



AGENDA INFORMATION SHEET

DEPARTMENT: Water Utilities

ACM: Cassey Ogden

DATE: February 10, 2025

SUBJECT

Consider recommending adoption of an ordinance of the City of Denton approving and authorizing the submission of an application through the United States Environmental Protection Agency's Water Infrastructure Finance And Innovation Act (WIFIA) loan program for financial assistance via long-term loans in a total amount not to exceed seven hundred and seventy million, nine hundred and seventy thousand, five hundred and eighty-three dollars and seven cents (\$770,970,583.07) to fund up to 49% of the total project cost for water and wastewater plant and transmission projects including capacity increases, system expansions, and system improvements included in the water and wastewater capital improvements program; authorizing payment of an application fee of one hundred thousand dollars (\$100,000.00); appointing the Chief Financial Officer of the City of Denton (CFO) as an authorized representative for the City responsible for overseeing the application and loan process and authorizing the City Manager and the CFO to take all action necessary regarding the application and agreements for the WIFIA loan program and other actions necessary to accomplish the intent and purposes of this ordinance; and authorizing the City Attorney's Office, Bond Counsel, City's Financial Advisor, and Engineers named in the WIFIA application to take such action reasonably necessary in support of such application and agreements to accomplish the intent and purposes of this ordinance; and providing an effective date.

STRATEGIC ALIGNMENT

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

INFORMATION/BACKGROUND

The Water Utilities Department is seeking \$770,970,583.07 in funding through the Water Infrastructure Finance and Innovation Act (WIFIA). The Water and Wastewater's Capital Improvements Program (CIP) projects included in this loan application are twofold:

- Phase 1: Provides Water and Wastewater treatment plant's capacity upgrades at Pecan Creek Water Reclamation Plant, Clear Creek Water Reclamation Plant, Ray Roberts Water Treatment Plant, and major collection and distribution main expansion.
- Phase 2: Includes improvements of lift stations, sewer collection main, and water distribution main replacements.

The WIFIA program allows for a 20% contingency to be included in the eligible project costs. The total project cost includes this 20% contingency, and there is no penalty for not drawing the full contingency amount. This contingency provides flexibility for unforeseen circumstances during project execution, such as cost overruns, design changes, or unexpected construction challenges.

The WIFIA program, managed by the Environmental Protection Agency (EPA), is designed to accelerate investment in water infrastructure by offering loans with long-term repayment options for large projects.

Because WIFIA can finance up to 49% of eligible project costs, the City will also need to utilize other available funding sources such as bonds and impact fees to fund the projects.

WIFIA loans offer financing flexibility for large-scale water and wastewater infrastructure projects, providing flexible repayment terms, and long amortization periods. WIFIA also allows the interest rate to be set well in advance of drawing the funds and a one-time rate reset should rates decline before the first amounts are drawn should interest rates go down.

The City of Denton is pursuing financing through the WIFIA program as part of the City's financing plan. This ordinance formally authorizes the City's application and designates the City's Chief Financial Officer as the Authorized Representative, responsible for overseeing the application process, coordinating with the EPA, and managing necessary documentation and agreements. Additionally, this ordinance approves payment of the required, non-refundable \$100,000 application fee, underscoring the City's commitment to sustainable infrastructure for the community's future.

RECOMMENDATION

Staff recommends approval of the ordinance to apply for a WIFIA program loan, including the associated \$100,000 application fee. Staff also recommends authorizing both the Chief Financial Officer and the City Manager as an authorized representative of the City of Denton to sign the application and take those actions necessary to accomplish the intent and purpose of the ordinance.

FISCAL INFORMATION

The \$100,000 application fee is budgeted in the Water Utilities Operating Fund. If awarded, staff will bring back final terms for WIFIA loans for approval.

EXHIBITS

Exhibit 1: Agenda Information Sheet

Exhibit 2: Ordinance

Exhibit 3: Presentation

Respectfully submitted:
Stephen D. Gay
Director Water Utilities
940-349-8086

For information concerning this acquisition, contact: Kyle Pedigo at 940-349-7194.
Legal point of contact: Susan Keller at 940-349-8333.