

Financing the Cascade Groundwater Development Program with a WFAA Loan and Revenue Bonds

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Rockwood Water
People's Utility District

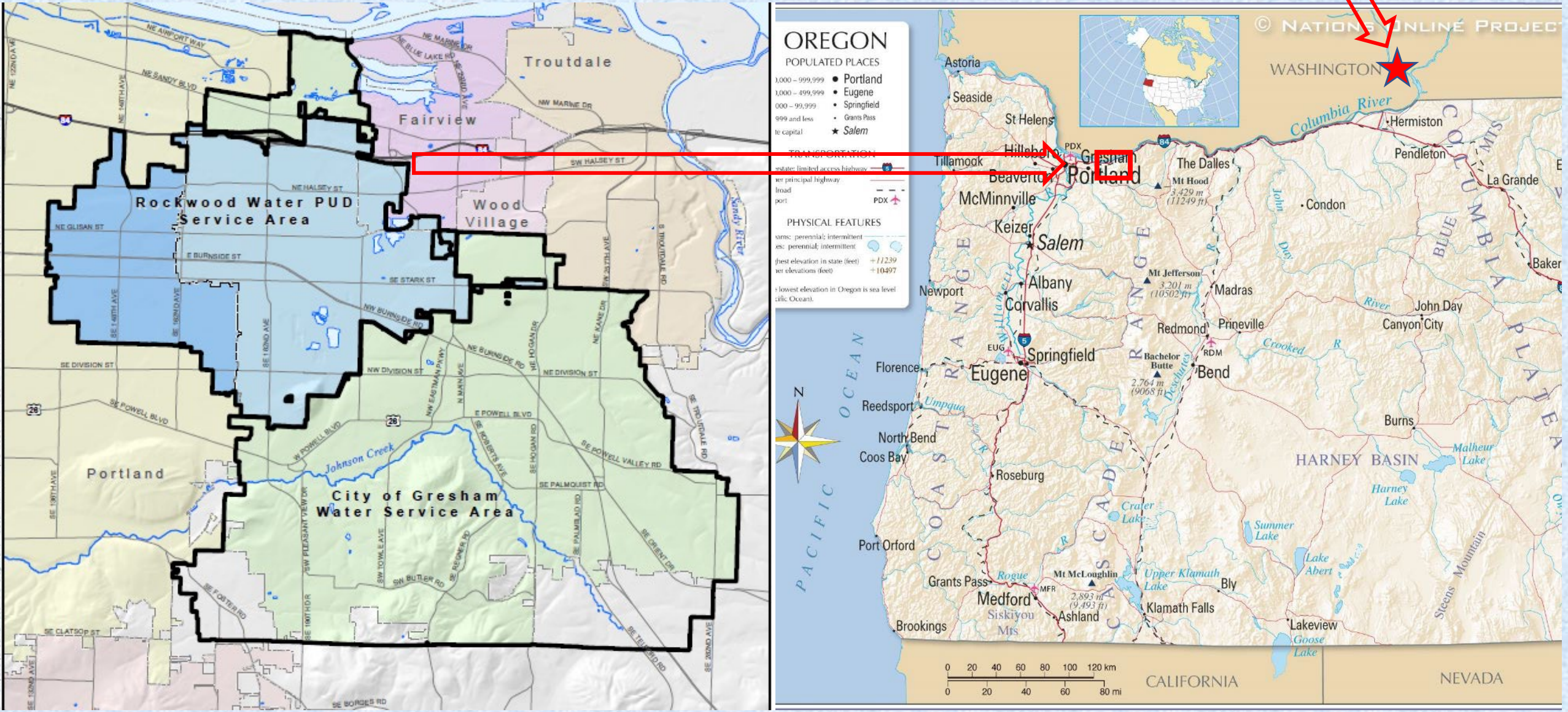


American Water Works Association
Pacific Northwest Section



Rockwood Water PUD is located 200 miles Southwest of Kennewick, WA
District is approximately 10 Square Miles with 175 miles of pipes
District serves 66,000 residents, with 13,700 connections

You are Here



HISTORICAL TIMELINE

- **1925** - Became a water district and drilled first well
- **1943** - first purchase agreement w/City of Portland
- **1990** - Became a PUD to secure water system boundaries
- **2019** – Portland projected rate impacts of the Bull Run Water Treatment facility
- **2020** - Groundwater Development Master Plan completed.



Special Election Notice

Notice is hereby given that on SATURDAY, THE 14TH DAY OF OCTOBER, 1922, at Rockwood Grange Hall, on the Base Line Road near its intersection with the Rockwood Road, in said District, in the County of Multnomah, State of Oregon, a Special Election will be held to determine whether that portion of Multnomah County, State of Oregon, described as follows:

Shall be incorporated as a municipal corporation known as ROCKWOOD WATER DISTRICT, and

For the election of five Commissioners,

To carry out the purpose of incorporation in accordance with the provisions of that certain Act of the Legislative Assembly of the State of Oregon, passed at the regular session in the year 1917, entitled "An Act to authorize communities to incorporate as municipal corporations for the purpose of supplying their inhabitants with water for domestic purposes; to issue, sell and dispose of bonds and other securities, to levy taxes and have the right of eminent domain for such purposes."

