

DRINKING WATER FACILITY COSTING UPDATE AND FINANCING PLAN

June 17, 2024

Purpose:

Direct Staff on borrowing terms for
project financing

Drinking Water Facility Project

April 24, 2023 – City Council authorized construction of the replacement Drinking Water Facility Project on Westminster Boulevard

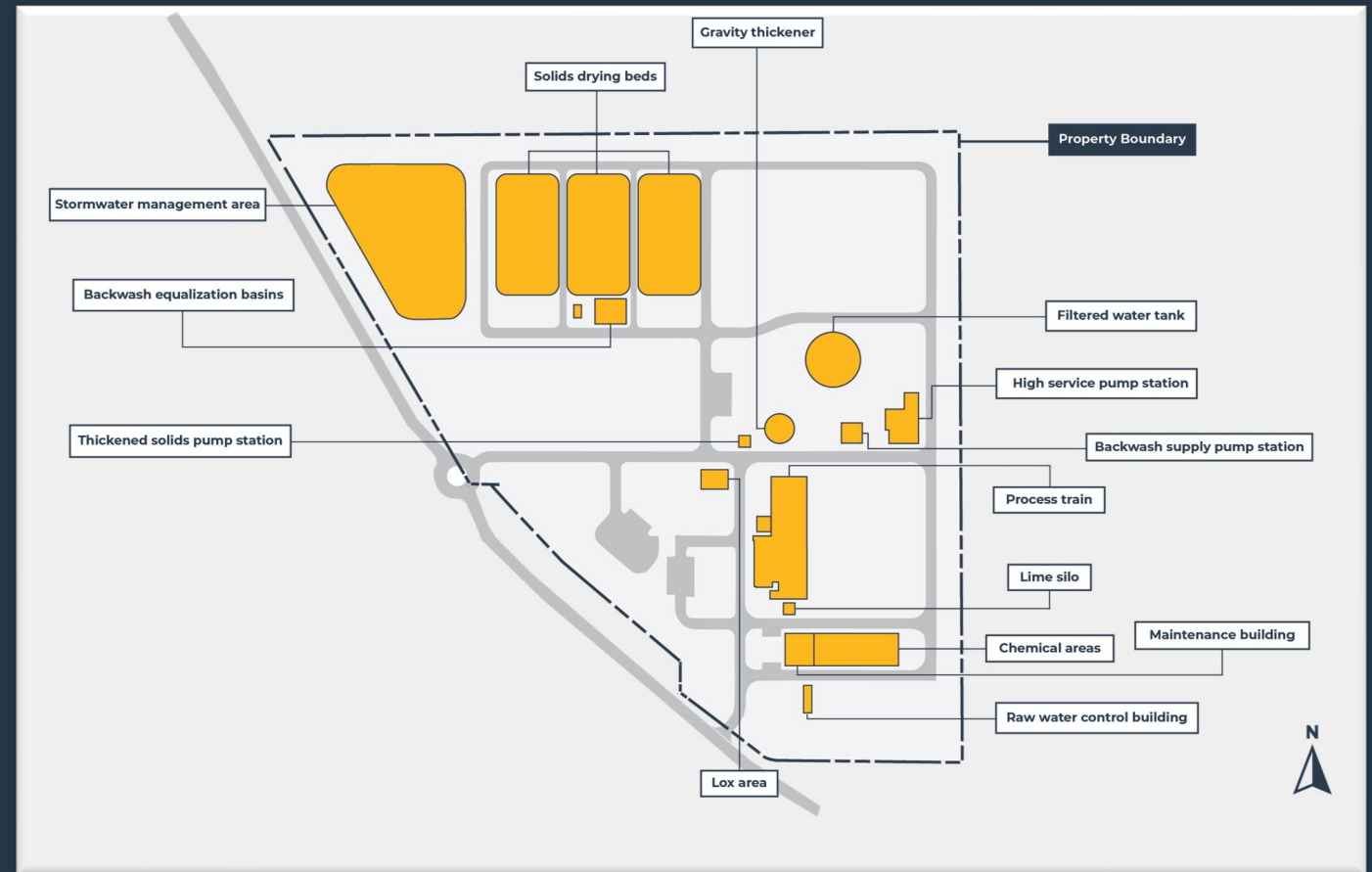
The Project consists of :

- Raw Water Supply Line
- Drinking Water Facility
- Finished Water and Sanitary Sewer Lines



