



MEMORANDUM

DATE: December 4, 2025
TO: Members of the Public Utilities Board
FROM: Kyle Pedigo, Planning and Engineering Division Manager
SUBJECT: Notice of the submission of an application to the Texas Water Development Board from the Clean Water State Revolving Fund

On November 18, 2025, the City Council approved submitting an application to the Texas Water Development Board (TWDB) for a \$60 million low-interest loan from the Clean Water State Revolving Fund (CWSRF) for the Pecan Creek Water Reclamation Plant (PCWRP) Reconstruction Project (Ord. No. 25-1923).

The CWSRF is a federal-state partnership established under the Clean Water Act and managed nationwide by the U.S. Environmental Protection Agency (EPA). In Texas, the program, run by TWDB, offers low-interest wastewater infrastructure loans and ensures project compliance with EPA standards.

TWDB has invited the City of Denton to submit a formal loan application for funding through the CWSRF program. Under the terms of the invitation, the City is eligible to receive a maximum of \$60 million in loan funding for State Fiscal Year (SFY) 2026, from September 1, 2025 through August 31, 2026. The remaining amount for the eligible project cost has not yet been committed; it will require reapplication in future funding cycles (e.g., SFY 2027 and beyond), subject to the TWDB's evaluation, ranking, and funding availability.

The City's overall funding plan for the PCWRP includes approximately 49 percent in loans through the U.S. EPA's Water Infrastructure Finance and Innovation Act (WIFIA) program, with the remaining 51 percent through the TWDB's CWSRF program. This combined strategy leverages federal and state financing tools to reduce borrowing costs and enhance cash flow over the project's duration.

A significant advantage of applying for a TWDB loan instead of issuing bonds is the ability to obtain lower interest rates, which lowers overall borrowing costs. Unlike bonds, which often have shorter terms and fixed repayment schedules, CWSRF loans provide more flexible and cost-effective financing. The Application Filing and Authorized Representative Resolution form (TWDB-0201) is a required document in the completed application packet. It designates the authorized representative who has the authority to sign documents, including making payments related to preparing and submitting the application for financial assistance through the TWDB CWSRF program.

OUR CORE VALUES

Inclusion • Collaboration • Quality Service • Strategic Focus • Fiscal Responsibility

Staff are notifying the Public Utilities Board that the application has been submitted to the Texas Water Development Board. If the City is selected for funding, the financing agreement will be presented to the Board for its review and recommendation.