Which election will be held at eight o'clock in the morning and will continue until eight in the afternoon of said day.

Dated this 12th day of September, 1922.

JOSEPH W. BEVERIDGE,
County Clerk.





4 Groundwater treatment plants



1 New 6.0 MG water tank

By the
Numbers
packages

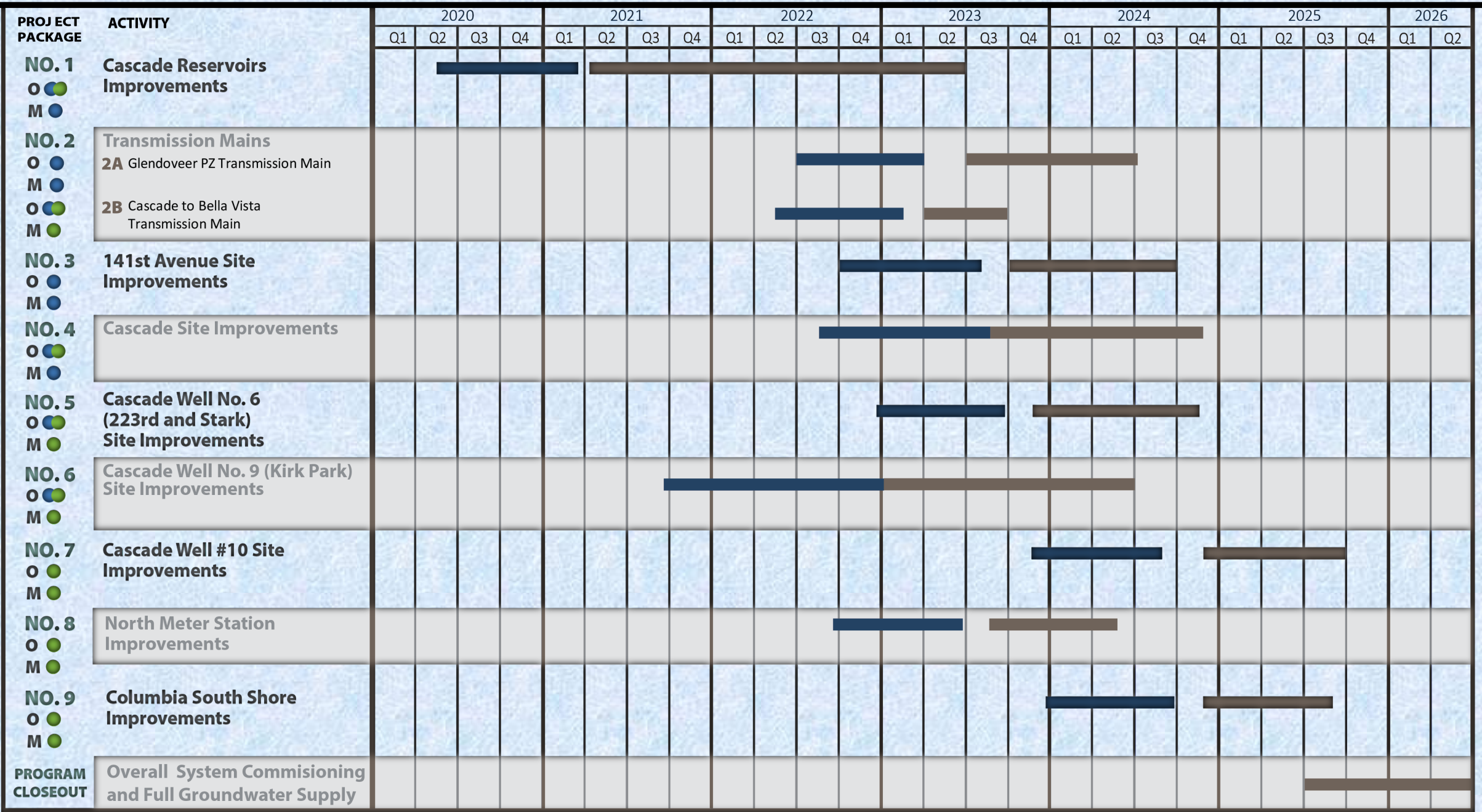


5 Wells & wellhouses

57K
Feet of water transmission piping



2 Water storage tank rehabilitations



O = OWNERSHIP M = MANAGEMENT ● CITY OF GRESHAM ● ROCKWOOD WATERPUD TIMELINE COLOR KEY ● DESIGN ● CONSTRUCTION

Project Cost Share

Owner	Description	Rockwood Total	Gresham Total	Combined Total
RG	Project Package #1 - Cascade Reservoirs & Well #7 Improvements	\$12,466,239	\$ 10,163,762	\$ 22,630,000
R	Project Package #2a - Transmission Mains	\$9,292,522	\$ -	\$ 9,292,522
RG	Project Package #2b Transmission Mains	\$12,020,232	\$ 12,020,232	\$ 24,040,464
R	Project Package #3 -141st Avenue Site Improvements	\$14,431,321	\$ -	\$ 14,431,321
RG	Project Package #4 - Cascade Site Improvements	\$ 26,373,475	\$ 26,373,475	\$ 52,746,950
RG	Project Package #5 - Cascade Well #6 223rd Site Improvements	\$ 9,407,959	\$11,306,309	\$ 20,714,268
RG	Project Package #6 - Cascade Well #9 (COG Well No. 2) Kirk Park	\$5,328,319	\$ 4,847,827	\$ 10,176,146
G	Project Package #7 - Cascade Well #10 (COG Well No. 3) SW Park	\$ -	\$ 4,801,689	\$ 4,801,689
G	Project Package #8 - North Meter Station	\$ -	\$1,500,240	\$ 1,500,240
G	Project Package #9 - Columbia South Shore	\$ -	\$ 5,000,040	\$ 5,000,040
	Budget TOTAL	\$89,320,066	\$ 76,013,573	\$165,333,640

FINANCIAL PLAN

- 2021 Revenue Bond
