

ORLAND-ARTOIS WATER DISTRICT

January 05, 2021

District Refinancing and New Charges and Rates

OAWD has secured and executed 2 loans in order to refinance the District's debt with the Bureau of Reclamation. The District had 2 interest free loans, a 9d loan for the construction of the District's distribution system and a 9e loan for the District's share of the CVP construction. Because the loans were interest free the District was subject to the Reclamation Reform Act of 1982 (RRA). RRA limited the acres a landowner could irrigate with Project Water and charged Full Cost Rates to certain types of ownership. RRA limited the use of water in the District. These loans were being paid by the District landowners and water users. The Distribution System loan was paid with the Assessment, \$19.94/acre, and charged to all landowners. The CVP Construction Loan was paid in the water rates, that portion of the rate for 2020 was \$34.37/acre-foot.

Over the past 2 years District staff and the Directors have negotiated an amended Water Service Contract with Reclamation to convert the CVP Construction loan, under the WIIN Act of 2016, to a repayment contract. This contract amendment converted the 25-year Contract to a permanent Contract, avoiding re-negotiation in 2030, relief from RRA, and a discount on the balance due for CVP Construction. At the same time, the District worked on securing a second loan to pay off the District's distribution system 9d loan. The District hired a municipal advisor and with the help of District Counsel secured two 15-year loans from BBVA Bank with an interest rate of 1.89%. To date this is lowest 15-year rate among districts refinancing that we know of. The Contract Amendment executed on November 1st and on November 24th the loans were funded and funds were wire transferred to Reclamation. The District was fortunate to have a dedicated team working in the best interest of its landowners and water users.

On September 15, 2020 the Directors approved OAWD Resolution 2020-07, which approved and imposed the 2021-2025 charges. And on December 15th, the Directors approved the 2021 O&M Budget. The District charges for 2021 will be as follows:

The Distribution System Assessment will be paid by original landowners at \$21.75 per-acre per-year.

The CVP Construction Charge will be paid by all acres able to receive District water at \$23.00 per-acre.

The Operations Charge will be paid by all acres able to receive District water at \$40.74 per-acre.

All 3 charges will be billed in 2 installments each and will be levied whether or not District water is used. Invoices will be mailed later this month.

2021 water rates will no longer include CVP Construction and **RRA forms will no longer be required** because OAWD is now a "Paid Out" District. If an OAWD landowner has land in another district which is not paid out and subject to RRA, their OAWD acres will not count against them. Those who have not used District water due to RRA restrictions, please call the office to find out how to start using District water.

Use of 1 acre-foot or more of District water per acre will reduce overall costs for landowners compared to previous years.

District Expansion

OAWD has recently annexed 746 acres into the District. Annexed acres will be subject to the Operations and the CVP Construction Charges. Annexed acres will not be subject to the Distribution System Assessment because they are paying for and constructing new distribution systems. Annexed acres will have a second-class water contract and be eligible for only excess District water or transferred water.

This newsletter along with water rates, applications, water order forms, and RRA forms are available on the District's website, oawd.org. **Due to COVID-19, the District doors are locked but staff is available by phone and/or email. There is also a dropbox for forms roadside and by the front door of the office.** If you have any questions, please give me a call at the District office.

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