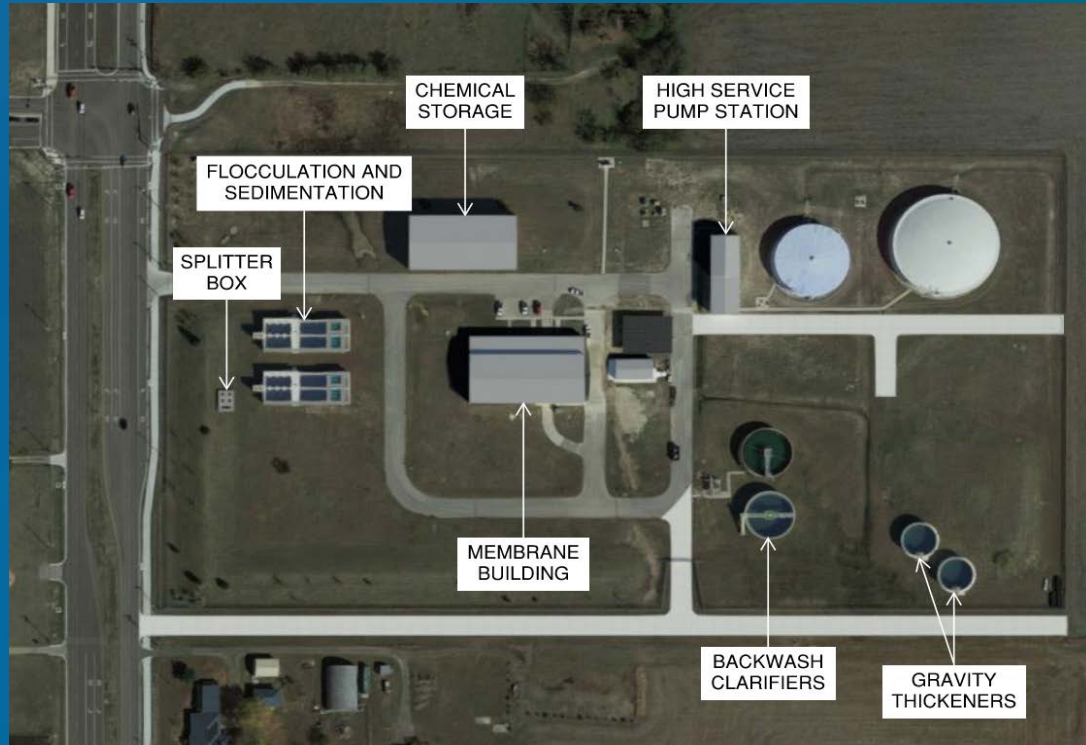


RES-0856

Approving a resolution authorizing the submission of an application and application fee in the amount of \$100,000 for financial assistance from the Water Infrastructure Finance and Innovation Act (WIFIA) for the Surface Water Treatment Plant Expansion project and authorizing a designated City representative for purposes of furnishing such information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and the rules of the WIFIA program.



Surface Water Treatment Expansion Project- 30 MGD



- 2020 Water Master Plan identified Water Treatment Plant Expansion Project
- March 2020: Garver brought on as Owner's Representative
- October 2020: Letter of Interest to WIFIA
- November 2020: Ardurra brought on as Design Engineer for Water Treatment Plant Expansion Project
- January 2021: WIFIA invited the City to Apply
- March 2021: Project Information Form submitted Texas Water Development Board for Drinking Water State Revolving Fund Loan Program

- **Total Project Cost:** \$82,342,350
- **WIFIA Loan Amount:** \$42,365,139 or not to exceed 49% of total eligible project costs



WIFIA Benefit Information

- **A single fixed rate is established at closing.** A borrower may receive multiple disbursements over several years at the same fixed interest rate.
- **Rate is equal to the U.S. Treasury rate of a similar maturity.** The WIFIA program sets its interest rate based on the U.S. Treasury rate on the date of loan closing. The rate is calculated using the weighted average (WAL) life of the loan rather than the loan maturity date. The WAL is generally shorter than the loan's actual length, resulting in a lower interest rate.
- **Rate is not impacted by borrower's credit or loan structure.** All borrowers benefit from the AAA Treasury rate, regardless of whether they are rated AA or BBB. The WIFIA program does not charge a higher rate for flexible financial terms.
- **Wifia loans can be combined with various funding sources.** WIFIA loans can be combined with private equity, revenue bonds, corporate debt, grants, and State Revolving Fund (SRF) loans.



WIFIA Benefit Information (continued)

- **Customized repayment schedules.** Borrowers can customize their repayments to match their anticipated revenues and expenses for the life of the loan. This flexibility provides borrowers with the time they may need to phase-in rate increases to generate revenue to repay the loan.
- **Long repayment period.** WIFIA loans may have a length of up to 35 years after substantial completion, allowing payment amounts to be smaller throughout the life of the loan.
- **Deferred payments.** Payments may be deferred up to 5 years after the project's substantial completion.
- **Subordination.** Under certain circumstances, WIFIA may take a subordinate position in payment priority, increasing coverage ratios for senior bond holders.



WIFIA Program Features & Timeline

\$20
MIL

Minimum project size for large communities.

\$5
MIL

Minimum project size for small communities (population of 25,000 or less).

49%

Maximum portion of eligible project costs that WIFIA can fund.

35
YEARS

Maximum final maturity date from substantial completion.

5
YEARS

Maximum time that repayment may be deferred after substantial completion of the project.

%

Interest rate will be equal or greater to the US Treasury rate of a similar maturity.

Bar chart icon

Projects must be creditworthy.

Clipboard icon

NEPA, Davis-Bacon, American Iron and Steel, and all federal cross-cutter provisions apply.

Application Submission

Finalize Documentation

Execution

Credit Due Diligence & Negotiation

Begin WIFIA approval process

6 MONTH TIMELINE (EST.)



Staff Recommendation

Approve a resolution authorizing the submission of an application and application fee in the amount of \$100,000 for financial assistance from the Water Infrastructure Finance and Innovation Act (WIFIA) for the Surface Water Treatment Plant Expansion project and authorizing a designated City representative for purposes of furnishing such information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and the rules of the WIFIA program.

