
Meeting Date

June 15, 2021

New Business Item #3

Subject

Resolution 2021-02
Basin 7 Central Wastewater Rehabilitation Project Funding

Recommendation

Staff recommends the Board of Directors approve Resolution 2021-02, adding the Basin 7 Central Wastewater Rehabilitation Project to the list of projects eligible for funding with Revenue Bonds, Series 2019, subject to approval by the Texas Commission on Environmental Quality.

Background/Analysis

1. In 2019, BWA received approximately \$7 million in bond proceeds to fund various capital improvements projects. Ten projects were listed in the original bond fund application to the Texas Commission on Environmental Quality (TCEQ). Currently, approximately 45% of the work originally planned as part of the 2019 Bond program has been completed.
2. Implementation delays associated with the South Elevated Tank project as well as reevaluation of future capital improvements in conjunction with the 2021 Water & Wastewater Master Plan Update together are likely to result in the need to modify the scope and/or schedule of certain remaining 2019 Bond projects.
3. As part of the Authority's commitment to the Sanitary Sewer Overflow Initiative (SSOI) Plan, approved by the Texas Commission on Environmental Quality (TCEQ), various wastewater collection system improvements are expected over the next several years, including significant improvements planned for later this year in South Benbrook (Basin 7 – Central Drainage Area).
4. Although construction reserve funds are available, Staff have determined that the upcoming Basin 7 – Central Wastewater Rehabilitation Project is of higher priority than remaining 2019 Bond projects and utilization of available bond funds for the next wastewater project (Basin 7) to be appropriate and in the best interest of the rate payers.

To reallocate bond funds as recommended, TCEQ requires the Authority to adopt a resolution establishing the Authority's intent to modify the 2019 Bond program, subject to approval of TCEQ. Staff have prepared Resolution 2021-02 to address this requirement. If the Resolution is approved, Staff will apply to TCEQ for approval of the proposed change. The application will include a copy of the approved Resolution.

Financial Impact

Procuring bond funds for future wastewater projects was contemplated in the 2020 Cost of Service Study and assumed to be necessary as soon as 2022. Reallocation of 2019 bond funds as recommended herein will postpone the issuance of new debt for capital projects while maintaining capital project reserve funds appropriately.