



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Water Utilities

ACM: Cassey Ogden

DATE: April 2, 2024

SUBJECT

Consider approval of a resolution of the City of Denton authorizing the submission of an application through the Water Utilities Department to the Texas Water Development Board for financial assistance via a fixed rate loan in the amount of \$195,845,000 from the State Water Implementation Fund for Texas to fund the Ray Roberts Water Treatment Plant Expansion Project; and providing an effective date. The Public Utilities Board recommends approval (5-0-1).

STRATEGIC ALIGNMENT

This action supports Key Focus Area: Support Healthy and Safe Communities.

INFORMATION/BACKGROUND

The Water Utilities Planning and Engineering Department is seeking \$195,845,000 in funding from the Texas Water Development Board SWIFT program. The SWIFT program provides financial assistance for projects in the state water plan to help communities develop and optimize water supplies. SWIFT offers fixed rate loans offered at below-market interest rates. The exact rates will be provided after the complete application is accepted and TWDB makes a funding commitment.

The Water Utilities Department is planning to use the loan to fully subsidize the Ray Roberts Water Treatment Plan (RRWTP) Expansion project. This project will expand RRWTP's treatment capacity by an additional 20 million gallons per day (MGD) through the design and construction of a parallel membrane process train, with space reserved for an additional 30 MGD in the future for a total of 50 MGD at full build-out. To achieve the goal of completing the RRWTP Expansion, City Staff evaluated the use of a Construction Manager at Risk, an alternative delivery method that will make project delivery more efficient. By utilizing this methodology, the staff's goal of construction sequencing to mitigate increasing costs, prepurchase equipment to plan for long lead times and gain overall cost value will be prioritized. The current total opinion of probable construction cost for this project is approximately \$195,845,000.

The Water Utilities Department submitted an abridged application to TWDB on February 1, stating our interest in obtaining in SWIFT low-interest loan. Currently TWDB is evaluating submissions and it is anticipated that the City will receive an invitation to submit complete application in mid-April. Once staff receive this invitation, applications are due in 30 calendar days. TWDB will then prioritize their review of the applications and are expected to make funding commitments in mid-July. The City is not committed to accept the SWIFT funding until the City signs the financing agreement which is due in early

September. Once the TWDB has the signed financing agreement, the TWDB will sell bonds and use the proceeds to fund the SWIFT loans. The City will be expected to close the loan in mid-November to early December and will then be fully obligated to repay the loan.

RECOMMENDATION

Staff recommends approval of the resolution to continue the application process

FISCAL INFORMATION

If awarded, the required loan payment will be programmed into the Water Utilities Department's CIP budget for the loan term and will not be funded by any future bond sales.

EXHIBITS

Exhibit 1: Agenda Information Sheet

Exhibit 2: Resolution

Exhibit 3: Presentation

Respectfully submitted:
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Director Water Utilities
940-349-8086

For information concerning this acquisition, contact: Katherine Koch, 940-349-8419.

Legal point of contact: Christopher Mullins at 940-349-8114.