Fall 2023: 30% Design site plan

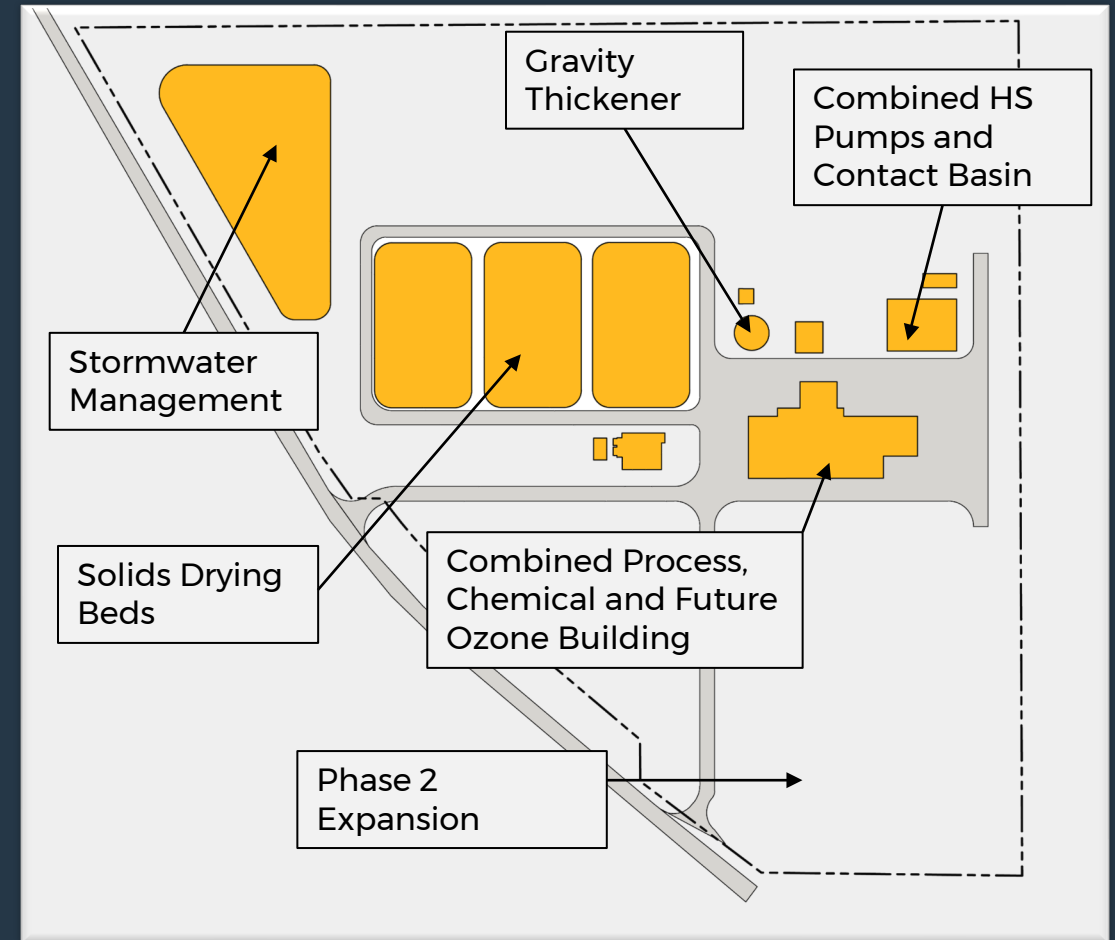
- 14.7 MGD treatment capacity
- typical site plan
- room for future infrastructure
- General Contractor 30% facility cost estimate



Modified Cost-Saving Design

Primary drivers:

1. Resiliency of 3 plants
 - a. defer admin building to future
 - b. defer \$10M backup generator
2. Site Consolidation
 - a. campus layout
 - b. future expansion area
 - c. less materials and labor
3. Ozone is currently an add-alternate



Water 2025 vs. Current Costing

Costing Comparison

January 2022:

