



# WIFIA Loan Application Fee

Finance and Audit Committee Meeting  
January 5, 2023  
Item No. 2



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## Status Update



**Oct 2020**  
RCWD submitted Letter of Interest (LOI) for WIFIA Loan

**May 2022**  
RCWD paid the \$100,000 deposit for the WIFIA loan application  
*(approved by RCWD Board on March 2022)*

**Jan 2023**  
Request Board approval to  
**1. Submit loan application**  
**2. Approve estimated cost of loan issuance**

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## Advantage of WIFIA Program



- Provides cost savings relative to traditional bond
  - Slightly lower interest rate with opportunity to reset rate in the future
- Interest is paid only on funds as they are drawn
  - Allows District to use loan funds only as needed, if projects are approved by the Board
- WIFIA loan may be paid back at any time without penalty
- Can be used in concert with traditional bond
  - WIFIA may fund up to 49% of project costs

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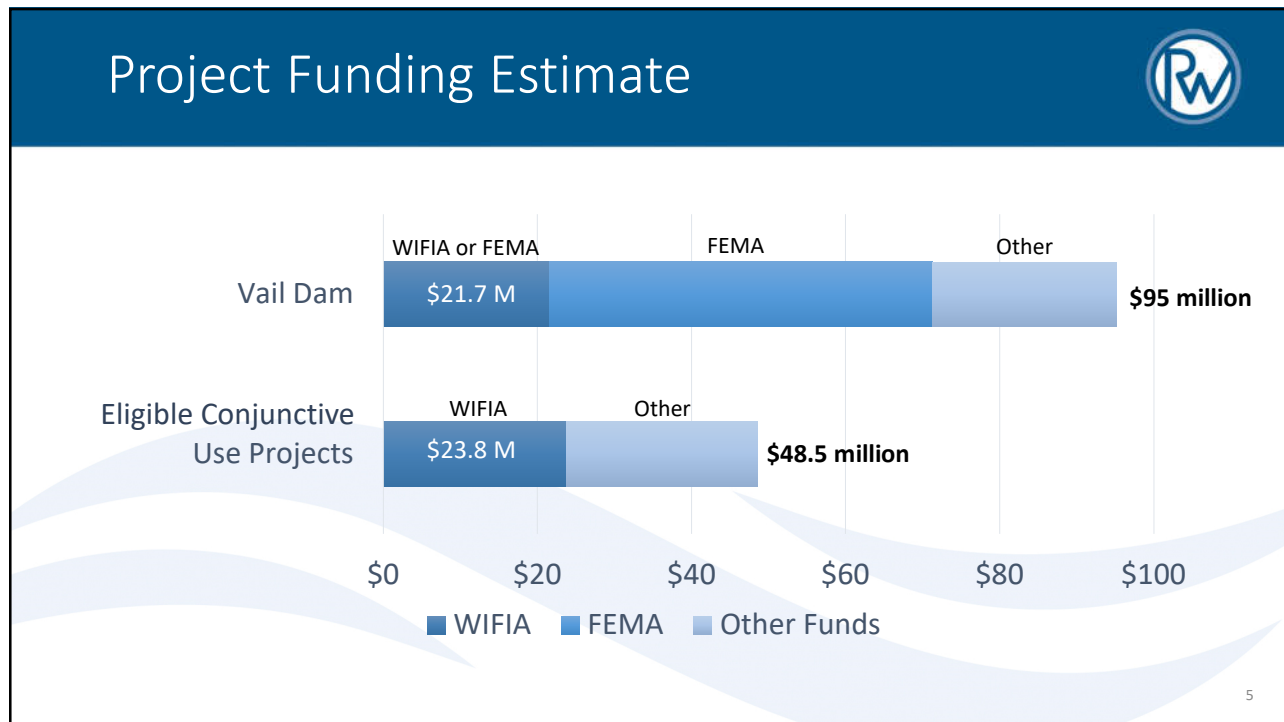
## WIFIA Loan Project Costs



