

TOWN OF WINDSOR AGENDA REPORT

Joint Windsor Town Council, Windsor Redevelopment Successor Agency and Windsor Water District Meeting Date: March 19, 2025

To: Mayor and Town Council
From: Shannon Cotulla, Public Works Director / Town Engineer
Subject: WIFIA Funding Request

Recommendation to Council:

1. Adopt a resolution of the District Board of the Windsor Water District authorizing the Town Manager or his designee to submit an application to the Water Infrastructure Finance and Innovation Act (WIFIA) for credit assistance to fund the Windsor Water Reclamation Facility Modernization.
2. Authorize payment from the wastewater capital fund of \$100,000 for a Water Infrastructure Finance and Innovation Act (WIFIA) Notice of Application Fee.
3. Authorize payment from the wastewater capital fund of \$100,000 to Jones Hall, a professional law operation, for bond counsel services needed for a Water Infrastructure Finance and Innovation Act (WIFIA) financing.

Strategic Plan Element:

The recommended action supports the goal of Infrastructure. Goal Statement: Through a lens of sustainability and innovation, invest in the Town's infrastructure and public facilities to meet the needs of future generations.

Background:

The Windsor Water Reclamation Facility requires significant investment in order to ensure continued reliable operation. Staff have presented to the Windsor Water District Board plans for modernization of the Water Reclamation Facility on several occasions, including a replacement of the aging secondary process system and a new biosolids handling facility.

In order to ensure that project financing would be achievable, staff have worked with a team to develop a funding strategy, which includes a combination of capital funds, loans and bonds. One of the identified funding strategies included the pursuit of a WIFIA loan, which is a federal funding credit program administered by the EPA for eligible water and wastewater infrastructure projects, offering long-term loans that can be combined with other funding sources to help communities deliver critical water infrastructure projects at a lower cost. Some of the identified benefits of a WIFIA loan are payment deferral, flexible payment strategies and potentially lower than market rates.

Discussion:

In March 2024, staff submitted a Letter of Interest (LOI) for WIFIA funding under the Environmental Protection Agency (EPA). The EPA uses the information submitted in an LOI to determine project eligibility, financial creditworthiness, engineering feasibility and alignment with EPA's policy priorities. In the LOI staff identified \$157,000,000 in needed project funding at the Water Reclamation Facility, requesting a WIFIA loan of \$76,315,000 to partially meet this need. WIFIA staff determined that the Town met these requirements and was eligible for WIFIA funding, authorizing Windsor Water

District (Windsor) to submit a formal application for funding. Staff have prepared the application over the last several months and are now seeking authorization to submit the application on behalf of Windsor, including payment of a \$100,000 application fee to the EPA.

The March 2025 Comprehensive Water and Wastewater Rate Study Report (Report) has been prepared to demonstrate that the Windsor Water District will be in satisfactory financial standing to make payments to the WIFIA loan. The Report documents that with the approval of wastewater rate increases in May 2025, scheduled to go into effect in July 2025, Windsor will be able to meet debt covenant requirements for required project funding, including the issuance of a WIFIA loan.

A WIFIA loan application submittal in no way obligates Windsor to spend funds issued under that loan, and the Windsor Water District Board may determine at any time to withdraw the application or reduce the amount of funding requested, should the Windsor Water District Board determine it necessary to do so. The application process, once submitted, takes approximately 7 months to complete. A separate Resolution will be brought to the Windsor Water District Board to approve the WIFIA loan itself, prior to issuance.

As part of the loan negotiation process, Windsor will require the support of bond counsel services. Jones Hall has provided bond counsel services for previous debit issuances on behalf of Windsor. Under the proposed agreement, Jones Hall will provide necessary legal services and support on the preparation of legal documents, closing of the loan transaction, advising the Town on the legal proceedings and other matters related to the WIFIA loan.

Completing the essential projects to be partially funded through the WIFIA loan is critical to continued wastewater treatment, recycled water projection, environmental protection, rate stability and achieving the wastewater treatment plant's NetZero goals.

Fiscal Impact:

The total fiscal impact of the funding request for a \$100,000 WIFIA application fee and a \$100,000 Legal Services Agreement with Jones Hall is \$200,000. \$200,000 will be appropriated from water reclamation capital funds through 430-82-25-2214-4510-000 (50%) and 430-82-25-241-4510-000 (50%).

Environmental Review:

This action does not constitute a "project" within the meaning of California Environmental Quality Act (CEQA) Guidelines Section 15378 and required no environmental review.

Attachment(s):

1. [WWD Resolution - WIFIA Application Approval](#)
2. [N23122CA - Town of Windsor - Application Fee Notice](#)
3. [Windsor WIFIA Legal Services Agreement](#)

Prepared by:

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Reviewed by:

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Administrative Services Director

Recommended by:

Jon Davis
Town Manager