



Fiscal Year 2025 Financing Plan

Finance/Administration Committee

August 27, 2024

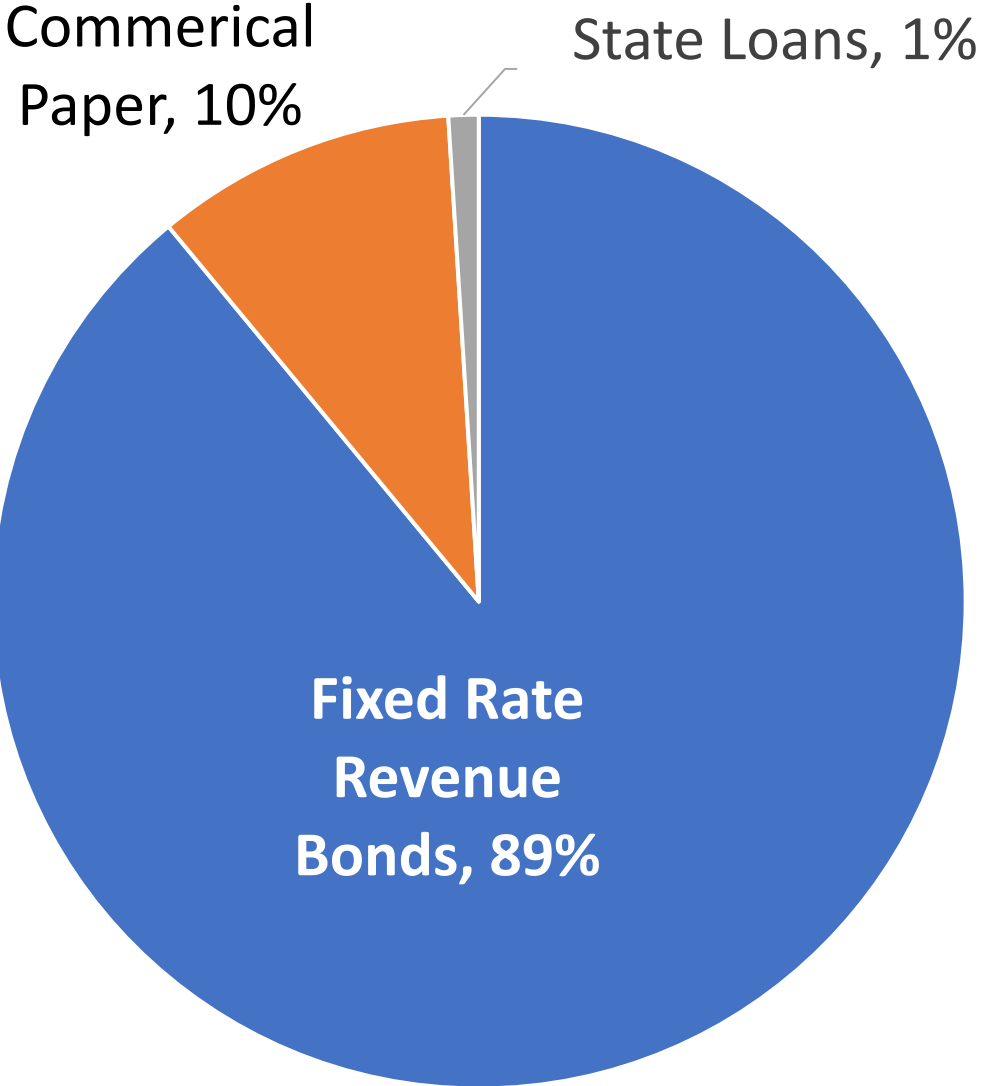
Agenda

- Debt Overview
- Additional Bond Authorization
- Fiscal Year (FY) 2024 Financing Activity
- FY 2025 Proposed Financing Plan
- Recommendations

Debt Overview (as of June 30, 2024)

