



2018 Wastewater Revenue Bonds

Other Financing Team Present



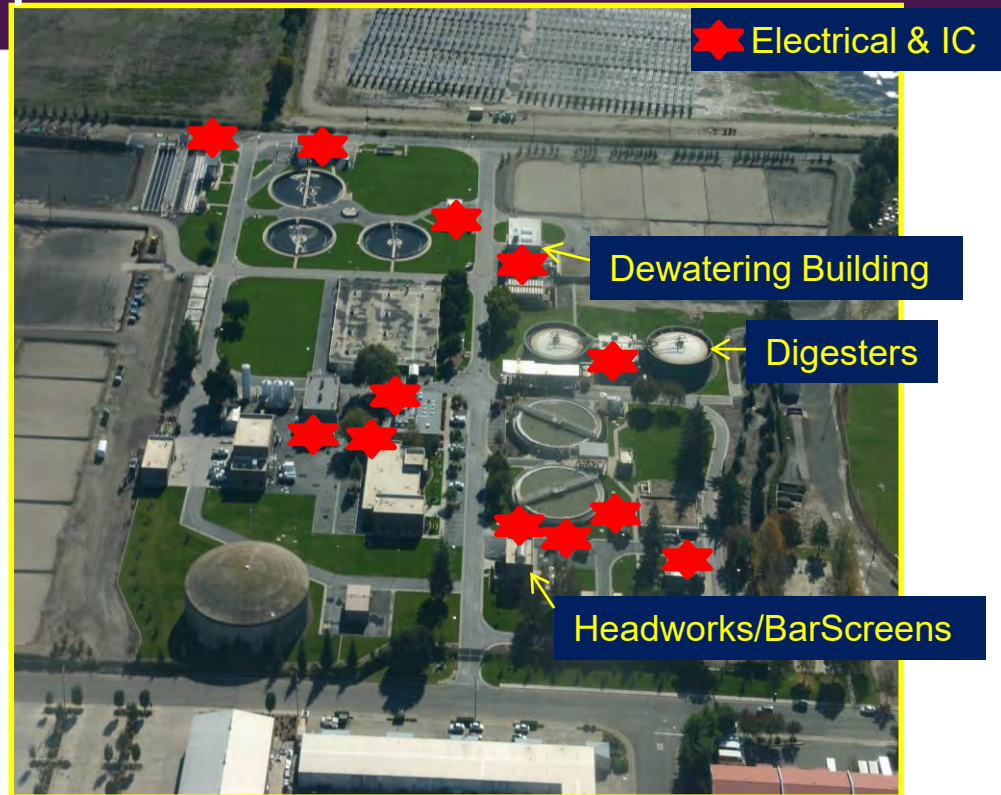
- Robin Bertagna, CPA, Finance Director
- Diana Langley, Public Works Director
- Mandeep Chohan, Senior Engineer
- Mark Northcross, Principal, NHA Advisors
- Chick Adams, Bond Counsel, Jones Hall

Other Staff Contributors



- Darin Gale, Deputy City Manager
- Arnolando Rodriguez, Dev. Svcs. Director
- Lynn Haile, Accountant II
- Jamie Teske, Administrative Analyst (WW)

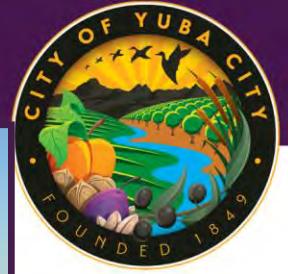
WWTF Improvements



WWTF Improvements – Barscreens



WWTF Improvements – Digesters



WWTF Improvements – Dewatering



The Project



- Bids received for
 - Digester Improvements
 - Dewatering Improvements
 - Barscreen Replacement
 - Electrical and Instrumentation Improvements
 - Estimated total \$23.6 million for engineering, construction management and contingency

The Project (cont'd)



- Replacements and upgrades
- Will not increase capacity
- NPDES permit does not rely on completion
- Repayment included in current rate plan
- Project included in adopted CIP budget

