

# Imperial Irrigation District Water Department Water Transfer Projections and Financing Plan

*By Greg Broeking  
September 22, 2009*



# Agenda



- **Water Transfer 2004 Projection vs 2009 Projection**
- **Water Transfer Financial Forecast**
- **Water Transfer Capital Projects**
- **Water Transfer Opportunities/Challenges/Risks**
- **Financing Plan**
- **Timeline**

# Water Transfer Projections Comparison



## Summary of Revenues & Expenses 2009-2047 (Dollars in Thousands)

	2004	2009
Revenues	\$ 6,696,834	\$ 8,369,943
O&M Expenses and Other	(3,702,649)	(4,835,912)
Debt Service	(572,981)	(714,316)
Water Transfer Capital Expenses (net)		(321,061)
<b>Net Cash</b>	<b>\$ 2,421,204</b>	<b>\$ 2,498,653</b>
Capital Expenses (financed)	(162,000)	(283,766)

# Water Transfer Revenue Projections



## Summary of Revenues 2009-2047 (Dollars in Thousands)

SDCWA	\$ 6,061,678
CVWD	718,323
Mitigation and Legal	1,589,942
<b>Total Revenues</b>	<b>\$ 8,369,943</b>

# Water Transfer O&M Projections



## Summary of O&M Expenses 2009-2047 (Dollars in Thousands)

Environmental Mitigation/Obligation Payments	\$ 1,750,806
Other O&M Expenses and Other	799,892
On-Farm Program Gross Payments	2,285,215
<b>Total O&amp;M Expenses</b>	<b>\$ 4,835,912</b>