Potential Projects	Estimated Project Cost	Loan 30% Contingency <sup>1</sup>	WIFIA Estimated Project Cost
<b>Vail Dam Rehabilitation Project</b>	\$95,000,000	\$28,500,000	\$123,500,000
<b>Conjunctive Use Optimization Projects:</b>			
<b>New Pauba Valley Wells</b>	34,000,000	10,200,000	44,200,000
- Construction of up to eight (8) new extraction wells			
<b>Mid-Valley Recharge Basins</b>	9,000,000	2,700,000	11,700,000
<b>Lower Valle de los Caballos (VDC) Disinfection Improvements</b>	5,000,000	1,500,000	6,500,000
- Construct improvements for chloramination of Lower VDC groundwater supplies			
<b>Integrated Wellfield Groundwater Monitoring Network</b>	500,000	150,000	650,000
- Installation of well monitoring equipment and integration with SCADA system.			
<b>Total Conjunctive Use Optimization Projects</b>	<b>\$ 48,500,000</b>	<b>\$ 14,550,000</b>	<b>\$ 63,050,000</b>

1. WIFIA recommends adding 30% contingency.
2. Excludes interest and other financing costs.

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## Project Discussion

- **Previously approved Capital Projects:**
  - Vail Dam Rehabilitation Project
  - Four (4) Groundwater/ Extraction Wells @ Upper VDC
  - Lower VDC Chloramination
  - Wellfield Groundwater Optimization
- Additional capital projects will be included in the upcoming 5-Year Capital Improvement Plan that will still go through Board review and budget approval process. Also, these projects are included in an ongoing feasibility study:
  - Mid-Valley Recharge Basins - \$9M
  - Additional four (4) Groundwater Wells @ Pauba Valley - \$17M
- Increasing Rancho's ability to extract and store groundwater will reduce reliance on more costly imported water.

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## WIFIA Loan Fees\*



Role	Firm	Total Estimated Fees
EPA Loan Fee	EPA and Consultants	\$200,000
Municipal Advisor	Fieldman, Rolapp & Associates	75,000
Credit Rating	Fitch	53,000
Bond Counsel	Stradling Yocca Carlson & Rauth	50,000
General Counsel	Best Best & Krieger	15,000
Project Compliance Review	To be determined	30,000
<b>Total Estimated Fees</b>		<b>423,000</b>
Contingency	NA	50,000
<b>Total Not to Exceed Estimated Fees</b>		<b>\$ 473,000</b>

1. Fees are preliminary estimates for completing a WIFIA Loan with the EPA and are subject to change.
2. Fees are eligible reimbursable costs, which means it can be included in the 35-year debt service payment.

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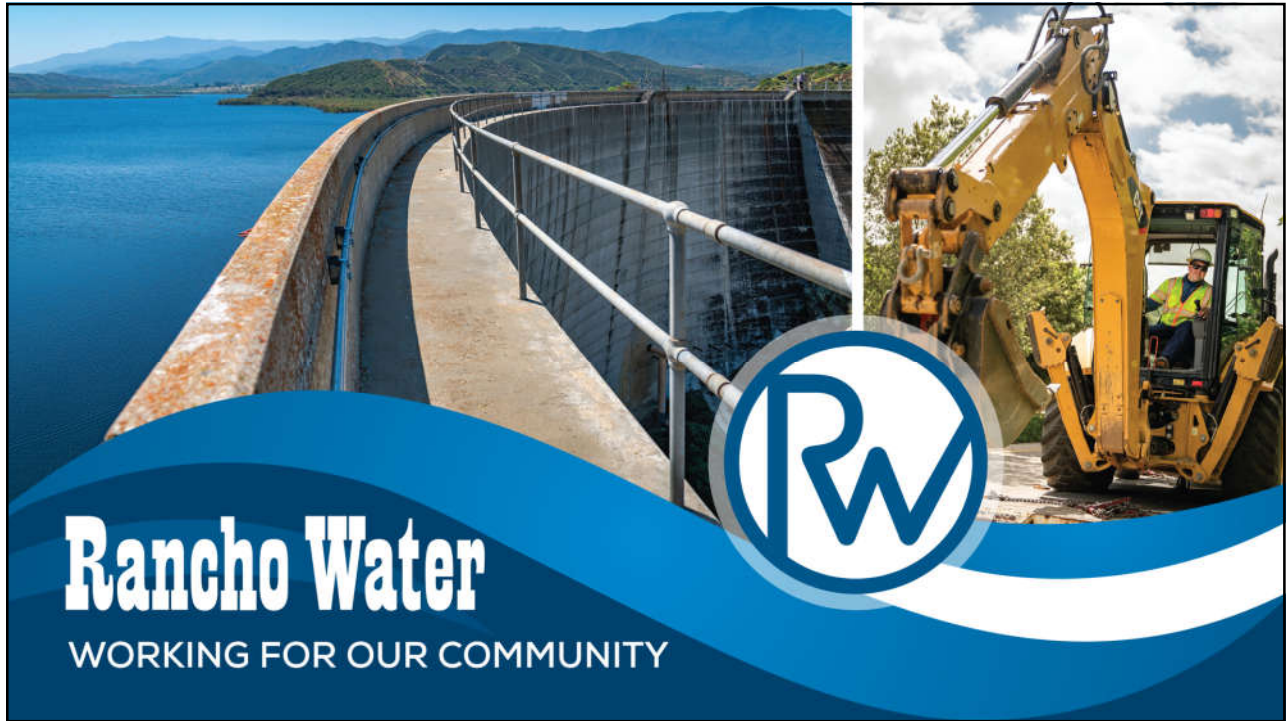
## WIFIA Loan Application



