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SSWD Refinancing Plans Saves Millions of \$

Sacramento – Today, Sacramento Suburban Water District (SSWD) closed a refinancing package totaling \$87 million to retire debt from the two predecessor districts. The refinancing allows SSWD to pay a lower rate for borrowed money and thereby reduce the expense of serving water to customers. “By taking advantage of the favorable financing market,” stated Byron Buck, SSWD Board President, “the District will be saving \$500,000 per year in interest payments. This will reduce pressure on rate increases to fund water system improvements and maintenance.”

“Last fall when the Board approved \$45 million in new borrowing to pay for long overdue infrastructure maintenance, market conditions were not favorable to refinance the old debt,” stated Daniel Bills, SSWD Director of Finance. The Board directed staff to monitor the market and report debt refunding opportunities if a 5% savings threshold was met. That savings threshold was reached in early March 2005. The District’s Finance and Audit Committee quickly met, followed by discussions at the regular Board meeting in March and three additional

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meetings shortly thereafter. By April 22, 2005, the ink was dry on the documents needed to affect the refunding.

“With this refunding, the District has closed the books on its predecessor districts, allowing additional savings in accounting and audit fees,” said Buck. Internal savings are estimated at an additional \$25,000 per year which includes staff time and paying for audits on debts for separate entities. This refunding unifies the entire District financially and elevates the District’s credit position.

Sacramento Suburban Water District delivers water to approximately 43,000 customers with an estimated population of 168,000 in the northeast region of Sacramento County encompassing approximately 36 square miles. In February 2002, SSWD was formed as a result of a consolidation between the former Arcade and Northridge Water Districts. The District is governed by a five member elected Board of Directors.

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