



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 2/3/2026

To: Board of Directors, Sonoma County Water Agency

Department or Agency Name(s): Sonoma County Water Agency

Staff Name and Phone Number: Grant Davis 707-547-1911, Jake Spaulding 707-524-8373

Vote Requirement: 4/5th

Supervisoral District(s): All

Title:

Reimbursement Resolution Regarding Future Water Revenue Bonds, 2026

Recommended Action:

Adopt a Resolution declaring the official intent of the Sonoma County Water Agency to reimburse certain expenditures from proceeds of revenue bonds. (4/5th Vote Required)

Executive Summary:

Approval of this item would authorize the Sonoma County Water Agency (Sonoma Water) to declare its official intent to reimburse new capital water project expenditures from proceeds of revenue bonds, when issued. Bond financing provides funding for capital-intensive projects that water bills cannot cover upfront, ensuring water security and infrastructure resilience. As of January 16, 2026, Sonoma Water's total water transmission debt is \$44,200,314. Once the additional \$35 million bond issuance is completed, the total debt coverage ratio will be 161%, which is within existing debt covenants. Those covenants require the Water Transmission fund to maintain a debt coverage ratio of 115% or higher.

United States Treasury regulation establishes specific conditions under which an issuer can use tax-exempt bond proceeds to repay funds. The recommended resolution satisfies the form of official intent by providing a general projects description and stating the maximum principal amount of obligations expected to be issued. The resolution does not, in any way, commit or obligate Sonoma Water to issue the bonds.

The issuance of such revenue bonds will be considered for approval by the Sonoma County Debt Advisory Committee in March 2026.

Discussion:

Sonoma Water intends to issue up to \$35,000,000 in 2026 Water Revenue Bonds to acquire and construct hazard mitigation and infrastructure improvement capital projects. From the expected bond proceeds, Sonoma Water intends to reimburse itself for up to \$35,000,000 of capital costs for water projects incurred from 60 days before the date of adoption of the attached reimbursement resolution up to the time that the bonds are issued. It is customary that the reimbursement resolution be adopted before the bonds are officially approved for issuance. Under the United States Treasury Regulations (Section 1.150-2), for an issuer to reimburse itself from bond proceeds for project-related expenditures, it must make an official declaration of intent to do so in writing. A resolution of an issuer satisfies the form of official intent if it generally describes the project and states the maximum principal amount of obligations expected to be issued for the project.

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The resolution does not, in any way, commit or obligate Sonoma Water to issue the bonds.

The new capital projects that are the subject of this reimbursement resolution include the planning, design, and/or construction of the water transmission system projects and studies that will result in hazard mitigation, system reliability, and planned future capacity. A list of proposed projects is included as Attachment A.

Sonoma Water will return to the Board later this year to seek approval for the issuance of approximately \$35,000,000, in revenue bonds to pay the capital costs of the projects described in Attachment A, and to fund the cost of bond issuance. The revenue bonds would be repaid from net revenues from Sonoma Water's water transmission system. The issuance of such revenue bonds for these purposes is authorized by Sonoma Water's enabling statute, the Sonoma County Flood Control and Water Conservation District Act (the Agency Act), the Restructured Agreement for Water Supply among Sonoma Water and its eight prime water contractors, and Sonoma Water's master bond ordinance. The issuance of such revenue bonds will be considered for approval by the Sonoma County Debt Advisory Committee in March 2026, before being considered for approval by the Board in April 2026. Sonoma Water staff will set a date for a public hearing before the Board of Directors that is required to be held prior to the adoption of the ordinance authorizing the issuance of the Bonds. Staff will also publish the notice of public hearing as required by law.

Strategic Plan:

N/A

Sonoma Water Strategic Plan Alignment:

This item directly supports Sonoma Water's Strategic Plan and is aligned with the following goal, strategy, and action item.

Goal: 2. Planning and Infrastructure - Implement comprehensive, integrated, and innovative infrastructure planning to strengthen existing services, minimize life cycle costs, and prepare for the future.

Strategy: 2.3 Fund and implement the planned capital and maintenance projects on schedule to ensure reliable services.

Action Item: 2.3.2 Fund Capital Improvement Program budgets to meet infrastructure needs.

Racial Equity:**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

Prior Board Actions:

05/10/2022: Adopted Resolution No. 22-0205 authorizing a Final Official Statement, the Sale of Bonds through Competitive or Negotiated Sale, Execution of a Continuing Disclosure Agreement, the fixing of interest rates, acquisition of a bond insurance policy and surety bond, and other provisions related to the issuance of the 2022 Series A Water Revenue Bonds.

FISCAL SUMMARY

Expenditures	FY24-25 Adopted	FY25-26 Projected	FY26-27 Projected

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Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

The resolution of intent does not obligate the Board to issue bonds; therefore, there is no fiscal impact. Sonoma Water will return to the Board in April 2026 to consider bond issuance.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Resolution with Attachment A Proposed Projects

Related Items “On File” with the Clerk of the Board:

None.