The Revenue Bonds



- \$26.0 million maximum funding
 - Project construction fund, est. \$19 million
 - Engineering, construction mgmt., contingency, est. \$4.5 million
 - Up to \$2.5 million in other costs, such as cost of issuance and underwriter fees/discount
 - New project funding, not a bond refunding

The Revenue Bonds (cont'd)



- Bonds are secured by net Wastewater Fund revenues over 30 years
- Debt service (repayment) est. \$1.3 million annually

The Wastewater Funds

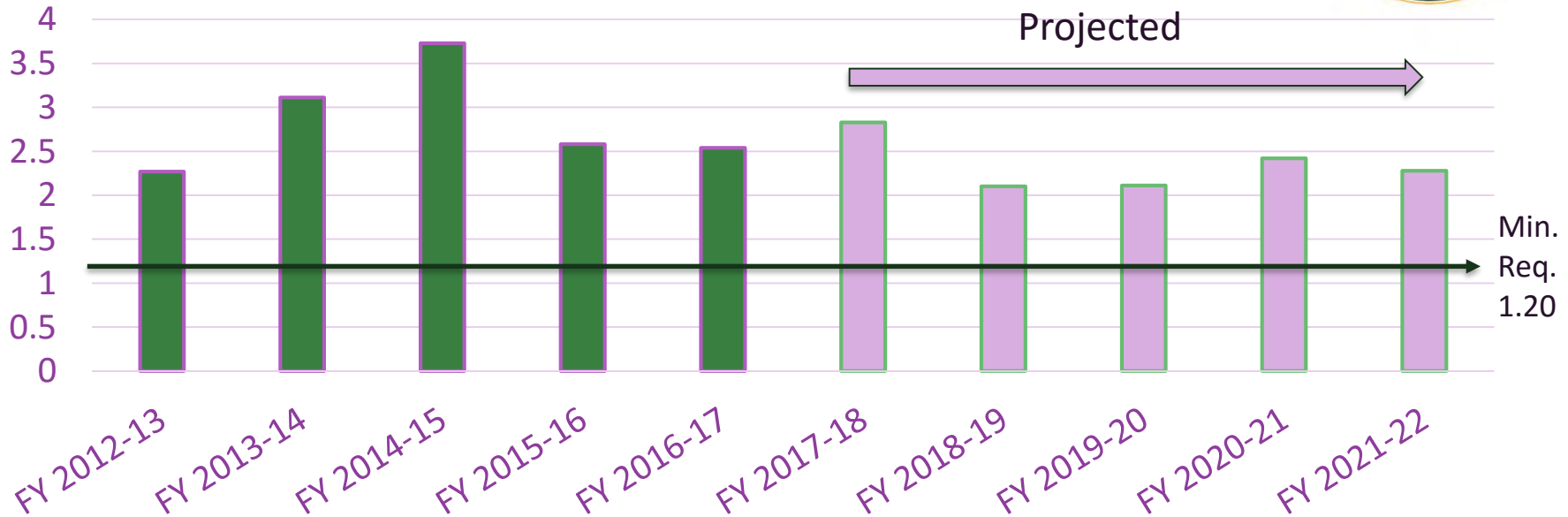


- Historically healthy funds
- Appropriate rate setting
- Plant has capacity for more connections
- \$107.8 million in assets
- Liabilities, \$39.0 million

The Wastewater Funds (cont'd)



Debt Service Coverage



Credit Rating



- Presented to Standard & Poors
 - Strong coverage and liquidity
 - Consistent and long-term commitment to review rates and set at appropriate levels
 - Largest ratepayers are stable
 - High percentage of revenues are fixed
 - Looking for AA- with a stable outlook

Recommendation



Yuba City Public Financing Authority

- Authorize issuance and sale of 2018 Wastewater Revenue Bonds for a maximum of \$26 million