- 2022 WIFIA Loan
- SRF/BIL Funding?
- Second Round WIFIA or Wrap up Bond
- By 2026 will supply all demand through groundwater supply system



2021 Revenue Bond

Codify/Revise Financial Policies

- Establish good debt policies
 - Establish Debt Reserve Fund w/one year of advanced payments
 - Maintain minimum cash reserves of 365 days of personnel and operations maintenance.
 - Maintain a rate covenant no less than 1.5 times coverage of annual debt service.



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www.rockwood.org

APPENDIX VI

Rockwood Water People's Utility District

Financial Management Policies

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2021 Revenue Bond

Engage with Bond Counsel

- Optional - Engage with Municipal Advisor
- Utilize Experts to guide you through the process.
- Position staff in supportive roles.



2021 Revenue Bond

Bond Rating

- Credit Strengths
- Credit Challenges
- Factors that lead to upgrade
- Factors that lead to downgrade

Moody's		S&P		Fitch		Rating description
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime
Aa1		AA+		AA+		High grade
Aa2		AA		AA		High grade
Aa3		AA-	A-1	AA-	F1	Upper medium grade
A1		A+		A+		
A2		A		A		
A3	P-2	A-	A-2	A-	F2	Lower medium grade
Baa1		BBB+		BBB+		
Baa2	P-3	BBB	A-3	BBB	F3	Lower medium grade
Baa3		BBB-		BBB-		
Ba1		Not Prime		BB+		
Ba2	BB		BB			
Ba3	BB-		BB-			
B1	B+		B+	Highly speculative		
B2	B		B			
B3	B-		B-			
Caa1	Not Prime	CCC+	C	CCC+	C	Substantial risks
Caa2		CCC		CCC		
Caa3		CCC-		CCC-		
Ca		CC		CC		Extremely speculative
C		C		C		
		RD		DDD		
/	SD	D	D	In default		
/	D	D				

