



# Sonoma Water

Clean. Reliable. Essential. Every Day.

## 2022 Water Revenue Bonds

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DIVISION MANAGER

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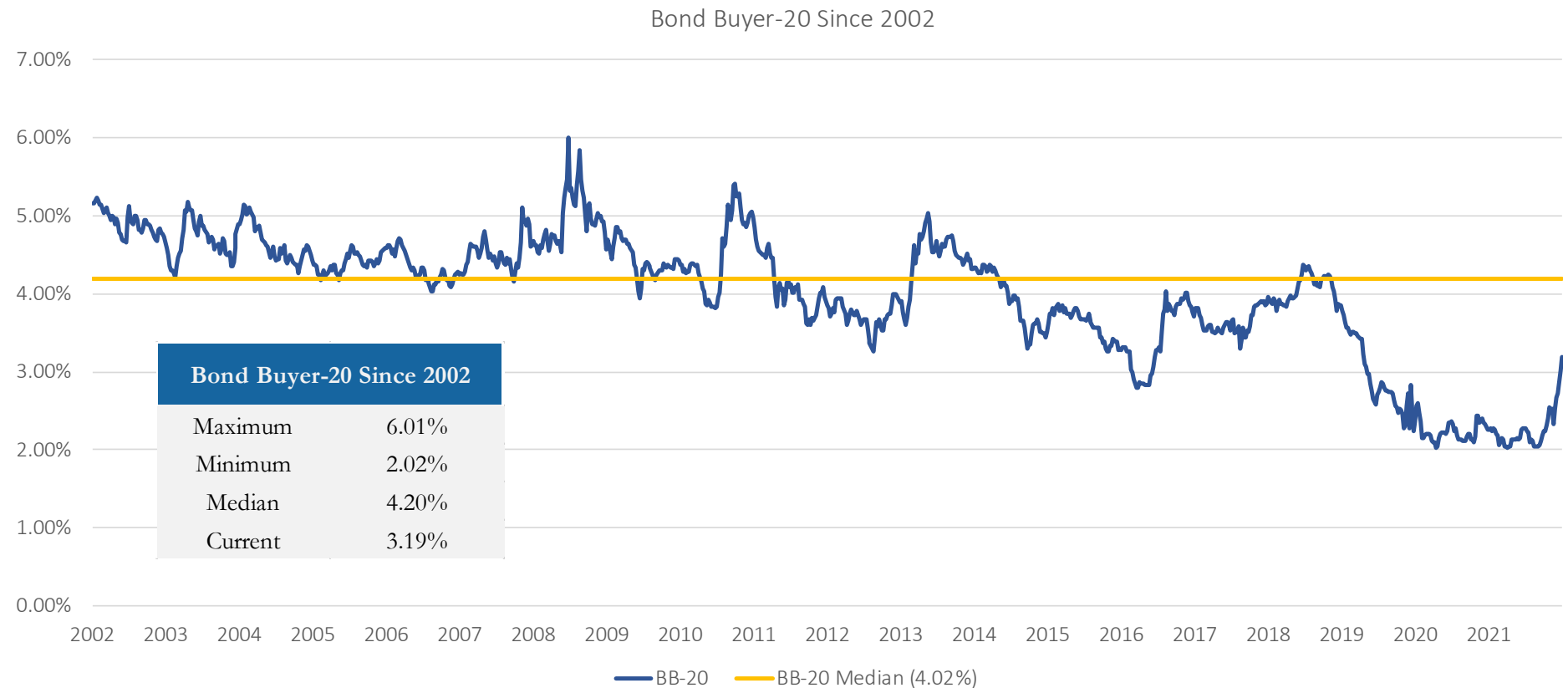


# Overview

- Requesting Authorization to issue a maximum of \$30 million in Water Revenue Bonds.
  - \$7.71 million will go toward refunding 2012A Water Revenue Bonds
  - Up to \$22.29 million will go toward new capital projects included in Sonoma Water's Water Transmission Long Range Financial Plan.
- Estimated Average Annual Debt Service of \$1.685 million for these Bonds through FY32 and then \$900k through FY48.
- All projects will be included in future budgets reviewed by Water Contractors and Approved by Sonoma Water's Board of Directors.



# Favorable Interest Rates



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Source: *The Bond Buyer*. Index comprised of General Obligation Bonds maturing in 20 years with an average rating of "Aa2/AA".

