

Federal Financing Assistance for the Northwest Water Facility Project



Public Works & Utilities

April 14, 2020



Background



- Northwest Water Facility financing sources:
 - WIFIA (49%)
 - SRF (48%)
 - Water Utility cash and revenue bonds (3%)
- WIFIA terms have been negotiated; presented today in the WIFIA Credit Agreement (WCA)
- SRF terms currently being negotiated; a loan agreement will be presented later this year



WIFIA Benefits



- ✓ Repayment deferral to 5 years after construction
- ✓ Low, fixed interest rate
- ✓ \$69.1 million estimated cost savings of WIFIA vs municipal bonds for this project (per EPA)



Basic Credit Terms



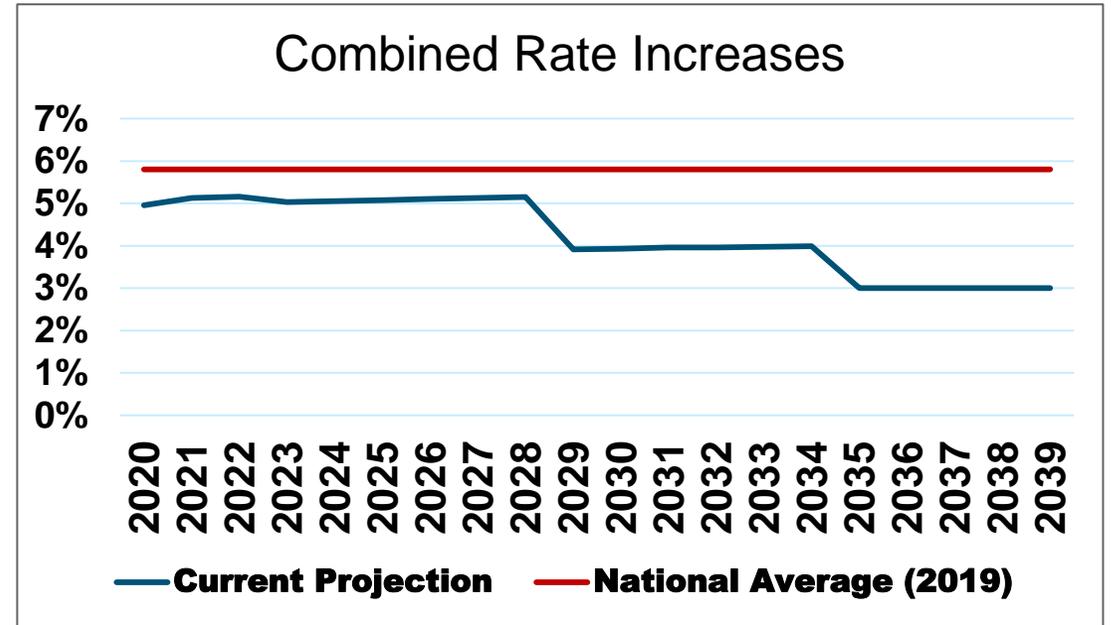
- \$280,860,714 maximum principal (capitalized interest excluded)
- Interest rate to be set on Effective Date (April 23)
 - Calculated by adding 0.01% to the rate of state and local government securities with a similar length of repayment
- First payment due April 1, 2029
- Final payment due October 1, 2059



Future Rate Increases



- Annual WIFIA debt payments estimated by EPA are in line with previous estimates
- No expected changes to the projected future rate increases shared with City Council on December 3, 2019
- Rate increases for 2021 will be considered in November or December 2020



Legal Process



- Approvals by the City Council today for this item will be subject to final passage of the ordinance, which is scheduled for April 21 (second reading on consent)
- An official document signing is tentatively scheduled for April 22
- The interest rate will be set on April 23 and inserted into the WIFIA Credit Agreement along with the repayment schedule
- The WIFIA Credit Agreement will be in full effect once it is validated by the Kansas Attorney General (expected in May 2020)