Water System

\$2.7 billion in debt outstanding



Water System

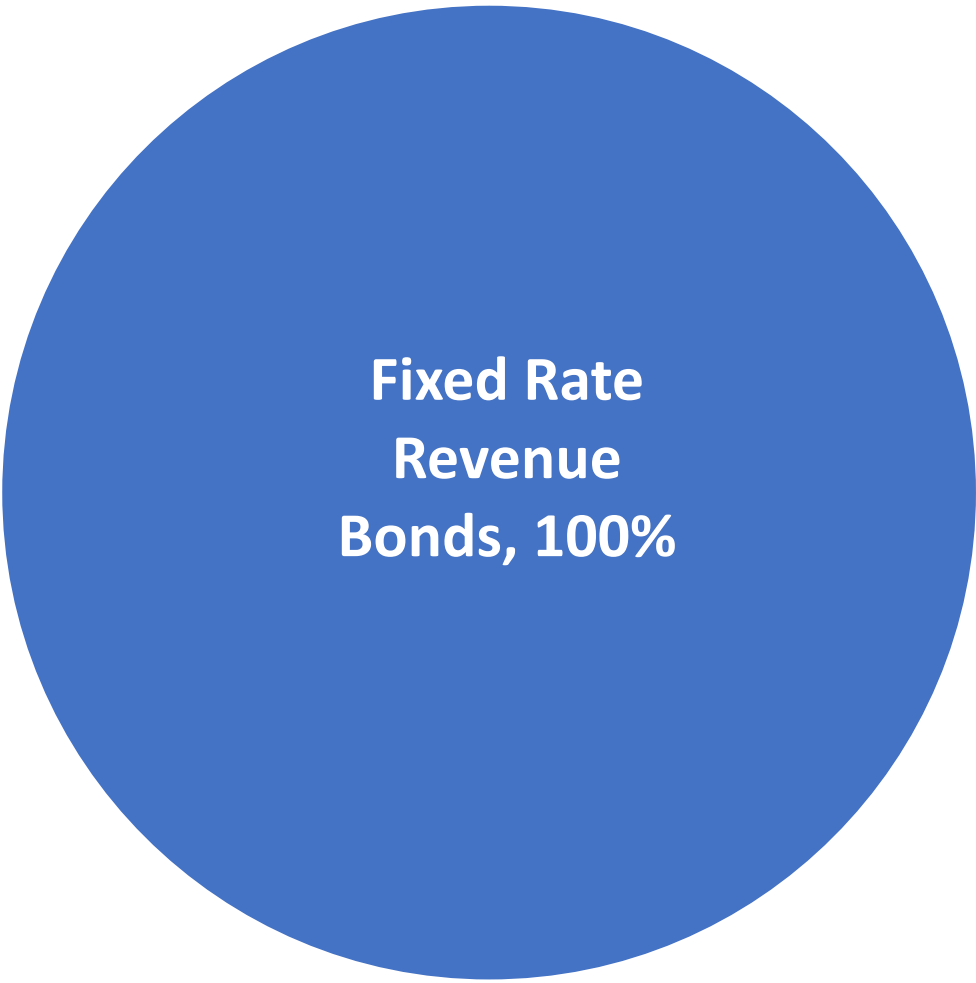
Rating Agency	Long-term Rating
S&P	AAA
Moody's	Aaa
Fitch	AA+

Wastewater System

Rating Agency	Long-term Rating
S&P	AAA
Moody's	Aa1
Fitch	AA+

Wastewater System

\$348 million in debt outstanding



Declaring Additional Water Bonds

- A preliminary resolution declaring the intention to authorize the issuance of bonds is required per the Municipal Utility District (MUD) Act
- Proposed resolution for \$970 million in additional Water bonds provides for capital improvement program (CIP) funding through FY 2028, a reserve for redeeming commercial paper and funds to address unforeseen changes
 - Refunding bonds are not counted against this authority
- Adopted resolution must be published twice and is subject to a 60-day right of referendum period before becoming effective
- As funding is needed, staff will return to the Board for authorization to issue and sell each bond series

Proposed Financing Authorization Request

	\$Millions
Budgeted Forecast CIP Need for FY 2025-2028 New Bonds & Loans	875
Reserved Amount for Redeeming Water Commercial Paper (CP) with Fixed Rate Bonds, if Needed	261
Contingency for Unforeseen Changes (~5%)	57
Total Financing Authorization Request	1,193
Less: Unissued Existing Authorization (per 2015 Resolution)	-223
Proposed Financing Authorization Request	970

Note: The Financing Plan calls for Refunding Bonds which do not require new authorization.

