



# ALTERNATIVE WATER SOURCE PROGRAM FINANCIAL STRATEGY UPDATE

April 20, 2021

# 2021 FUNDING STRATEGY UPDATE

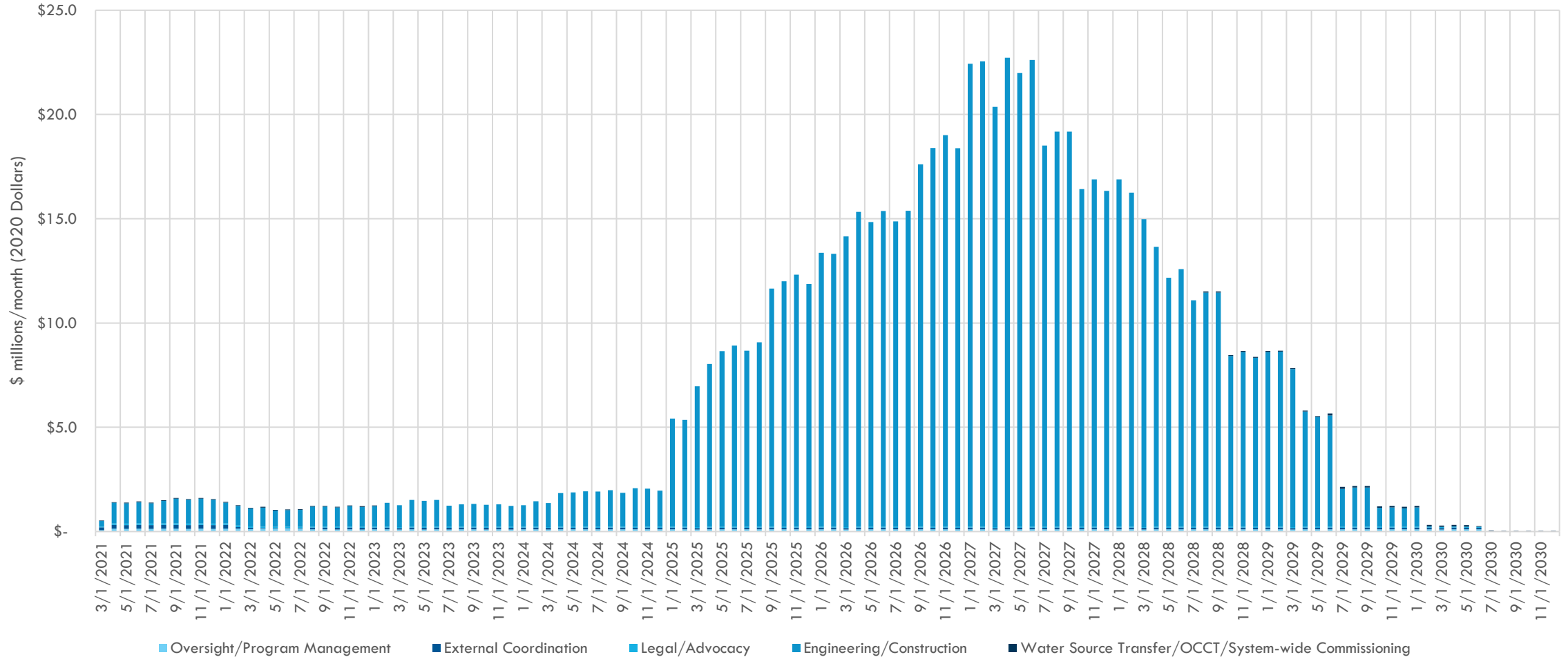


- CASH FLOW MODEL – How much and when?
- BORROWING – From whom, how much, why?
- TIMING of BORROWING – When?
- FINANCIAL FRAMEWORK for REGIONAL PARTNERS

