



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 11

Agenda Date: May 8, 2025

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Resolution authorizing submittal of an application to the Texas Water Development Board (TWDB) for financial assistance.

SUMMARY:

This Resolution authorizes the submittal of an application requesting financial assistance under the State Water Implementation Fund for Texas (SWIFT) in an amount not to exceed \$32,000,000.

BACKGROUND INFORMATION:

The San Antonio Water System (SAWS) requests City Council approve resolutions authorizing SAWS to submit an application for financial assistance to the TWDB under the SWIFT Program in an amount not to exceed \$32,000,000 to fund certain qualified projects.

The City Council exercises its oversight of SAWS through the approval of rates and charges, authorization of debt transactions, approval of all condemnations, and the appointment of all Trustees except the Mayor who serves as an ex-officio member.

The SAWS was created on April 30, 1992, by City Ordinance 75686. SAWS serves more than 575,700 water and 515,700 wastewater customers in and around San Antonio and maintains over

13,900 miles of water and sewer mains. Ordinance 75686 requires debt issuances to be reviewed and approved by City Council.

SAWS' capital financing plan utilizes a variety of sources to fund capital improvements. These include revenues, impact fees, bonds, and tax-exempt commercial paper. SAWS issues bonds periodically to finance capital improvement projects, refinance outstanding debt for debt service savings, and refund outstanding tax-exempt commercial paper notes (converting interim financing to permanent financing).

State Water Implementation Fund for Texas (SWIFT)

TWDB's SWIFT Program provides subsidized loans for water supply projects included in the State Water Plan.

The financial assistance being requested is for design phase of the Aquifer Storage and Recovery (ASR) Plant Expansion, which will expand the ASR treatment capacity from 30 million gallons per day to 60 million gallons per day, plus other required replacements and improvements.

The process to receive financial assistance under the SWIFT Program consists of a submittal of an application for participation. No financial commitment on SAWS part is made at the application stage. A financial commitment by SAWS is made at a later date when bond proceeds are received to finance the project. SAWS will seek additional SAWS Board of Trustee and City Council approval prior to the issuance of any bonds under this program.

The submittal of an application for financial assistance has no impact on the current rate structure of SAWS.

ISSUE:

SAWS looks for opportunities to reduce costs including seeking below market financing of projects. SAWS is requesting financial assistance from the Texas Water Development Board in the form of a below market interest rate loans under the State Water Implementation Fund for Texas (SWIFT) Program.

ALTERNATIVES:

Should City Council choose not to approve the resolution requesting financial assistance, SAWS would miss an opportunity to receive a loan with below market interest rates to finance the design of the ASR Plant Expansion.

FISCAL IMPACT:

This Resolution authorizes the submittal of an application requesting financial assistance under the State Water Implementation Fund for Texas (SWIFT) in an amount not to exceed \$32,000,000.

The submittal of an application for financial assistance will have no fiscal impact to the City and has no impact on the current rate structure of SAWS.

RECOMMENDATION:

The SAWS Board of Trustees, the Supervisor of Public Utilities, and City Staff recommend approval of the resolutions.