



Star Wars, Splash Mountain, Cars - All Are Good Options!

Public Financing Needs and Possibilities

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January 29, 2020

FitchRatings

Introductions

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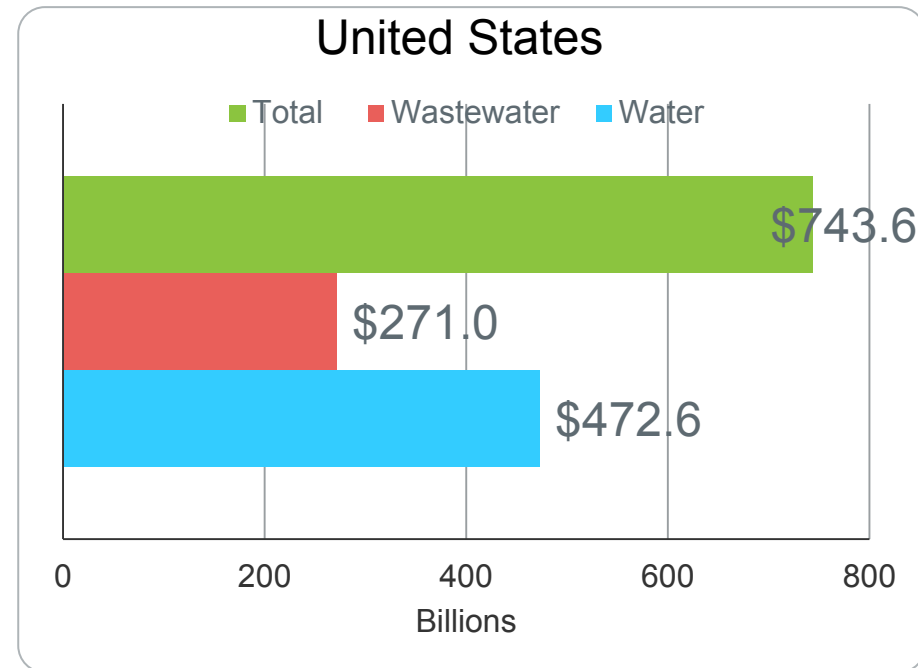
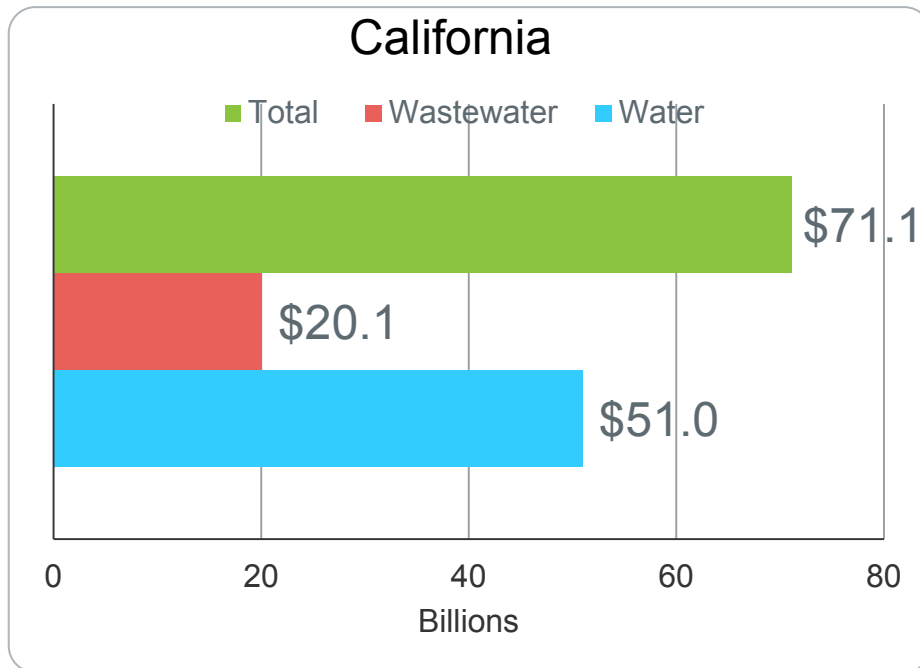
Brian Mandell Debt Manager, City of San Diego

Christopher Stevens Supervising Engineer, California State Water Resources Control Board

Jorianne Jernberg WIFIA Program Director, U.S. Environmental Protection Agency

Infrastructure Needs

EPA Estimated 20-Year Infrastructure Needs for Water and Wastewater



Sources: Drinking Water Infrastructure Needs Survey and Assessment, 2016; Clean Watershed Needs Survey, 2012

Mix of Financing Tools is Required

Public Debt

- Revenue bonds

Private Placements

State Revolving Fund Loans

- Clean Water SRF
- Drinking Water SRF

Water Infrastructure Finance & Innovation Act (WIFIA) Loans

Financing Tool Features

	Interest Rate	Financing Limits	Min. Project Size	Amortization period	Application
Revenue Bonds	Market rate	None	None	Typically 30-years	None
SRF Loans	50% avg. paid by state on GO bonds issued in prior CY	None	None	30 years or project's useful life	Rolling
WIFIA Loans	Equal to U.S. Treasury rate on date of closing	49% of total project cost	\$20M for large communities and \$5M for small	35 years after substantial completion	Annual

Fitch Criteria – Key Rating Factors

Revenue Defensibility

- Revenue Source Characteristics
- Service Area Characteristics – Growth, MHI, Unemployment
- Rate Flexibility

Operating Risks

- Operating Cost Burden
- Capital Planning & Management

Financial Profile

- Leverage – Debt/Funds Available for Debt Service
- Liquidity Profile – Coverage of Full Obligations and Days Cash on Hand

Asymmetric Risk Considerations

- Contingent Obligations, Covenants, Leadership

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