### Staff Recommendation:

1. Committee recommend the Board authorize submission of the WIFIA Loan application.
2. Committee recommend the BOD authorize a not to exceed expenditure of \$473,000 related to cost of issuance.

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## WIFIA vs. Tax-Exempt Bonds

STRUCTURE	WIFIA	TRADITIONAL FIXED RATE MUNICIPAL BONDS
<b>Interest Rate</b>	1) Interest incurred on drawn funds, which can be delayed as the District seek grant funding.  2) US Treasury rate plus 0.01%  <i>Ex: 12/19/22 – WIFIA Rate is 3.70%</i>	1) Interest incurred at time of bond issuance.  2) Municipal market conditions, plus a credit spread  <i>Ex: 12/19/22 –Municipal Bond Market is at 3.99%</i>
<b>Refunding</b>	Permits a one-time interest rate reset on year after loan execution if no draws have been made.	Typically, after ten years; depends on market conditions
<b>Loan Amount</b>	Potential to decrease agreed upon interest rate. 49% of Eligible Project Costs; allow for multiple funding sources (i.e. grants, other loans or bonds).	100% of Construction Costs; allow for multiple founding sources.
<b>Term</b>	Up to 35 Years after substantial completion of project	Generally, 30 Years from Issuance
<b>Prepayment</b>	Any date \$500,000 minimum (in whole or in part)	Typically, after ten years; depends on market conditions
<b>Debt service and Lien priority</b>	Sculpted to fit borrower's needs	Sculpted to fit borrower's needs
<b>Payment deferrals</b>	Up to 5 years after substantial completion of project	None, payments typically start after 6 - 12 months (unless interest is capitalized)
<b>Expenditure of Proceeds</b>	Proceeds from the EPA can be drawn upon at any time but not later than one year after substantial completion of project	Must have reasonable expectation to spend 85% within three years of issuance

