



# City of San Antonio

## Agenda Memorandum

**File Number:** 17-1730

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**Agenda Item Number:** 25.

**Agenda Date:** 3/9/2017

**In Control:** City Council A Session

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**DEPARTMENT:** Finance

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** City Wide

**SUBJECT:** SAWS Financial Assistance from Texas Water Development Board

### SUMMARY:

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

- A. A Resolution authorizing the submittal of an application requesting financial assistance under the Texas Water Development Board's (TWDB) Drinking Water State Revolving Fund Program in an amount up to \$10,500,000.00 for funding of certain qualified water 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 up to \$10,500,000.00.

### BACKGROUND INFORMATION:

TWDB's Drinking Water State Revolving Fund (DWSRF) provides loans at below market interest rates for the planning, design, and construction of water infrastructure projects. In March 2016, SAWS submitted a list of projects to TWDB to be qualified under the DWSRF. 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 for the qualified project. SAWS is expected to receive a below market interest rate loan in an amount not to exceed \$10,500,000.00 from the DWSRF. If approved, the funds from the DWSRF will be used for water production facility upgrades to the Zarzamora Pump Station.

The process to receive financial assistance under the DWSRF 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 this program.

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 \$10,500,000.00. The reimbursement resolution complies with the requirements of the Internal Revenue Service and Texas law.

The submittal of an application for financial assistance will have no impact on SAWS rates.

**ISSUE:**

SAWS is requesting financial assistance from the Texas Water Development Board in the form of a below market interest rate loan under the Drinking Water State Revolving Fund.

**ALTERNATIVES:**

Should City Council choose not to approve the resolution requesting financial assistance, SAWS would miss an opportunity to receive a below market interest rate loan to finance necessary water infrastructure projects.

**FISCAL IMPACT:**

The submittal of an application for financial assistance will have no impact on SAWS rates and will have no fiscal impact to the City.

**RECOMMENDATION:**

The SAWS Board of Trustees and City Staff recommend approval of the resolutions.