



Monterey One Water FY 2018-19 Budget Debt Service Overview

The Agency has two outstanding bonds secured by wastewater system revenues. These bonds are currently rated “AA3” by Moody’s Investors Services and “A+” by Standard & Poor’s. All bond covenants require the Agency to maintain a Debt Service Coverage ratio of 1.25x, the only legal restriction on the amount of debt that can be issued. The Agency’s reported Debt Service Coverage ratio on the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017 was 1.44x. In Fiscal Years 17/18 and 18/19, the Agency projects that it will continue to exceed the mandated Debt Service Coverage requirements. Key components of the Agency’s outstanding bonds are noted below:

2012 Pension Bonds / 2013 Infrastructure Bonds / 2017 PG&E Lighting Retrofit Loan

The 2013 Bonds interest rate is 2.14%. The 2012 Bonds interest rate is 4.18%. The interest rate on the PG&E loan is 0%. The Pension bonds refunded the Agency’s CalPERS side fund liability.

2017 State Revolving Loan Fund

The Agency initiated a \$98 million State Revolving Loan Fund, with a 1% interest rate, to support the Pure Water Monterey Project. This loan is not due and payable until one year after construction is completed. Debt service information is preliminary as final projects costs are still pending.

2016 Bank of the West Line of Credit

In 2016, the Agency obtained a line of credit agreement with Bank of the West in the aggregate principal amount not to exceed \$12,000,000 to provide financing for capital improvement projects of the Agency. The line of credit bears interest at the base rate which is equal to the greater of the prime rate or the sum of the Federal Funds Rate plus 0.50%. As of May 31, 2018, there was no balance outstanding on this line of credit. The budget assumes that the Agency may need to draw down on this line of credit during FY 18-19 to provide short term financing as needed for construction of the Pure Water Monterey project.

2003 United States Bureau of Reclamation Loan

The majority of the loan is interest free. The Irrigable Excess Lands, which average around 30% of the total irrigable lands, have a periodic interest rate of 7.625%. The annual amount of IDC is \$180,828. Debt Service payments began on April 1, 2003, with final payment due December 2036. Monterey County guarantees repayment of this loan for the Salinas Valley Reclamation Project.

Summary of Debt Service							
Fiscal Year	2012 Bonds	2013 Bonds	2003 Loan	PG&E Retrofits	Line of Credit	2017 SRF Loan	Totals
2018/19	\$ 870,796	\$ 1,224,718	\$ 1,108,610	\$ 72,324	\$ 75,000		\$ 3,351,448
2019/20	904,694	1,129,217	1,093,486	72,324		3,797,315	6,997,036
2020/21	940,771	1,136,217	1,078,363	72,324		3,797,315	7,024,990
2021/22	973,790	1,155,717	1,063,240	4,932		3,797,315	6,994,994
2022/23	1,008,753	1,156,967	1,048,116			3,797,315	7,011,151
2023/24	1,046,756	1,105,717	1,032,993			3,797,315	6,982,781
2024/25	1,085,637	1,054,467	1,017,869			3,797,315	6,955,288
2025/26	1,125,137	1,028,217	1,002,746			3,797,315	6,953,415
2026/27	-	-	987,622			3,797,315	4,784,937
2027/28	-	-	972,499			3,797,315	4,769,814
2029/36	-	-	8,071,936			79,743,617	87,815,553
Totals	7,956,333	8,991,237	18,477,480	221,904	75,000	113,919,453	149,641,406