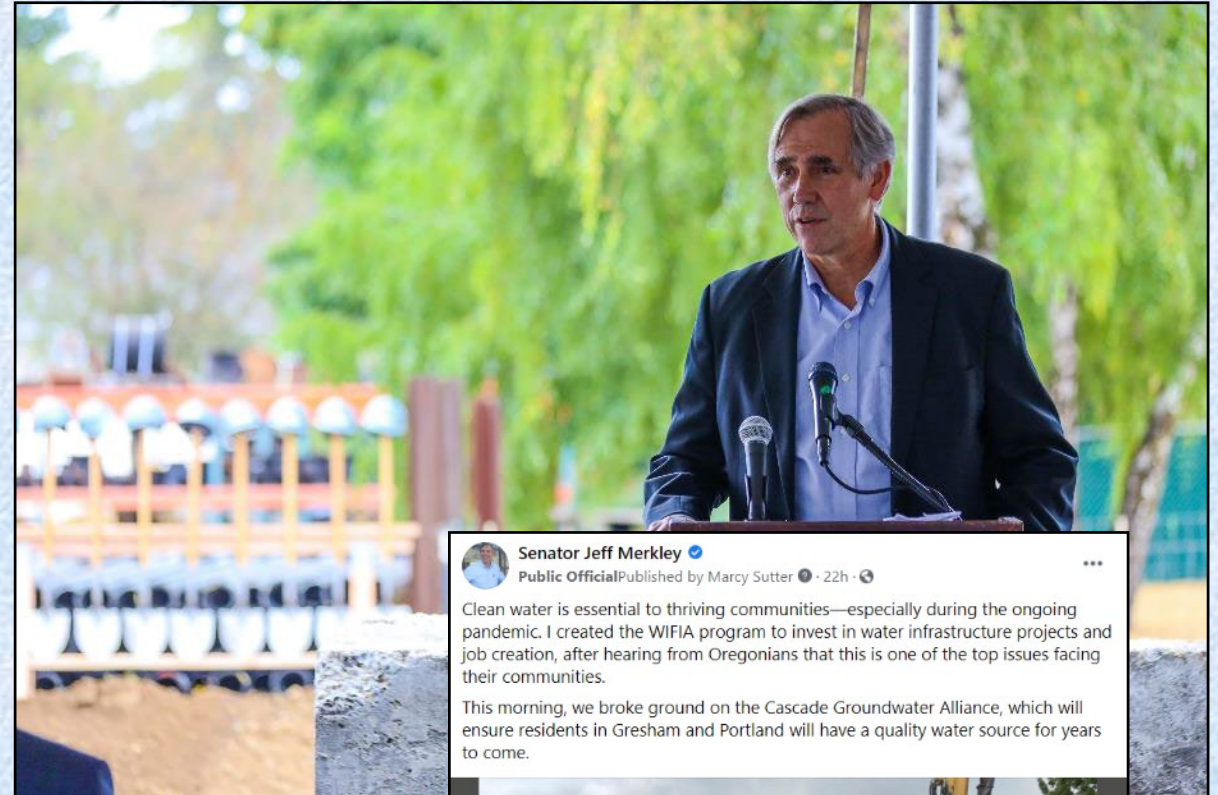
2021 Revenue Bond



- Engage Bond Underwriter
- Pricing and Advertising
- Bond Proceeds totaled \$18,590,000
- Three Years to fully expense Bond Proceeds & Interest
- Positive Arbitrage Clause
- Continuing Disclosures

Cost of Issuance		
Rockwood Water PUD - Water Revenue & Refunding Bonds, Series 2021		
Water Revenue and Refunding Bonds, Series 2021		
FINAL PRICING		
Cost of Issuance	\$/1000	Amount
Bond/Disclosure Counsel	6.72405	125,000.00
Municipal Advisor	1.34481	25,000.00
Paying/Escrow Agent	0.59172	11,000.00
Rating Agency (Moody's)	1.35826	25,250.00
Verification Agent	0.08069	1,500.00
MDAC	0.10000	1,859.00
	10.19952	189,609.00

WIFIA Loan

- Flexible Financing
 - Promote “Generational Equity”
- Total Loan: \$32 M Rockwood/
\$34 M Gresham
- \$18 million in savings over
Revenue Bonds
- Public Information/ Branding
Support



Senator Jeff Merkley 
Public Official Published by Marcy Sutter · 22h · 

Clean water is essential to thriving communities—especially during the ongoing pandemic. I created the WIFIA program to invest in water infrastructure projects and job creation, after hearing from Oregonians that this is one of the top issues facing their communities.

This morning, we broke ground on the Cascade Groundwater Alliance, which will ensure residents in Gresham and Portland will have a quality water source for years to come.



WIFIA Letter of Interest

- Single LOI, Jointly Developed
- Submitted October 2020
- Benefits
 - System Resiliency
 - Long-Range Cost Containment
 - Consistent Water Quality
 - System Ownership

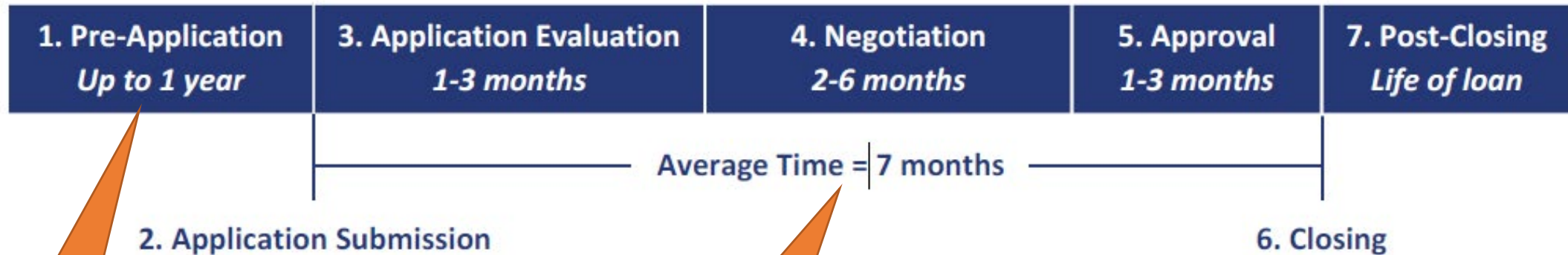




The WIFIA program accelerates investment in our nation's water infrastructure by providing long-term, low-cost supplemental loans for regionally and nationally significant projects. The WIFIA program was established by the Water Infrastructure Finance and Innovation Act of 2014.

