



Utility Debt Issues: WIFA Loan Applications

Town Council Meeting

March 3, 2021

Purpose of Presentation

Approve Resolution No. 1401-21 Authorizing Project Finance Applications for Clear Water and Drinking Water State Revolving Fund Loans from the Water Infrastructure Finance Authority in an Amount not to Exceed \$70M

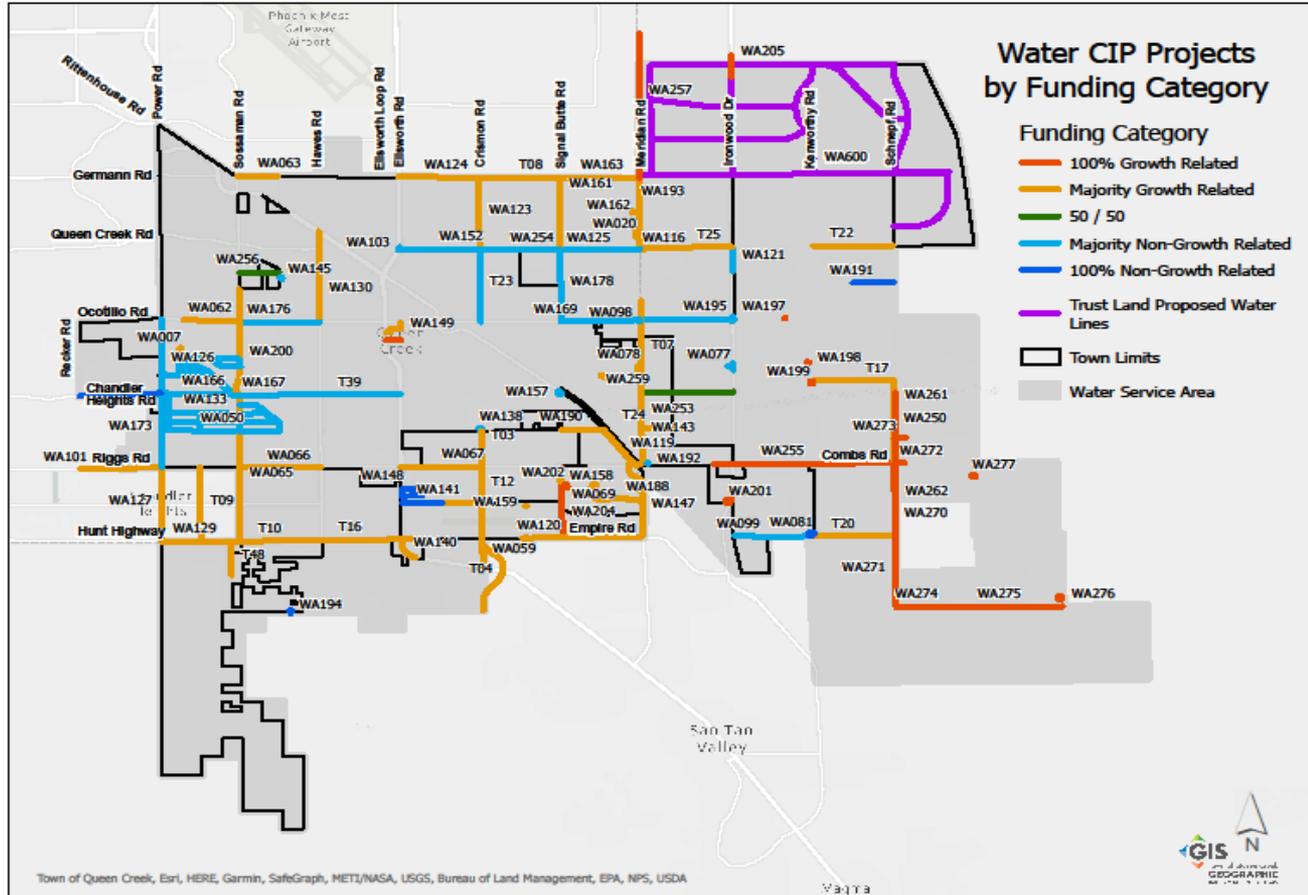


Experiencing Tremendous Growth

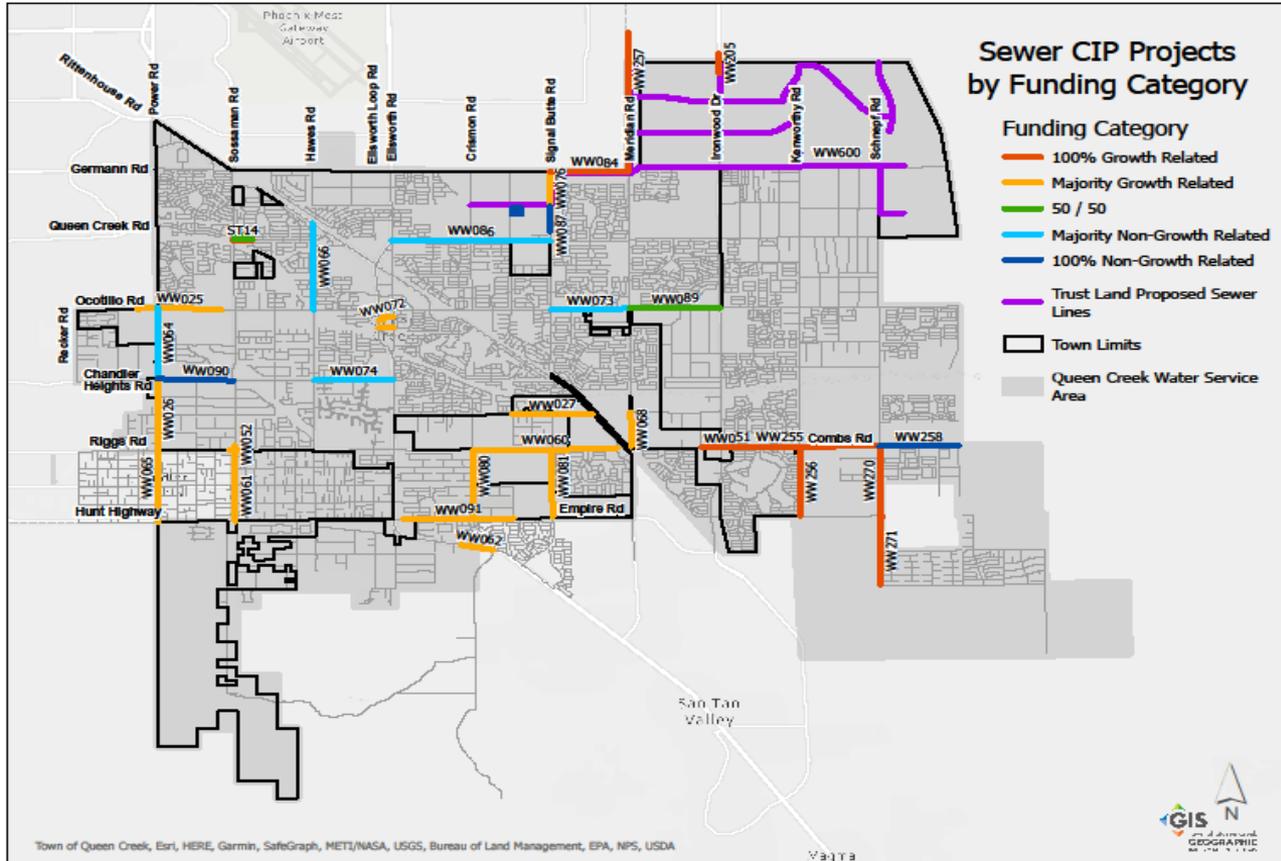
7% to 13% Annual Account Growth Historically Expected to Continue



