

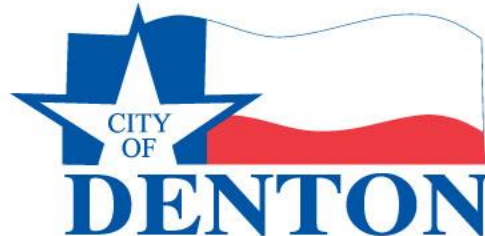
# Texas Water Development Board Clean Water State Revolving Fund Loan Application

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ID 25-1923



# Project Overview and TWDB Eligibility

- The City of Denton is reconstructing and expanding the Pecan Creek Water Reclamation Plant (PCWRP) to increase capacity to 30 MGD, modernize treatment processes, enhance nutrient removal, and improve long-term reliability and compliance.
- The \$603 million\* project supports Denton's Healthy and Safe Communities goal by protecting water quality and supporting growth.
  - \* Project cost estimate includes an additional 20% contingency as requested by the Environmental Protection Agency (EPA) and TWDB for the loan application
- The Texas Water Development Board (TWDB) has invited the City to apply for \$60 million in SFY 2026 funding under the Clean Water State Revolving Fund (CWSRF).
- The project (Invited Project #16700) is listed in the TWDB SFY 2026 Intended Use Plan, with an eligible cost of \$326 million; remaining funds will be requested in future cycles based on TWDB ranking and availability.

# TWDB CWSRF Loan Overview

- A federal-state partnership under the Clean Water Act, administered by the TWDB in Texas.
- Provides low-interest loans for wastewater and water-reclamation infrastructure.
- Ensures compliance with EPA environmental and financial standards.
- Allows municipalities to fund critical upgrades at a lower cost than traditional bond financing.
- Up to a 30-year repayment period.
- TWDB raises the capital for these loans by issuing its own revenue bonds, known as State Revolving Fund (SRF) revenue bonds, on the municipal market.