CONGRATULATIONS ON BEING INVITED TO APPLY FOR A WIFIA LOAN!

The information below outlines the steps required to close a loan with the WIFIA program.



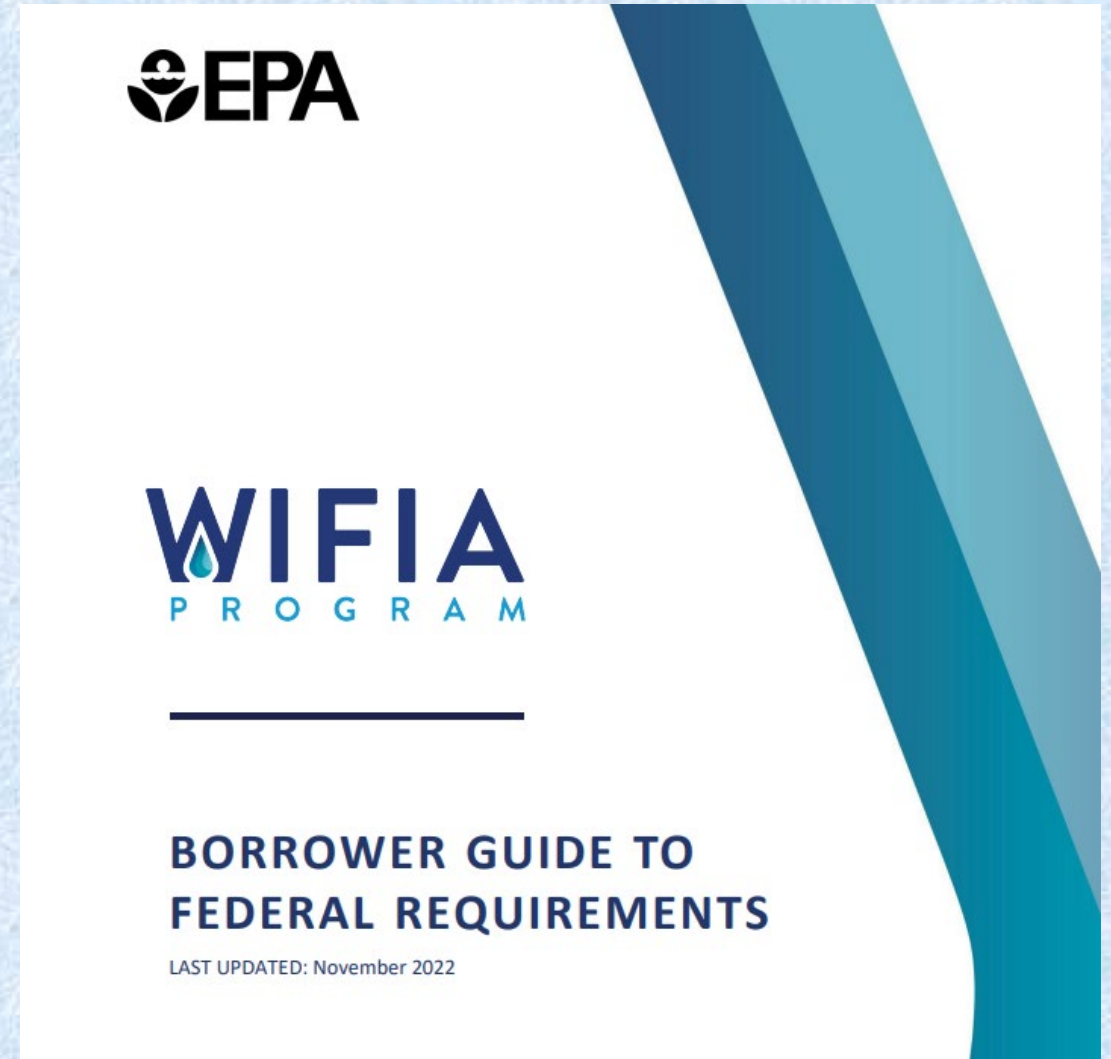
7 months;
Invitation to
Application
Submission

7 months
Application to
Loan Closing

WIFIA Application Process- Partners Submitted Separate but Parallel Applications

- a. WIFIA / EPA Underwriting and Portfolio Management – shared underwriting team.
- b. Shared Management – no lead agency, each agency is managing parts of the project.
- c. Partners rely on an internal share point site.
- d. Used different Bond Counsel and Financial Advisors.
- e. Same Planning Engineer- Master Plan, Risk Assessment and Environmental Review.

https://www.epa.gov/sites/default/files/2021-03/documents/wifia_borrower_guide_to_federal_requirements.pdf



WIFIA Application Sections

- Section A: Key Applicant and Loan Information
 - SAM number
- Section B: Applicant Background
 - Customer stats, CIP, System Condition, Outreach, Org Charts
- Section C: Financing Plan
 - Ratings, Pro Forma, Flow of Funds, Loan Agreement, Master Declaration
- Section D: Federal Requirements
 - NEPA, Environmental Review, Permits, Forms
- Section E: Contract Information
 - Project cost tables, Contracts, Risk Mitigation Plan



WIFIA Loan Compliance Activities

- AIS (American Iron and Steel)
- BABAA (Build America Buy America Act) 5/14/2022
- Davis Bacon Wages (BOLI)
- Contractor Postings
- Quarterly Reports
- Expense Documentation



Package Invoice Tracking is the PITS!