# Review of Financial Statements - November 30, 2022

Finance and Audit Committee Meeting  
January 5, 2023  
Item No. 3



## November 2022 Operating Results



## Districtwide Income as of November 30, 2022

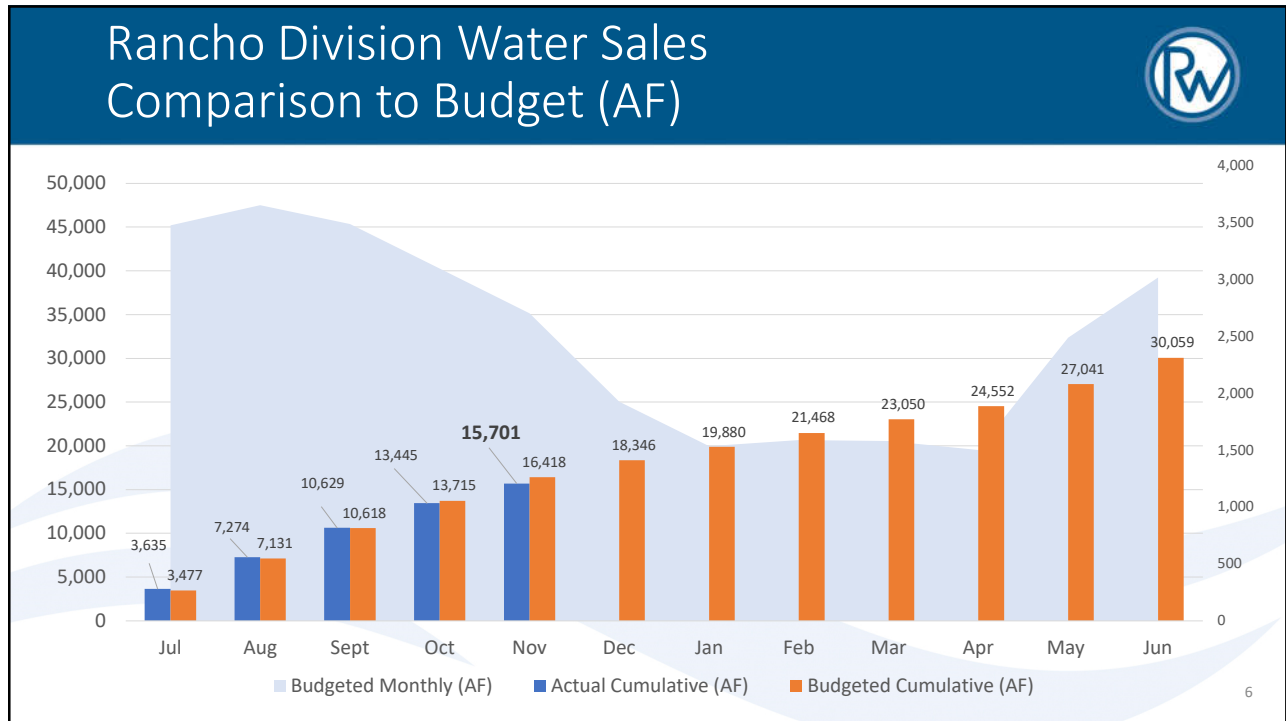
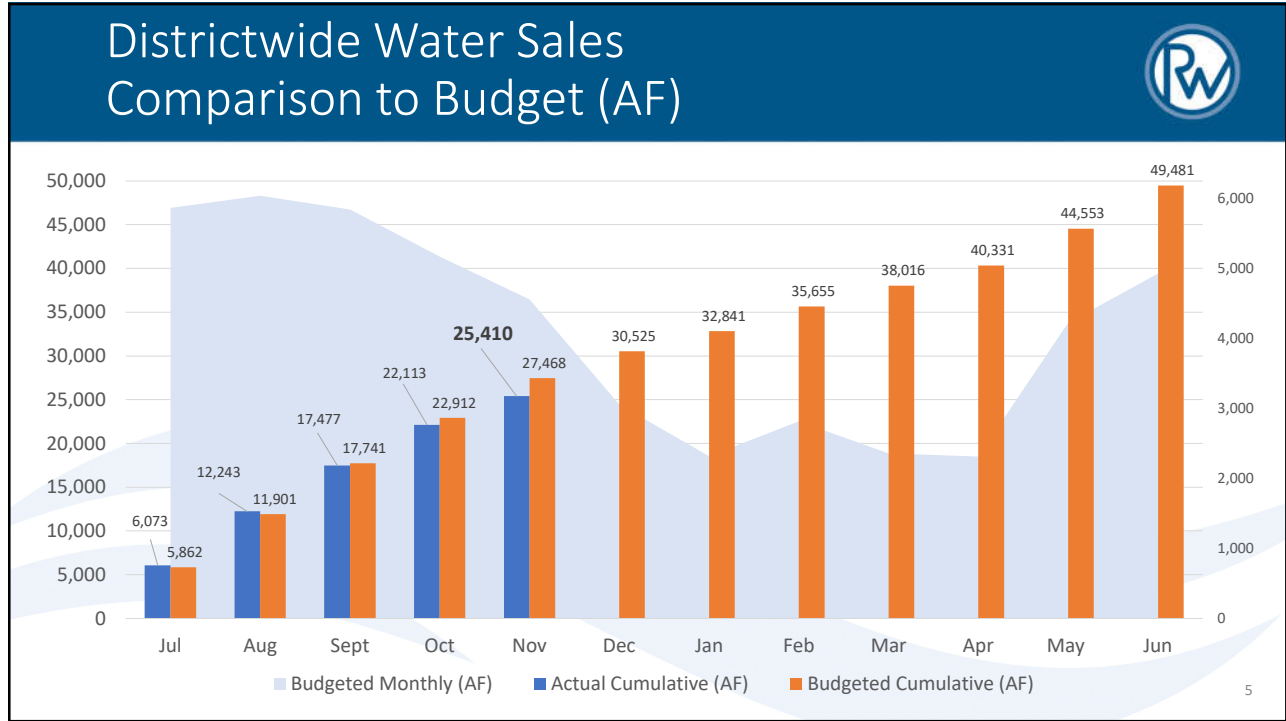
- Net Operating Revenue is \$3.4M  
Over budget by \$1.8
- Net Deficit \$12.6M