# TWDB CWSRF Loan Process

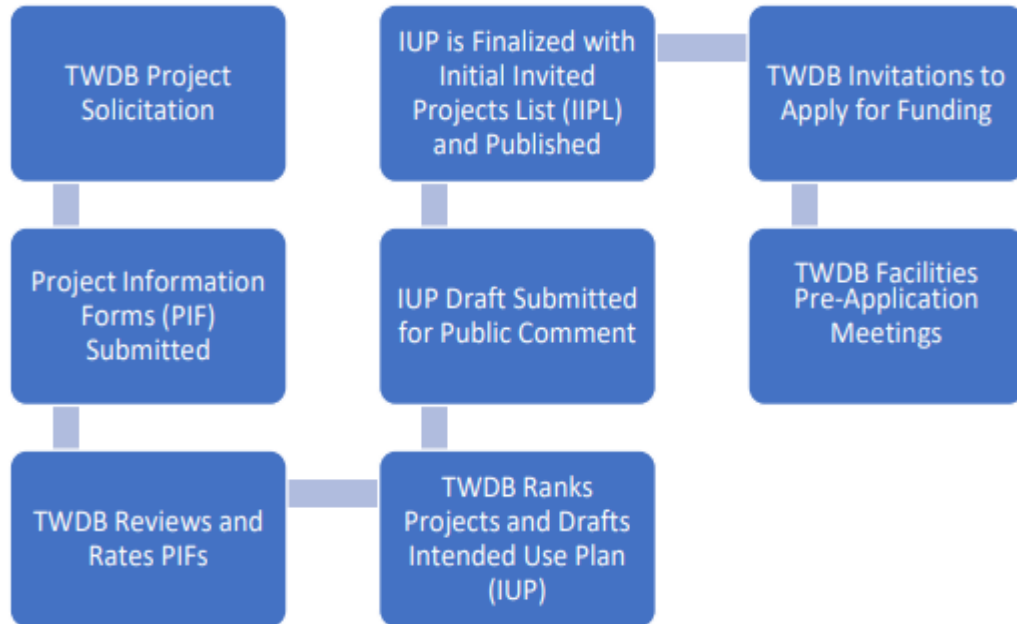


Figure 1: Pre-Application Process

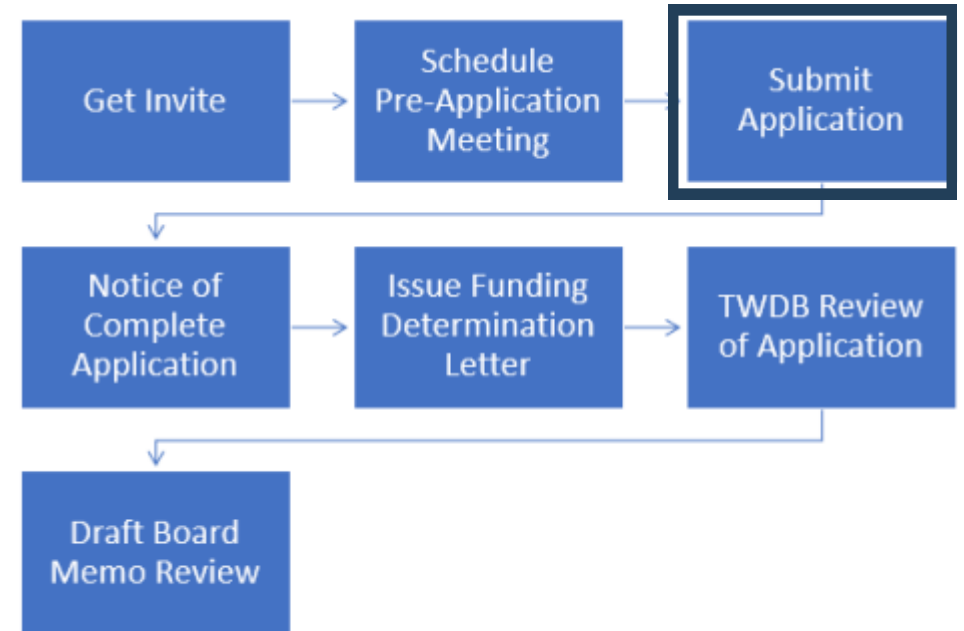


Figure 1: Full Application Process

# Financial Strategy and Benefits

- The PCWRP Reconstruction project is being financed through a joint federal-state partnership using both the Environmental Protection Agency (EPA's) Water Infrastructure Finance and Innovation Act (WIFIA) and TWDB's CWSRF programs.
- This combined approach provides long-term, low-interest financing that significantly reduces the City's overall borrowing costs compared to traditional funding.
- Funding Breakdown (Based on 60% PCWRP Project Cost Model):

| Funding Source | Percent | Amount (Approx.) | Notes                                                     | Application Status                                          |
|----------------|---------|------------------|-----------------------------------------------------------|-------------------------------------------------------------|
| WIFIA (EPA)    | 49%     | \$277M           | Up to 35-year term, flexible repayment                    | Submitted, under review                                     |
| TWDB CWSRF     | 51%     | \$326M           | Low-interest, \$60M SFY 2026+ \$266 M Future applications | Pending submittal for Draw #1; annual submissions to follow |

# Anticipated Application Timeline

- November 3<sup>rd</sup> – Intent to Apply Due (Submitted on October 30, 2025)
- December 4<sup>th</sup> – Invitation to submit completed application
- TWDB Staff Review and Coordination- approximately January-March 2026
- TWDB Board Consideration/Commitment – April 2026
- TWDB State Revolving Fund Bond Sale- May-June 2026
- Loan Closing and Financial Agreement Execution – June-July

# Resolution

- TWDB requires form TWDB-0201A - The Application Filing and Authorized Representative Resolution
- The Resolution
  - Approve to submit the TWDB CWSRF application for \$60,000,000 for the Pecan Creek Water Reclamation Plant Reconstruction
  - Designates the authorizes the City Manager as the representative who may sign the application; and
  - Identifies firms and individuals authorized to aid in the preparation and submittal of the application
- Staff recommends approval of the resolution to apply for a TWDB CWSRF program loan to continue the application process.

# QUESTIONS?

Kyle Pedigo

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Water Utilities