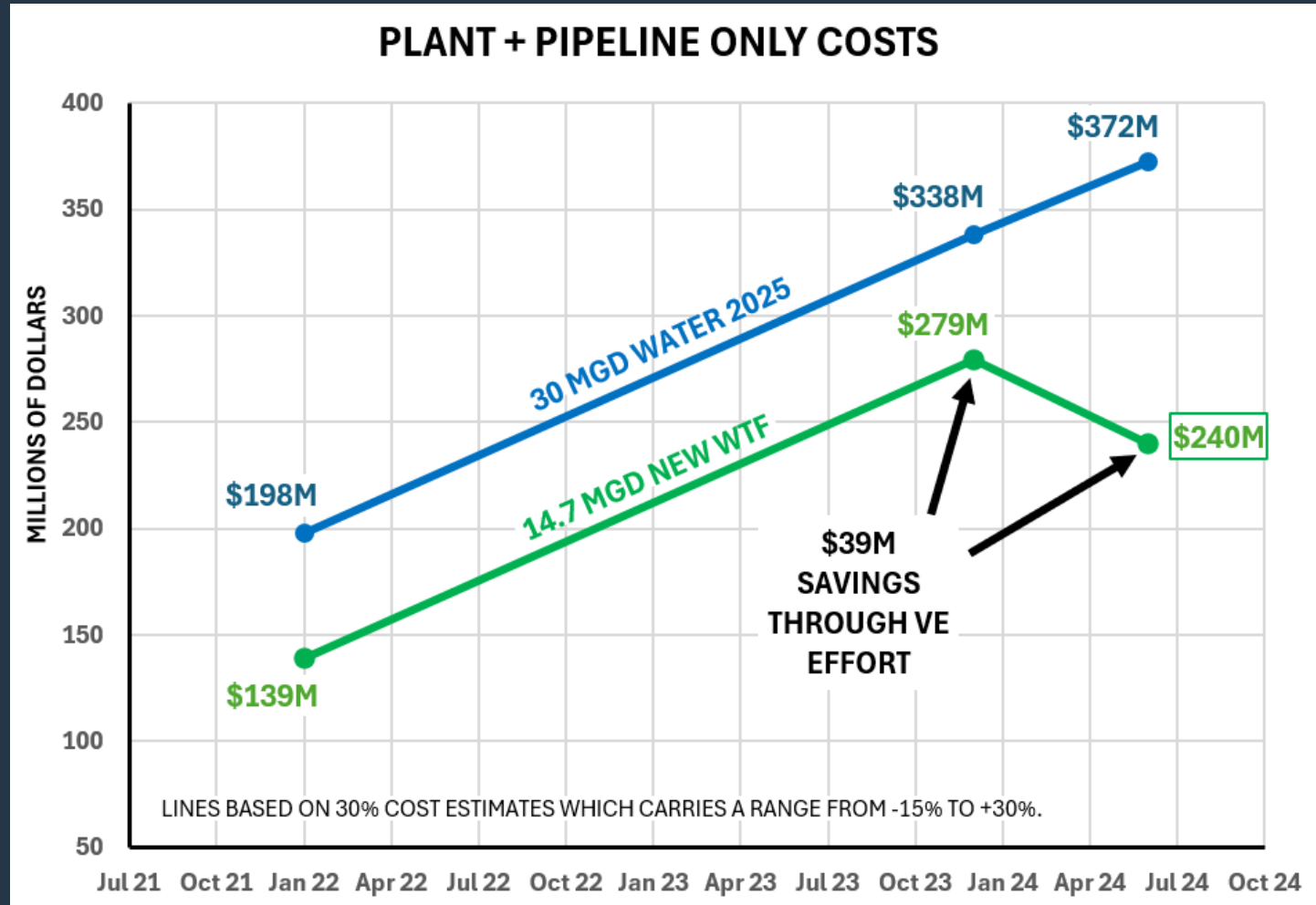
- pause and right-size for today: 30MGD to 14.7MGD
- redesign (chasing inflation)

December 2023:

- redesign to reduce cost

August 2024:

- 60% cost estimate



Costing Breakdown

Item	Cost	Note
Land Acquisition	\$32 million	City owns the land – Cash Funded/Paid
Consulting Fees	\$20 million	Cash Funded/Paid
Drinking Water Facility	\$190 million	Bond Financing Needed
Raw Waterline	\$25 million	To be paid for with Cash
Finished Utilities	\$25 million	To be paid for with Cash
Total Remaining Cost:	\$240 million	

Financing Plan

- April 1, 2024: City Council directed Staff to pursue revenue bonds to finance the replacement Drinking Water Facility
- Three bond amortizations evaluated: 20-year, 30-year, and 40-year
- Based on the bond amount and associated interest rate, Staff recommends a 30-year revenue bond
- This holds water rate increases at **4.5%** or less annually

Now:

- Similar to the replacement Municipal Court, project funds are secured
- Eliminates financial uncertainties
- Bond proceeds: interest earnings greater than interest cost

\$190M Revenue Bond

Bond Term	Interest Rate	Annual Payment	Total Interest Cost	Water Rate Increase (2025)
20 Years	4.0000%	\$13,743,000	\$84,852,000	7.50%
30 Years	4.5000%	\$11,317,000	\$149,523,000	4.50%
40 Years	4.7500%	\$10,319,000	\$222,765,000	2.50%

Based on project cost of \$240M with \$190M in Revenue Bonds and \$50M Cash on-hand

Recommendation: 30 Year Bond Maturity

Financing Next Steps

Direct Staff to pursue a 30-Year Revenue Bond and return to City Council in July with recommendations to:

1. Approve Bond Ordinance
2. Retain Legal Bond Counsel
3. Authorize Reimbursement Resolution