

**Metropolitan Domestic Water Improvement District  
Board of Directors Meeting**

**June 13, 2022**

**Authorizing the District to Incur Debt through the Execution of Loan Applications and Agreements with the Water Infrastructure Finance Authority of Arizona (WIFA)**

**Synopsis**

The Board of Directors is requested to approve Resolution 2022-6 for construction of the Ironwood Blend Well and Associated Collector Pipeline and Resolution 2022-3 for construction of the E&T 22 Well Replacement. These Resolutions will authorize the District to incur debt through the execution of loan agreements with the Water Infrastructure Finance Authority of Arizona (WIFA). With the Bipartisan Infrastructure Law investing billions of dollars in water system infrastructure, staff believes submitting these two projects that are ready for construction would be in the best financial interest of the District. These Resolutions will authorize staff to proceed with submitting documents, approving documents, and entering into loan agreements if federal principal forgiveness and reduced interest rates are financially beneficial to the District. This funding will be used for projects that were prioritized in the top 5 projects within the District's Fiscal Year 2023 Capital Improvement Program.

**Background**

Currently the District has two WIFA loans, with a combined outstanding principal balance of \$5,547,382.12 and one outstanding bond with a principal balance of \$7,235,000.

The District will cash fund the design and land acquisitions for the Ironwood Blend Well. Included in the proposed project to be submitted to WIFA is a portion of what was previously part of the Metro-only Northwest Recharge, Recovery, and Delivery System (NWRRDS) transmission main. This project description was revised so the Ironwood Blend Well could be equipped and connected to the Herb Johnson Reservoir to provide operational flexibility as a groundwater pumping source in advance of completion of the NWRRDS projects.

The District will cash fund the design and land acquisitions for the E&T Well 22 Replacement.

**Issues**

In order to be eligible for principal forgiveness loans associated with the influx of Bipartisan Infrastructure Law Investment Job Act funding into the State Revolving Fund, staff recommend submitting applications for the construction of the Ironwood Blend Well and Associated Collector Pipeline and the construction of the E&T 22 Well Replacement for inclusion in the project prioritization list with WIFA. The principal forgiveness amount for each project will not be known until later in the application process and staff request to reserve the right to enter

into either agreement if they determine them to be fiscally beneficial to the District or to withdraw

the projects from the process if the benefits do not exceed the associated costs. This will be a data-driven decision.

If a WIFA loan is selected for either or both of the projects, staff recommend closing on the loan or loans in September 2022. A WIFA loan reimburses paid invoices about three weeks after receiving the District staff prepared application for reimbursements. This will increase the workload for staff in addition to causing a bit of a delay on funding availability. Additional considerations are the revision to the Buy America Preference guidance that have the potential to increase bid prices, and potential cost increases that could occur with contractor's requirement to pay Davis Bacon federal wages.

Staff would like to act quickly on these construction ready projects to get ahead of the anticipated high demand for funding and materials. With a short construction period, these projects could be an early success story for the Bipartisan Infrastructure Law.

The funding request for the Ironwood Blend Well and Collector Pipeline is \$3,998,023. The funding request for the E&T 22 Well Replacement is \$1,755,975.

### **Recommendation**

It is recommended that the Board of Directors review and discuss with staff the request to incur debt for the two projects. It is also recommended that the Board authorize the Board Chair, General Manager, and Chief Financial Officer to sign all associated documents to accomplish this debt.

### **Recommended Motion**

I move to approve and adopt Resolutions 2022-6 and 2022-3 that will authorize the District to incur debt through the execution of loan agreements with the Water Infrastructure Finance Authority of Arizona, if determined to be financially beneficial to the District, with an amount not to exceed \$3,998,023 for the Ironwood Blend Well and Collector Pipeline and an amount not to exceed \$1,755,975 for the E&T 22 Well Replacement.

Respectfully submitted,

Diane Bracken, M.Adm.  
Chief Financial Officer

I concur with the recommendation.  
Respectfully submitted,

Joseph Olsen, P.E.  
General Manager