Excel GDMP Package Invoice Tracking 2021-12-10 Draft - Saved Search (Alt + Q) Kari Duncan

File Home Insert Draw Page Layout Formulas Data Review View Help Editing

Calibri 11 B Merge Date \$.00 .00 Σ 🔍 ...

F70 Design

Package 1 Invoice Tracking Spreadsheet (PITS) - WIFIA													
RW Project # 313, Gresham Job# B36													
				Planning Budget =	\$391,877.00	Invoiced =	\$0.00	Remains =	\$391,877.00				
				Design Budget =	\$2,360,000.00	Invoiced =	\$1,345,779.26	Remains =	\$1,014,220.74				
				Construction Budget =	\$20,010,000.00	Invoiced =	\$12,730,847.13	Remains =	\$7,279,152.87				
				Other Budget =	\$0.00	Invoiced =	\$0.00	Remains =	\$0.00				
				Original Budget =	\$22,761,877.00	Invoiced Total =	\$14,076,626.39	Remains total =	\$8,685,250.61				
						WIFIA Invoice Categories				Invoiced Totals =	\$7,504,024.47	\$6,446,521.93	
	Name of vendor	Invoice Date	Invoice No.	Description	Planning	Design	Construction	Other		Rockwood Share	Gresham Share	Verification of Total, using formulas	Submitted by
35	Murraysmith	8/9/2021	21-3113.00 - 3	Construction Management			\$37,808.58						JCH
36	Murraysmith	9/20/2021	21-3113.00 - 4	Construction Management			\$58,662.95						JCH
37	Rotschy	6/1/2021	1	Contractor			\$172,320.68			\$86,160.34	\$86,160.34	\$172,320.68	JCH
38	Rotschy	8/9/2021	2	Contractor			\$153,106.56			\$76,553.28	\$76,553.28	\$153,106.56	JCH
39	Rotschy	9/8/2021	3	Contractor			\$221,259.66			\$110,629.83	\$110,629.83	\$221,259.66	JCH
40	Rotschy	10/12/2021	4	Contractor			\$250,431.84			\$125,215.92	\$125,215.92	\$250,431.84	JCH
41	S&B	8/31/2021	25722A	Instrumentation and Control			\$49,393.50			\$24,696.75	\$24,696.75	\$49,393.50	JCH
42	2 Murraysmith	10/28/2021	20-2855.00 - 15	Design		\$16,833.75				\$15,573.75	\$1,260.00	\$16,833.75	JCH
43	3 Murraysmith	10/28/2021	21-3113.00 - 5	Construction Management			\$36,193.70			\$18,096.85	\$18,096.85	\$36,193.70	JCH

November 2021 December 2021 January 2022 February 2022 Cascade Well 9 - Kirk Park Package 1 Package 1 WIFIA Invoices Pilot Study Program

Calculation Mode: Automatic Workbook Statistics Give Feedback to Microsoft 100%

Inflation and project scope has impacted CGA budget

Package #	Description	2020 Rockwood	2023 Rockwood	% change
1	Cascade Reservoirs & Well #7 Improvements	\$ 12,466,239	\$12,466,239	0%
2a	Glendover Transmission Main	\$ 6,750,000	\$9,292,522	38%
2b	Transmission Mains	\$ 6,460,000	\$12,020,232	86%
3	141st Avenue Site Improvements	\$ 9,410,000	\$14,431,321	53%
4	Cascade Site Improvements	\$ 15,025,000	\$26,373,475	76%
5a	Cascade Well #6 223rd Site Improvements	\$ 6,464,000	\$9,407,959	46%
5b	223rd Site Improvements Gresham only	\$ -		
6	Cascade Well #9 (COG Well No. 2) Kirk Park	\$ 2,550,000	\$5,328,319	109%
7	Cascade Well #10 (COG Well No. 3) SW Park	\$ -		
8	North Meter Station	\$ -		
9	Columbia South Shore			
	Subtotal	\$ 59,125,239	\$89,320,067	
	5% contingency	\$ 2,956,262		
	Total	\$ 62,081,500	\$89,320,067	44%

Other Funding; DWSRF/BIL, WIFIA, Bond?