# MONTHLY PROJECT COSTS: 2021-2031\*



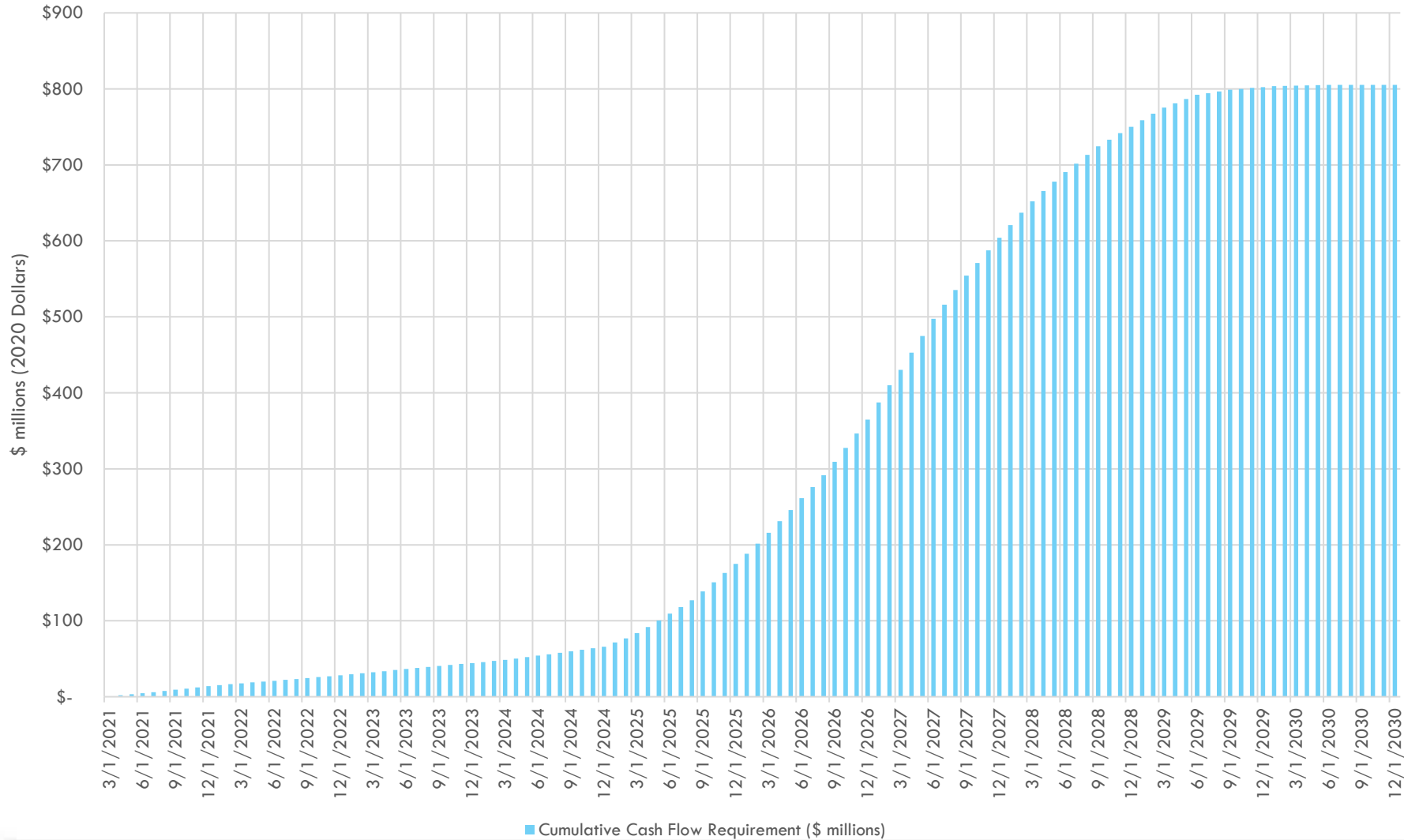
Joliet AWSP - Projected Monthly Cash Needs (Constant 2020 Dollars)



\*60 MGD Scenario

# CASH FLOW PROJECTIONS\*

Joliet AWSP - Projected Cumulative Cash Needs (Constant 2020 Dollars)



- Sizing impacts total cost but not development schedule
- 85%+ of cost is incurred 2025-2028
- 2021-2024 cost = 10%

