

Proposed Fiscal Year 2021 Financing Plan

Board of Directors

July 28, 2020

Agenda

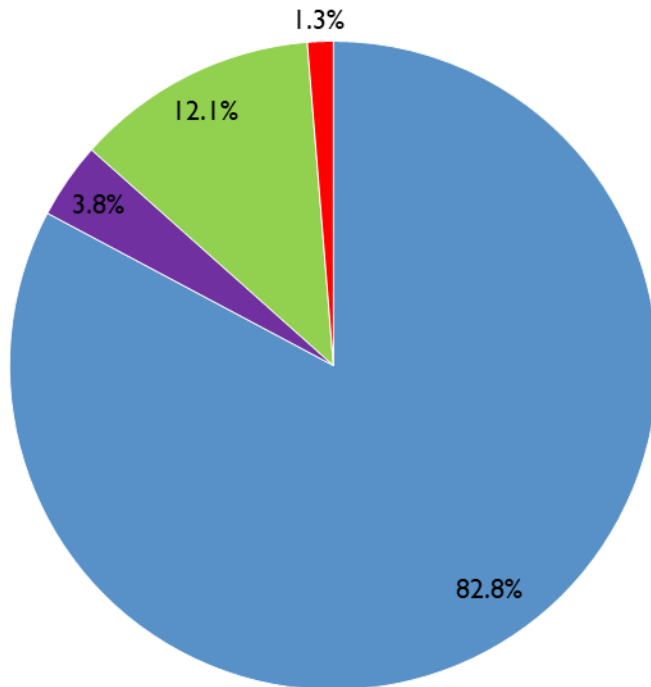


- Debt Composition
- Credit Ratings
- FY20 Debt Activity
- FY21 Proposed Debt Activity
- Recommendation

Debt Composition (End of FY20)

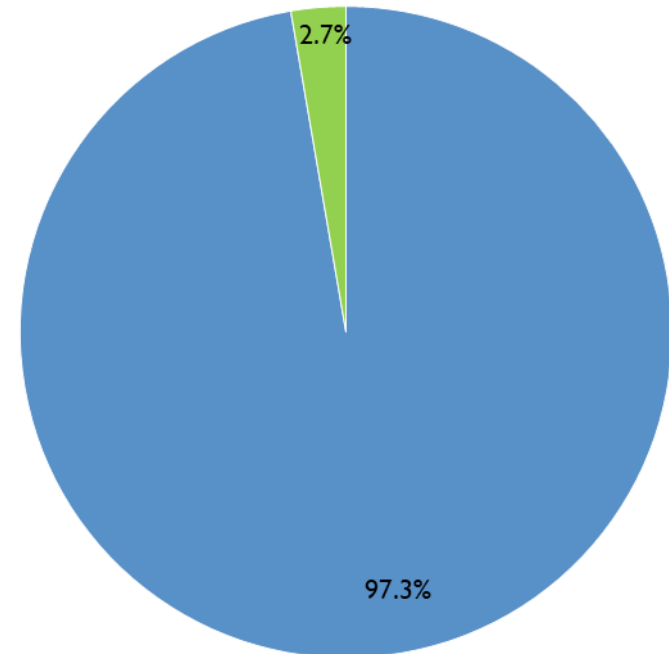


Water System \$2.8 Billion



- Fixed Rate Revenue Bonds
- Commercial Paper
- Synthetic Fixed Rate Revenue Bonds
- State Parity Loans

Wastewater System \$369 Million



- Fixed Rate Revenue Bonds
- Commercial Paper

Credit Ratings



- Credit Strengths

- Cash reserves are above medians
- Prudent financial and debt management
- Large service area with little concentration

- Credit Challenges

- High levels of outstanding debt
- Relatively lower debt service coverage relative to other highly-rated systems

	Water	Wastewater
Current Ratings		
S&P	AAA	AAA
Moody's	Aa1	Aa1
Fitch	AA+	AA+

Review of FY20 Debt Activity



Description	Proposed Size of Issuance	Actual Issuance
1. Renewed Water Liquidity Facilities for Commercial Paper and Variable Rate Bonds	SMBC CP: \$200 million Wells Fargo VRDB: \$56.7 million	SMBC CP: \$176 million Wells Fargo VRDB: \$56.7 million
2. Issued no new money revenue bonds	None	None
3. Reimbursed with SRF loans	\$37 million	\$26 million
4. Issued no refunding or de-risking financings	Based on market opportunities	None

- Paid down \$24 million of Water System CP
- Paid down \$5 million of WW System ECP

FY21 Proposed Debt Activity



Description	Issue/Approximate Size	Date of Board Action	Pricing or Issuance Date
Issue additional new money Revenue Bonds	Water: Up to \$160 million Wastewater: None	TBD	TBD
Pursue State Revolving Fund and WIFIA loans	As appropriate	TBD	TBD
Issue refunding and de-risking financings	Based on market opportunities	TBD	TBD

New Money Needs



- Favorable financial results in FY19 and FY20 reduced debt needed for capital
- The District may issue up to \$160 million for the Water System in FY21 to cover a portion of capital expenses
- The size and timing of issuance will be dependent on a variety of factors, including the severity of impact of the pandemic
- Staff does not anticipate the need for new money bonds for the Wastewater System
- Pursue State Revolving Fund (SRF) and Water Infrastructure Finance and Innovation Act (WIFIA) Loans