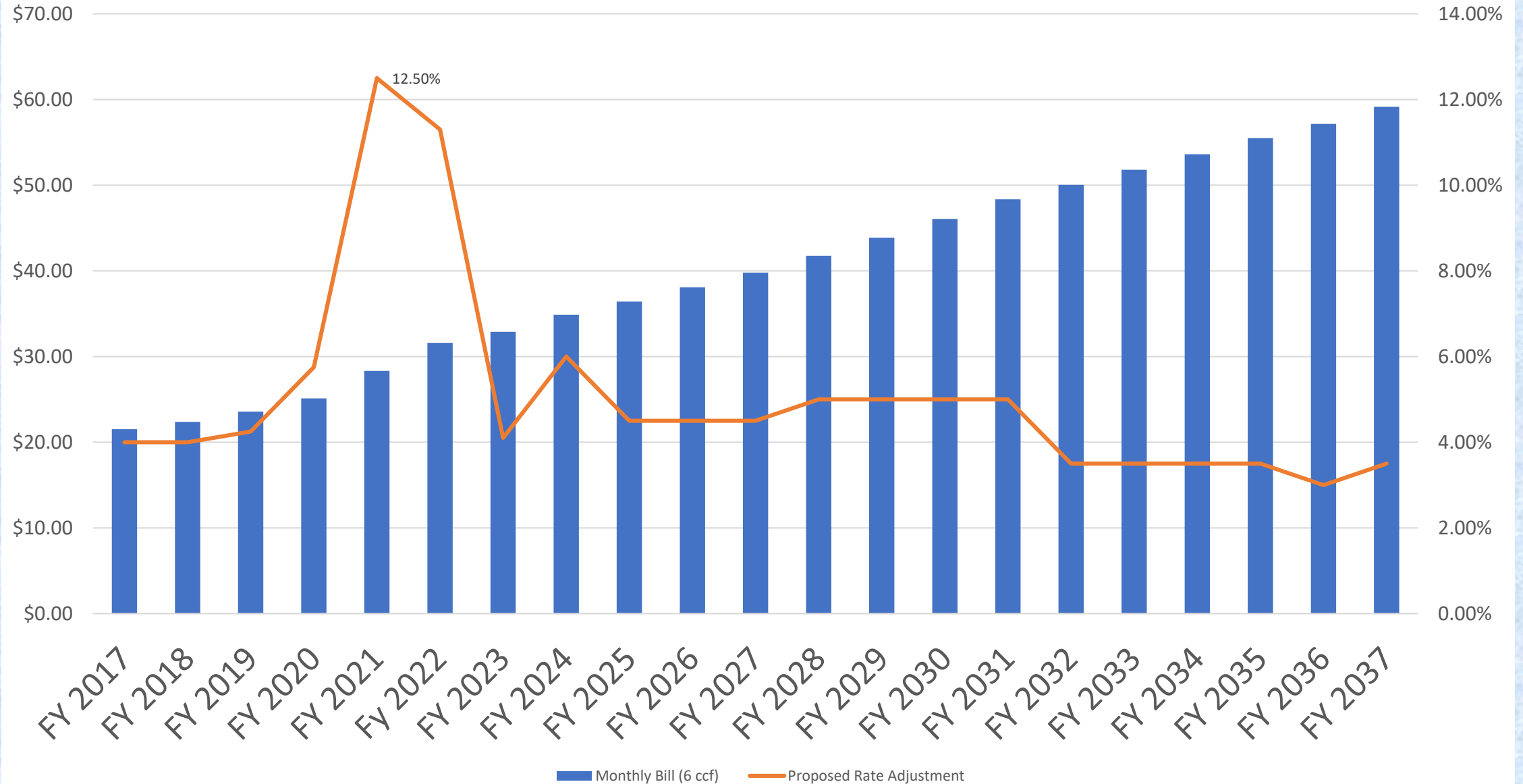
- Bipartisan Infrastructure Law (BIL) signed 11/15/2021
- Additional Funds 2022-2026
- Implemented through State DWSRF programs
- Disadvantaged Community-loan subsidy
- 3 'Buckets' of funds
 - Supplemental DWSRF
 - Lead Service Line Replacement
 - Emerging Contaminants

Fiscal Year	"Base" DWSRF	Needs Survey Rate (%)	General Supplemental	Needs Survey Rate (%)	Lead Service Line Replacement	Needs Survey Rate (%)	Emerging Contaminants	Needs Survey Rate (%)
2022	\$ 9,220,000	1.32%	\$ 23,673,000	1.32%	\$ 37,300,000	1.32%	\$ 9,940,000	1.32%
2023	\$ 7,428,000	1.50%	\$ 31,672,000	1.50%	\$ 28,650,000	1.00%	\$ 11,493,000	1.50%
2024	TBD*	1.50%	\$ 31,672,000	1.50%	\$ 28,650,000	1.00%	\$ 11,493,000	1.50%
2025	TBD*	1.50%	\$ 31,672,000	1.50%	\$ 28,650,000	1.00%	\$ 11,493,000	1.50%
2026	TBD*	1.50%	\$ 31,672,000	1.50%	\$ 28,650,000	1.00%	\$ 11,493,000	1.50%
Total	\$ 16,648,000		\$ 150,361,000		\$ 151,900,000		\$ 55,912,000	