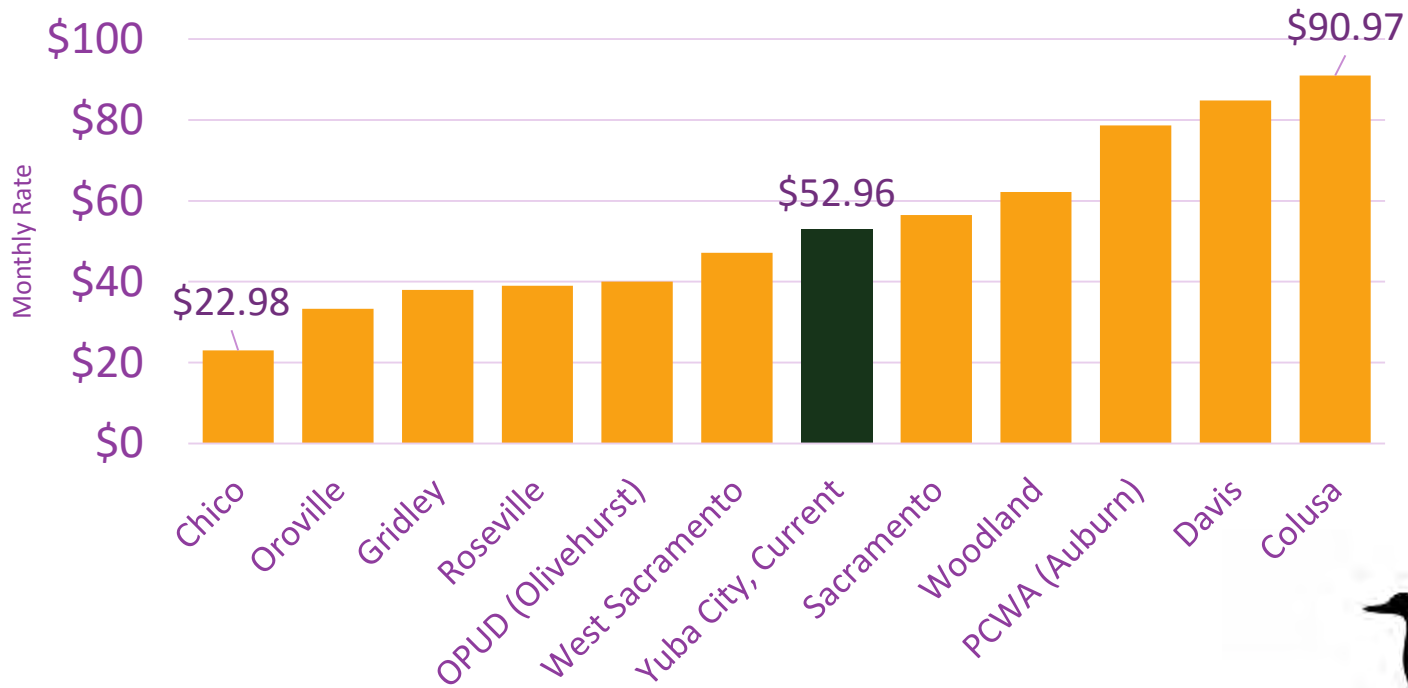
City Council

- Authorize issuance and sale of 2018 Wastewater Revenue Bonds for a maximum of \$26 million and approve related documents and actions

Questions?



Comparative Rates for Single Family Users



Yuba City Wastewater Enterprise Capital Improvement Program FY 2018/19 through FY 2022/23