\*60 MGD Scenario

# FUNDING STRATEGY



- CAPITAL to SUPPORT DEVELOPMENT to meet SCHEDULE
- IDENTIFY and SECURE LOWEST COST CAPITAL
- TARGET FUNDING TERMS that reduce barriers to participation from prospective COMMISSION MEMBERS
- MITIGATE COST IMPACTS on JOLIET CUSTOMERS
- IDENTIFY and IMPLEMENT AFFORDABILITY PROGRAMS

# BEST FUNDING CANDIDATES (currently)



**WIFIA** – Low interest, flexible draw down, flexible repayment



**SRF** – Very low interest, familiar process, good target for stimulus funding



**REVENUE BONDS** – Shorter issuance process, structuring options, currently lower rates



# WIFIA UPDATE



- **OFF WAITLIST 4/6/2021, Invited to Apply!**
  - Total WIFIA credit available: **\$731M**
    - 2019 LOI & Invitation to Apply = \$290M
    - 2020 LOI & Invitation to Apply = \$441M
- WIFIA can fund AWSP development costs
- WIFIA can be applied to **WATER MAIN REPLACEMENT PROGRAM**
- There can be multiple WIFIA loan issuances

- 1 Submitted 2019 LOI
- 2 2020 Invited to Apply
- 3 Submitted 2020 [Supplemental] LOI
- 4 2021 Invited to Apply

# WIFIA TIMELINE

## WIFIA I:



### Today – Q4 2021

- Bond Counsel Contracted
- Bond Resolution Approved
- Credit Rating for Water & Sewer Fund
- Submit WIFIA Application (Q2 2021) for AWSP Planning & Design (2018-2024) + Water Main Replacement Program (2017-2030)
- Execute 1<sup>st</sup> WIFIA Loan (Q4 - 2021)

## WIFIA II:



### Q1 2022 – Q4 2022

- Commission Established (Q1 – 2022)
- Designs, Permitting Advanced According to Sizing & Alignment
- Provide Updated Information to WIFIA
- Submit 2<sup>nd</sup> Application for AWSP Construction (Q2 - 2022)
- Execute 2<sup>nd</sup> WIFIA Loan (Q4 - 2022)



# WIFIA LOAN 1

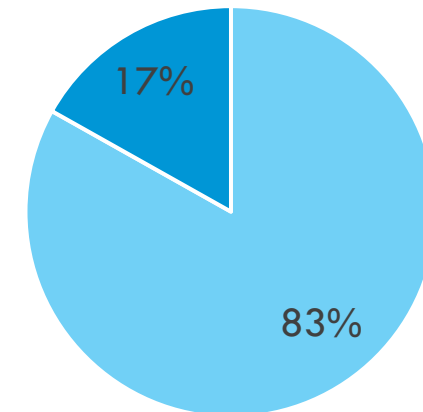


TOTAL WATER MAIN REPLACEMENT PROGRAM (2017-2030)	\$ 360,000,000
TOTAL AWSP (2018 - 2024)	\$ 85,000,000
WIFIA I – TOTAL ELIGIBLE PROJECT COSTS	<b>\$ 445,000,000</b>
WIFIA I - MAXIMUM LOAN AMOUNT (49% of TOTAL ELIGIBLE COSTS)	\$ 218,050,000

WIFIA DRAWDOWNS are a function of:

1. Cash available and dedicated to projects
2. Attractiveness of other available funding options

WIFIA I:  
Total Eligible Project Costs

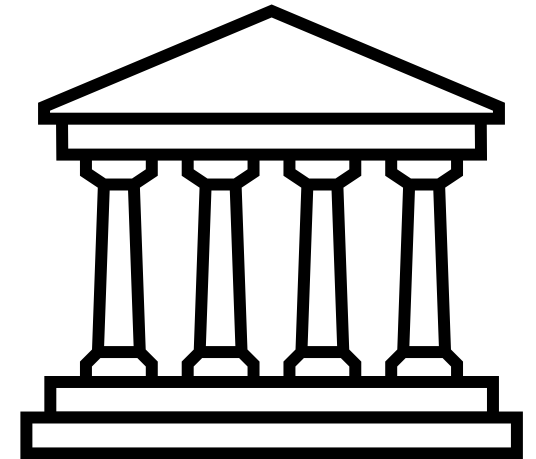


- Joliet Distribution Design + Water Main Replacement
- AWSP Regional Infrastructure Design

