumed all connections would be financed over 20 years through 2057.
- The Financing Plan was subsequently amended to restrict financing terms to end in 2036.
- In September 2016, the Board adopted an adjustment to the Special Benefit Area surcharge fee to \$6,308 per EDU. The fee is subject to an annual increase based on the ENR-CC index, currently \$6,750 per EDU.
- The Original Estimate shown in the graph below reflects the adjustments to the terms ending in 2036 and updated Special Benefit Area surcharge fee.



# Wine Country SBA Development Status

## Original EDU Estimate to Actuals (2015-2018)

- The Original Estimate included an average of 175 EDUs per year.
- Actual growth initially exceeded 175 EDUs per year but has since trended down.
  - In 2016, 346 EDUs paid or entered into financing agreements.

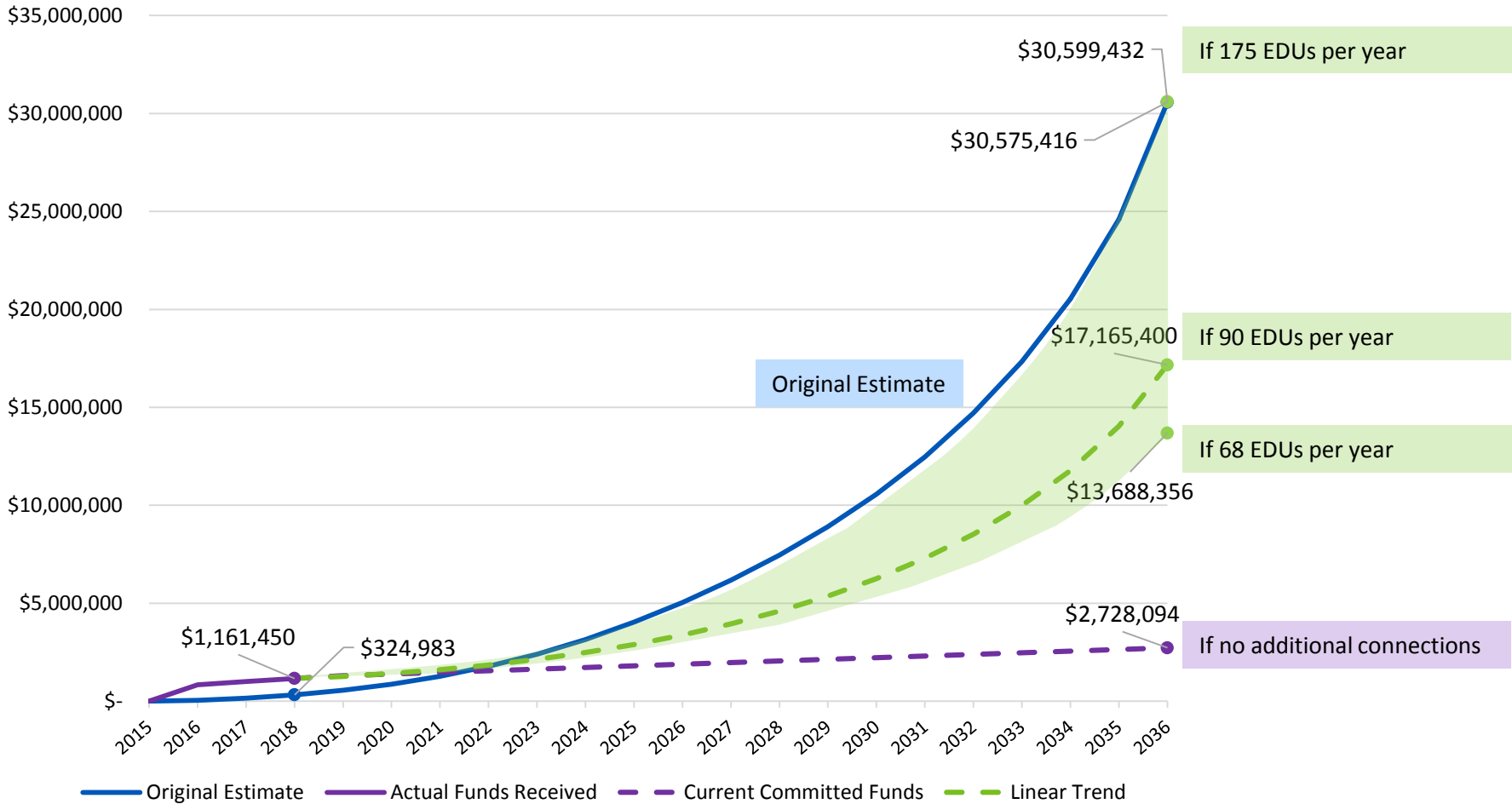


Financed	360 EDUs
