



# Santa Clara Valley Water District

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**File No.:** 18-0204

**Agenda Date:** 5/8/2018

**Item No.:** 8.1.

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## BOARD AGENDA MEMORANDUM

### **SUBJECT:**

Resolution Regarding Intention to Issue Tax-Exempt Obligations for Safe, Clean Water Program.

### **RECOMMENDATION:**

Adopt the Resolution REGARDING INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS.

### **SUMMARY:**

In November 2012, the voters of Santa Clara County approved a special parcel tax to fund the Safe, Clean Water Program which remains in effect through June 30, 2028. The Safe, Clean Water Program ensures that critical projects continue to be provided to the community in many areas including: ensuring safe reliable water for the future; reducing toxins, hazards and contaminants in our waterways; protecting water supply and local dams from the impacts of earthquakes and natural disasters; restoring fish, bird, and wildlife habitat; and providing flood protection to homes, businesses, schools, streets, and highways.

Funding for the Safe, Clean Water Program is expected to be achieved through a combination of pay-as-you-go basis where project costs are paid from the special parcel taxes that have already been collected and debt financing which will be repaid over time through June 30, 2028. The timing and amount of debt financing is dependent on the Safe, Clean Water Program capital projects schedule, market conditions and other business considerations. Adoption of the resolution regarding the District's intention to issue tax-exempt obligations will allow the District to reimburse itself for eligible costs of the Safe, Clean Water Program from future debt proceeds. The expected maximum amount of the project costs to be reimbursed is approximately \$37.2 million, which is equal to the FY 2018-19 Capital Project Budget for the Safe, Clean Water Program, not including expected project carryovers, to be adopted by the Board on May 8, 2018.

This action does not obligate the District to issue any debt; rather, it provides the District flexibility to reimburse costs from debt proceeds should the District decide to issue debt in the future to fund the Safe, Clean Water Program. Any future debt will be brought forth to the Board for approval prior to issuance. This action complies with District Executive Limitation 4.7 regarding debt management for the District, and certain Internal Revenue Service (IRS) regulations applicable to municipal financing transactions.

### **FINANCIAL IMPACT:**

The recommended action does not have an immediate financial impact. Upon issuance of tax-exempt obligations in the future, certain eligible capital expenditures of the Safe, Clean Water Program will be reimbursable from proceeds of these obligations.

**CEQA:**

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

**ATTACHMENTS:**

Attachment 1: Resolution

**UNCLASSIFIED MANAGER:**

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