

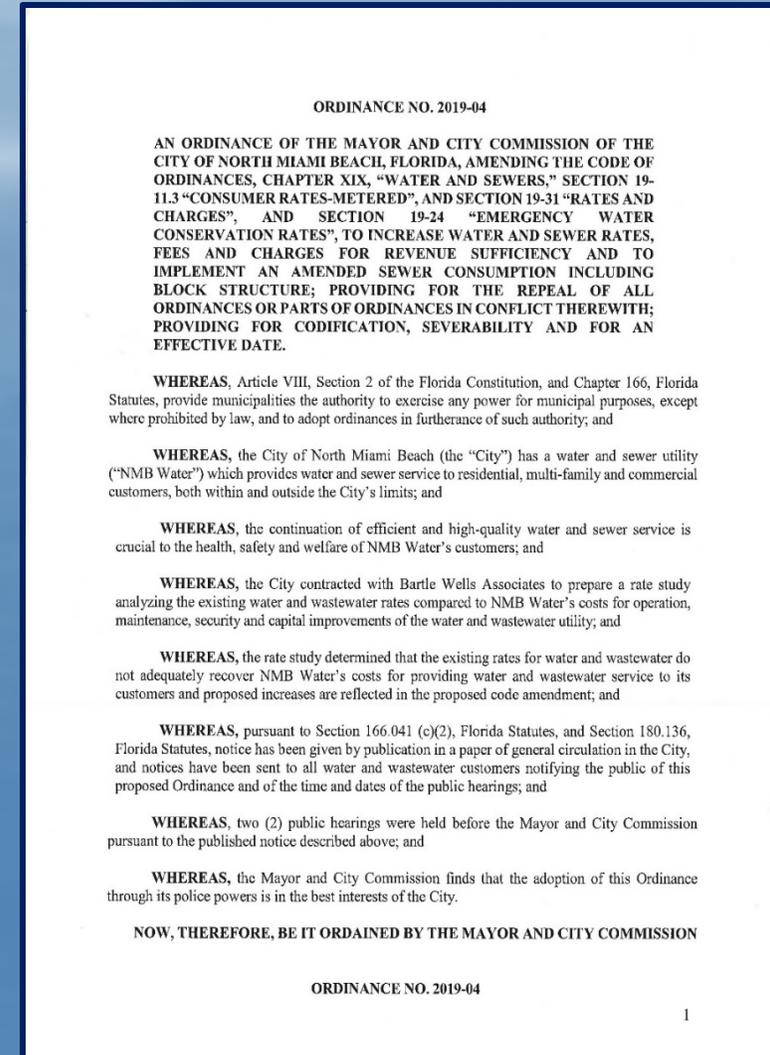
Approved Water Rate Increase

August 16, 2022



Background

- ❖ Rate increases were required to ensure the cost for NMB Water's \$106.5 million Capital Improvements Projects (CIP) is properly funded and support debt service coverage.
- ❖ The CIP is necessary to maintain and provide excellent water and sewer utility services.
- ❖ Five year rate increases were approved under Ordinance No. 2019-04
 - Public Meeting #1
 - August 20, 2019
 - Public Meeting #2 Ordinance Approved
 - September 17, 2019
 - Public Meeting #3 Ordinance Adopted
 - September 26, 2019



Funding Sources

❖ CIP mainly funded by Revenue bonds and EPA's Water Infrastructure Finance and Innovation Act (WIFIA)

- The City received the Water and Sewer Bonds in January 2020
- The City received the executed WIFIA Loan Agreement for the 5-Year CIP Plan in June 2020

EXECUTION VERSION

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY

WIFIA LOAN AGREEMENT

For Up to \$44,204,486

With

CITY OF NORTH MIAMI BEACH, FLORIDA

For the

NORWOOD WATER TREATMENT PLANT UPGRADE AND
TRANSMISSION MAIN IMPROVEMENTS AND
REPLACEMENTS PROJECT
(WIFIA – N18118FL)

Dated as of June 25, 2020



WIFIA LOAN

❖ WIFIA Commitment

- As part of the WIFIA loan application and agreement, the City committed to provide WIFIA, with a Financial Model to demonstrate system revenues are sufficient to meet the 30 years loan amortization schedule. The loan repayments start on 2026.
- A Rate Covenant is included in the WIFIA Agreement to ensure the City has capacity to meet the debt covenants.



