

# CEDAR KEY WATER AND SEWER DISTRICT

## ADDENDUM NO. 1 TO RFP 2024-01 TAX EXEMPT REVOLVING LINE OF CREDIT

**Issued October 28, 2024**

In response to questions received concerning the above described RFP, the District hereby issues this Addendum No. 1:

**Question** - For clarification, the RFP states that security for the LOC will be budgeting and appropriation of ad valorem tax revenues, along with utility revenue. Is it accurate to assume that we will not be able to take an assignment of the grant funds used to repay?

**Answer** – Correct. The grant agreements do not permit assignment.

**Question** - Revenues – specifically charges for services – grew impressively over the five years but appear to have plateaued. Do we know why growth was so explosive (increased customers, rate increases) between FYs 2019 and 2022? Why has FY 2023 slowed?

**Answer** - Revenue growth is due to annual 5% rate increases and accompanying base rate increases. The reduction in revenue for 2023 is due to loss of income from Hurricane Idalia.

**Question** - OpEx growth has outpaced revenues. They are marginally reducing; FY 2023's OpEx (including depreciation, which is absolutely stable) is "improved" to 127% of revenues. FY 2022's was 143%. Are expenditures, such as CAPEX or reimbursed services via grants, included here? If so, how much?

**Answer** - See answer provided to the following question.

**Question** - Operating and capital grants are also strong revenue contributors. Can we find out if any of these funds cover expenses shown in the income statement? They're vital to DSC coverage.

**Answer** - These grant funds are reflected on the revenue side and are expensed equally on the expense side. These grant funds are treated as a pass-through for each project. The grant funds we receive are immediately paid to the contractor and expensed to the account. Many of the expenditures reflected are also in the process of being reimbursed through insurance and FEMA.

**Question** - Will all projects falling under the LOC be 100% grant reimbursements or is the CKWSD responsible for any additional cash outlay?

**Answer** – It is anticipated that 100% of the funding for the projects will be funded through the grants. No local match is required under the grants.

**Question** - The RFP states that the Florida Commerce and FDEP Grant Agreements were on-line, are these available somewhere at this time?

**Answer** – The grant agreements will be made available on the District's website.

**Question** - Will proposals with alternate structures be entertained? Would separate loans for each of the grants be considered?

**Answer** – Yes to both questions. The District will entertain and review alternative structures submitted. Loan processing costs will be taken into consideration when assessing all proposals.

**Question** - Would the District be willing to establish a deposit relationship with Capital City bank as a condition of the loan? If so, what amount would the Cedar Key Water and Sewer consider?

**Answer** – The District will take this into consideration but makes no commitment to doing so at this time. The District does not anticipate moving its operating account from its current bank.

**Question** - Please provide corresponding grant agreements and FEMA awards related to this RFP

**Answer** – The grant agreements will be made available on the District's website.

**Question** - Does the 7% rate cap apply to both taxable and tax-exempt rates?

**Answer** – Yes

**Question** - Which firms is the District considering for Bond counsel?

**Answer** – Nabors, Giblin & Nickerson, P.A. will serve as Bond counsel.