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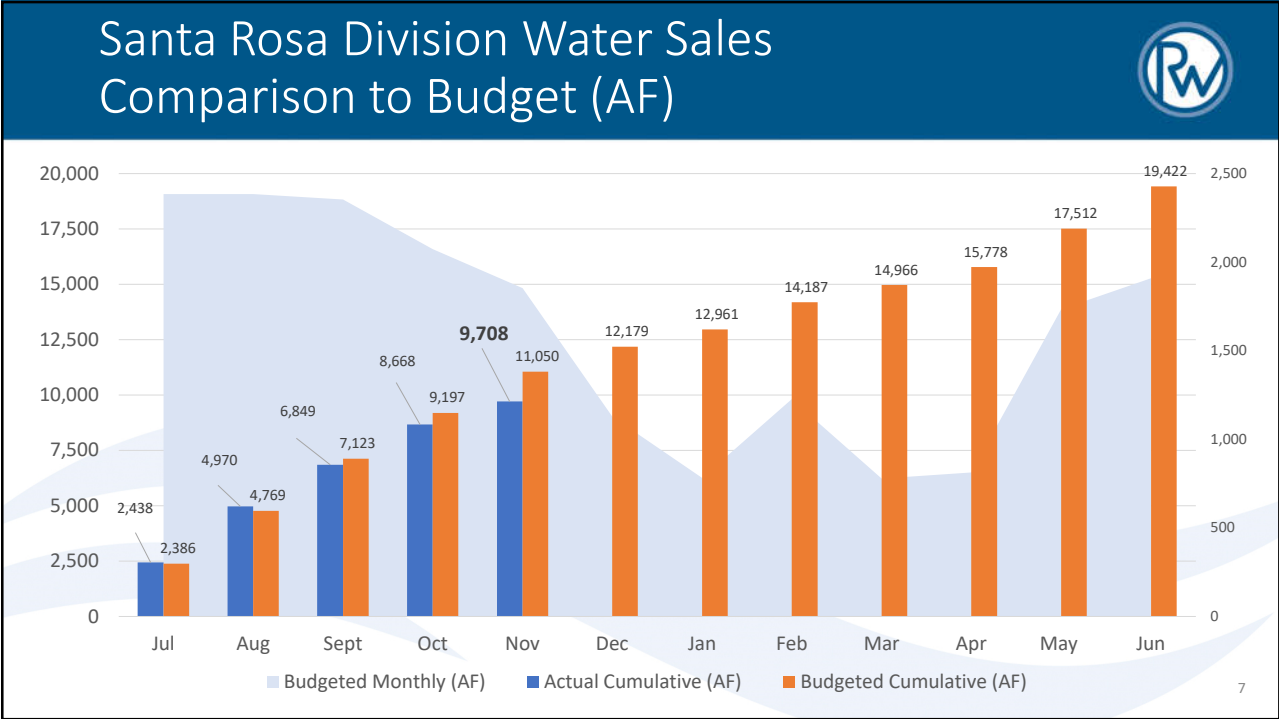
## Water Sales as of November 30, 2022

	Budget	Actual	Variance	Over/ (Under)
Sales Quantities (AF) <i>*excludes Recycled Water</i>	27,468	25,410	(2,058)	(7.5%)
Water Revenue	\$23.7M	\$22.8M	\$825K	(3.5%)

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### Production Budget-to-Actual at November 30, 2022 (AF)

Water Source	Budget To Date	Actual To Date	Variance - AF	Variance - %
Recharge	6,078	6,304	226	4%
Cyclic	838	838	-	0%
Native/Well	8,018	7,316	(702)	-9%
Import	13,912	12,736	(1,176)	-8%
Reclaimed	2,420	2,099	(321)	-13%
<b>Total</b>	<b>31,266</b>	<b>29,293</b>	<b>(1,973)</b>	<b>-6%</b>

# Wastewater Division as of November 30, 2022



Treatment Costs (Net of JPA Activity)					
	Budget To-Date	Total Treatment Expenses Incurred	Over/(Under) Budget Treatment Expenses		
Primary & Secondary	\$ 1,889,031	\$ 1,721,593	\$ (167,438)	-8.9%	
Tertiary	847,566	810,450	(37,116)	-4.4%	
Other	198,440	188,202	(10,238)	-5.2%	
	2,935,037	2,720,245	(214,792)	-7.3%	

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