Water Service Area: 70 Square Miles



Wastewater Service Area: 59 Square Miles



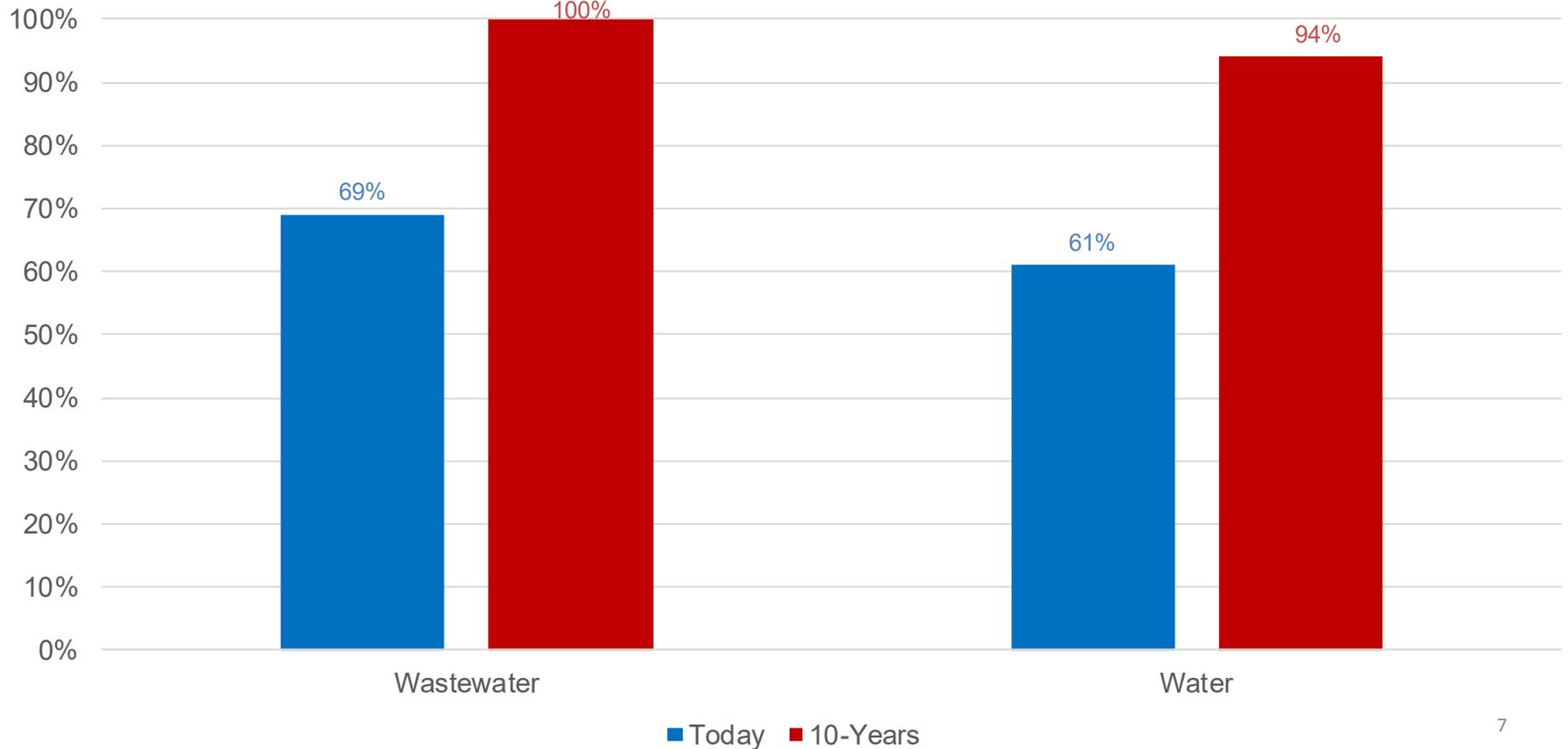
Infrastructure Summary



	Total as of 6/30/2020	\$ Increase	% Increase	Added by Town	Received From Private Entities
Water and Wastewater	\$ 244.1M	\$ 30.3M	14%	\$ 20.9M	\$ 9.4M

	Water and Wastewater
Projects Under Construction	\$35.1M

Water and Wastewater Infrastructure: Percent Complete Today vs In 10-Years



\$130M PROJECT LIST



Purpose	Amount
<u>WATER</u>	
Tanks, Wells, Boosters and Lakes	\$36M
System Lines	\$32M
Other	<u>\$12M</u>
Total - Water	\$80M
<u>WASTEWATER</u>	
System Lines	\$25M
Other (Lift Stations, Recharge Facilities, etc.)	\$18M
Treatment Plant	<u>\$7M</u>
Total - Wastewater	\$50M

TOTAL DEBT OUTSTANDING



Purpose	Principal Outstanding At 12/31/20	Proposed Issues	New Total
<u>WATER</u>			
Infrastructure	\$8.6M	\$80M	\$88.6M
Groundwater Extinguishment Credits	\$58.0M		\$58.0M
Water Company Acquisitions	<u>\$65.5M</u>		<u>\$65.5M</u>
Total - Water	\$132.1M	\$80M	\$212.1M
<u>WASTEWATER</u>			
Infrastructure	\$2.6M	\$50M	\$52.6M

Two ISSUES NEEDED



Issue	WIFA	Bank	Total	Annual Payment
Water	\$40M	\$40M	\$80M	\$4M
Wastewater	<u>\$20M</u>	<u>\$30M</u>	<u>\$50M</u>	\$2.5M
Total Debt	\$60M	\$70M	\$130M	
Number of Projects	66	79	145	

Why Issue Debt?

1. Ensure Intergenerational Equity to Pay for the Cost of Long-Lived Assets
 - Paid from Rates: 43%
 - Paid from Capacity Fees: 57%
2. Pay-As-You is No Longer Possible
 - The Infrastructure Needs are Costly, Significant, and Needed Timely
 - ~\$23M is Needed for Reimbursement for Expenses at June 30, 2020
 - Reimbursement Resolutions Previously Council Approved in Anticipation of Debt Issues



Why WIFA for \$60M?

- Lowest Possible Interest Rate
 - Federal Government Loan Program
- Estimated Interest Savings: \$10M
 - 2.0% WIFA (vs. 3.0% Bank Loan)
 - Involves Some Admin Costs
- Not All Projects Can be Funded with WIFA
 - Example: Excessive Growth Projects Ineligible
- Rates and Capacity Fees Will be the Revenue Pledged for Repayment of the Bonds



Why Bank Financing for \$70M?

- Town Does Not Have a Utility Bond Rating
 - 2 Year Process to Receive a Rating
- Interim Financing Needed as a “Bridge” to Receive Bond Rating
 - Refinance when Bond Rating Achieved
- Favorable Rates Expected at 3.0%
- Town is a Good Client / Borrower



Additional Staff Needed

- Annual Costs: ~\$500K
- New Positions: 5
 - Program Administrator: 1 (Utilities)
 - Project Managers: 2 (Utilities)
 - Procurement Officer: 1 (Finance)
 - Contract Administrator: 1 (Finance)



Calendar



March 3

- Consider Approval of WIFA Loan Applications

March to June

- WIFA Approval Process
- Bank Loan Award Process

Prior to June 30

- Close Transactions
- Report Final Terms to Council

Recommended Motion

Adopt Resolution No. 1401-21 as presented