EXECUTION VERSION

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

June 25, 2020

City of North Miami Beach
17011 NE 19th Avenue
North Miami Beach, FL 33162

RE: WIFIA Term Sheet for the Norwood Water Treatment Plant Upgrade and Transmission Main Improvements and Replacements Project (WIFIA Project No. N18118FL)

Ladies and Gentlemen:

This WIFIA Term Sheet (this “**Term Sheet**”) constitutes (a) the approval of the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (hereinafter, the “**USEPA**”), of the application for credit assistance of the Borrower (as defined below) dated December 9, 2019 (the “**Application**”) and (b) the agreement of USEPA to provide financing for the above-referenced project (as further described below, the “**Project**”) in the form of a secured loan (the “**WIFIA Loan**”), pursuant to the Water Infrastructure Finance and Innovation Act (“**WIFIA**”), § 5021 *et seq.* of Public Law 113-121 (as amended by Public Law 114-94, Public Law 114-322 and Public Law 115-270) (the “**Act**”), codified as 33 U.S.C. §§ 3901–3914, subject in all respects to (i) the terms and conditions contained herein and (ii) the execution and delivery of the WIFIA loan agreement to be entered into on or after the date hereof (the “**WIFIA Loan Agreement**”) and the terms and conditions contained therein. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the WIFIA Loan Agreement.

USEPA’s agreement to provide WIFIA credit assistance to the Project is based upon the Application and the supplemental information and documents, including the base case financial model, provided to USEPA. This Term Sheet is an agreement of USEPA only to the terms specified herein, which may be modified or supplemented by USEPA in its discretion at any time and from time to time during the course of its due diligence and credit approval process.

By executing this Term Sheet, the Borrower confirms its agreement to reimburse USEPA for any and all fees and expenses that USEPA incurs for legal counsel, financial advice, and other consultants in connection with the evaluation of the Project and the negotiation and preparation of the WIFIA Loan Agreement and related documents, whether or not such agreement is ultimately executed.

This Term Sheet shall be governed by the federal laws of the United States of America if and to the extent such federal laws are applicable, and the internal laws of the State of Florida, if and to the extent such federal laws are not applicable.

Rate Increase Mitigation

❖ Staff proposes the use of American Rescue Plan Act funds (ARPA) to provide assistance to residential accounts within the City and subsidize the 4.5% increase (\$4.28 single family average per quarter) for fiscal year 2023 (October 1, 2022 through September 30, 2023).

The American Rescue Plan Act Provisions

The latest COVID-19 relief package provides \$1.9 trillion in mandatory funding, program changes and tax policies aimed at mitigating the continuing effects of the pandemic.

The American Rescue Plan builds upon previously enacted aid measures in 2020:

- The year-end spending and aid package.
- The Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- The Families First Coronavirus Response Act (FFCRA).

Please see below for a summary of provisions of interest.

State and Local Aid

- Provides \$350 billion to help states, counties, cities and tribal governments cover increased expenditures, replenish lost revenue and mitigate economic harm from the COVID-19 pandemic.
- State and local government recipients could use the funds to cover costs incurred by Dec. 31, 2024. The funds would be distributed in two tranches, with 50% delivered no later than 60 days from the date of enactment, and the remainder delivered no earlier than one year later. States would have to distribute funds to smaller towns within 30 days of receiving a payment from the department. States that miss the deadline would have to pay back any undistributed funds. A town cannot receive more than 75% of its budget as of Jan. 27, 2020. The Treasury Department could also withhold up to half of a state or territory's allocation for as long as 12 months based on its unemployment rate and require an updated certification of its funding needs.
- Provides \$195.3 billion to states and the District of Columbia:
 - \$25.5 billion would be equally divided to provide each state

