



## AGENDA MEMORANDUM

One reading ordinance on May 17, 2022

**DATE:** April 27, 2022

**TO:** Peter Zanoni, City Manager

**FROM:** Heather Hurlbert, CPA, CGFO Director of Finance and Procurement  
[heatherh3@cctexas.com](mailto:heatherh3@cctexas.com)  
(361)826-3227

Authorization for the issuance of Stormwater System Revenue Bonds for Clean Water State Revolving Fund (CWSRF) funding through the Texas Water Development Board (TWDB) in the amount of \$3,561,000.

### **CAPTION:**

One reading ordinance authorizing the issuance of Utility System Revenue Improvement Bonds, New Series 2022A in an amount not to exceed \$3,561,000; providing for payment and security, by a junior and inferior lien on and pledge of the net revenues of the City's utility system on parity with certain currently outstanding utility system revenue obligation; stipulating terms and conditions for additional revenue bonds on a parity therewith; enacting other provisions, incident and related to the subject and purpose of this ordinance: and complying with Texas Water Development Board regulations; for planning and design of the Oso Creek Channel Bottom and Green Infrastructure project; and declaring an effective date.

### **SUMMARY:**

This ordinance authorizes the issuance of bonds to collateralize a loan from the Texas Water Development Board for \$4,751,000 for planning and design for the Oso Creek Channel Bottom and Green Infrastructure project. Of the amount, \$1,190,000 is a forgivable and the remainder of \$3,561,000 will be issued through private placement with the TWDB.

### **BACKGROUND AND FINDINGS:**

The Clean Water State Revolving Fund (CWSRF), authorized by the Clean Water Act, provides low-cost financial assistance for planning, acquisition, design, and construction of wastewater, reuse, and stormwater infrastructure. Eligible applicants for the CWSRF include cities, counties, districts, river authorities, designated management agencies, authorized Indian tribal organizations, and public and private entities proposing nonpoint source or estuary management projects.

In March 2020, the City of Corpus Christi submitted a project information form (PIF) to request funding

for the Oso Creek Channel Bottom Rectification and Green Infrastructure Project. This project will address a 12-mile section of Oso Creek channel from Greenwood Drive to Cayo del Oso including channel modifications to remove peaks and valleys, and implement bank stabilization, revegetation, and other green infrastructure techniques. It will advance long term resilience by enhancing capacity of stormwater system and improving water quality. The total project cost is estimated at \$44 million. This includes \$4,751,000 for planning and designs costs. The TWDB stated that the city could phase the project and could apply in a subsequent year for construction.

The TWDB added this project to the State's 2021 Intentional Use Plan (IUP) and issued an invitation to apply for financial assistance on January 22, 2021. The Oso Creek project was ranked as number one in the IPU under the category of Nonpoint Source Pollution, and \$17.5 million in financial assistance is available for the project along with an opportunity of \$4,250,000 in principal forgiveness.

In January 2022 the TWDB notified the City that that the project application was approved for \$4,751,000 in funding for the design phase. Of the total funding, \$1,190,000 of principal is forgivable since the service area of the project qualifies as a disadvantaged community under the CWSRF.

This is a one reading ordinance for the sale of debt. The issuance of municipal obligations are exempted from the City's charter provision regarding dual reading and/or emergency adoption provisions pursuant to the provisions of Section 1201.028, as amended, Texas Government Code. The sale for the \$3,561,000 will be a private placement with TWDB and the debt will be issued at a lower interest rate than the City could receive if the debt was sold on the open market. The rate of interest will be set on May 10, 2022. The sale will close on June 22, 2022.

#### **ALTERNATIVES:**

City Council could choose to not approve the issuance of the bonds and the City would not be awarded the \$1,190,000 in forgivable principle and lose the ability to issue the debt at a lower interest rate through private placement with TWDB.

#### **FISCAL IMPACT:**

The debt service for this debt will be included in the rate modeling for the utility and paid over the life of the bonds. The effect to rates will be minimal.

#### **FUNDING DETAIL:**

Fund:  
Organization/Activity:  
Mission Element:  
Project # (**CIP Only**):  
Account:

#### **RECOMMENDATION:**

Staff recommends approval of the ordinance.

#### **LIST OF SUPPORTING DOCUMENTS:**

Ordinance  
Corpus Christi Final Award Letter

Corpus Christi Funding Determination Letter  
Presentation