# HEADLINES



- American Rescue Plan Act
  - Water Assistance Programs
  - State and Local Government disbursements
- Earmarks
  - Small in FY2022 budget but could be signal?
- Proposed: American Jobs Act
  - \$111B to Water
    - \$45B to Lead Pipes and Service Line Replacement
      - SRF and WIIN grants
    - \$55B upgrade and modernize water & wastewater infrastructure
      - Likely channeled through IEPA SRF
- Requested: President's FY2022 Budget
  - \$3.6B to Water, \$625M over 2021 Appropriations
- 2021 Consolidated Appropriations funded WIFIA



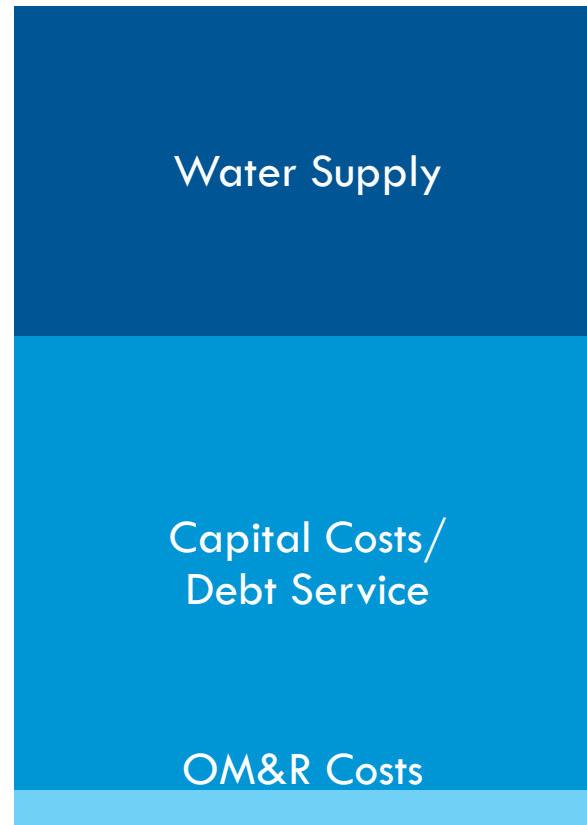
# WATER COMMISSION: FINANCIAL FRAMEWORK



CDWM Rate

Money needed  
to Build the  
Infrastructure

Costs to Operate &  
Maintain the System

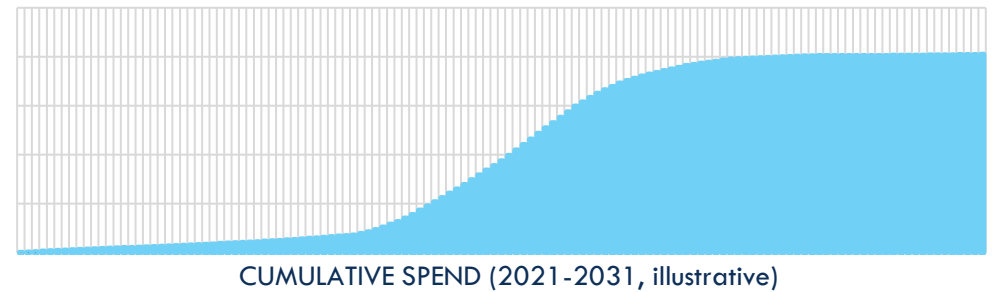
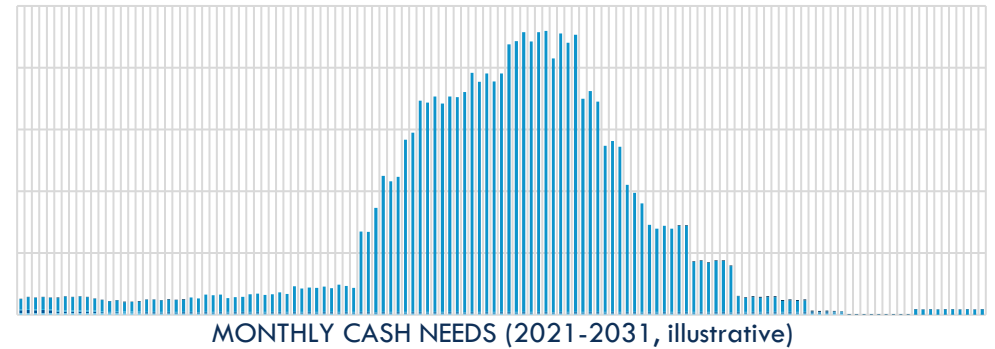


