



## AGENDA MEMORANDUM

Action Item for the City Council Meeting January 25, 2022

---

**DATE:** January 14, 2022

**TO:** Peter Zaroni, City Manager

**FROM:** Gabriel Ramirez, Interim Director of Water Utilities  
[GabrielR@cctexas.com](mailto:GabrielR@cctexas.com)  
(361) 826-1202

Heather Hurlbert, Director of Finance and Business Analysis  
[Heatherh3@cctexas.com](mailto:Heatherh3@cctexas.com)  
(361) 826-3227

Motion authorizing the City Manager or designee to request an extension of the funding commitment for the receipt of State Water Implementation Fund for Texas (SWIFT) loan for one additional year, until 2023, to provide additional time for state and federal agencies to issue permits related to a desalination plant and related facilities.

### **CAPTION:**

Motion authorizing the City Manager or designee to execute all documents necessary to request an extension of the funding commitment for the receipt of State Water Implementation Fund for Texas (SWIFT) loan in the amount of \$211,050,000 for one additional year, until 2023, for the design and construction of a desalination plant. This extension would provide additional time for state and federal agencies to issue permits related to a desalination plant and related facilities.

### **SUMMARY:**

On July 23, 2020 the City of Corpus Christi was approved to receive funding through the State Water Implementation Fund for Texas (SWIFT) loan program in an amount not to exceed \$222,475,000 from the Texas Water Development Board (TWDB) to fund the design and construction of a seawater desalination plant within the Inner Harbor to provide a future water supply. This motion authorizes the City Manager or designee to execute all documents necessary to request an extension of the funding commitment for the receipt of the State Water Implementation Fund for Texas (SWIFT) loan in the amount of \$211,050,000 for one additional year, until 2023.

## **BACKGROUND AND FINDINGS:**

The SWIFT loan program was created by the Texas Legislature to provide affordable, ongoing state financial assistance for projects in the state water plan. The program helps communities develop cost-effective water supplies by providing low-interest loans, extended repayment terms, deferral of loan repayments, and incremental repurchase terms. Through fiscal year 2019, SWIFT committed over \$8.3 billion for projects across Texas. To apply for funding, entities must first submit an abridged loan application for their projects to be evaluated. The projects are ranked and the top projects that are within the limits of available funding are invited to submit a full application. Once the full application is evaluated and approved, TWDB offers financing through the loan program. The interest rate charged by the TWDB is based on the TWDB's cost of funds sold with the State of Texas' General Obligation AAA rating which is higher than the Utility's rating and results in a lower interest cost. In addition, the SWIFT loan program provides a percentage subsidy reducing the interest rate.

On February 6, 2020, the City submitted an abridged loan application to the TWDB for the design and construction of a seawater desalination plant within the Inner Harbor to provide a future water supply. The abridged loan application in the amount of \$222,475,000 was the first step in the process of applying for the SWIFT loan program.

On April 9, 2020, the TWDB approved the City's abridged loan application and invited the City to submit their full loan application by May 11, 2020 which was the second step in the process.

On April 21, 2020, City Council approved a resolution for the City to submit the full loan application for the SWIFT loan to the TWDB. This application was approved by the TWDB board on July 23, 2020.

The City was awarded \$222,475,000 to be disbursed over two years: \$11,425,000 in 2020 to finalize requirements and develop the acquisition package, and \$211,050,000 for design and construction in the 2021-2025 timeframe.

On August 25, 2020, City Council authorized the financial agreement to accept the first part of the loan, \$11,425,000, from the TWDB. With this first portion of the loan the City planned to execute the following items in 2021:

<b>Task</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
Environmental Studies for Corpus Christi Bay characterization	X	X	X	
Environmental Permits (TCEQ, US Army Corps of Engineers)	X	X	X	X
Land Acquisition, Easements, Right of Ways, and Site Mitigation	X	X	X	X
Power Purchase Agreement		X	X	X
Develop Request for Qualifications (RFQ contractor pre-qualifications)	X	X		
Issue RFQ and Evaluate Contractor Submitters			X	X
Develop Design-Build Request for Proposal (RFP) package		X	X	X
Issue Design-Build RFP				X

As of early 2021, the Texas Commission on Environmental Quality (TCEQ) has experienced significant delays in the permitting process due to the ongoing pandemic and other challenges within the agency. As a result, the anticipated timeline has not been met and the approval of the permits has been significantly delayed resulting in a shift in the project timeline.

In 2021, the City requested an extension of the funding deadline from 2021 to 2022 from TWDB. The extension request was approved by TWDB.

Based on the current status of the permits, staff recommends that the City request another extension to the funding deadline from 2022 to 2023 from TWDB to allow for completion of state permitting process.

**ALTERNATIVES:**

Accepting the second part of the SWIFT funds in 2022.

**FISCAL IMPACT:**

There is no fiscal impact for requesting an extension to the funding commitment for one additional year.

**Funding Detail:**

Fund:	Not Applicable
Organization/Activity:	
Mission Element:	
Project # (CIP Only):	
Account:	

**RECOMMENDATION:**

Staff recommends that the City request to extend the funding commitment deadline from 2022 to 2023 from TWDB to allow for completion of the permitting process for a seawater desalination plant to provide a future water supply.

**LIST OF SUPPORTING DOCUMENTS:**

TWDB Approval Letter dated July 29, 2020 and Resolution  
SWIFT Multi-Year Commitment Annual Loan Closing Schedule Form  
SWIFT Multi-Year Confirmation Letter  
SWIFT Multi-Year Confirmation Form