



# Sonoma Water

Clean. Reliable. Essential. Every Day.

## 2022 SVCSD Water Revenue Bonds

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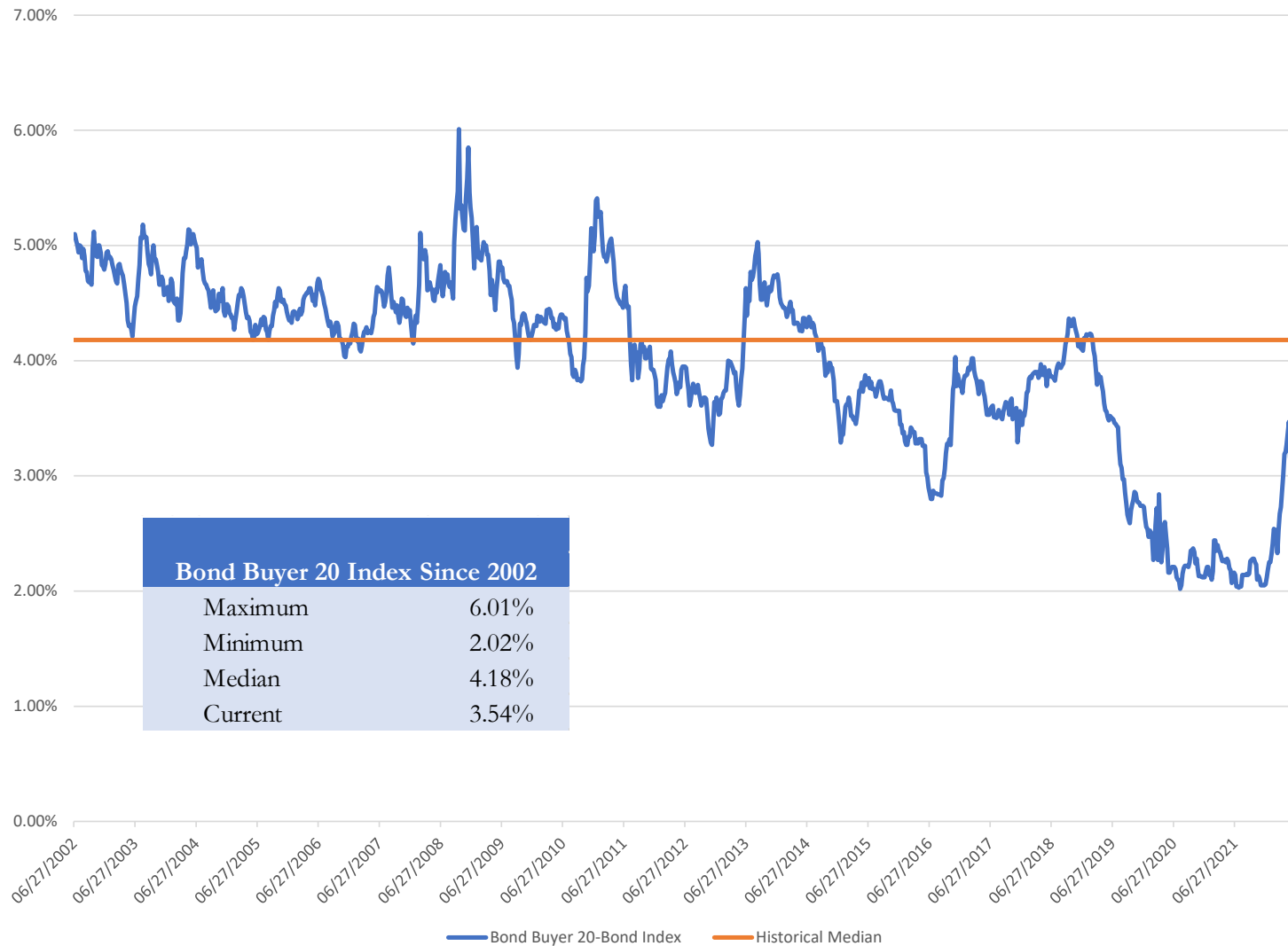


# Overview

- Requesting Authorization to issue a maximum of \$30 million in Revenue Bonds.
  - \$6.071 million will go toward refunding 2013 Revenue Bonds
  - Up to \$23.929 million will go toward new capital projects included in Sonoma Valley County Sanitation District's Long Range Financial Plan.
- Estimated Average Annual Debt Service of \$450,000 in FY23, \$2.222 million in FY24, \$1.711 million in FY25, and then dropping to \$1.286 million through FY37. The annual payments would then drop to approximately \$965,000 through FY48.
- All projects will be included in future budgets reviewed and Approved by Sonoma Valley County Sanitation District'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 2013 Revenue Bonds

|  |             |
|--|-------------|
| Par Amount to be Refunded:                   | \$5,960,000 |
| Average Annual Debt Service:                 |             |
| FY23:  | \$118,369   |
| FY24:  | 1,547,250   |
| FY25:  | 744,125     |
| FY26-37:                                     | 320,292     |
| Estimated T.I.C. of 2022 Bonds: <sup>1</sup> | 3.77%       |
| Gross Savings:                               | \$209,366   |
| NPV Savings (\$): <sup>2</sup>               | \$234,233   |
| NPV Savings (%): <sup>2</sup>                | 3.96%       |
| Average Annual Savings: <sup>3</sup>         | \$45,034    |
| Final Maturity:                              | 8/1/2036    |

<sup>1</sup> True interest cost based upon market conditions as of June 17, 2022.

