



City of Pflugerville

Legislation Text

File #: RES-1150, **Version:** 1

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 City's Water and Wastewater CIP Program 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.

This agenda item is presented to inform City Council of the City's interest in securing funding from the Environmental Protection Agency's Water Infrastructure Finance and Innovation Act (WIFIA) Program in an effort to gain low interest loans to fund the City's historic water and wastewater CIP projects that have been outlined in the City's 5-year CIP.

The City has been coordinating with WIFIA staff since November 2022 with the initial process of submitting a project information in a Letter of Interest similar to what was done for the Surface Water Treatment Plant Expansion Project. On February 16, 2023, WIFIA invited the City of Pflugerville to submit an application to fund the project through their program for an amount up to \$398,365,515 or not to exceed 49 percent of total eligible project costs. The WIFIA loan provides low-cost financial assistance for design and construction of water infrastructure. The City of Pflugerville was the first city in Texas that secured WIFIA funding for the Surface Water Treatment Plant Expansion Project and that funding saved the City over \$13M over the life of the loan.

The WIFIA program provides many benefits and options for the City of Pflugerville with low, fixed interest rates and flexible financial terms. The program will fund up to 49% of eligible project costs but can be combined with other funding sources including State Resolving Fund (SRF) loans. The loan provides a single fixed interest rate established at closing in which a borrower can received multiple disbursements over several years at the same fixed interest rate. The WIFIA program sets its interest rate based on the U.S. Treasury rate on the date of loan closing and all borrowers benefit from the AAA Treasury rate, regardless of whether they are rated AA or BBB. Borrowers can customize their repayments to match anticipated revenues and expenses for the life of loan which provides borrowers with the time they may need to phase in rate increases to generate revenue to repay the loan. The program also allows payments to be differed up to 5 years after the project's substantial completion.

The City has procured STV, Inc. to support City staff for both the WIFIA funding application as well as other funding sources that the City can take advantage of that save rate-payers a significant amount of money over the term of the loans for all of our water and wastewater capital projects.

City staff, STV, Inc, RBC Capital Markets, LLC and McCall Parkhurst & Horton LLP are all working to prepare the application to be submitted to the WIFIA in October 2023.

City staff collaborated and coordinated together with the City's Financial Advisor and Bond Counsel in preparation for the WIFIA loan application. The Finance Department and Financial Advisor is supportive of this type of loan opportunity for the City of Pflugerville and it allows the City the option to still further evaluate other loans, including Texas Water Development Board SRF loans for the City to move forward. The Financial Advisor has been working with the City on this financial application and agrees this funding method is a benefit to the City. A \$100,000 non-refundable application fee is required to be submitted to WIFIA, which is credited to the final credit processing fee at closing.

Prior City Council Action

Deadline for City Council Action

October 24, 2023

Funding Expected: Revenue Expenditure N/A

Budgeted Item: Yes No N/A

1295 Form Required? Yes No

Legal Review Required: N/A Required Date Completed: _____

Supporting documents attached:

WIFIA Resolution

WIFIA Program Facts Sheet

WIFIA Program Overview Sheet

Recommended Action

Staff recommends 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 City's Water and Wastewater CIP Program 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.