Project Name	Current						Projected
	Funding	2018-19	2019-20	2020-21	2021-22	2022-23	Funding
1. Recurring Plant Projects	\$357,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$1,107,000
2. Recurring Collection or Rehabilitation System <u>Projs.</u>	494,000	150,000	150,000	150,000	150,000	150,000	1,244,000
3. Lift Station Improvements	516,000	150,000	150,000	150,000	150,000	150,000	1,266,000
4. New Septage Receiving Facility	-	-	-	-	-	-	-
5. Secondary Clarifier Improvements	322,000	-	-	-	-	2,000,000	2,322,000
6. Stonegate Treatment Works Demolition	25,000	300,000	-	-	-	-	325,000
7. New Outfall and River Levee Crossing Replacement	687,000	1,000,000	-	11,500,000	-	-	13,187,000
8. Digester Improvements	-	-	-	-	-	-	-
9. <u>Barscreen</u> Rehab/Replacement/Addition at the WWTF	-	-	-	-	-	-	-
10. Digested Sludge Dewatering System Improvements	-	-	-	-	-	-	-
11. Oxygen Generation System Improvements	69,600	-	-	-	-	6,000,000	6,069,600
12. Future Wastewater Collection System Expansion Phase 1	-	-	-	-	-	-	-
13. Electrical and Instrumentation System Evaluations and Imp.	-	-	-	-	-	-	-
14. Rehabilitation of the West Chlorine Contact Basin	650,000	650,000	-	-	-	-	1,300,000
15. Grit Removal Facility	-	-	-	-	-	-	-
16. Disinfection System Alternative Eval. And Repl.	-	-	-	-	-	-	-
17. Adv. Treatment and Water Recycling Options/ <u>Opps.</u> Eval.	-	-	-	-	-	-	-
18. Secondary Clarifier No. 4	5,000	-	-	-	9,000,000	-	9,005,000
19. Capitalization Fund	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	7,000,000
20. Wastewater System Master Plan Update	400,000	400,000	-	-	-	-	800,000
21. Storm Damage Repairs to Ponds and Access Roads	24,800	1,300,000	-	-	-	-	1,324,800
22. Wastewater Treatment Facility Improvements	-	23,600,000	-	-	-	-	23,600,000
Totals	\$5,550,400	\$28,700,000	\$1,450,000	\$12,950,000	\$10,450,000	\$9,450,000	\$68,550,400

Schedule

- August 24 – Receive Credit Rating
- September 11 – Price Bonds
- September 23 - Closing



City of Yuba City Wastewater Enterprise Fund					
Debt Service Coverage					
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Gross Revenues:					
Sales and Charges for Services	\$ 10,404,173	\$ 11,195,109	\$ 11,999,830	\$ 12,338,696	\$ 13,156,900
Connection Fees ⁽¹⁾	379,351	461,562	433,760	396,821	432,880
Other Revenues	85,830	206,570	71,474	164,280	54,861
Interest Income	(32,374)	91,286	137,527	248,193	75,345
Intergovernmental Revenues	--	358,760	--	--	--
Water Fund Lab Charges	245,000	245,000	245,000	206,191	170,000
Total Gross Revenues	11,081,980	12,558,287	12,887,591	13,354,181	13,889,986
Operating Expenses ⁽²⁾ :					
Salaries and Benefits	2,579,969	2,672,150	2,827,091	3,201,628	3,770,183
Materials, Supplies, & Services	2,298,034	2,194,875	2,367,960	2,983,516	4,513,783
Power and Utilities	1,109,915	985,498	815,440	848,306	888,657
Transfers Out ⁽³⁾	1,989,290	1,712,866	2,132,522	1,558,196	40,000
Total Operating Expenses	7,977,208	7,565,389	8,143,013	8,591,646	9,212,623
Net Revenues	\$ 3,104,772	\$ 4,992,898	\$ 4,744,578	\$ 4,762,535	\$ 4,677,363
Parity Debt					
\$3.5MM SRF Loan	--	--	--	195,400	195,400
\$7.2MM SRF Loan	--	--	--	385,884	385,884
2007 Installment Payments	850,535	414,504	--	--	--
2011 Wastewater Revenue Bonds	516,984	510,666	513,716	506,004	502,854
2014 Wastewater Revenue Bonds	--	679,807	759,174	759,174	759,174
Total Parity Debt Service	\$ 1,367,519	\$ 1,604,977	\$ 1,272,890	\$ 1,846,462	\$ 1,843,312
Debt Service Coverage	2.27x	3.11x	3.73x	2.58x	2.54x

(1) Connection fees must be used for capital purposes only, and are available for payment of debt service on the Installment Payments and Parity Debt.

(2) Excludes non-cash items, such as depreciation.

(3) Through FY 2015-16, the CAFR treated reimbursements to the General Fund as transfers out. In FY 2016-17, the CAFR began treating General Fund reimbursements as maintenance and operation. In FY 2015-16, Transfers Out excludes \$47,950 of CIP expenditures. In FY 2016-17, Transfers Out represents \$40,000 expenditure for vehicle replacement.