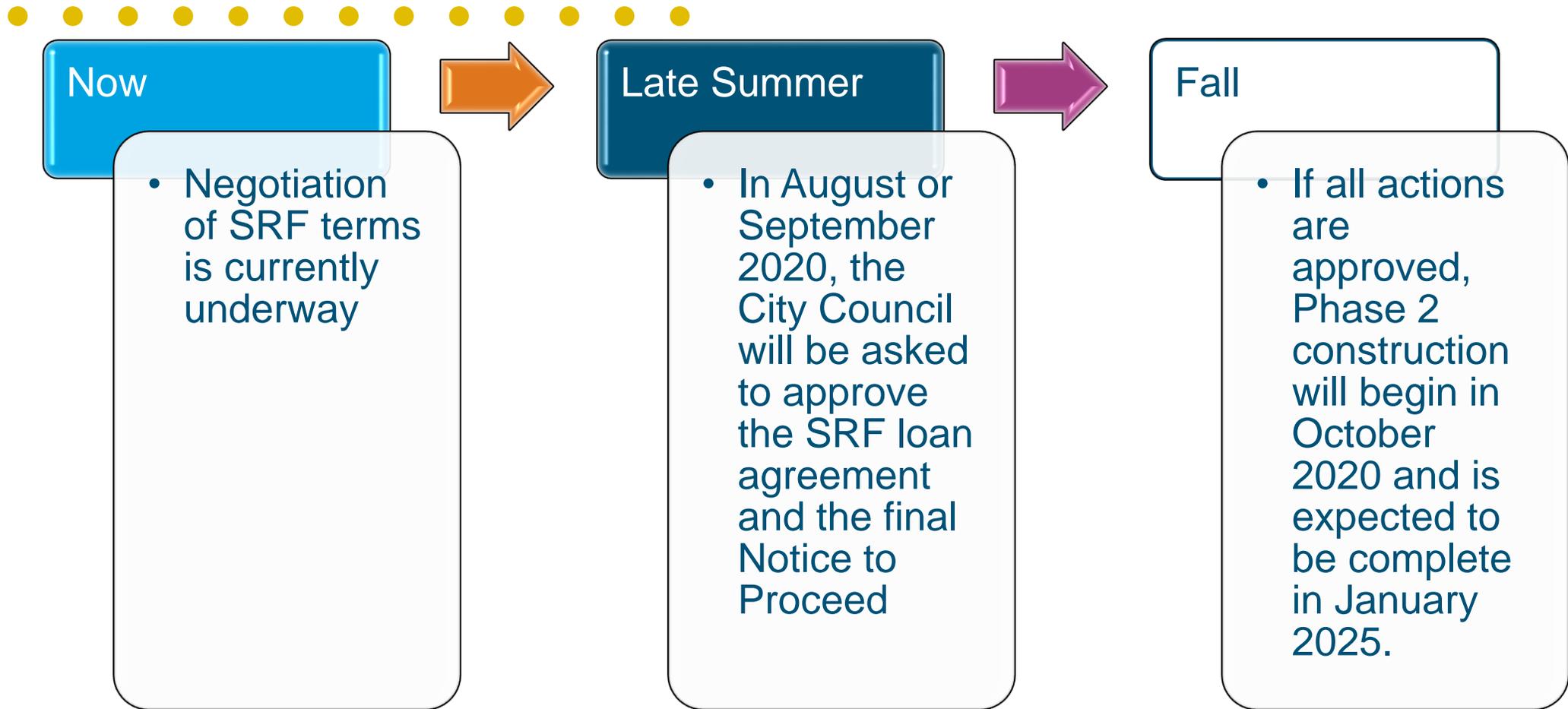
WIFIA Funding Process



- Funds will be made available in increments estimated to cover project expenses for each year and unused funds will roll forward to the next year.
- Project expenses will be paid with Water Utility cash and then reimbursed by the EPA within 15 days of City staff submitting the required forms.



Next Steps for NWWF



Recommendations



Approve the WIFIA Credit Agreement, authorize staff to insert interest rates and the repayment schedule, and adopt the resolution, all subject to final passage of the ordinance; place the ordinance on first reading; and authorize the necessary signatures.



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