



Legislation Text

File #: 22-2187, **Version:** 1

STRATEGIC PRIORITY: Government Performance & Financial Management
AGENDA DATE: October 26, 2022
COUNCIL DISTRICT(S): All
DEPARTMENT: City Controller's Office
EXECUTIVE: Jack Ireland

SUBJECT

Ordinance authorizing the issuance and sale of City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2022C, in the amount of \$114,800,000 to the Texas Water Development Board; awarding the sale of the bonds; approving the execution of agreements in connection with the sale of the bonds; and all other matters related thereto - Not to exceed \$330,050 - Financing: Dallas Water Utilities Fund

BACKGROUND

The State Water Implementation Fund for Texas (SWIFT) was created in 2013 by the Texas Legislature to provide affordable financial assistance for projects in the state water plan. The program provides low-cost financial assistance for planning, design, and construction to political subdivisions for State Water Plan Projects via the State Water Implementation Revenue Fund for Texas (SWIRFT).

On April 11, 2022, the Texas Water Development Board (TWDB) approved the 2022 SWIFT program prioritization list, amount of funds available, and terms of subsidy. Dallas Water Utilities (DWU) had four projects and programs on the prioritization list and received invitations to submit applications for financial assistance through the program.

On April 27, 2022, City Council authorized the City Manager and the Director of Dallas Water Utilities to submit loan applications to the Texas Water Development Board for low-cost financial assistance for planning, design, and construction of projects on the prioritization list. Financial assistance applications for SWIFT projects were submitted by DWU in May 2022. DWU revised the request for funding from TWDB to include two eligible projects representing \$80.8 million in planned capital improvements and one multi-year commitment of \$170 million to fund DWU's water main replacement program for five years upon the completion of the current five-year commitment with TWDB for a total funding commitment of \$250.8 million.

On July 27, 2022, TWDB adopted resolutions authorizing loans under the SWIRFT program in an aggregate amount not to exceed \$250,800,000, to finance the authorized DWU projects.

On August 24, 2022, City Council authorized the acceptance of the loan financing agreement, in accordance with the financial assistance programs. DWU will issue \$114.8 million in Waterworks and Sewer System Revenue Bonds, Series 2022C (the "Series 2022C Bonds") that will be purchased by the TWDB. Through the purchase of our bonds, the TWDB will in turn provide the City with interest rates based on the cost of funds, which reflects the program's AAA credit rating wherein the interest rate is further reduced by a subsidy established by TWDB for each funding cycle. City Council authorization will be required for subsequent bond sales, each year for the next four years, to issue the remaining amount of the five-year water main replacement program commitment with the TWDB.

Following approval of the Ordinance the bonds are scheduled to close, wherein Dallas Water Utilities will receive the funds for the authorized projects, in December 2022.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

[City Council was briefed by memorandum regarding this matter on April 15, 2022. <https://dallascityhall.com/government/citymanager/Documents/FY%2021-22%20Memos/Application-for-Texas-Water-Development-Board-State-Water-Implementation-Fund-for-Texas_memo_041522.pdf>](https://dallascityhall.com/government/citymanager/Documents/FY%2021-22%20Memos/Application-for-Texas-Water-Development-Board-State-Water-Implementation-Fund-for-Texas_memo_041522.pdf)

On April 27, 2022, City Council authorized a loan application to the Texas Water Development Board for four eligible projects to the Texas Water Development Board for low-cost financial assistance through the State Water Implementation Fund for Texas, in an amount up to \$378,200,000, to fund construction projects including Elm Fork Filter Complex Phase 2 in an amount up to \$127,400,000; Southwest Pipeline Phase 1 in an amount up to \$73,300,000; Water Main Replacement Program for five years in an amount up to \$170,000,000; and to fund the design of Lake June Pump Station Replacement in an amount up to \$7,500,000 by Resolution No. 22-0663.

[The Government Performance and Financial Management Committee was briefed by memorandum regarding this matter on August 22, 2022. <https://cityofdallas.legistar.com/View.ashx?M=F&ID=11144921&GUID=E3372AC1-B49F-46F1-844B-57C665C02C6A>](https://cityofdallas.legistar.com/View.ashx?M=F&ID=11144921&GUID=E3372AC1-B49F-46F1-844B-57C665C02C6A)

On August 24, 2022, City Council authorized the acceptance of a loan from the Texas Water Development Board for low-cost financial assistance through the State Water Implementation Fund for Texas, in an amount up to \$250,800,000, to fund construction projects including Southwest Pipeline Phase 1 in an amount up to \$73,300,000; Water Main Replacement Program for five years in an amount up to \$170,000,000; the design of Lake June Pump Station Replacement in an amount up to \$7,500,000; and execution of the Financing Agreements and related documents by Resolution No. 22-1239.

[The Government Performance and Financial Management Committee was briefed by memorandum regarding this matter on October 21, 2022. <https://dallascityhall.com/government/Council%20Meeting%20Documents/Upcoming-Agenda-Item-22-2187_GPFM_102422.pdf>](https://dallascityhall.com/government/Council%20Meeting%20Documents/Upcoming-Agenda-Item-22-2187_GPFM_102422.pdf)

FISCAL INFORMATION

Fund	FY 2023	FY 2024	Future Years
Dallas Water Utilities Fund	\$330,050.00	\$0.00	\$0.00

M/WBE INFORMATION

See Attachment I for M/WBE participation.