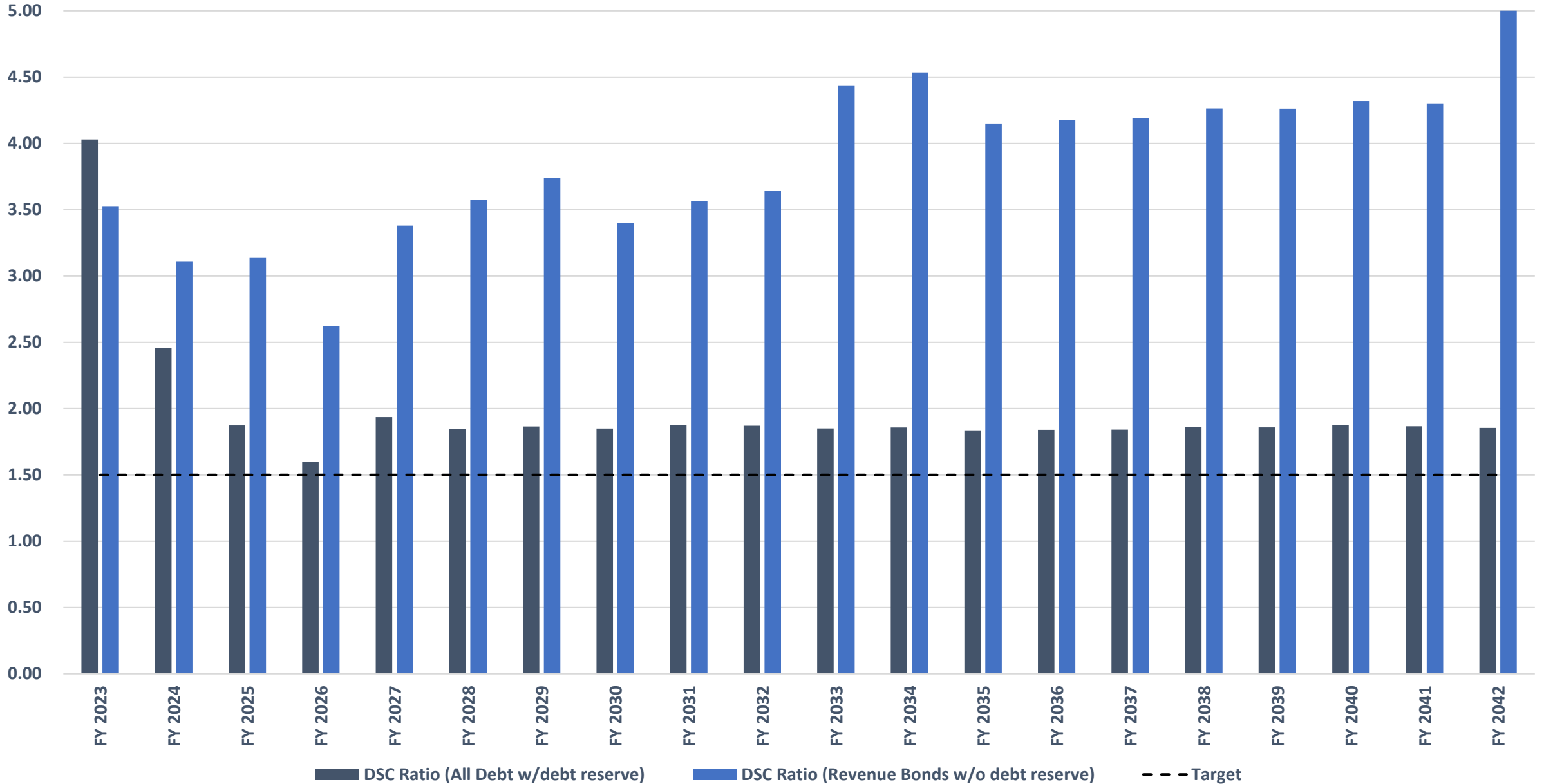
* TBD - "Base" DWSRF allotment is based on the rate of the annual national DWSRF appropriation after CDS (earmarks) have been removed first - announced late winter or early spring

Fiscal Year	General Supplemental (49% of Appropriation)	Lead Service Line Replacement (49% of Appropriation)	Emerging Contaminants (100% of Appropriation)
2022	\$ 11,599,770	\$ 18,277,000	\$ 9,940,000
2023	\$ 15,519,280	\$ 14,038,500	\$ 11,493,000
2024	\$ 15,519,280	\$ 14,038,500	\$ 11,493,000
2025	\$ 15,519,280	\$ 14,038,500	\$ 11,493,000
2026	\$ 15,519,280	\$ 14,038,500	\$ 11,493,000
Total	\$ 73,676,890	\$ 74,431,000	\$ 55,912,000

Average Customer Bill and Rate Adjustments FY 2017-2037



Debt Service Coverage Ratio





Questions?