

Public/Private Financing SMWD Infrastructure

Dr. Betty Olson, Board of Directors

Dan Feron, General Manager

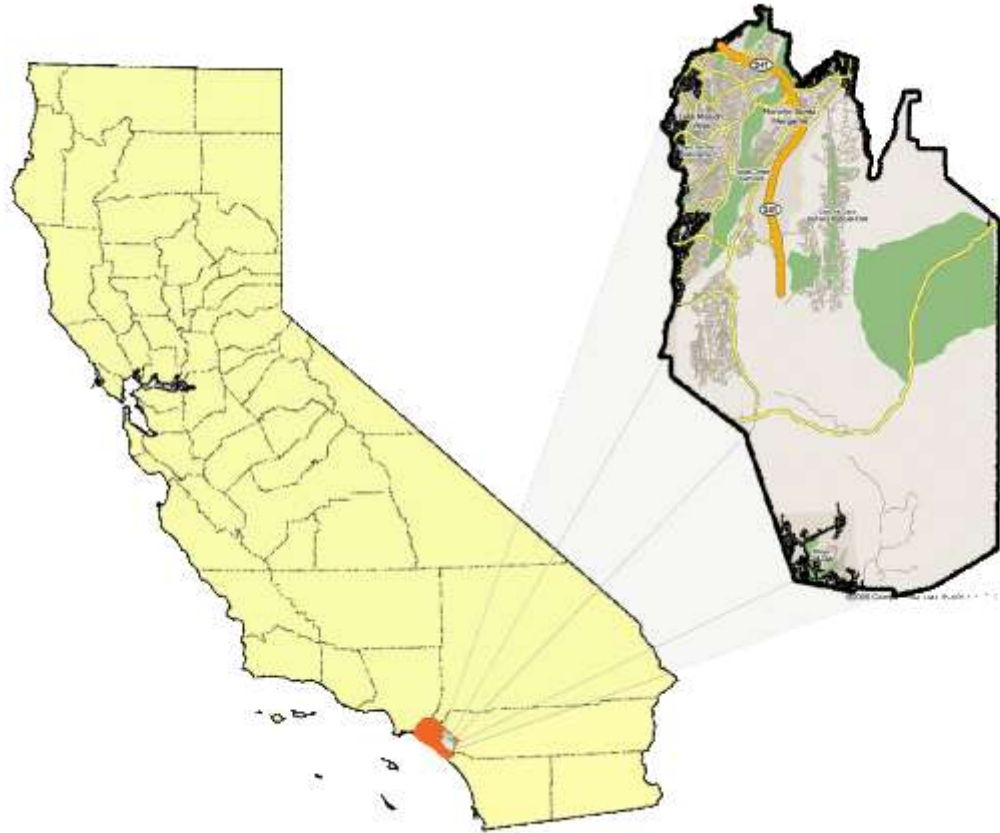
Santa Margarita Water District

November 2012



Santa Margarita Water District

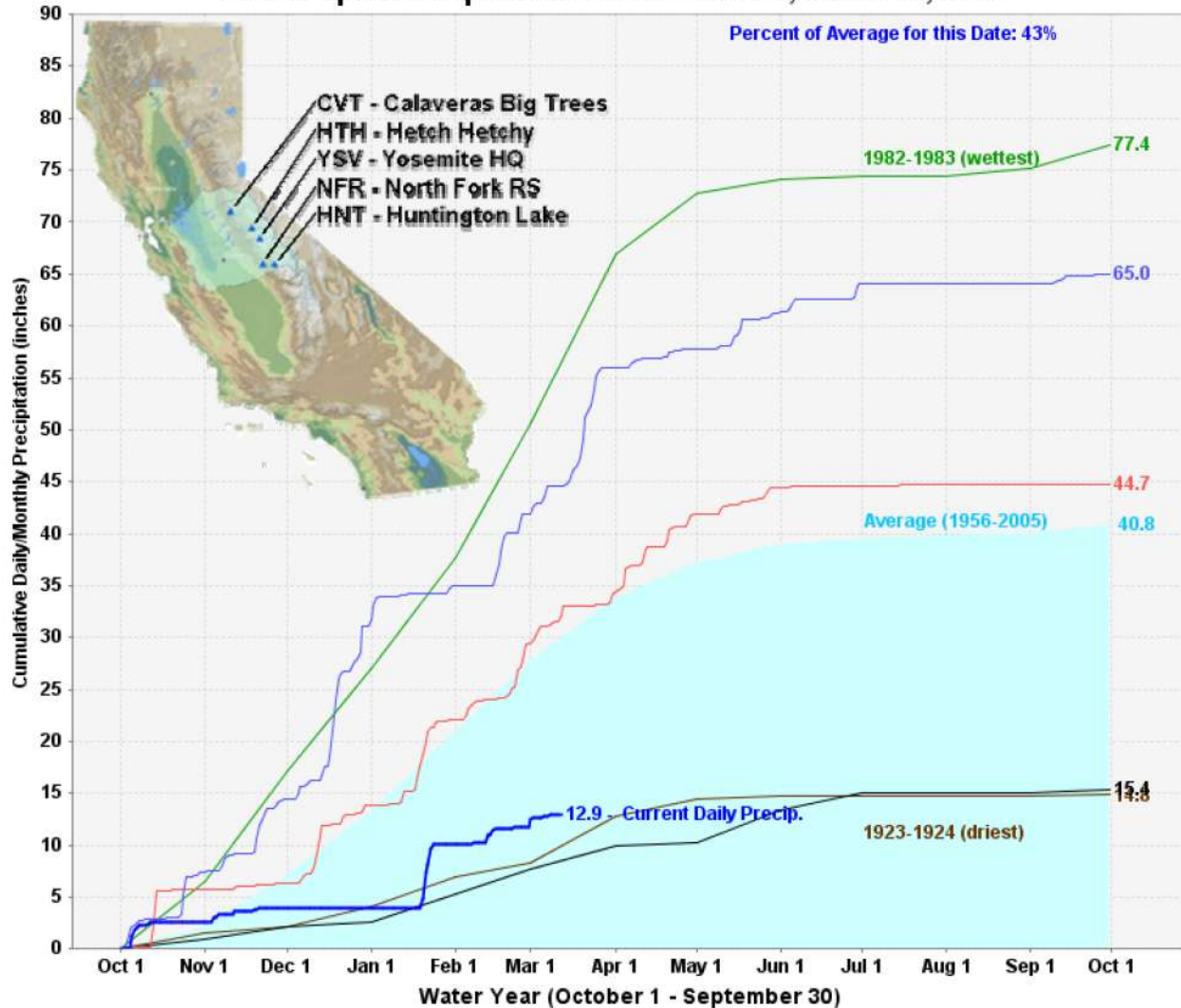
- California Water District
 - 5-Member Elected Board of Directors
 - 56,000 connections
 - \$51 million operating budget
 - \$184.3 million five-year capital improvement budget
 - 165,000 Residents
 - 97 Square Miles
 - Provide water, recycled water and wastewater service



DEPARTMENT OF WATER RESOURCES California Data Exchange Center

San Joaquin Precipitation: 5-Station Index, March 12, 2012

Percent of Average for this Date: 43%



Infras

in
interconnection
orange
treatment

Plant
Upper Chiquita Reservoir (Proposed)