FY 2024 Financing Activity

Date of Action	Debt Activity
March 2024	<ul style="list-style-type: none"> Issued \$245.3 million of Water bonds (with premium) to provide \$275.0 million in CIP funding for Green projects.
March 2024	<ul style="list-style-type: none"> Issued \$180.7 million of Water bonds (with premium) to refund \$213.3 in outstanding bonds for debt service savings.
March 2024	<ul style="list-style-type: none"> Issued \$25.0 million of Wastewater bonds (with premium) to provide \$27.5 million in CIP funding for Green projects.
April 2024	<ul style="list-style-type: none"> Executed extensions of liquidity agreements with two banks to provide required support for Series A-1 and A-2 Commercial Paper (Water Series)
May 2024	<ul style="list-style-type: none"> Paid down \$20 million in Water System Commercial Paper.

FY 2025 Proposed Financing Plan - Water

Category	Description
New Money <i>March 2025</i>	<ul style="list-style-type: none"> Estimated \$275 million Water bond issuance per the FY 2025 Budget. Bonds labeled “Green” to fund qualified CIP projects per the District’s Guidance for Issuing Green Bonds. Selected underwriters for the issuance are Wells Fargo, Bank of America, Morgan Stanley and Ramirez.
Refunding <i>March 2025</i>	<ul style="list-style-type: none"> Planned refunding of up to \$528.4 million in outstanding Water System 2015ABC bonds for debt service savings. Monitor market for other refunding opportunities.
Refunding/De-Risking <i>Quarter (Q)3-Q4 FY 2025</i>	<ul style="list-style-type: none"> Evaluate refunding of up to \$400 million in outstanding Water System 2010B Build America Bonds for de-risking.
CP Paydown <i>Q4 FY 2025</i>	<ul style="list-style-type: none"> Pay down at least \$10 million in Water System commercial paper per FY 2025 Budget.

FY 2025 Proposed Financing Plan - Wastewater

Category	Description
New Money <i>March 2025</i>	<ul style="list-style-type: none"> Estimated \$30 million Wastewater bond issuance per the FY 2025 Budget. Bonds labeled “Green” to fund qualified CIP projects per the District’s Guidance for Issuing Green Bonds. Selected underwriters for the issuance are Siebert, Barclays and Academy.
Refunding <i>March 2025</i>	<ul style="list-style-type: none"> Planned refunding of up to \$54.8 million in outstanding Wastewater System 2015A-1 bonds for debt service savings. Monitor market for other refunding opportunities.
Refunding/De-Risking <i>Q3-Q4 FY 2025</i>	<ul style="list-style-type: none"> Evaluate refunding of up to \$150 million in outstanding Wastewater System 2010B Build America Bonds for de-risking.

Estimated Debt Outstanding FY 2025 Year End

Estimates	Water (\$Mil)	Wastewater (\$Mil)
Starting Debt Outstanding (as of 7/1/2024)	2,713	348
Plus: 2025 New Money Bonds	275	30
Less: Principal Payments in June 2025	-85	-15
Less: Commercial Paper Paydowns in June 2025	-10	-
Less: Principal Reduction due to Refunding	TBD	TBD
Year End Debt Outstanding (as of 6/30/2025)	~2,893	~364

Recommendations

- Committee recommendation to the Board to declare intention to authorize additional Water System Revenue Bonds
- Committee recommendation to the Board approval of the FY 2025 Financing Plan

Questions?





