



City of San Antonio

Agenda Memorandum

File Number: 14-2988

Agenda Item Number: 37.

Agenda Date: 12/11/2014

In Control: City Council A Session

SUMMARY:

The San Antonio Water System (SAWS) requests City Council approve:

- A. A resolution authorizing the submittal of an application requesting financial assistance from the Texas Water Development Board (TWDB) in the amount of \$54,700,000 through its Clean Water State Revolving Fund for funding of certain qualified wastewater projects.
- B. A resolution establishing the City's intention to reimburse itself for the prior lawful capital expenditures of funds from the proceeds of tax-exempt obligations not to exceed \$54,700,000.

BACKGROUND INFORMATION:

TWDB's Clean Water State Revolving Fund (CWSRF) provides loans at below-market interest rates for the planning, design, and construction of wastewater infrastructure projects.

In March 2014, SAWS submitted a list of projects to TWDB to be qualified under CWSRF. Projects are qualified for financial assistance through a needs assessment, environmental impact and engineering review. SAWS received an invitation to apply for financial assistance from TWDB on August 25, 2014. SAWS is expected to receive a below-market interest rate loan in an amount not to exceed \$54,700,000 from the CWSRF. If approved, the funds from the CWSRF will be used to finance the rehabilitation of sewer lines in poor condition as part of the EPA Consent Decree; replacement of a large sewer main between Quintana Road and SW Military Drive; replacement of electrical equipment at the Dos Rios WRC; and design of sewer lines from Austin Highway along Perrin-Beitel to north of Thousand Oaks near Wurzbach Parkway.

The process to receive financial assistance under the CWSRF program consists of the submittal of an application for participation. The acceptance of the application by TWDB is a commitment by TWDB to provide financing for the eligible projects. No financial commitment on SAWS' part is made during the application stage. SAWS will seek additional SAWS Board of Trustee and City Council approval prior to the issuance of any of the bonds relating to these programs.

A reimbursement resolution provides SAWS with the flexibility to use revenues to initially fund project costs. Generally, SAWS can reimburse itself for eligible expenditures made in the 60 days prior to the adoption of the resolution through the issuance of the bonds. SAWS is requesting approval of a reimbursement resolution in an amount not to exceed \$54,700,000. The reimbursement resolution complies with the requirements of the Internal Revenue Service and Texas law.

ISSUE:

The resolutions authorizing the applications for financial assistance to the TWDB provides an opportunity to receive below-market interest rate loans to finance wastewater projects.

ALTERNATIVES:

Should the application for financial assistance not be submitted, SAWS would miss an opportunity to receive below-market interest rate loans to finance necessary wastewater projects.

FISCAL IMPACT:

The submittal of an application for financial assistance has no fiscal impact to the City. However, the benefit of participation in the CWSRF program is a reduction of 120 basis points or 1.20% below market rate of interest at the time of issuance.

RECOMMENDATION:

City Staff recommends approval of the proposed resolutions.