

Mayor and Council Communication

DATE: 09/17/24

M&C FILE NUMBER: M&C 24-0843

LOG NAME: 60RATIFY FINANCING TWDB AGREEMENT

SUBJECT

(ALL) Ratify Execution of Financing Agreement for the Water Department with the Texas Water Development Board in the Amount of \$125,000,000.00 for the Eagle Mountain Water Treatment Plant Expansion Project as Part of the State Water Implementation Revenue Fund for Texas

RECOMMENDATION:

It is recommended that the City Council ratify the execution of the Financing Agreement with the Texas Water Development Board in the amount of \$125,000,000.00 for the Eagle Mountain Water Treatment Plant Expansion project using State Water Implementation Revenue Fund for Texas funds.

DISCUSSION:

The Water utility has long been planning an expansion of the Eagle Mountain Water Treatment Plant as part of its ongoing efforts to meet growing demand for water within the footprint of the utility's 450 square mile service area.

The City was invited to apply for funding for the project under the State Water Implementation Revenue Fund for Texas (SWIRFT) program that is managed by the Texas Water Development Board (TWDB). Borrowing funds from the TWDB via SWIRFT is a highly cost effective way to finance eligible projects. Use of SWIRFT funds provides low-cost financing with an estimated 14 percent interest rate subsidy to perform this 35 million gallons per day expansion project.

On May 14, 2024, the City Council authorized the City Manager to take all actions necessary to apply for this funding (Resolution 5950-05-2024). At its July 23, 2024 meeting, TWDB adopted a resolution committing to financial assistance in the full requested amount of \$125,000,000.00 (TWDB Resolution 24-049).

In order to comply with the TWDB's deadlines, a financing agreement was required to be executed by September 6, 2024. The timing of Council business meetings and the Labor Day holiday resulted in an inability to process a Mayor and Council Communication (M&C) for advance approval to execute the financing agreement.

Because of the substantial savings the TWDB financing offers and the fact that execution of the agreement is generally consistent with Council's prior approval of the application process and associated actions, the City Manager's Office executed the financing agreement in order to meet the deadline. Approval of this M&C formally ratifies the execution of the financing agreement.

A separate M&C to authorize issuance and sale of water revenue bonds to the TWDB is scheduled to come before the City Council in October 2024 with closing anticipated to occur in November.

The Eagle Mountain Water Treatment Plant is located in Council District 7 and benefits the Water utility's entire service area, including the entire city of Fort Worth and wholesale customer cities.

A Form 1295 is not required because: This contract will be with a governmental entity, state agency or public institution of higher education: Texas Water Development Board

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that execution of the Financing Agreement commits the City to accepting \$125,000,000.00 from the Texas Water Development Board to fund the Eagle Mountain Water Treatment Plant Expansion project, and that funds will be available in the Water Prior Lien Debt Service Fund to make the associated debt service payments.

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