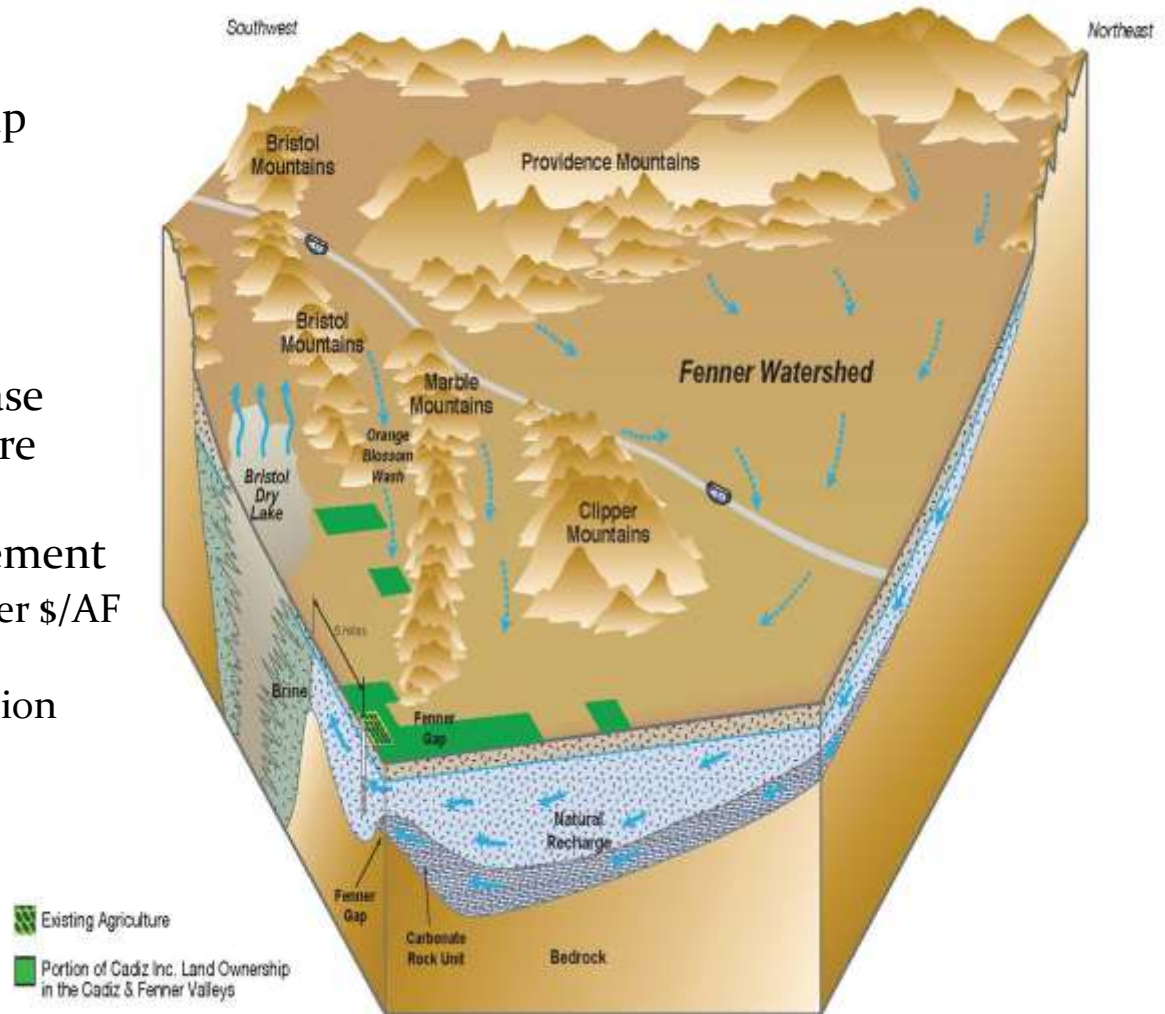


Types of Financing

- Land Based Bond indebtedness
 - General Obligation
 - Community Facility District (Mello Roos)
- Pay as You Go
 - Reserves
- Grants and State Loans
- Public /Private Partnerships
 - District is entrepreneurial but risk adverse
 - Protect customers

Cadiz Project

- Public/Private partnership
- Groundwater project
 - 50,000 AF per year
 - 50 years
 - \$200 million in capital
- SMWD Option to purchase 5,000 AF per year and store water for future use
- Purchase and Sales Agreement
 - District to purchase water \$/AF
 - Cadiz, Inc. to finance construction and operation
- District risk is limited
 - No up front costs
 - Only pay when water is delivered



Looking Northwest

Chiquita Biosolids Reduction

- Chiquita Water Reclamation Plant
 - 6.7 million gallons per day, 9.0 mgd capacity
- District issued RFP for public/private partnership for construction of biosolids handling equipment
- Firms to construct and operate equipment
- District to pay \$/ton for disposal and purchase power on a \$/kw basis

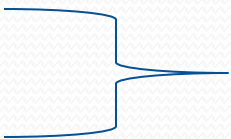


Poseidon Huntington Beach

- Poseidon Resources
 - Proposal to construct a 50-MGD seawater desalination plant in Huntington Beach
 - Private capital financing
 - CEQA is complete
 - Working on permitting
 - Public and private water purveyors in Orange County are considering participation
 - Water purchase agreements
 - \$/AF price structure



Project Financing Considerations

- Leadership
 - District willing to take a risk and enter partnership
 - Reliance on partner to perform
- Cost of resource/system delivery
 - Water
 - Infrastructure

Pressure on local rates and taxes
- Long Term Planning
 - Willingness to ensure reliability and security of operations

Questions?

Thanks for your time today.

For more information please visit www.smwd.com