



City of Pflugerville

Legislation Text

File #: RES-0856, **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 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.

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 Surface Water Treatment Plant Expansion Project, a project that was identified to be necessary in the City's 2020 Water Master Plan. The resolution will be included with the application to WIFIA to fund project.

The City has been coordinating with WIFIA staff since October 15, 2020 with the initial process of submitting a project information in a Letter of Interest. On January 8, 2021, WIFIA invited the City of Pflugerville to submit an application to fund the project through their program for an amount up to \$42,365,139 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 is the first city in Texas that has been invited to apply to the WIFIA program.

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 project is currently being designed by Ardurra Group, Inc. and managed under an Owners Representative contract with Garver, LLC. The total project costs are currently estimated at \$82,342,350.

City staff, Garver, RBC Capital Markets, LLC and McCall Parkhurst & Horton LLP are all working to prepare the application to be submitted to the WIFIA in May 2021.

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 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

City Council approved a professional services agreement with Garver in the amount of \$199,820 for owner's representative services associated with the Surface Water Treatment Plant Expansion Project at the March 10, 2020 meeting. The services included an initial planning phase, in which Garver engaged with City Engineering and Operations staff to assess the suitability of the current treatment process technology, and performed a comparative analysis to determine the best path forward for the future expansion.

City Council approved a professional services supplemental agreement with Garver in the amount of \$1,220,657.00 for owner's representative services associated with the Surface Water Treatment Plant Expansion Project at the August 25, 2020 meeting. The Supplemental Agreement is for the design phase of the WTP Expansions project including consultant procurement and acting as the City's OR for preliminary engineering through 100% design and bid phase services.

On November 24, 2020, City Council approved a professional services agreement with Ardurra Group, Inc. in the amount of \$1,947,512 for professional engineering services associated with the Water Treatment Plant Facility Expansion Project and authorizing the City Manager to execute the same.

Deadline for City Council Action

Action is requested on April 27, 2021.

Funding Expected: Revenue Expenditure N/A

Budgeted Item: Yes No N/A

*This portion of the Capital Improvement Project is funded through utility bond funds.

1295 Form Required? Yes No

Legal Review Required: N/A Required Date Completed: 04/20/2021

Supporting documents attached:

Resolution
WIFIA Program Benefits Fact Sheet
WIFIA Program Overview Fact Sheet
WIFIA Program Application Process
Presentation Slides

Recommended Action

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

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