



Water Debt Service Fund

- Debt Service

CITY OF BEAVERTON, OREGON
FISCAL YEAR 2020-21 BUDGET

**WATER DEBT SERVICE FUND (MAJOR FUND)
SUMMARY OF REVENUES AND EXPENDITURES
AND OTHER FINANCING SOURCES & USES**

	<u>FY 2017-18 Actual</u>	<u>FY 2018-19 Actual</u>	<u>FY 2019-20 Budgeted</u>	<u>FY 2019-20 Estimated</u>	<u>FY 2020-21 Adopted</u>
Revenues:					
Interest on investments	\$977	\$674	\$1,000	\$120	\$52
Bond/financing proceeds	0	0	0	0	0
Miscellaneous	0	0	0	0	0
Sub Total Revenues	<u>\$977</u>	<u>\$674</u>	<u>\$1,000</u>	<u>\$120</u>	<u>\$52</u>
Expenditures:					
Materials & services	0	0	0	0	0
Sub Total Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Revenues Over/Under Expenditures	\$977	\$674	\$1,000	\$120	\$52
Other financing sources (uses):					
Transfers in	\$748,426	\$2,184,994	\$2,184,994	\$2,184,994	\$4,432,135
Transfers out	0	0	0	0	0
Debt Service - Principal	(65,110)	(1,502,350)	(1,503,860)	(1,503,860)	(3,751,387)
Debt Service - Interest	(683,316)	(682,644)	(681,788)	(681,788)	(680,748)
Debt Service Fees	0	0	0	0	0
Total Other Financing Sources (Uses):	<u>\$0</u>	<u>\$0</u>	<u>(\$654)</u>	<u>(\$654)</u>	<u>\$0</u>
Net Change in Fund Balance	\$977	\$674	\$346	(\$534)	\$52
Fund Balance/Working Capital Beginning of Year	<u>68,321</u>	<u>69,298</u>	<u>69,972</u>	<u>69,972</u>	<u>69,438</u>
Fund Balance (Contingency)/Working Capital End of Year	<u>\$69,298</u>	<u>\$69,972</u>	<u>\$70,318</u>	<u>\$69,438</u>	<u>\$69,490</u>

Funding for debt service is provided from transfers from the Water Operating Fund and fluctuates from year to year depending upon debt service requirements.

CITY OF BEAVERTON, OREGON
FISCAL YEAR 2020-21 BUDGET

FUND: 504 WATER DEBT SERVICE	DEPARTMENT: FINANCE
DEPARTMENT HEAD: PATRICK O'CLAIRE	

MISSION STATEMENT:

Amounts budgeted in this fund are for payment of maturing principal and interest of the Water Revenue and Refunding Bond Series 2016, a Series 2018 Water Revenue Bond and a loan from the State of Oregon Infrastructure Financing Authority (Drinking Water Revolving Fund). Transfer expenditures are for the unspent water revenue bond proceeds and are contributed to the construction fund for the uncompleted water projects included in the bond sale, if any. Contingency is the unappropriated excess of resources over expenditure requirements. Additional Water Revenue bonds were sold in April 2020 for an approximate amount of \$33 million.

REQUIREMENTS	FY 2017-18 ACTUAL	FY 2018-19 ACTUAL	FY 2019-20 BUDGETED	FY 2020-21 PROPOSED	FY 2020-21 ADOPTED
POSITION					
DEBT SERVICE	\$748,426	\$2,184,994	\$2,185,648	\$4,432,135	\$4,432,135
TRANSFERS					
CONTINGENCY	0	0	70,318	69,490	69,490
TOTAL	\$748,426	\$2,184,994	\$2,255,966	\$4,501,625	\$4,501,625

Funding Sources:	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2020-21
Beginning Working Capital	\$68,321	\$69,298	\$69,972	\$69,438	\$69,438
Miscellaneous Revenue	978	673	1,000	52	52
Transfers from Water Fund	748,426	2,184,994	2,184,994	4,432,135	4,432,135

WATER BONDS

Water Revenue and Refunding Bonds Series 2016 were issued in November 2016, with an interest rate of 1.84% in an original amount of \$5,615,000. The refunding resulted in net present value savings of approximately \$611,104. The proceeds of the initial series 2006 Water Revenue Bond were used to finance the costs of additions, replacements, expansions and/or improvements to the City's Water System, and the acquisition of all real and personal property necessary, useful or convenient thereto and the City's share of the Joint Water Commission capital expansion project. The remaining principal and interest payments for Water Revenue and Refunding Bonds Series 2016 are as follows:

Water Revenue and Refunding Bonds Series 2016			
FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
2020-2021	610,000	70,748	680,748
2021-2022	625,000	59,524	684,524
2022-2023	635,000	48,024	683,024
2023-2024	645,000	36,340	681,340
2024-2025	660,000	24,472	684,472
2025-2026	670,000	12,328	682,328
Total	\$3,845,000	\$251,436	\$4,096,436

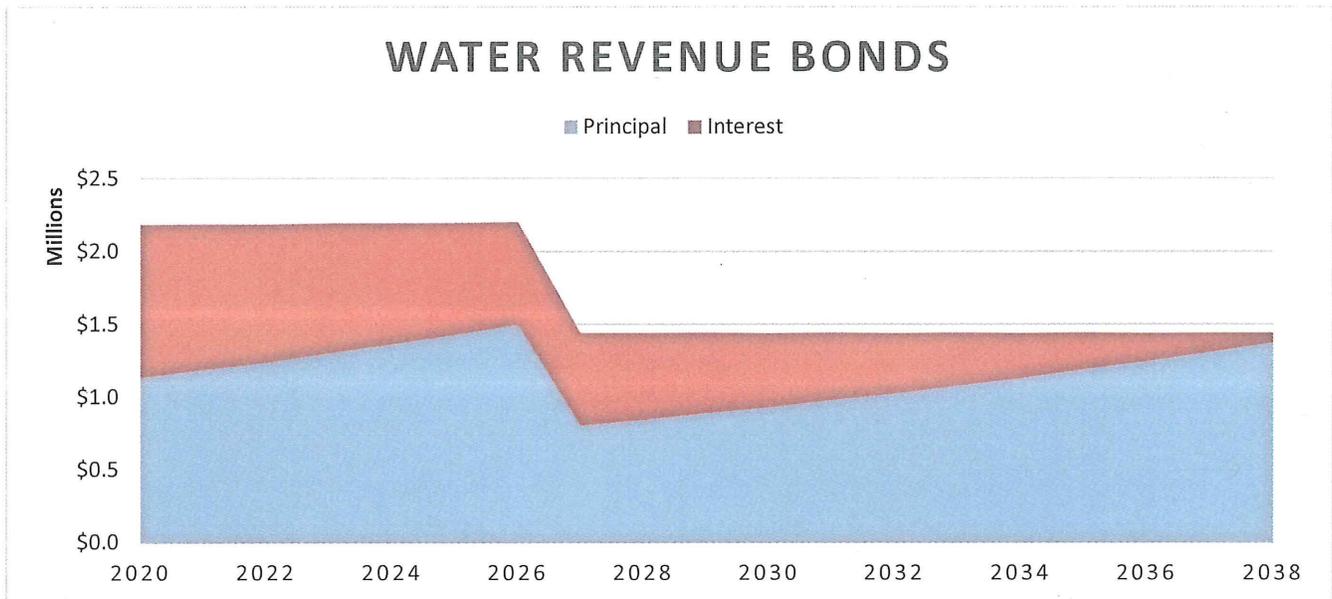
In June 2018, the City issued \$21,000,000 in Water Revenue Bonds at a premium of approximately \$3 million. The bond proceeds are being used to finance the costs of infrastructure construction in the new South Cooper Mountain area: a second 5.5mg reservoir at the existing Cooper Mountain Reservoir site with associated transmission and distribution lines and opportunity projects with other jurisdictions that would result in savings to the City based on the timing of construction.

CITY OF BEAVERTON, OREGON
FISCAL YEAR 2020-21 BUDGET

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Water Revenue Bonds Series 2018

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2020-21	600,000	840,250	1,440,250
2021-22	625,000	810,250	1,435,250
2022-23	660,000	779,000	1,439,000
2023-24	690,000	746,000	1,436,000
2024-25	725,000	711,500	1,436,500
2025-26	760,000	675,250	1,435,250
2026-27	800,000	637,250	1,437,250
2027-28	840,000	597,250	1,437,250
2028-29	885,000	555,250	1,440,250
2029-30	925,000	511,000	1,436,000
2030-31	975,000	464,750	1,439,750
2031-32	1,020,000	416,000	1,436,000
2032-33	1,075,000	365,000	1,440,000
2033-34	1,125,000	311,250	1,436,250
2034-35	1,185,000	255,000	1,440,000
2035-36	1,240,000	195,750	1,435,750
2036-37	1,305,000	133,750	1,438,750
2037-38	1,370,000	68,500	1,438,500
Total	<u>\$16,805,000</u>	<u>\$9,073,000</u>	<u>\$25,878,000</u>



Combined Debt Service Projections (2016 + 2018 Series)