Recommendation



- Approve FY21 Financing Plan

Coronavirus Update

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July 28, 2020

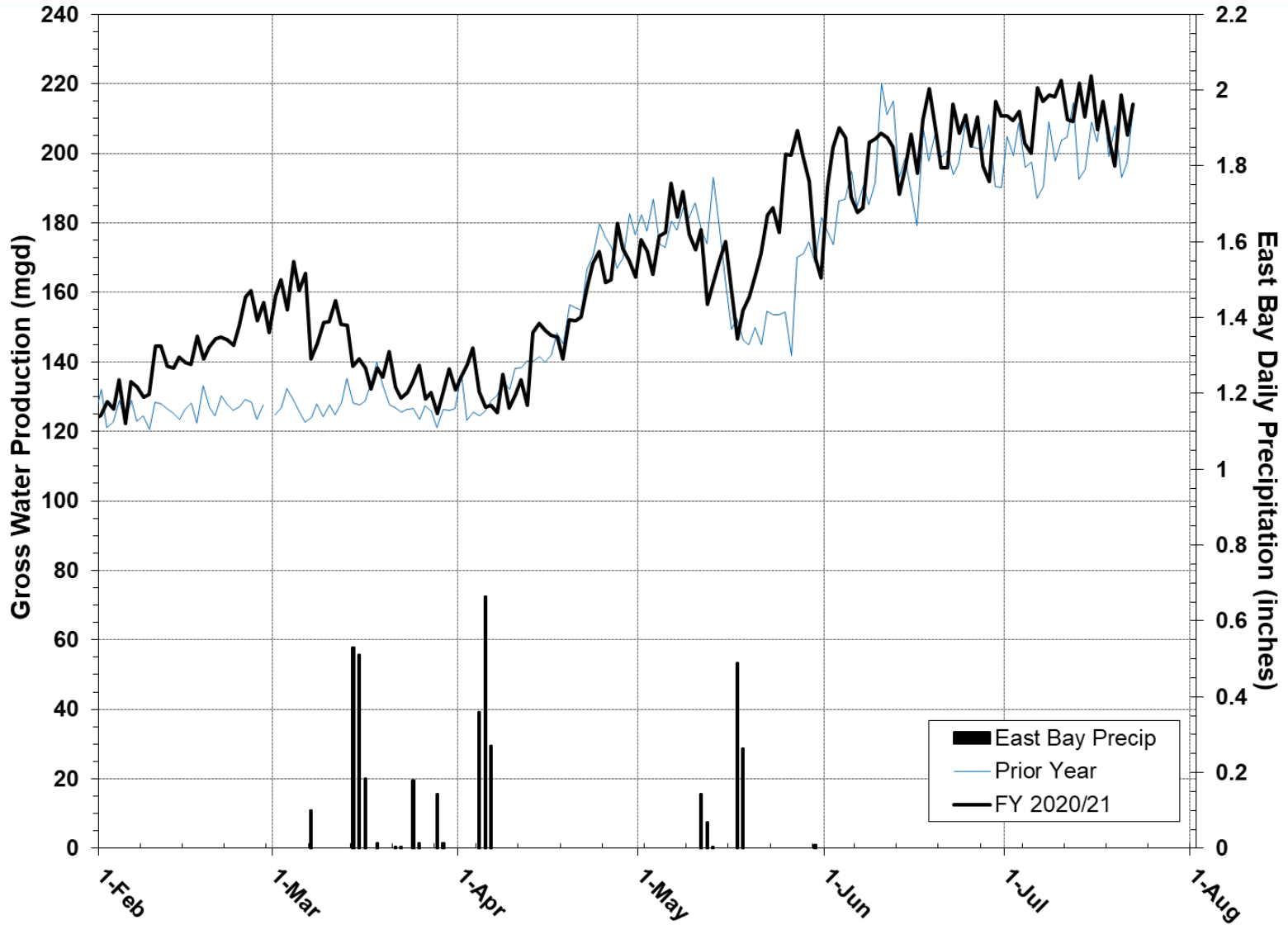
Customer Water Service



Item	July 23	(June 17)
Customers needing service restoration	6	(10)
Payment plans/extensions granted	7,189	(5,436)
Late fees waived	2,624	(1,200)
48-hour notices withheld	39,503	(26,614)

- Un-submitted payments on 7,201 accounts
- CAP applications
 - 7,851 active CAP participants through July 23

Water Demand



Operations Update



- Enhance District worksite safety
 - Training
 - Alternative work schedules
 - Interior building modifications
 - Consistent work crew staffing (minimize staff mingling)
 - Ensure availability of PPE
- Preparing for PSPS
- Telecommuting remains extensive
- Business-related travel restrictions extended through Labor Day Weekend
 - Including large gatherings and external event support

Infection Management



- 10 District employees and 1 contractor tested positive through July 27.
- Most confirmed cases contracted outside of the District.
- Personnel added to support contact tracing and caseload management
 - COVID-19 hotline now available for employees

Infection Management (cont.)



- Tracking lost work days to gauge impact to District (employees unable to work when experiencing symptoms, waiting for test results or doctor clearance to return, or when ordered to quarantine).
- Developing program to assist employees with anticipated challenges associated with school closures (“distance learning”)

Questions

