



RAET 4-25-18 Public Forum - FINAL paty/2

Recommendations



 Adopt Resolution No. PFC 01-20 approving proceedings to finance the new Water Reclamation Facility (WRF) Project from the proceeds of two installment sale agreements between the City and the Morro Bay Public Facilities Corporation, as each agreement is assigned to the United States Environmental Protection Agency (USEPA) and related documentation.

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Project goals



 All aspects of the WRF project shall be completed ensuring economic value with a special emphasis on <u>minimizing rate payer and City</u> <u>expense</u>

Pursuit of low-interest and grant financing WATER FACILITY



Description	Clean State Revo	Water Infrastructure Finance & Innovation Act		
Project Phase	Planning	Construction	Construction	
Amount	\$10.3M	51%	Up to 49%	
Duration	30 years	30 years	35 years	
Interest Rate	1.70%	2.20%	3.25%	
Application Stage	Secured	No Application	Final Application	

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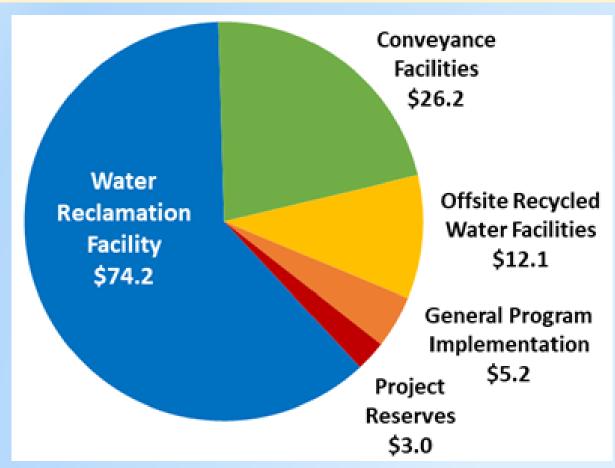
Rate adoption



- 2015 Rate Study
 - Sewer rates based on City's 75% share of a \$75 million plant = \$56 million
 - Strengthened financial condition of water and sewer utilities
- 2018 Rate Study
 - Sewer rate based \$126 million WRF project
 - OneWater water and sewer capital projects

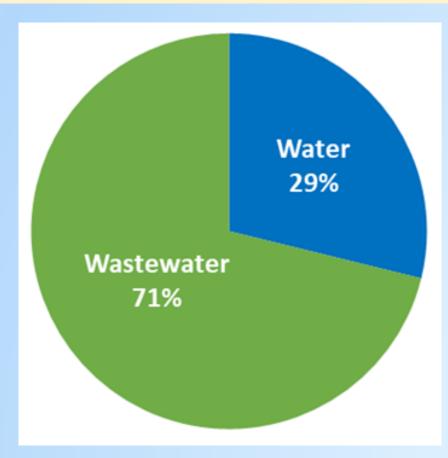
What was the basis of the WRF costs?





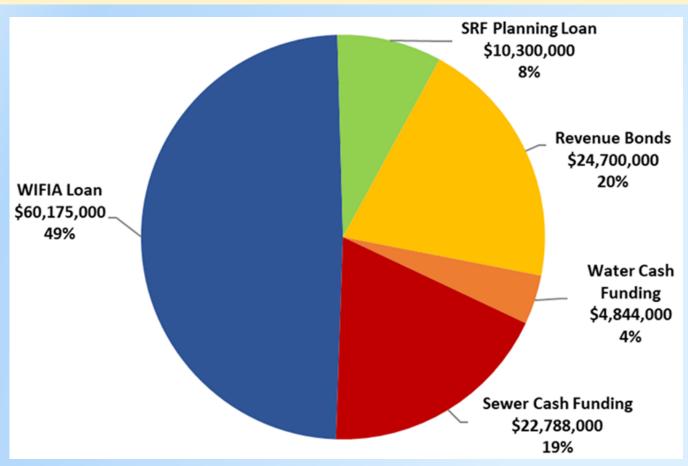
How are costs for the WRF being split?





How will the WRF project be paid for?