<sup>2</sup> Present value based upon discount rate of 2.88%, the estimated borrowing cost of the refunding portion of the 2022 Bonds.

<sup>3</sup> Excludes final fiscal year which has dis-savings due to debt service reserve fund.

<sup>4</sup> Final maturity is 1 year less than the final maturity of the existing 2013 Bonds.

# Projects 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 |
|---|-------------------------|
| Trunk Main Replacement Phase 4C, 5A, 5B                 | \$7,965,000             |
| Headworks Rehabilitation                                | \$713,000               |
| Clarifiers-Seismic Retrofit<br>(\$3,554,000 FEMA Match) | \$4,865,000             |
| Influent/Effluent Pumping and Piping Upgrade            | \$7,627,000             |
| Hooker Creek Trunk Main Seismic Mitigation              | \$4,062,000             |
| <b>Total</b>  | <b>\$25,232,000</b>     |
| <b>Net of Grant Funds</b>                               | <b>\$21,678,000</b>     |



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Reliability, Resiliency, and Efficiency

# Financing Plan

|   | Estimated<br>FY21-22 | Estimated<br>FY22-23 | Estimated<br>FY23-24 | Estimated<br>FY24-25 |
|---|----------------------|----------------------|----------------------|----------------------|
| <b>Beginning Fund Balance</b>                           | 14,045,870           | 9,481,512            | 20,596,200           | 9,514,593            |
| <b>Net Revenue Available for Capital Infrastructure</b> | 17,793,884           | 13,703,096           | 21,991,090           | 13,297,244           |
| <b>Planned Capital Expenditures</b>                     | 8,312,372            | 8,106,896            | 12,476,497           | 5,181,915            |
| <b>Bond Financing</b>                                   |                      | 15,000,000           |                      |                      |
| <b>Ending Fund Balance</b>                              | 9,481,512            | 20,596,200           | 9,514,593            | 8,115,329            |



# Strong Debt Service Coverage

| Debt Service              | Estimated<br>FY21-22 | Estimated<br>FY22-23 | Estimated<br>FY23-24 | Estimated<br>FY24-25 |
|---------------------------|----------------------|----------------------|----------------------|----------------------|
| State Loan (Bio Solids)   | 202,112              | 202,112              | 202,112              | 202,112              |
| 2012 SRF Loan             | 147,120              | 147,120              | 147,120              | 147,120              |
| 2008 SRF Loan             | 442,972              | 442,972              | 442,972              | 442,972              |
| Revenue Bonds 2013        | 1,593,250            | 1,488,625            | 0                    | 0                    |
| Revenue Bonds 2022A*      | 0                    | 450,121              | 2,222,000            | 1,711,375            |
| <b>Total Debt Service</b> | <b>2,385,454</b>     | <b>2,730,950</b>     | <b>3,014,204</b>     | <b>2,503,579</b>     |

|                                    |              |              |              |              |
|------------------------------------|--------------|--------------|--------------|--------------|
| <b>Debt Service Coverage Ratio</b> | <b>2.49%</b> | <b>1.59%</b> | <b>1.61%</b> | <b>2.16%</b> |
|------------------------------------|--------------|--------------|--------------|--------------|



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\* Preliminary, subject to final pricing results.

# Agency Maintains Strong Credit Ratings

| Agency            | Rating* |
|-------------------|---------|
| Fitch Ratings     | AA      |
| Standard & Poor's | AA-     |

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



\*Existing ratings not yet affirmed by the rating agencies.



# Strong Credit

- Strong History of Financial Performance
- Substantial Debt Coverage Ratios
- Soliciting rating from S&P and Fitch for 2022 Bonds

# Next Steps

- Board approval of Resolutions and Financing Documents
- Standard & Poor's and Fitch Ratings  
Mid July 2022
- Bond Pricing by end of July 2022
- Bond Closing early August 2022

# Requested Board Actions

- Adopt Resolution of the Governing Board of the Sonoma County Water and Wastewater Financing Authority Authorizing the Issuance of Revenue Bonds in an Initial Aggregate Principal Amount Not to Exceed \$30,000,000 in Connection with Financing and Refinancing Certain Wastewater System Improvements of the Sonoma Valley County Sanitation District, Authorizing and Directing Execution of an Indenture of Trust, an Installment Sale Agreement and Certain Other Documents, Authorizing the Sale of Bonds, Approving an Official Statement, and Authorizing Other Related Actions (First District).
- Adopt Resolution of the Board of Directors of the Sonoma Valley County Sanitation District Approving, Authorizing and Directing Execution of Certain Financing Documents and Directing Certain Related Actions in Connection with Financing and Refinancing Certain Improvements to the District's Wastewater System (First District).



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