Paid in Full	139 EDUs
<b>Total</b>	<b>499 EDUs</b>



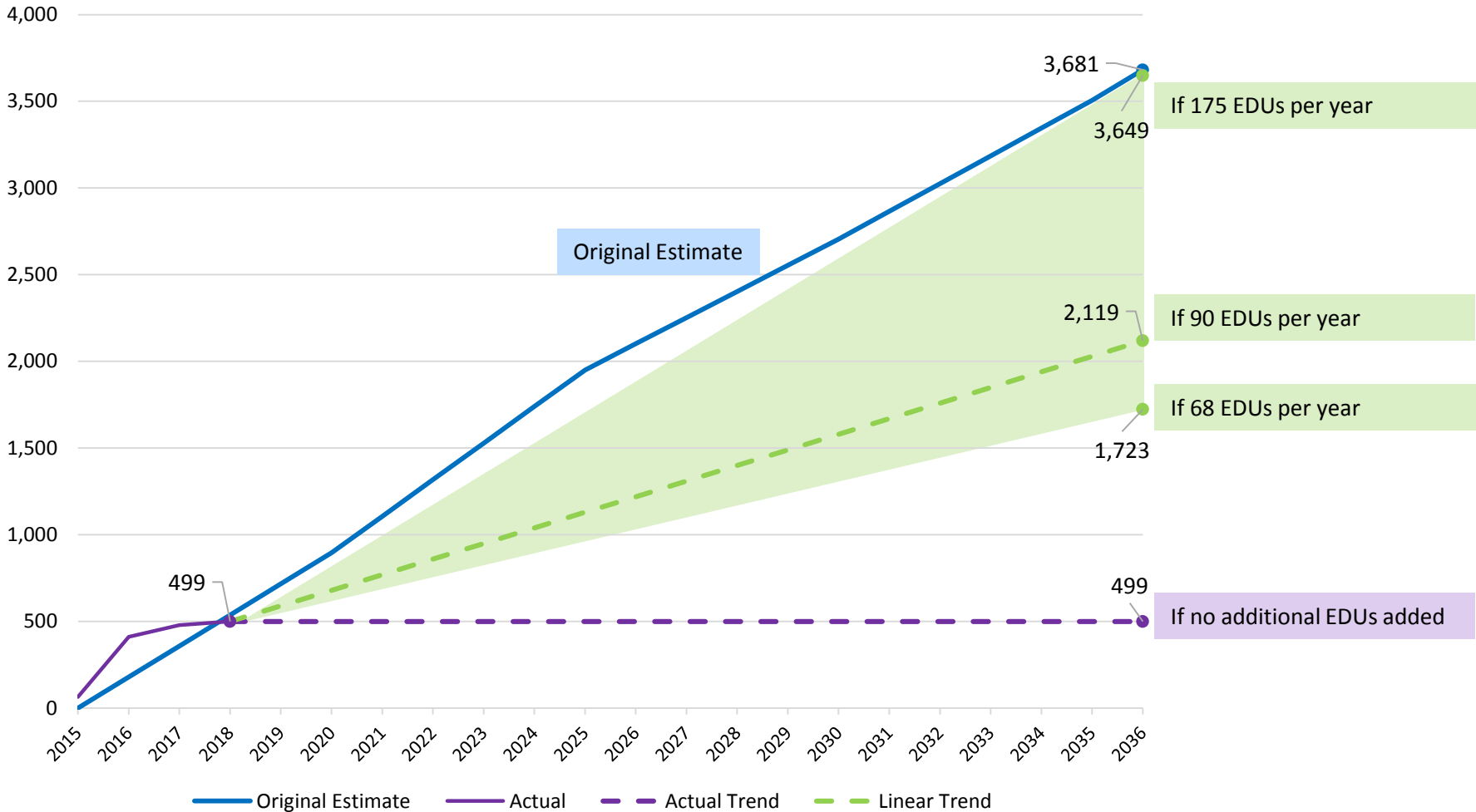
# Wine Country SBA Financing Plan Status

## Original Estimate, Actuals, and Forecast (2015-2036)



# Wine Country SBA Development Status

## Original EDU Estimate, Actuals, and Forecast (2015-2036)



# Summary

- EMWD investment in Phase 1 (North) = \$23M
- Committed Funds from 499 Connections = \$2.3M
- Total funds expected if growth continues through 2036:

Funds Expected	Per Year Average	Methodology
\$13.7 million	68 EDUs	1,153 EDUs currently in-process
\$17.2 million	90 EDUs	Actual Average Growth (2015-2018)
\$30.6 million	175 EDUs	Original Estimate Average Growth

- Actual EDUs paying or entering financing agreements:

Year	2015	2016	2017	2018	Jan-Jun 2019	Total
EDUs	64	346	68	21	0	499



# Contact Information

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