# Water Transfer Capital Projects-Financed

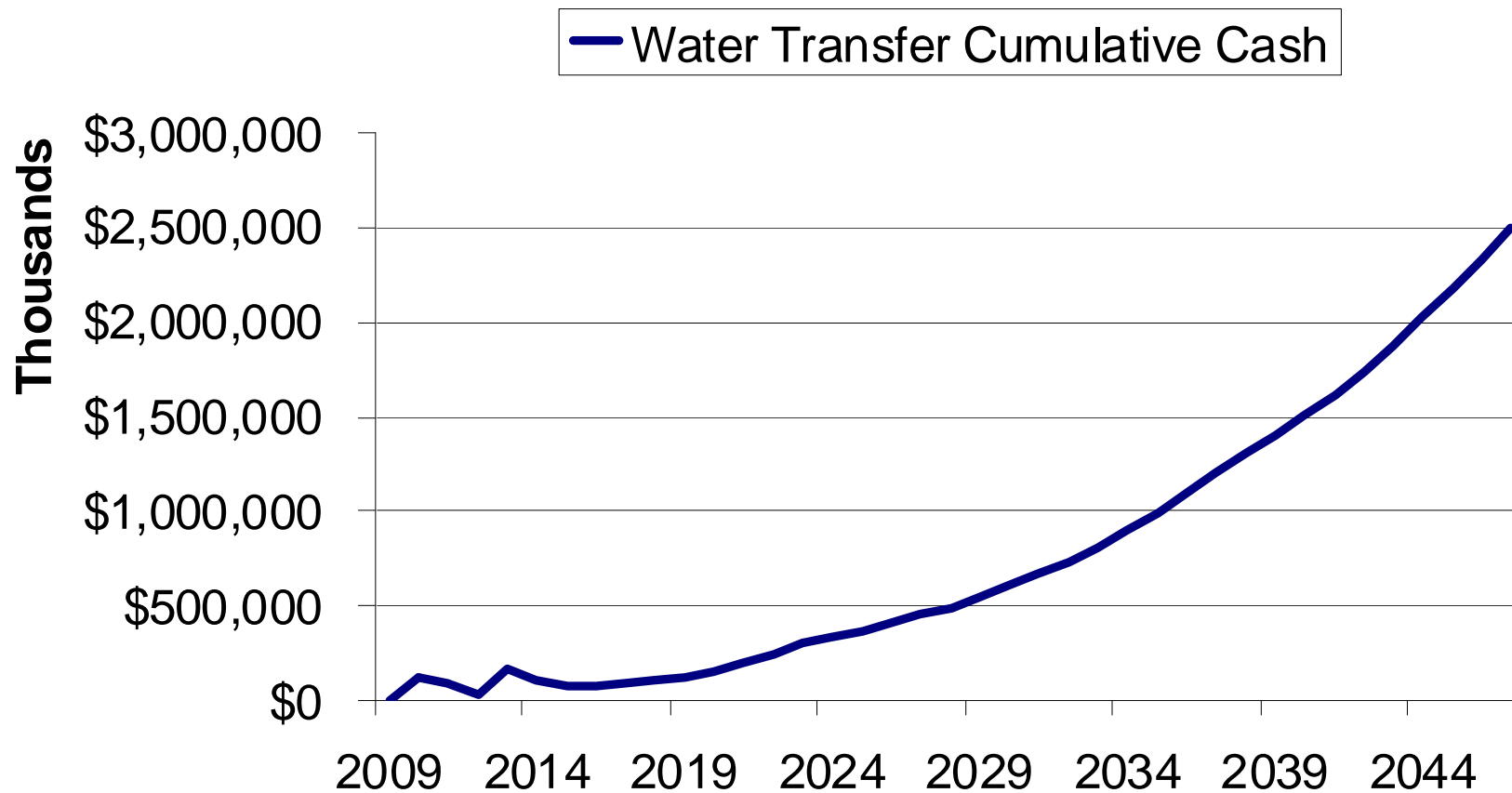


Project Description	Completion Date	Total*
Sperber Upgrade	April, 2010	\$ 2,496
Lateral to Main Canal Interface Upgrade	February, 2011	698
SCADA Upgrade	March, 2012	7,368
Spill Monitoring	March, 2012	4,528
Rose Canal Extension to Reservoir	April, 2012	3,549
In-line Mid-lateral Reservoirs, EHL	January, 2013	21,480
WSM Reservoir 2	April, 2013	13,693
Lateral Heading	January, 2014	19,885
Mid-lateral Reservoirs, other	January, 2014	24,939
Delivery Measurement	April, 2014	68,750
Redwood Canal and Lateral 8 Upgrades	April, 2014	5,494
Moorhead Canal Upgrades	April, 2014	6,602
Rose Reservoir & Canal Upgrade	January, 2015	15,800
Rose-Moorhead Reservoir and Pipeline	January, 2015	14,443
WSM Reservoir 1	February, 2016	37,417
Inter-ties	March, 2016	36,374
Non-leak Gates	March, 2016	250
<b>Total</b>		<b>\$ 283,766</b>

