

Memorandum



CITY OF DALLAS

DATE June 21, 2024

Honorable Members of the Government Performance and Financial Management
TO Committee: Chad West (Chair), Paula Blackmon (Vice Chair), Cara Mendelsohn, Jesse
Moreno, Jaime Resendez

SUBJECT **June 26, 2024, Upcoming Agenda Items – 24-1292, 24-1294, 24-1477, 24-1478 –
Texas Water Development Board Grant and Loan for Flood Infrastructure Funding**

The June 26, 2024, City Council agenda includes four items related to the Texas Water Development Board (TWDB) for grant and loan financial assistance to the City of Dallas for eligible projects through the Flood Infrastructure Fund (FIF). The City is requesting an amount up to \$113,190,000 to fund flood risk management projects associated with the Dallas levee system improvements to reduce flood risk, and an amount up to \$16,675,712 to fund flood risk management projects associated with the infrastructure relocation related to the Dallas Floodway Extension.

BACKGROUND

The FIF program was created by the Texas Legislature and approved by voters in 2019 and provides financial assistance in the form of loans and grants for flood control, flood mitigation, and drainage projects. On September 17, 2020, the TWDB approved the Prioritization List and Eligible Funding Amounts under the FIF, including two projects for the Modified Dallas Floodway Project, relating to an extension of the floodway and levee system. The Dallas Floodway Levee System is locally owned and operated, federally regulated by the U.S. Army Corps of Engineers (USACE), and provides flood risk mitigation for an area that encompasses over \$14 billion in real and personal property and over 400,000 residents. The levee system currently has two ongoing federal projects that have completed all environmental clearances, received their Record of Decisions, and appropriated funds through the USACE Civil Works Program. Per executed project partnership agreements between the USACE and the City, the City is obligated to cost participate in the design and construction activities for the flood risk management components of the project.

The combined project costs for the Modified Dallas Floodway projects related to the Dallas levee system improvements total approximately \$457.7 million. The USACE contribution to the project is approximately \$297.4 million, with the City contributing approximately \$47.0 million in in-kind contributions. The City is seeking to finance the remaining project costs with financial assistance from TWDB through the FIF. The terms of the financial assistance from TWDB include \$23.1 million in FIF grant funding and a \$90.1 million long-term, fixed rate FIF loan, offered at zero percent interest.

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The combined project costs for the Modified Dallas Floodway projects related to the Dallas Floodway Extension total approximately \$559.5 million. The USACE contribution to the project is approximately \$517.4 million, with the City contributing approximately \$25.4 million in in-kind contributions. The City is seeking to finance the remaining project costs with financial assistance from TWDB through the FIF. The terms of the financial assistance from TWDB include \$2.5 million in FIF grant funding and a \$14.2 million long-term, fixed rate FIF loan, offered at zero percent interest.

ACCEPTANCE OF AWARD

Agenda items 24-1477 and 24-1478 authorize the acceptance of the grants and loans for low-cost financial assistance through the FIF for the Modified Dallas Floodway projects related to the Dallas levee system improvements and Dallas Floodway Extension. This is the second City Council action required by the TWDB to accept and execute the Financing Agreements for the FIF grant award and borrowing, as provided by TWDB to participate in the FIF financial assistance program. Previously, on September 13, 2023, the City Council authorized the submission of financial assistance applications for the FIF program.

AUTHORIZATION OF BONDS

The terms of the financial assistance from TWDB include long-term, fixed rate FIF loans, offered at zero percent interest. The loans are issued as bonds to the TWDB and require approval of an ordinance to authorize the issuance of the bonds. Agenda item 24-1292 authorizes the issuance and sale of City of Dallas, Texas Drainage Utility System Revenue Bonds, Series 2024A in the amount of \$14,175,000 to the TWDB for projects related to the Dallas Floodway Extension; and agenda item 24-1294 authorizes the issuance and sale of City of Dallas, Texas Drainage Utility System Revenue Bonds, Series 2024B, in the amount of \$90,090,000 to the TWDB for projects related to the Dallas levee system improvements. The debt service on the bonds is payable from the City's existing stormwater drainage utility system.

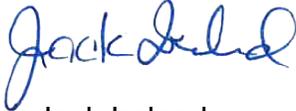
IN SUMMARY

Pending City Council approval of the items required by the TWDB, the bonds are scheduled to close, wherein Dallas Water Utilities will receive the funds for the authorized projects, in July 2024.

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Please let me or Sarah Standifer, Director of Dallas Water Utilities, know if you need any additional information.



Jack Ireland
Chief Financial Officer

c: Tammy Palomino, City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Dominique Artis, Chief of Public Safety (I)
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M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager

Alina Ciocan, Assistant City Manager
Donzell Gipson, Assistant City Manager (I)
Robin Bentley, Assistant City Manager (I)
Jack Ireland, Chief Financial Officer
Elizabeth Saab, Chief of Strategy, Engagement, and Alignment (I)
Directors and Assistant Directors