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What is the rate impact?



	Base Case	Phase-In	WIFIA & SRF	No Recycling*	
	WRF+Recycling	Base Case with	WRF+Recycling	No Recycling	
	WIFIA+Bonds Rate Phase In WIFIA+S		WIFIA+SRF	All Bonds	
WRF Facility Surcharges					
Sewer WRF Facility Surcharge	\$25.00	\$27.00	\$20.00	\$44.00	
Water WRF Facility Surcharge	16.00	17.00	14.00		
Total	41.00	44.00	34.00	44.00	

^{*} Under the No Recycling Scenario, the fifth and final year of the previously-adopted water rate increases would not need to be implemented, resulting in a \$4.50 reduction in the monthly water bill for a typical single family home using 5 units of water per month compared to other scenarios. This results in a net reduction of \$1.50 per month compared to the Base Case Scenario.

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What is the overall ratepayer impact?



	2018/19	2019/20	2020/21	2021/22	2022/23
Monthly Utility Bill					
Sewer Monthly Charge	\$77.00	\$83.00	\$83.00	\$83.00	\$83.00
Water Monthly Charge	62.50	67.00	67.00	67.00	67.00
Subtotal Monthly Bill	139.50	150.00	150.00	150.00	150.00
WRF Facility Surcharges					
Sewer WRF Facility Surcharge	-	25.00	25.00	25.00	25.00
Water WRF Facility Surcharge	-	16.00	16.00	16.00	16.00
Subtotal Monthly Bill		41.00	41.00	41.00	41.00
Total Monthly Charges	139.50	191.00	191.00	191.00	191.00

Has the funding landscape changed?



Description	Clear State Rev Clear State Rev	Water Infrastructure Finance & Innovation Act		
Project Phase	Planning	Construction	Construction	
Amount	\$10.3M	51%	Up to 49%	
Duration	30 years	30 years	35 years	
Interest Rate	1.70%	1.60%	2.40%	
Application Stage	Secured	Approved	Secured	

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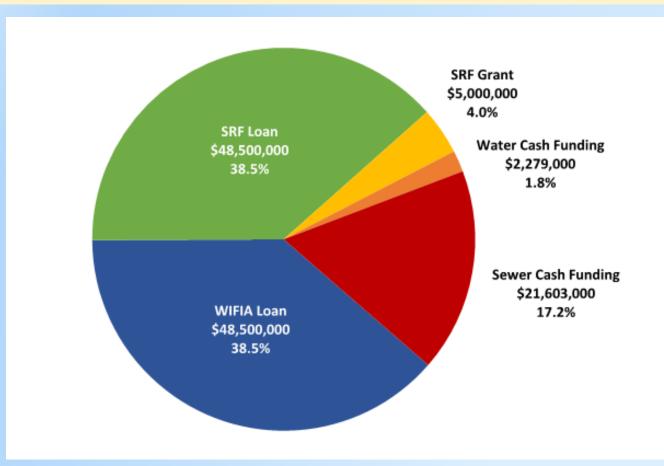
Has our situation with SRF changed?



- Final application submitted in December 2018
- Listed in the Clean Water SRF Intended Use Plan for FY 19/20

How has funding changed since 2018?





How has funding changed since 2018?



	Total	% of Total	Water	% of Total	Wastewater	% of Total
WRF Total Project Costs	\$125,882,000		\$29,865,000	23.7%	96,017,000	76.3%
Projected Funding Sources						
WIFIA Loan	48,500,000	38.5%	13,200,000	44.2%	35,300,000	36.8%
SRF Loans*	48,500,000	38.5%	13,200,000	44.2%	35,300,000	36.8%
SRF Grant	5,000,000	4.0%	1,186,000	4.0%	3,814,000	4.0%
Cash Funding	23,882,000	19.0%	2,279,000	<u>7.6%</u>	21,603,000	22.5%
Total	125,882,000	100.0%	29,865,000	100.0%	96,017,000	100.0%

What is the benefit of WIFIA to the ratepayer? FACILITY PROJECT

• \$28 million reduction in debt service

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