



Sonoma Water

Clean. Reliable. Essential. Every day.

2019 Water Revenue Bonds

Michael Thompson
ASSISTANT GENERAL MANAGER

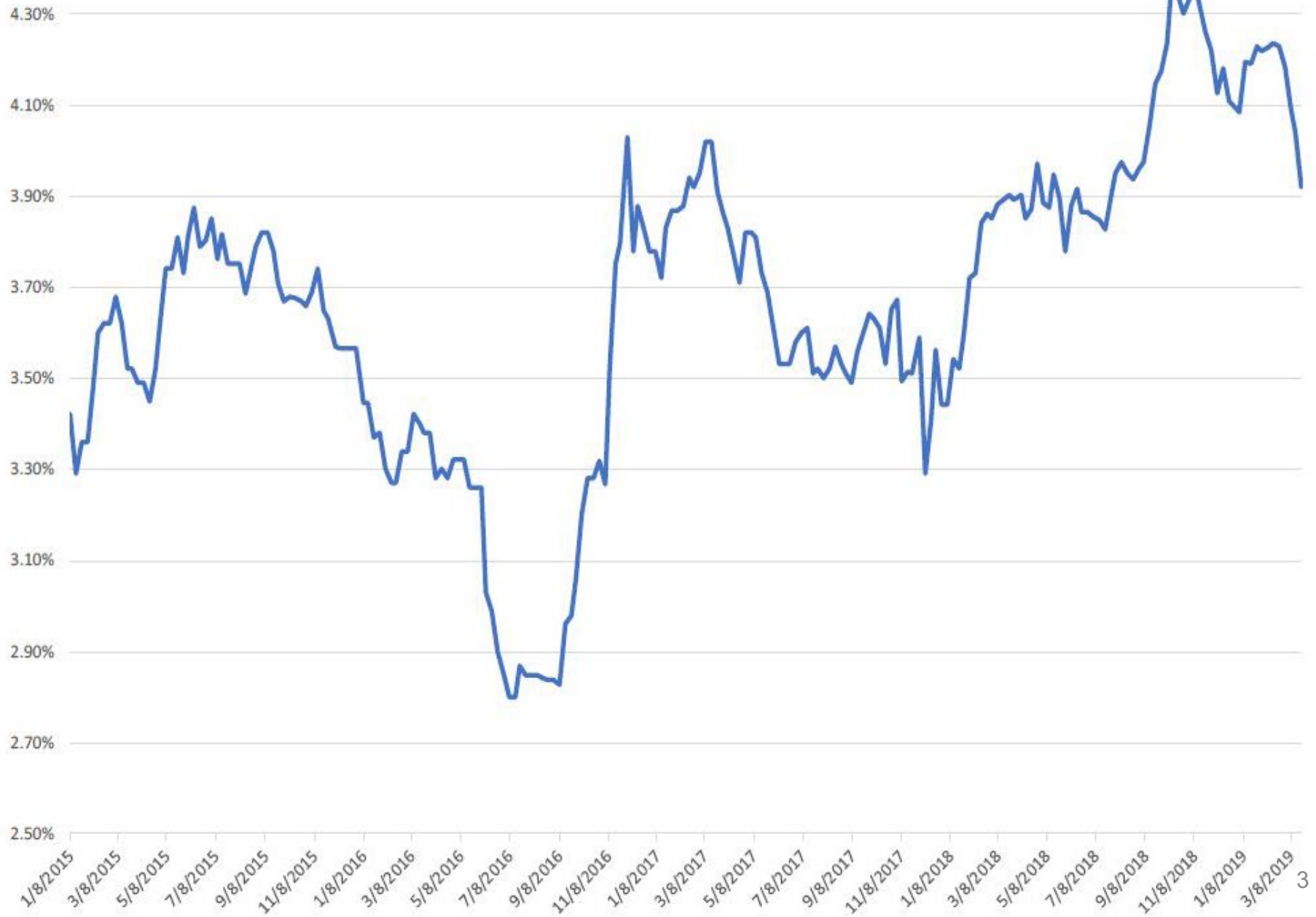
Lynne Rosselli
FINANCE MANAGER



Overview

- Requesting Authorization to issue a maximum of \$14.5 million in Water Revenue Bonds.
- \$11.5 million will go toward new capital projects included in Sonoma Water's Water Transmission Long Range Financial Plan.
- Estimated Average Annual Debt Service of \$841,000 for these Bonds.
- All projects will be included in future budgets reviewed by Water Contractors and Approved by Sonoma Water's Board of Directors.
- Projects with outside sources of funding (FEMA) will be given priority.

Favorable Interest Rates



Project To Be Funded with Bond Proceeds

- 2019 Bonds: a single series of long-term, fixed rate, tax-exempt bonds to fund key capital projects including the following:

Projects	Estimated Project Costs
Sonoma Booster Station Electrical Upgrade and Pumping Reliability	\$4,223,000
Mark West Creek Crossing Seismic Hazard Mitigation (\$2.8M FEMA Grant)	\$4,318,100
Mirabel Dam Bladder Replacement	\$1,627,400
Russian River Crossing Seismic Hazard Mitigation (\$2.9M FEMA Grant)	\$6,457,900
Warm Springs Dam Hydroturbine Retrofit	\$1,300,000
Total	\$17,926,400



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Reliability, Resiliency, and Efficiency

Financing Plan

	FY19-20	FY20-21	FY21-22
Beginning Fund Balance	\$4,835,500	\$500,000	\$1,860,000
Grants		\$5,700,000	
Water Rates	\$1,195,000		
North Marin Water District Cash in Lieu of Debt Service	\$418,100		
Total Revenue & Fund Balance	\$6,448,600	\$6,200,000	\$1,860,000
Capital Project Costs	\$17,448,600	\$4,340,000	\$1,180,000
Bond Financing	\$11,500,000		
Ending Fund Balance	\$500,000	\$1,860,000	\$680,000

Strong Debt Service Coverage

	FY18-19	FY19-20	FY20-21
Net Revenues	\$7,946,000	\$7,326,000	\$7,609,000
Debt Service			
2019 Bonds (estimated)		\$306,200	\$842,500
2015 Bonds	\$1,481,200	\$1,484,600	\$1,482,900
2012 Bonds	\$839,700	\$834,100	\$835,300
State Loan	\$1,040,200	\$1,040,200	\$1,040,200
Total Debt Service	\$3,361,100	\$3,665,100	\$4,200,900
Debt Coverage	2.36	2.00	1.81

Strong Credit

- Standard & Poor's Rating on 2015 Revenue Bonds: AA+
- Strong History of Financial Performance
- Healthy Reserves
- Substantial Debt Coverage Ratios

Next Steps

- Board approval of Resolution and Financing Documents
- Standard & Poor's Rating early May 2019
- Bond Pricing by end of June 2019
- Bond Closing by early July 2019

Requested Board Actions

- Adopt a Tenth Supplemental Ordinance authorizing issuance of Revenue Bonds in an initial aggregate principal amount not to exceed \$14,500,000 to finance certain water system improvements.
- Adopt a Resolution approving a preliminary official statement and authorizing a final official statement; authorizing the sale of bonds, the fixing of interest rates and the execution and delivery of a bond purchase agreement; authorizing execution of a continuing disclosure agreement; authorizing, if appropriate, acquisition of a bond insurance policy; and authorizing certain designated officers to do all other things deemed necessary or advisable to carry out transactions contemplated by the Tenth Supplemental Ordinance.



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Water**

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sonomawater.org