# Refunding 2012A Water Revenue Bonds

Par Amount to be Refunded:	\$7,710,000
Average Annual Debt Service: <sup>1</sup>	\$785,917
Estimated T.I.C. of 2022 Bonds: <sup>1</sup>	2.66%
Gross Savings:	\$276,209
NPV Savings (\$): <sup>2</sup>	\$239,290
NPV Savings (%): <sup>2</sup>	3.10%
Average Annual Savings: <sup>3</sup>	\$38,599
Final Maturity: <sup>4</sup>	July 1, 2031

<sup>1</sup> True interest cost based upon market conditions as of April 18, 2022, preliminary and subject to change. Reflects borrowing cost of only refunding portion of 2022 Bonds.

<sup>2</sup> Preliminary, subject to final pricing results. Inclusive of all costs of issuance.

<sup>3</sup> Includes FYs 2024-32.

<sup>4</sup> Final maturity is one year earlier than existing 2012 Bonds.

# Project To Be Funded with Bond Proceeds

- 2022 Bonds: a single series of long-term, fixed rate, tax-exempt bonds to fund key capital projects including the following:

Projects	Estimated Project Costs
Russian River Crossing Hazard Mitigation (\$883,000 Remaining FEMA Match)	\$2,179,000
Mark West Creek Crossing Hazard Mitigation (\$2.78M Remaining FEMA Match)	\$5,595,000
Santa Rosa Plain Wells Resiliency (Rehab & ASR; \$6.9M DWR Grant)	\$8,162,000
Warm Springs Dam Hydroturbine Retrofit	\$4,159,000
Seismic Retrofit of Storage Tanks	\$7,151,000
<b>Total</b>	<b>\$27,246,000</b>
<b>Net of Grant Funds</b>	<b>\$16,681,000</b>



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Reliability, Resiliency, and Efficiency

# Financing Plan

	Estimated FY21-22	Estimated FY22-23	Estimated FY23-24
<b>Beginning Fund Balance</b>	42,195,035	31,941,904	54,656,719
<b>Net Revenue Available for Capital Infrastructure</b>	11,349,126	14,245,825	22,452,242
<b>Planned Capital Expenditures</b>	21,602,257	14,994,410	16,738,231
<b>Bond Financing</b>		15,000,000	
<b>Ending Fund Balance</b>	31,941,904	46,193,319	60,370,730



# Strong Debt Service Coverage

Debt Service	Estimated FY21-22	Estimated FY22-23	Estimated FY23-24
State Loan	1,040,232	1,040,232	1,040,232
Water Revenue Bonds 2012A	838,000	718,300	0
Water Revenue Bonds 2015A	1,482,706	1,477,081	1,484,331
Water Revenue Bonds 2019A	785,950	782,575	783,325
Water Revenue Bonds 2022A*		523,863	1,824,300
Total Debt Service	4,146,888	4,542,050	5,132,188

Debt Service Coverage Ratio	1.54	1.60	1.47
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\* Preliminary, subject to final pricing results.

# Agency Maintains Strong Credit Ratings

Agency	Rating
Fitch Ratings	AA+
Standard & Poor's	AAA

- Strong History of Financial Performance
- Healthy Reserves
- Substantial Debt Coverage Ratios



# Strong Credit

- Standard & Poor's Rating on 2019 Revenue Bonds: AAA
- Strong History of Financial Performance
- Healthy Reserves
- Substantial Debt Coverage Ratios
- Soliciting rating from S&P for 2022



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# Next Steps

- Board approval of Resolution and Financing Documents
- Standard & Poor's Rating mid May 2022
- Bond Pricing by end of May 2022
- Bond Closing by early June 2022

# Requested Board Actions

- Adopt an Eleventh Supplemental Ordinance authorizing issuance of Revenue Bonds in an initial aggregate principal amount not to exceed \$30,000,000 to finance and refinance certain water system improvements certain water system improvements.
- Adopt a Bond Resolution approving a preliminary official statement and authorizing a final official statement; authorizing the sale of bonds through competitive or negotiated sale; authorizing execution of a continuing disclosure agreement; authorizing the refinancing of prior bonds; authorizing, if appropriate, acquisition of a bond insurance policy; declaring the official intent of the Sonoma County Water Agency to reimburse certain prior expenditures from proceeds of the bonds; and authorizing certain designated officers to do all other things deemed necessary or advisable to carry out transactions contemplated by the Eleventh Supplemental Ordinance.



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    [sonomawater.org](http://sonomawater.org)