

Memorandum



CITY OF DALLAS

DATE March 27, 2018

Honorable Members of the Government Performance & Financial Management
TO Committee: Jennifer S. Gates (Chair), Scott Griggs (Vice Chair), Sandy Greyson,
Lee M. Kleinman, Philip T. Kingston, Tennell Atkins, Kevin Felder

SUBJECT **Texas Water Development Board – Low Cost Financial Assistance Programs**

On Monday, April 2, 2018, Dallas Water Utilities will brief the Government Performance & Financial Management Committee on Texas Water Development Board - Low Cost Financial Assistance Programs. I have attached the briefing for your review.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billierae Johnson, City Secretary (Interim)
Daniel F. Solis, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Jo M. (Jody) Puckett, Assistant City Manager (Interim)
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

Texas Water Development Board - Low Cost Financial Assistance Programs

**Government Performance and
Financial Management
Committee**

April 2, 2018

**Richard Wagner, PE
Assistant Director
Dallas Water Utilities**



Purpose

- Provide details on the Texas Water Development Board (TWDB) – Drinking Water and Clean Water State Revolving Funds
- Discuss how these programs can save Dallas Water Utilities money
- Seek Committee support for April 11, 2018 - Bond Ordinance agenda item



TWDB – State Revolving Funds

- Drinking Water State Revolving Fund (DWSRF) and Clean Water State Revolving Fund (CWSRF) are both authorized under the Safe Drinking Water Act
- DWSRF - \$250M annually for water projects
- CWSRF - \$525M annually for wastewater
- Projects are ranked and invitations sent based on available funding



DWSRF and CWSRF Benefits

- Below market interest rates
 - DWSRF (125 basis point reduction)
 - CWSRF (155 basis point reduction)
- No maximum funding limits
- Multi-year commitments
- Flexible repayment periods



DWU Pipeline Replacement Program

- DWU has nearly 8,000 miles of small diameter water and wastewater mains
- Average age of entire system is 43 years old
- Current replacement rate to maintain assets and service reliability is 0.9% per year (72 miles)



TWDB Funding for DWU Pipeline Program

- In March 2016, DWU submitted project information forms to assist in funding five years of its pipeline replacement program
- Projected annual budget
 - \$44 million for water
 - \$22 million for wastewater
- Total amount DWU applied for
 - \$220 million for water
 - \$110 million for wastewater



DWU / TWDB Timeline

- October 2016 – TWDB invited DWU to submit applications
- December 5, 2016 – Briefed the Budget, Finance and Audit Committee
- December 14, 2016 – Council authorized application submission
- May 2017 – Funding commitment received from TWDB



Funding Commitment Details

- DWU will receive \$66M in financial assistance with a loan repayment period of 30 years
- Average annual debt payments will be reduced by about \$550k, totaling nearly \$16.5M for the life of the loan
- Four additional years at \$66M annually have been committed to by the TWDB
- Subsequent bond sales will be presented to Council annually for the next four years
- Total savings from the five year commitment could total approximately \$82.5M dollars

DWU / TWDB Moving Forward

- April 2, 2018 – Brief Government Performance and Financial Management Committee
- April 11, 2018 – Council approval of bond sale to TWDB
- May 14, 2018 – Loan closing and receipt of funds
- Begin awarding engineering and construction contracts for pipeline replacement



Conclusion

- DWU is seeking Committee support for Agenda Item #44 on the April 11, 2018 Council Agenda authorizing the issuance of bonds to the Texas Water Development Board for low cost financing in support of DWU's pipeline replacement program



Texas Water Development Board - Low Cost Financial Assistance Programs

**Government Performance and
Financial Management
Committee**

April 2, 2018

**Richard Wagner, PE
Assistant Director
Dallas Water Utilities**

