



Legislation Text

File #: 23-2622, **Version:** 1

STRATEGIC PRIORITY: Government Performance & Financial Management

AGENDA DATE: October 25, 2023

COUNCIL DISTRICT(S): N/A

DEPARTMENT: City Controller's Office

EXECUTIVE: Jack Ireland

SUBJECT

An ordinance authorizing the issuance and sale of City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2023C, in the amount of \$34,000,000 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 \$209,000 - Financing: Dallas Water Utilities Fund

BACKGROUND

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

The 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).

In accordance with the SWIRFT financial assistance programs, DWU will issue \$34.0 million in Waterworks and Sewer System Revenue Bonds, Series 2023C (the "Series 2023C 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. This will result in an average debt service payment reduction over the life of the loans when compared to a public offering.

This item represents the second year of a five-year funding commitment from the TWDB, totaling \$250.8 million. Participation in these programs will benefit DWU and its customers by providing lower overall costs for financing its water and wastewater main replacement programs. City Council authorization will be required for subsequent bond sales, each year for the next three 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 2023.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

[The 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, the 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, the 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 24, 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)

On October 26, 2022, the City Council authorized 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 by Ordinance No. 32328.

FISCAL INFORMATION

Fund	FY 2024	FY 2025	Future Years
Dallas Water Utilities Fund	\$209,000.00	\$0.00	\$0.00

M/WBE INFORMATION

See Attachment I for M/WBE participation.