*\*Dollars in Thousands*

*\*Normal SCP Construction Schedule*

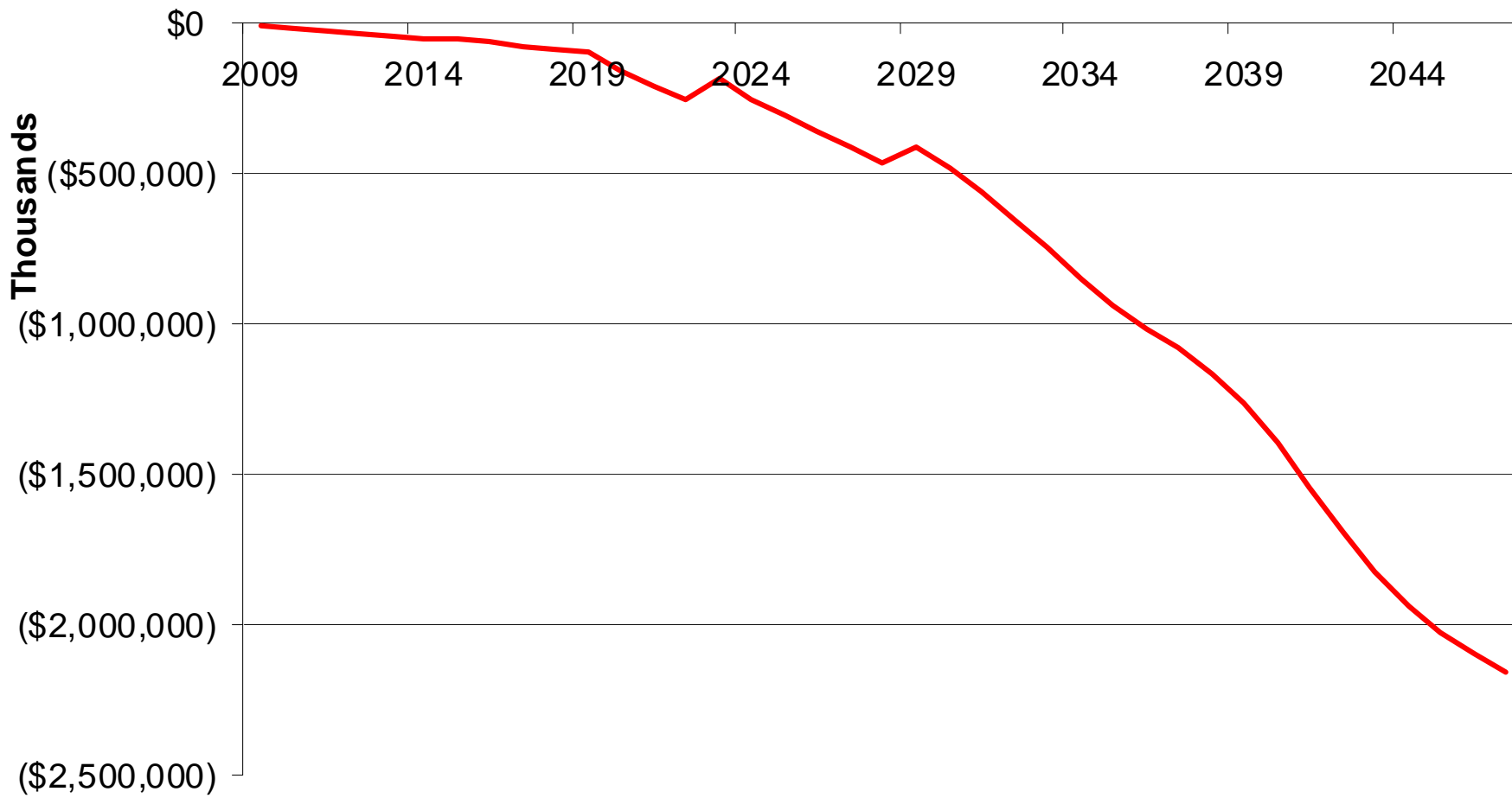
# Water Transfer Cash Flow Projection



# Water Department Cash Flow Projection



Cumulative Effect on Cash



*\*Forecast includes \$1/AF increase for ag, minicipal and industrial customers from 2021-2026*

# Water Transfer Opportunities



- **Minimize need to borrow for capital expenses of the Water Transfer and Water Department from 2020 through 2047**
- **Water Transfer revenues can be utilized to meet the Water Department's debt coverage requirements**
- **Water Transfer cash can be utilized to offset Water Department operations shortfalls**



# Water Transfer Challenges/Risks

(Not All-Inclusive)

- **Projections are over a long time span**
  - Assumptions **will** change
- **Circumstances under which I-Bank guarantee becomes effective**
  - Termination of the QSA agreement
    - Excessive Environmental Mitigation costs
    - SDCWA terminates their end of the agreement in 2037
    - Judge declares the entire agreement invalid
    - Any other reason for termination
- **Meeting water conservation levels on time**

# Water Transfer Financing Plan



- **Issue approximately \$310 million of bonds for capital expenditures from 2010 through 2016**
  - 2010 - \$135 million
  - 2013 - \$175 million
- **Submit loan guarantee (\$150 million) application to California Infrastructure and Economic Development Bank (I-Bank) by October 1, 2009**
  - I-Bank guarantee may be more expensive given the State of California's current rating
- **Issue subordinate bonds for 2010 issue**

# Water Transfer 2010 Financing Plan



- **The financing is currently in the structuring phase**
  - Documents have been prepared
  - Included in substantial final form
- **It is currently contemplated that the 2010 financing will be structured as fixed rate Water Subordinate Revenue Certificates of Participation (COPs)**
- **The structure will use bond insurance only if it is cost effective**
- **The structure will only use the I-Bank guarantee if it is cost effective**

# Water Transfer 2010 Financing Plan



- **The Board's approval will be needed for the following documents**
  - IID Resolutions approving:
    - 2010 Installment Purchase Contract
    - Trust Agreement
    - Certificates of Participation Purchase Contract (negotiated by District officers)
    - Preliminary Official Statement
    - Final Official Statement
    - Continuing Disclosure Certificate
    - Findings pursuant to Section 63041(a) of the California Government Code (I-Bank)
  - Imperial Irrigation District Financing Corporation
    - Resolution authorizing 2010 Installment Purchase Contract, Trust Agreement and Assignment Agreement
  
- **In approving these documents the Board will be providing authority for the issuance of the COPs, including:**
  - Final Loan Guarantee Application
  - The amount of the financing
  - Covenants of the District
  - Disclosure items in the Official Statement

# Water Transfer Financing Timeline



- **September 22, 2009** Water Transfer Financing Structure presentation
- **September 29, 2009** Water Transfer Financing Structure approval
- **October 1, 2009** Submit I-Bank loan application and financing documents
- **December, 2009** I-Bank Board approval
- **January, 2010** Issue Bonds

# Water Transfer Summary



## Summary of Revenues & Expenses 2009-2047 (Dollars in Thousands)

Revenues	\$ 8,369,943
O&M Expenses and Other	(4,835,912)
Debt Service	(714,316)
Water Transfer Capital Expenses (net)	(321,061)

**Water Transfer Net Cash** **\$ 2,498,653**

Water Dept. Capital Replacement	(1,385,054)
Water Dept. Operations Cash Shortfall	(830,414)

**Total Water Dept Net Cash** **\$ 283,185**