

QUESTION: We note there is a CIP plan that was approved by the Board in January 2018 ([Strategic Planning Process \(hbmwd.com\)](http://hbmwd.com)). Could you confirm that this is the most recent version of the CIP plan; if not, could you please provide the most recent one?

ANSWER: *The CIP approved by the Board of Directors in 2018 is the most current version available. And although the District will be updating the CIP within the next budget year, the biggest changes we are anticipating are related to the estimated cost of projects.*

QUESTION: Is there any estimate of the cost of the seismic improvements for the Matthews Dam?

ANSWER: *No*

QUESTION: Is the District already in dialogue with FEMA or USBR about grant funding for any of your potential CIP?

ANSWER: *The District regularly applies for Hazard Mitigation Grants through FEMA. None of the projects listed have FEMA HMG funding applications submitted. Currently, the District has three active FEMA grants, and one in the close-out process. The District has not entered into any dialogue with USBR for any of these projects.*

QUESTION: What are the District's anticipated budget constraints over the next 5-10 years? More specifically, after the District makes the final payment on its 2004 SRF Loan in January 2024, approximately how much do you think the District can afford to pay in total annual debt service during fiscal year 2023/24 and annually thereafter?

ANSWER: *Please refer to the April 13, 2023 Staff Report in the Board of Directors Packet under Financing (hbmwd.com), this will provide some of the history. Essentially +/- \$710,000 annually.*

QUESTION: Page 2 of the RFP also states that potential capital improvement projects include, but are not limited to:

- (1) 5MG Domestic Water Tank,
- (2) expansion of the Turbidity Reduction Facility (TRF),
- (3) expansion of the Essex Operations Center,
- (4) rehabilitation of Ranney Collector #4,
- (5) replacement of two 2MW Generators at the Power House, and
- (6) seismic improvements to the spillway at the R.W. Matthews Dam.

What is the approximate/estimated cost of each of the six capital improvement projects listed above? Additionally, which of these capital improvement projects are the highest, most immediate priority for the District, and which (if any) of these projects are the lowest priority?

ANSWER: *It is not the District's intent to fund all projects with this financing, however, it is the District's intent to complete all projects listed at some point in the future with the use of grant funding or reserves. The District has some very rough estimated cost figures on some of the projects, but based on experience in the last several years, construction costs are highly volatile. The following should be considered a rough priority and estimated cost list for financing purposes:*

- (1) 5MG Domestic Water Tank (may also be sized down) est. \$7M
- (2) replacement of two 2MW Generators at the Power House est. \$3M
- (3) seismic improvements to the spillway at the R.W. Matthews Dam (possibly cost prohibitive, unknown cost)
- (4) rehabilitation of Ranney Collector #4 est. \$4M, can be completed in phases
- (5) expansion of the Turbidity Reduction Facility (TRF) est. \$2M, can be completed in phases
- (6) expansion of the Essex Operations Center est. \$1M

QUESTION: The biggest question is regarding the requirement for 5 years in business. I registered Ridgeline in Feb 2022, but prior to that I worked for over 20 years in infrastructure financial planning and financing. I have put together infrastructure and public facility financing plans, fee and rate studies, and economic impact analysis for cities and special districts, large master planned communities, military base closures, and commercial and industrial projects. I have also done over 150 different financings for public agencies (including plenty of water and wastewater systems and agencies) with total proceeds of over \$1

billion. In starting Ridgeline, I combined technical financial planning skills with the knowledge of how to get infrastructure projects financed, a service gap that I consistently saw in the market over my career. So, while Ridgeline is just over two years old, there is close to 30 years of experience that we bring to our clients. Would you be willing to consider our firm or is 5 years a firm requirement? I don't want to waste your time and our efforts if we don't qualify on that requirement.

ANSWER: While HBMWD does have a requirement listed in the RFP, I would still encourage your company to submit a response. We are looking for experience, and it would seem your experience, when compiled, would meet this qualification.

QUESTION: If you are looking at total experience rather than how long a firm has been in business and would like to consider Ridgeline as a potential MA, here are some additional questions:

1. Scope of Services 3.4 – Do you require the MA to prepare project cost estimates? That is normally done by engineers and we want to make sure.

ANSWER: The MA will not be preparing the cost estimates.

2. Scope of Services 3.9 – Do you require the MA to prepare legal documents and ensure their accuracy and completion? That is normally done by bond / issuer counsel and we want to make sure.

ANSWER: The MA will not prepare any legal documentation.

QUESTION: Is [this](#) the most current version of the CIP or is there a more recent version?

ANSWER: The projects listed are merely a sample of items currently in the District's relative future. The District's CIP is a much larger, comprehensive report, which entails all maintenance and small, medium, and large projects, many of which the District will not be seeking financing for.

QUESTION: Looking at your report to the board dated April 13, it appears that you would like to get funding in place by December of this year. This tells me that the funding options that you are considering are either a bank loan or a bond sale. No government loans are anticipated (SRF, USDA, iBank), since they usually take much longer to take. Is that correct?

ANSWER: The dates provided to the Board of Directors during the April Board Meeting are considered tentative. Finding the most effective financing is the most important factor.

QUESTION: If you are considering getting government loans, there is a large amount of compliance work to meet their conditions of approval. Will you be looking to the MA to assist with that and coordinate communications with the agencies?

ANSWER: Subject to discussion and dependent on circumstances. The District has vast experience dealing with many government agencies (FEMA, CalOES, USDA, SWB, and others).

QUESTION: Do you anticipate needing MA's help in preparation and submittal of any grant applications?

ANSWER: If applicable, yes.

QUESTION: Do you anticipate needing MA's help in preparation of rate studies?

ANSWER: No

QUESTION: Do you see this as a one-time project that is completed with the delivery of the final report in September and financing closing in December or is this an on-going multi-year effort with possible multiple rounds of financing and grants?

ANSWER: Financing once, until future loan is paid-off (based on budget constrictions as listed in the April staff report).

QUESTION: Regarding total staff hours, the industry standard for a bond or loan financing has been to charge for services on a contingent, fixed-fee basis. Accordingly, it may be difficult to provide precise detail of total staff hours associated with individual financing projects – however, would it be possible to provide an estimate using reasonable assumptions?

ANSWER: Yes, an estimation is absolutely acceptable.