



Contact: Pete Brown  
[pbrown@wrd.org](mailto:pbrown@wrd.org)  
213-321-8107

**FOR IMMEDIATE RELEASE**  
**October 14, 2016**

## **WRD BOARD OF DIRECTORS SECURES \$95 MILLION FUNDING AGREEMENT WITH STATE WATER BOARD**

Ratified agreement to save ratepayers \$45 Million in interest loan payments

**Lakewood, CA. Thursday** - Yesterday, the Board of Directors of the Water Replenishment of Southern California (WRD) approved an agreement with California's Water Resources Control Board (State Water Board) that will provide WRD \$95 million in funding for the construction of the Groundwater Reliability Improvement Project (GRIP), an advanced water treatment facility currently under construction in the City of Pico Rivera.

GRIP is the final and most significant project within WRD's Water Independence Now (WIN) program which aims to eliminate WRD's need to purchase imported water from Northern California and the Colorado River for groundwater replenishment. Once built, the region's groundwater basins will be completely locally sustainable.

"Under this agreement, WRD is saving our ratepayers \$45 million as our Board fulfills a promise we made to the residents of this District when we embarked on GRIP: to secure maximum outside funding to create a locally sustainable water supply for the 43 cities and four million residents we serve," said WRD Board Vice President, Rob Katherman. "Not only are we delivering water independence from expensive imported water, but we are doing so with great fiscal responsibility."

The Water Quality, Supply, and Infrastructure Improvement Act of 2014, better known as Proposition 1, made one-percent financing and grant funds available for the construction of water projects that met specific criteria. WRD submitted its construction financing application to the State Water Board for GRIP in April 2015 and learned recently its submission was selected to receive funding. The board's approval of the agreement seals that funding arrangement.

"We are very grateful to the State Water Board for its thorough consideration and approval of our funding application. This funding covers roughly 90% of the cost of this project," stated WRD Treasurer Albert Robles. "As a result, this project will not fiscally impact our water rate and, most importantly, ensures that WRD's water rate will be the lowest in the region for decades to come. In fact, the cost savings on the 30-year loan is expected to exceed more than \$1.3 million annually to ratepayers or about \$45 million over the life of the loan."

When completed in 2018, GRIP will allow WRD to offset the current use of 21,000 acre feet per year (AFY) of imported water with a combination of advanced-treated recycled water (10,000 AFY) from GRIP and from tertiary-treated recycled water (11,000 AFY). The water will be used to replenish two of the nation's most utilized urban groundwater basins- the Central and West Coast Basins.

*The Water Replenishment District of Southern California is the regional groundwater management agency that protects and preserves the quantity and quality of groundwater for two of the most utilized urban basins in the State of California. The service area is home to over ten percent of California's population residing in 43 cities in southern Los Angeles County. WRD is governed by a publicly elected Board of Directors which includes Willard H. Murray, Jr., Robert Katherman, John D. S. Allen, Sergio Calderon, and Albert Robles.*

WRD provides about half of the drinking water for four million people within the District's service area,

The State Water Board has agreed to provide project loan funds in the amount of up to \$95 million, a portion of this amount, \$15 million, is recommended as grant funds. After deducting the \$15 million in grant funding, the District is expected to receive an \$80 million one-percent loan. This results in a payback equal to \$92.6 million (principal balance of \$80 million and \$12.6 million in interest) over the course of 30 years.

The financial assistance provided by the State Water Board will allow WRD to maximize the use of existing resources despite the ongoing drought and minimize fiscal impacts. For example, when considering annual debt service payments, WRD is expecting an annual debt service of approximately \$3 million with the use of the State Water Board financing as compared to the traditional tax-exempt revenue bond financing alternative, which would result in a debt service annual payment of approximately \$4.3 million, . Hence, the State Water Board's one-percent financing translates into a \$1.3 million annual debt service savings.

The State Water Board's awarding of a one-percent loan financing and grant funds further solidifies the GRIP's regional and state water sustainability benefits. In addition, entering into the State Water Board's Agreement for water recycling construction financing reflects the District's commitment to sound basin management and commitment to fiscal responsibility.

*- end -*