Private Water Service Line Repair Plan Program Update

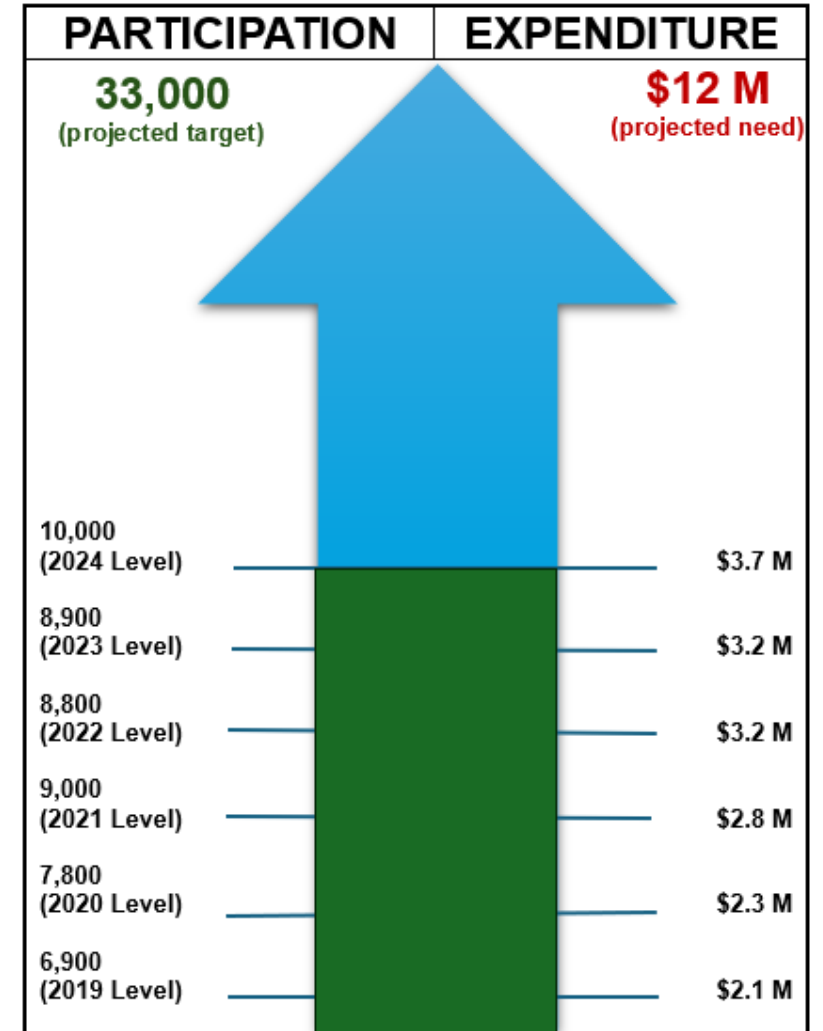
Finance/Administration Committee
August 27, 2024

Agenda

- Customer Assistance Program Overview
- Private Water Service Line Repair Plans
- Potential Benefits and Challenges
- Feedback from Other Utilities
- Next Steps

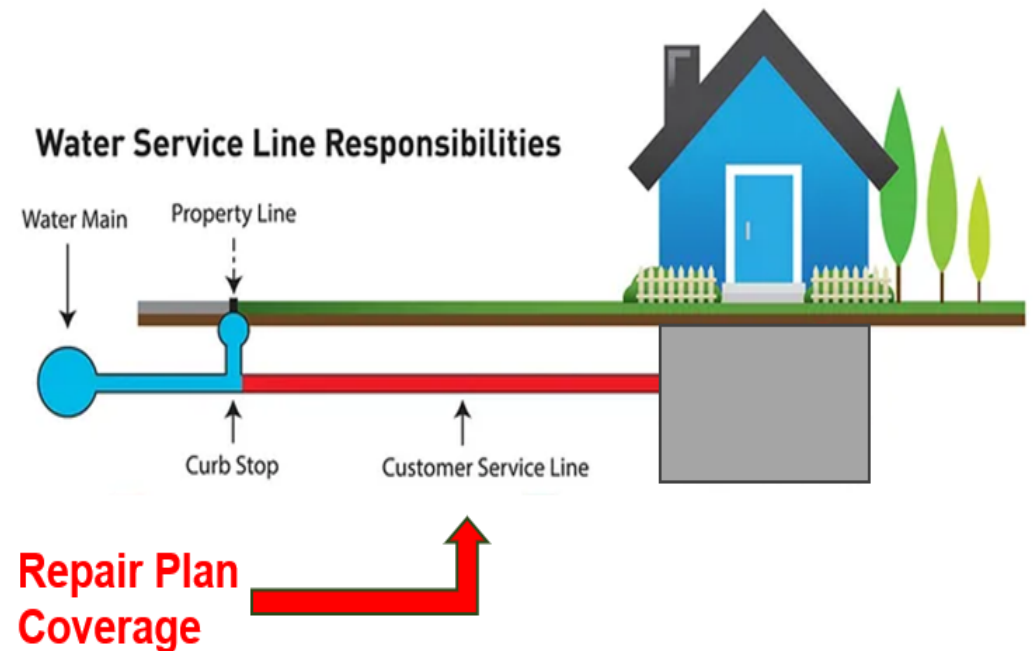
Customer Assistance Program (CAP)

