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## **Water Agency Saves Rate Payers over \$27 Million Dollars**

Watsonville, CA – The Pajaro Valley Water Management Agency successfully refinanced its long-term obligation with the City of Watsonville saving nearly \$1.4 million dollars annually for the next 20 years. The savings will come from the application of Federal project reimbursements (\$12,500,000 in grants), use of approximately \$2,850,000 of funds on hand, and refinancing at lower interest rates which is projected to save rate payers more than \$27.4 million dollars in principal and interest payments over the next 20 years. These savings will allow the Agency to accelerate groundwater protection projects currently on the critical list.

The Agency benefited from a continued credit rating grade improvement, moving up the scale from a “BBB+” to “A-” in April 2015 and “A-” to “A” in June 2016 (bond ratings are ranked from highest to lowest – AAA, AA+, AA, AA-, A+, A, A-, BBB+, etc.). The higher credit rating from Standard & Poor’s provided the Agency with more investor demand which lowered the interest rate and created an all-in cost of funds of 2.94% for the 20-year bond financing. The Agency had been paying 5.30% to the City of Watsonville.

Credit improvements cited include the Agency’s board and senior staff experience, upgraded management skills, and recently approved and implemented multi-year rate increases. Additional credit was given for the successful grant awards on critical capital projects.

The Agency over the past two years has now successfully refinanced and consolidated the majority of its obligations and, with the lower debt service, will save rate payers approximately \$1.6 million annually.

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