

Drinking Water State Revolving Fund

FINANCIAL SECURITY REVIEW CHECKLIST

CONSTRUCTION LOAN OR GRANT

Applicant Name:	City of Fresno
Project Number:	1010007-028CI
Project Cost:	\$195,489,000
Amount Requested:	\$195,489,000

Attachment Checklist		
YES	NO	Were the following items submitted in the Financial Security Package?
X		F1 – Audited Financial Statements (3 years) and Budget Projections (5 years)
X		F2 – Tax Questionnaire
X		F3 – Reimbursement Resolution
N/A		F4 – Authorizing Resolution (Schools)
X		F5 – Rate Adoption Resolution (Proposition 218 Documents)
X		F6 – Combined Pledged Revenues and Fund(s) and Authorizing Resolution
X		F7 – Related Debt Schedule and Debt Document Copies
N/A		F8 – New Tax; Assessment; Fee or Service Charge Projections (if applicable)
N/A		F9 – Relevant Service, Operating or Joint Powers Agreements (if applicable)
N/A		F10 – Future Capital Needs (if applicable)

Review Checklist: *Maria Price* Date: *7/9/15*

Total Project Cost	\$195,489,000
Other Funding Sources and Amounts	N/A
	\$
	\$

Current Year Median Household Income (MHI)	Percentage of State MHI	Population	Verified
\$42,015	68.5%	509,924	<i>[Signature]</i>

Disadvantaged Community Information		Qualifying Comments	Verified
N/A	Small Disadvantaged Community	%	<i>[Signature]</i>
N/A	Small Severely Disadvantaged Community	%	
X	Request for Extended Term Financing	Rate= 68.5 % of MHI	
	Principal Forgiveness Requested and Amount Qualified	\$0	

Current Monthly Rate	Proposed Increased Monthly Rate	Effective Date	Verified		
\$51.15	\$51.15	March 30, 2015			
	\$55.20	March 30, 2016			
	59.75	March 30, 2017			
Total Connections	Residential	Commercial	Other	Verified	
133,347	117,899	8,102	91		
Proposition 218 Public Hearing Date	Adopted and Signed Rate Increase Resolution Date		Verified		
Various	February 26, 2015				
			Verified		
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		Verified		
Net Revenues of the Water Utility Fund	July 7, 2015				
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		Verified		
Moody's	Aa3				
Fitch	A+				
Standard & Poor's	A				
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	Verified
7	\$205,897,354	\$16,777,887	1.25%	Yes	
Financial Documents				Years Received	Verified
Complete Audited Financial Statements for Prior Three (3) Years				2014-0212	
Budgets or Cash Flow Projections for Minimum of Five (5) Years				Yes	

Fiscal Year	Audited 11/12	Audited 12/13	Audited 13/14	Budget 14/15	Budget 15/16	Verified
Operating Revenues	69,268,830	71,667,204	90,095,940	76,001,200	82,026,000	
Non-Operating Revenues	1,533,394	720,443	328,907	3,025,400	3,038,800	
Operating Expenses w/out Depreciation	47,757,074	44,930,249	42,747,989	49,567,300	52,293,200	
Non-Operating Expenses	688,017	0	7,011	0	0	
Net Revenues	20,823,739	27,457,398	47,669,847	29,459,300	32,771,600	
Outstanding Debt Service	15,229,765	14,369,046	14,245,899	16,777,887	16,653,900	
Proposed Debt Service	0	0	0	0	8,302,895	
Total Debt Service	15,229,765	14,369,046	14,245,899	16,777,887	24,956,795	
Debt Service Coverage	1.37	1.91	3.35	1.75	1.32	
Comments:						
<p>The Water Enterprise Fund maintains unrestricted investments to back up the fund. The balance for 2013/14 was \$63,238,423.</p> <p>The City adopted a 4-Year Water Rate Plan on August 13, 2013. It was repealed by City Council on June 25, 2014. The original approved water rate increase shows in the Operating Revenues of the 13/14 Audited Financials, whereas the repeal of the water rate increase shows in the Operating Revenues of the 14/15 Budget.</p> <p>City of Fresno's required Debt Service Coverage is 1.25.</p>						

Other Documents or Certifications As Required		Comments	Verified
N/A	Litigation, Audits or Disputes Letter or Certification; Outstanding Penalties or Fines	N/A	
X	Authorizing Resolution or Combined Pledged Revenue(s) and Funds and Authorizing Resolution	July 7, 2015	
X	Reimbursement Resolution and Tax Questionnaire.	Amount of Reimbursement Resolution \$	
X	Received email with comments from CWSRF Bond Counsel	July 7, 2015	

Socio-Economic Trends

The City's population has increased 19% since 2000.

The City's MHI has increased 23% since 2000.

The average home price has increased 40% since 2000.

Unemployment is currently at 9.7%, down from a high of 15.7% in 2010.

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	N/A
Recommended Funding Approval Amount	\$195,489,000
Financing Term	30 Years

Estimated Interest Rate	1.663%
Estimated Debt Service	\$8,302,895
Total Debt Service	\$24,956,795
Debt Service Coverage Required	1.25%
Fiscal Services Agreement Needed	No
Conditions	As determined by the Financial Security Review, the Financing Agreement is subject to the following conditions:
1	The City shall pledge the net revenues of the Water Enterprise Fund and the Water Enterprise Fund for repayment of the proposed DWSRF financing agreement. This pledged revenue fund shall be subject to lien and pledge as security for the Obligation.
2	The proposed DWSRF financing agreement shall be subordinate to the Water System Revenue Refunding Bonds 2003A.
3	The proposed DWSRF financing agreement shall be on parity with the Water System Revenue Bond 2010 A-1, Water System Revenue Bond 2010 A-2, Safe Drinking Water State Revolving Fund SRF06CX150, SRF08SWX101, SRF11CX104, and Department of Water Resources E74002.
4	The City shall establish rates and charges sufficient to generate net revenues equal to at least 1.25 times the total annual debt service.
Comments:	

Completed By: *Kerri Price*
 Kerri Price
 Date 7/9/15

Approved By: *Hilda Ledezma-Vasquez*
 Hilda Ledezma-Vasquez
 Staff Services Manager I
 Date July 10, 2015