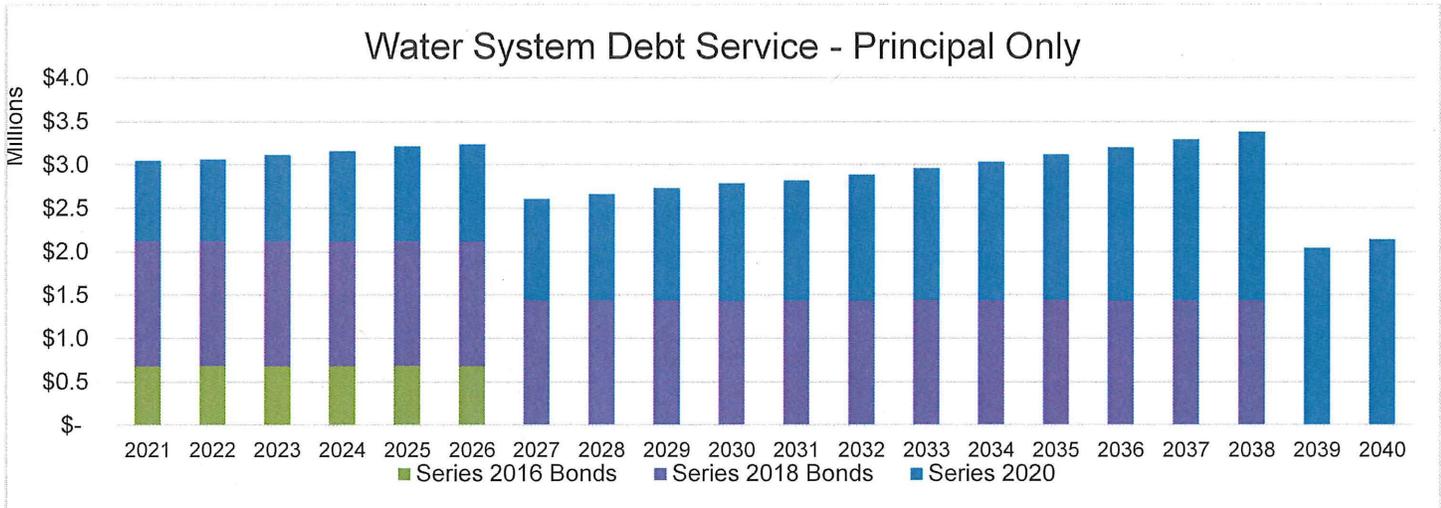
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2020 Water Bonds

The City sold a \$33.5 million water revenue bond to finance reservoir, ASR and pumping station improvements as well as a portion of the City's obligation as a junior member of the Willamette Water Supply System (WWSS). The sale concluded in April 2020 with annual principal and interest payments on April 1 and October 1 of each year, commencing October 1, 2020.

The following graph illustrates the principal amounts due on the three outstanding water revenue bonds.



SAFE DRINKING WATER REVOLVING LOAN

The City entered into a financing contract with the State of Oregon, acting by and through the Oregon Infrastructure Finance Authority (IFA), for the financing of the Aquifer Storage and Recovery Well Number 5. The loan is federal financial assistance under Capitalization Grants for Drinking Water State Revolving Funds and is pass-thru financing from the State. The IFA provides the City with a 20 year non-revolving loan with an interest rate of 2.96% in the amount of \$5,000,000 of which \$750,000 is a forgivable loan, leaving a remaining loan of \$4,250,000. The allowance of a \$750,000 "forgivable" portion of the loan brings the net interest rate to nearly zero.

Repayment starts 90 days after the project completion date and are due and payable each December 1. Repayment is expected to begin sometime in FY 20-21 and the schedule is dependent on the rate of expenditure and draw-down of funds. Future budgets will contain detail on these obligations.

There may be an additional loan sought from the IFA in FY 2019-20. The purpose of the loan is to supplement the resources of the City for its portion of capital costs for joining the Willamette Water Supply System, Willamette intake project and related reservoirs, pump stations and mains.

EPA – Water Infrastructure and Innovation Act (WIFIA)

The City will likely enter into an additional loan agreement for approximately \$58 million from the federal Environmental Protection Agency for water system improvements during FY 2019-20. The purpose of the loan is to develop several of the components of the water system such as a connection to the JWC North Transmission Line which currently represents an unused/stranded-asset. Other projects include Cooper Mountain Reservoir #2 (and related pumping and transmission improvements), transmission mains on Scholls Ferry Road and connections to the Willamette Water Supply System at two locations.

Performance Measures:	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Budgeted/Revised	FY 2020-21 Adopted
Water Revenue Bond Debt Service Ratio Coverage	9.90	3.33	3.35	1.97