STRATEGY: TARGET FUNDING TERMS  
- and offer options - that reduce  
barriers to participation from  
prospective COMMISSION MEMBERS

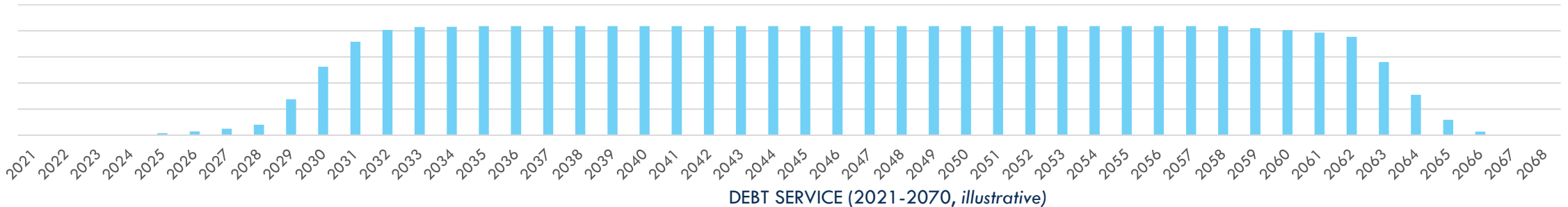
# WATER COMMISSION: POSSIBLE FINANCIAL FRAMEWORK OPTIONS



- 1. Cash Contribution for Construction
- 2. Debt Service Contribution during Construction and Ongoing (component of member rate)
- 3. Debt Service Contribution upon Water Delivery and Ongoing (component of member rate)



*Commitment and Capacity Reserved in 2021*



# Thank you.



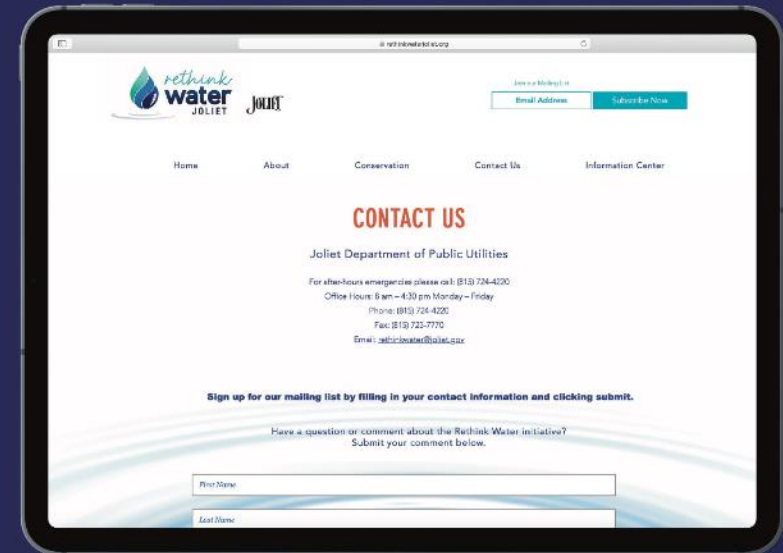
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