

*City of*  
**SACRAMENTO**

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Office of the City Treasurer

**WASTEWATER REVENUE BONDS, SERIES 2019**

Staff Report Discussion Presented by Nii Laryea, Debt Analyst

March 5, 2019

# INTRODUCTION

- Over 40% of the City's wastewater system is 70+ years old.
- Over the next 30 years, the City intends to implement significant improvements to its wastewater system.
- Over the next five years, the City will focus its improvements on replacing and rehabilitating aging infrastructure, and complying with regulatory mandates (the "Projects").
- The cost of the Projects is estimated to be \$59 million, of which \$32 million will be funded with bond proceeds of the Wastewater Revenue Bonds, Series 2019 (the "Series 2019 Bonds").
- The remainder will be funded with wastewater system revenues and other revenue sources.

# THE PROJECTS TO BE FUNDED WITH BOND PROCEEDS

Project Description	Estimated Budget
CSS Capital	\$9,669,686
Separated Pipe Rehabilitation and Replacement Program	\$6,750,000
CSS Rehabilitation and Replacement Program	\$4,500,000
Pocket AD 2 Sewer Improvement	\$3,534,444
Utility Billing Replacement	\$2,592,000
Wastewater Sump Rehabilitation and Replacement Program	\$2,317,822
Sewer Repair Program	\$1,000,000
Facility Electrical Rehabilitation Program	\$750,000
CIP Base Contingency - Wastewater	\$500,000
Wastewater Flow Meter Program	\$242,318
Pioneer River Intake Rehabilitation	\$143,730
	<b>\$32,000,000</b>

# PLAN OF FINANCING

- The Series 2019 Bonds is the second series of long-term wastewater bond financing; the first series was issued in 2013.
- Bond proceeds not-to-exceed \$35 million.
- 20-year maturity (lower overall interest savings vs. overall interest savings of traditional 30-year maturity).
- Final maturity in FY 2039/40.
- Fixed-rate interest (overall interest rate of 3.21%).
- Estimated annual debt service is \$2.2 million.
- Estimated total debt service payment is \$44.5 million
- High investment-grade credit ratings.
- Level debt service payment.
- No debt service reserve fund.

## SOURCES OF REPAYMENT

- In March 2016, the City approved a 9% wastewater-rate adjustment each year from FY 2016/17 through FY 2019/20; this will help pay for debt service.
- The Series 2019 Bonds are limited obligations of the City, payable solely from system net revenues in the wastewater fund and funds held by the Trustee.
- **The City's general fund is not pledged nor obligated.**

## FINANCING TIMELINE

- Due diligence call and final documents review on March 19, 2019.
- Receive credit ratings on March 19, 2019.
- Post Preliminary Official Statement on March 20, 2019.
- Pricing on March 27, 2019.
- Closing on April 10, 2019.