



WIFA UPDATE FOR BRDWID BUDGET COMMITTEE

TOM OSTERDAY
CHAIRMAN OF THE BOARD

FEBRUARY 19, 2024

CURRENT CHALLENGES

The WIFA Loan for BRDWID was had an original start date of July 1, 2021

The Intervention with the ACC delayed the sale of the assets until 09/13/23.

- This is a delay of 2 years, 2 months and 2 weeks from the start date in the original loan agreement
- This delay caused a lost revenue opportunity in excess of \$1,200,000

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.

- This represents a revenue shortfall for FY 23/24 of approximately \$180,000 which cannot be recouped.

The Restated Loan Repayment Schedule does not take this into consideration.

ISSUES WITH JULY 2023 RESTATED AGREEMENT

REPAYMENT SCHEDULE

The original Loan Repayment Schedule had an interest payment 6 months after commencement of the loan with another interest payment and a principal payment 6 months later. The Restated Repayment Schedule has an interest payment AND a principal payment 3.5 months after the funding of the loan and another interest and principal payment 6 months later. This presents an unreasonable burden on the DWID's cash flow.

BRDWID was able to make the interest and principal payment on 01/01/24 by utilizing all of the \$110,000 "Start-up Capital from asset transfer" which was received from seller at close of sale. These are one-time funds and were intended to support higher than normal operating costs associated with beginning operations of the DWID. We have experienced the anticipated higher than normal operating expenses due to start-up activities and are cash strapped.

Our ask: Restate the Loan to eliminate the principal payment on 07/01/24 by increasing future annual interest and principal payments.

ORIGINAL & RESTATED REPAYMENT SCHEDULES

ISSUES WITH JULY 2023 RESTATED AGREEMENT

DEBT SERVICE RESERVE FUND REQUIREMENT

Per Exhibit E: “The amount of the Reserve Requirement, and the amount of the required monthly build-up of cash in the Reserve Fund, will be adjusted to reflect any adjustments of the Loan Repayment Schedule in Exhibit A upon and after delivery of Authority Bonds to finance the Loan or any other adjustments to the Loan Repayment Schedule in Exhibit A.”

The Total reserve Amount is correct, reflecting the restated “highest amount of the Loan Repayment To be paid by the Local Borrower in any fiscal year as shown in the Loan Repayment Schedule in Exhibit A.” That amount is \$158,655.42.

The issue is that the “Reserve Funded by (Date)” was not updated on the Restated Agreement. It lists a date of 07/01/26 but should be 07/01/29.

Our ask: Correct the “Debt Service Reserve Fund Requirement” “Reserve funded by (Date)” to 07/01/29.

ISSUES WITH JULY 2023 RESTATED AGREEMENT

REPAIR & REPLACEMENT FUND REQUIREMENT

The “Begin Funding on (Date)” in the agreement for the “Repair and Replacement Fund Requirement” is 6 months after the “Reserve Funded by (Date)” for the “Debt Service Reserve Fund Requirements “ “Reserve Funded by (Date). If this “Reserve Funded by (Date)” is updated to 07/01/29, the “Begin Funding on (Date)” for the “Repair and Replacement Fund Requirement” should be 01/01/30.

Our ask: Correct the “Repair and Replacement Fund Requirement” “Begin Funding on (Date)” to 01/01/2030.

WHILE WE ARE ASKING...

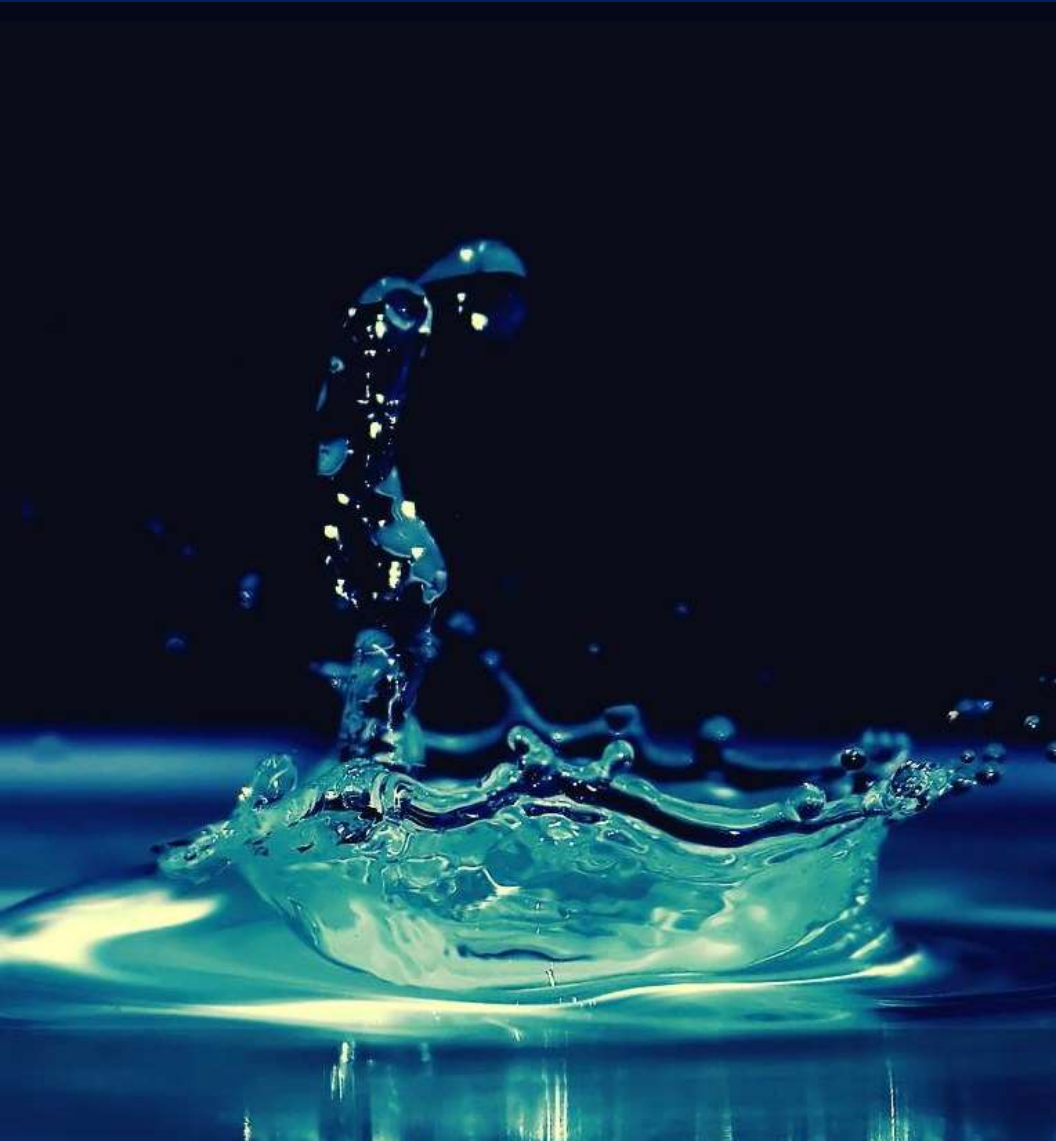
GRANT FOR ELECTRIC WATER METERS & WELL SITE MONITORING

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

Our ask: Are there any additional funds available, that would not incur additional debt, to enable us to proceed with electric meter deployment and well monitoring, i.e. a grant..

DRAFT BUDGET





NEXT STEPS

- ✓ **We need corrective action quickly**
- ✓ **We have a financial plan going forward that addresses current challenges**
- ✓ **Rate Increase**

THANK YOU!