- CAP participation reached significant milestone with 10,000 enrollments
- Need for non-rate revenue is increasing
- Projected funding need is \$12 million at program capacity
- Discussed other non-rate revenue strategies at the 2022 CAP Board workshop



Overview of Private Water Service Line Repair Plans

- Offered by private warranty providers
- Plans cover repair/replacement of exterior private service lines
- Customers are billed directly by the provider
- Provider dispatches local contractors to resolve issues



Roles and Responsibilities

Utility	Provider
<ul style="list-style-type: none">• Consent to allow Provider rights to market to its customers	<ul style="list-style-type: none">• Provider pays utility a flat fee
<ul style="list-style-type: none">• Allows Provider to use utility brand and logo for marketing	<ul style="list-style-type: none">• Marketing, enrollment, billing, and responding to customer inquiries
<ul style="list-style-type: none">• Review and approve Provider's marketing material	<ul style="list-style-type: none">• Vetting and dispatching contractors for repairs

Potential Benefits

- Source of non-rate revenue
- Offset cost of unplanned repair or replacement for customers
- Additional programs customized to support low-income households

Potential Challenges

- Ensuring accuracy of customer data prior to marketing campaign
- Customer complaints about marketing materials
- Influx of customer inquiries at the onset
- District does not have control over the delivery of service
 - Potential for reputation impact by association
 - May need to mediate complaints from customers

Feedback from Other Utilities

- Review marketing materials and agree on the frequency of the distribution
- Early education before the launch of any marketing campaign
- Influx of customer inquiries at the onset
 - Customer inquiries stemmed mostly from marketing material
- Customers enrolled are generally satisfied and have a good retention rate

Overview of Other Utilities' Program

AGENCIES	CCWD	ACWD	SFPUC	DSRSD	SJ Water
Duration of Program	2011 – current	2012 – current	2019 – 2023	2013 – 2018	2013 – current
# of Customers	62,000	84,000	170,000	27,000	230,000
# of Enrollment	20,000	8,700	10,000 – 12,000	206	31,000
Products Offered	Private Water Service Line/ Private Sewer Service Line/ Interior Plumbing & Drainage	Private Water Service Line	Private Water Service Line/ Private Sewer Service Line	Private Water Service Line/ Private Sewer Service Line	Private Water Service Line/ Private Sewer/Septic Service Line/ Interior Plumbing & Drainage (among others)
Revenue Generated	\$190,000 annually	\$75,000 annually	Less than \$500,000 through the 4-year contract	Undisclosed	Undisclosed

Next Steps

- If the Committee supports exploring a partnership, staff will conduct Request for Proposal process to engage providers conducting business in California.
- Staff will identify a Provider and bring a recommendation back to the Committee.

Questions





Board Governance Documents

Finance/Administration Committee
August 27, 2024

Background

- Staff drafted 10 Governance Policies at Board's request following the November 3, 2023 Board Retreat
- Draft Policies presented and comments/feedback received:
 - June 11, 2024 Legislative/Human Resources Committee;
 - July 9, 2024 Regular Board meeting;
 - August 20, 2024 Special Finance/Administration Committee Meeting; and
 - From individual Board members
 - From Internal Auditor Supervisor

Key Feedback

- Make the language less prescriptive, eliminate the “shalls”
- Clearly distinguish between:
 - Conduct required by law, i.e., ethics/conflicts of interest; and
 - Conduct that is a matter of policy
- Eliminate redundant language
- Language regarding sanctionable conduct should not be vague
- Specific edits to draft Policies also suggested

Proposed Approach Based on Feedback

- Three Policies:
 - Update existing Policy 4.14, Reimbursement of Director Expenses
(With edits to include written conference reporting requirement)
 - Update existing Policy 6.04, “Ethics of the EBMUD Board of Directors”
(Edited to move non-ethics-related language to manual)
 - Draft new policy on the Protection of Whistleblowers
(Language taken from Ethics Policy)
- Create one Board Governance Manual
(Include text from new draft policies)

Additional Feedback/Support Needed

- Committee support for proposed changes and new policies
- Committee support for proposed content of Board Governance Manual
- Should language regarding conduct be prescriptive or serve as guidelines?
- What are the consequences, if any, for violations?
- Should the Board directly evaluate the Secretary of the District?

Next Steps

- Receive Committee feedback
- Update existing policies and create new policy
- Develop governance manual
- Present updated documents to
September 24, 2024
Finance/Administration
Committee

