

AGENDA STAFF REPORT

MEETING NAME: BOARD MEETINGS

MEETING DATE(S): JANUARY 16 & 21, 2025

FROM: ARTURO CEJA, DIRECTOR OF FINANCE

FOR: ACTION X DIRECTION _____ INFORMATION _____



RESOLUTION 2025-01 – MSWD REGIONAL WATER RECLAMATION FACILITY – INSTALLMENT PURCHASE AGREEMENT EXTENSION

STAFF RECOMMENDATION

It is recommended that Resolution No. 2025-01 be adopted, extending the Installment Purchase Agreement related to the MSWD Regional Water Reclamation Facility for one year through January 2026.

SUMMARY

In January 2023, the Board of Directors adopted Resolution No. 2023-02, approving an Installment Purchase Agreement with Wells Fargo in the amount of \$15,000,000. The agreement was set up as an expense reimbursement covering 100% of the Reclamation Facility's costs throughout the duration of the project. This agreement has provided cashflow funds during the reimbursement delay from the State Water Resources Control Board (Water Board) for Funding Agreement No. D2101054. Due to various delays in construction and the availability of materials, the project completion has been extended through June of 2026.

ANALYSIS

We continue to experience delays in the Reclamation Facility project completion and are projecting large capital improvement expenses over the next two years, as well as extended delays in funding by the Water Board. Therefore, it is recommended that the District extend this Installment Purchase Agreement with Wells Fargo. The amount of the agreement would remain the same at \$15,000,000 with a fixed interest rate of 4.16% and an early optional redemption. The underwriting/closing costs are estimated at approximately \$15,000, paid to the District and Bank's bond counsel. All other terms remain consistent with existing District debt agreements.

FISCAL IMPACT & STRATEGIC PLAN IMPLEMENTATION

Monthly interest-only payments of \$53,000, for a total interest of \$636,000. This action is consistent with Strategic Plan Smart Goal 2 related to Water Supply, Goal 3 related to Financial Management, Goal 4 related to System Reliability and Goal 5 related to Environmental Sustainability.

ATTACHMENTS

Resolution No. 2025-01
Installment Purchase Agreement
Summary of Preliminary Terms and Conditions
Resolution No. 2023-02
Original Installment Purchase Agreement

FINANCIAL DATA		
Cost Associated with this action:	\$651,000	
Current FY cost:	\$333,000	
Future FY cost:	\$318,000	
Is it covered in current year budget:	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
Budget adjustment needed:	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
If yes, year needed:	N/A	
All previous contracts including dates, amounts and board approvals are attached or have been made available.		
Yes		
FUNDING SOURCES		
Source of funds:	Operating Revenue/Debt	
BID/Job#	872	
Current BID/Job balance	636,000	
Balance remaining if approved:	636,000	