

# BRDWID Chairman's Report

February 22, 2024

## 1) WIFA Loan - Baseline

- a. The WIFA Loan for BRDWID was had an original start date of July 1, 2021
- b. The Intervention with the ACC delayed the sale of the assets until 09/13/23.
- c. This is a delay of 2 years, 2 months, and 2 weeks from the start date in the original loan agreement.
- d. This delay caused a lost revenue opportunity in excess of \$1,200,000 which cannot be recouped.
- e. For FY23/24, this is reducing the amount of time we are able to bill customers for water use until early October and the revenue stream didn't begin until late October.
- f. This represents a revenue shortfall for FY 23/24 of approximately \$180,000 which cannot be recouped.
- g. The 6/23 Restated Loan Repayment Schedule does not take this into consideration.
- h. The 6/23 repayment plan was a placeholder, kicking the can down the road. No one knew when the sale would close.

## 2) WIFA Loan II – Repayment Schedule

- a. We are actively negotiating the repayment schedule.
- b. Mike, Harry & I met in-person with Scott Connelly on Feb 1 to plead our case for a new restatement.
- c. The big issue is that the draft restatement terms as of 2/21/2024 still have 2 principal payments in a single year.
- d. We are advocating for a restatement that reflects a 2-year delay but utilizes the same methodology of the original repayment schedule. No double principal payments in a single year. Smooth rates. Paying a principal payment of \$140,000 over 6 months results in a \$28.81/meter/month shock.

## 3) WIFA Loan III – Unable to proceed with electronic water meter deployment.

- a. Due to the intervention by residents who opposed the sale of the assets of Starlight water Company to the District, the District incurred \$95,550 in legal fees. Other pre-funding expenses totaled \$53,450.

This has caused us to consume \$149,000 of the \$200,000 intended for electric meters. We still need to upgrade the meters to provide more accurate measurement of actual water usage and to provide operational efficiency (savings) in meter reading. We could also gain operational efficiency with electronic well site monitoring.

- 4) Our current financial challenges and future rate increases can all be tied directly to the Intervention. We are working aggressively to recover.
- 5) Meter Reading/billing/delinquency process has been rationalized. Please address issues with SUM. Contact us if unable to resolve with them.
- 6) A base rate increase is coming. We are trying to mitigate the magnitude.
- 7) Other key topics:
  - a. Budget Committee – Brian
  - b. Meter readings investigation – Mike
  - c. Outage learnings & corrective actions - Mike