Source: City of Yuba City Comprehensive Annual Financial Reports.



Proposed Increase to Debt Vs. Net Revenue

Current Annual Debt Service	(\$2.5 Million)
Add'l Annual Debt Service (Proposed)	(\$1.3 Million)
Total Annual Debt Service (Proposed)	<hr/> (\$3.8 Million)
Plus: Total Net Revenues	\$5.5 Million
Net Revenues after Debt Service	<hr/> \$1.7 Million

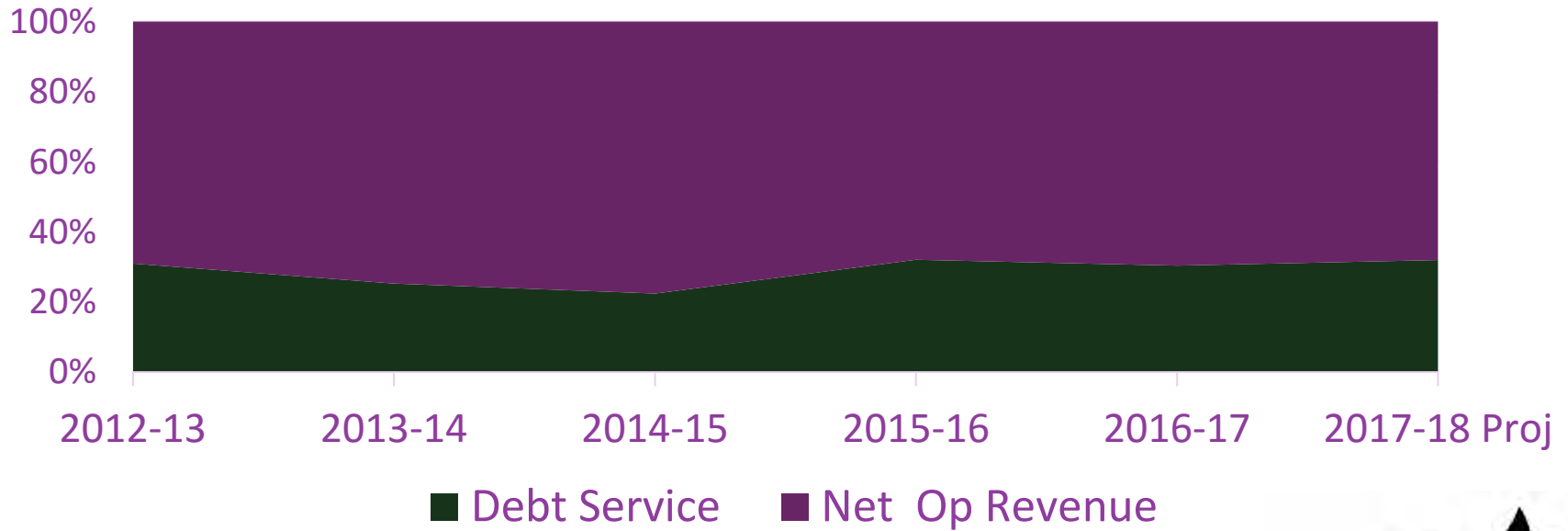


Yuba City Wastewater Fund Historical Liquidity

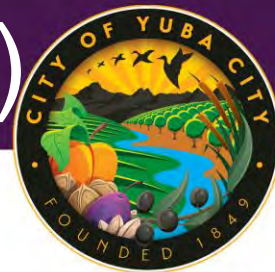
FY Ending June 30	2014	2015	2016	2017
June 30 Cash & Investments ¹	8,736,975	14,503,066	17,007,760	18,385,710
Operating Cash Reserve Allocation ²	1,585,213	1,707,685	4,233,002	2,374,406
CIP Reserve Allocation ²	6,195,184	4,864,719	11,122,166	15,148,852
Annual Operating Expenses for Year ³	5,852,523	6,010,491	7,033,450	9,002,623
Total Liquidity as % of Annual Operating Expenses	149%	241%	242%	204%



Net Op Revenue vs. Debt Service (Historical)



The Wastewater Funds (cont'd)



Projected Debt Service Coverage