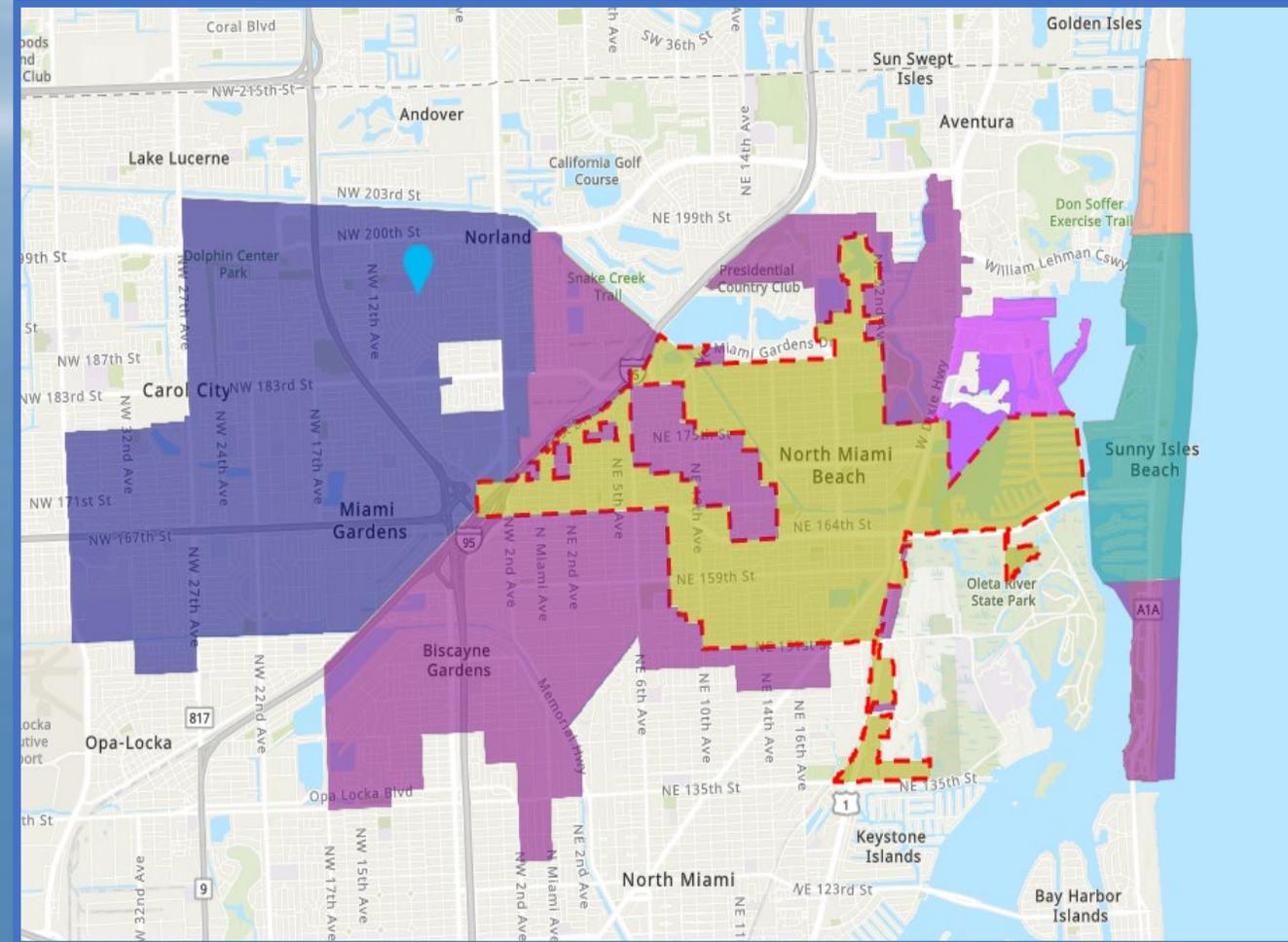


a minimum of \$500 million.

- \$169 billion would be allocated based on the states' share of unemployed workers over a three-month period, from October-December 2020.
- Provides \$130.2 billion to Local Governments:
 - \$65.1 billion for counties.
 - \$45.6 billion for metropolitan cities.
 - \$19.5 billion for towns with fewer than 50,000 people.
- Provides \$4.5 billion to U.S. territories.
- Provides \$20 billion to tribal governments.
- Provides \$10 billion for a Coronavirus Capital Projects Fund to carry out projects to support work, education and health monitoring during COVID-19.

Rate Increase Mitigation (cont.)

❖ **The City of North Miami Beach will also reach out to all of our municipal partners in an effort to inform them of the subsidy and their participation to assist their residents.**



THANK YOU

