

SUBJECT

BOARD RESOLUTION NO. 24-838

Pertaining to the Issuance of Water Revenue Bonds in an Aggregate Principal Amount Not to Exceed \$58,000,000 for the Water Treatment Plant Improvement Project.

STRATEGIC PLAN GOALS: Quality Water

SPRWS continues to make satisfactory progress on the construction of the new McCarron's Water Treatment Plant. The project is now approximately 50% complete. To date, the project has been funded through a combination of the state's Drinking Water Revolving Fund (\$15.4M for design in 2021, \$46M for construction in 2022, and \$25M for construction in 2023) and through Water Revenue Bonds issued to the public market (\$97.25M for construction in 2023). The total value of the construction phase of the project is expected to be approximately \$235M, so the \$168.25M of debt issued to date means that 72% of the requisite funding has been obtained.

SPRWS staff is seeking to issue an additional \$29M of debt through the state's Drinking Water Revolving Fund (DWRf) in 2024. SPRWS staff also anticipates issuing \$29M of debt through the state's Drinking Water Revolving Fund in 2025. The resolution presented to the Board at this meeting will further that effort by formally asking City of Saint Paul Staff and the City Council to move forward with the debt issuance process for both years.

Assuming that the resolution is approved and the plans to issue debt are executed, the McCarron's Treatment Plant Project will be about 84% funded following the issuance of 2024 debt and about 96% funded following the issuance of 2025 debt.

For each year, the value of \$29M has been chosen because it meets two key criteria. First, it is expected to be more than sufficient to cover the cost of construction for the relevant time periods (in conjunction with the remaining unspent funds from the 2023 Water Revenue Bonds.) Secondly, the first \$29M of any DWRf loan comes at a subsidized rate, while any debt issuance in excess of \$29M through the DWRf is only partially subsidized.

Upon approval of the resolution presented to the Board, St. Paul city staff, SPRWS staff, Bond Counsel, and the City's Financial Advisors will collaborate with the Public Facilities Authority (the agency that administers the DWRf) to finalize loan terms. Once terms have been finalized, a resolution will be brought to the St. Paul City Council seeking their final approval of the debt issuance. Following the Council's final approval of the debt issuance, a resolution will be brought to the Board of Water Commissioners seeking its final approval of the debt issuance terms.

RECOMMENDATION

Approval