



DATA SHEET
Agenda No. 17.

Meeting Date: December 7, 2017

Agenda Item:

Consider authorizing staff to initiate planning and make preparations for proposed parallel pipeline from Taylor Water Treatment Plant to the Stone Hill Pump Station, including abridged application with the Texas Water Development Board for financial assistance under the SWIFT program.

Placement:	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Individual Consideration	<input type="checkbox"/> Executive Session
Vote:	<input type="checkbox"/> Non-Weighted	<input checked="" type="checkbox"/> Weighted Capital	
Recommending Department: Engineering / Business			

Background:

District has been monitoring the growth of the water system and increasing demands on our pipelines and other associated infrastructure. We have been relieving bottlenecks as the opportunities have presented themselves and we have been planning for and installing parallel water pipelines in order to meet the growth our District is experiencing. Significant progress has been made to address these issues on pipelines and infrastructure from the Stone Hill Pump Station out to our customers - - especially, the recent completion of the Southwest parallel transmission pipelines.

However, the most critical segment remains; District currently has only one pipeline from the Taylor Water Treatment Plant to Stone Hill Pump Station, and it is approaching its capacity. This pipeline is critical and the sole source of treated water from the Taylor Plant to most of our customers. Growth in the service area and the age of the existing pipeline are primary factors that draw our focus. Accordingly, plans for a parallel treated water pipeline project from the Taylor Plant to Stone Hill Pump Station are included in the current fiscal year's Capital Improvement Program budget. The initial planning budget estimate for this pipeline is approximately \$41,000,000 and is anticipated to be spread through four annual budget cycles. In the near future, staff expects to start the process for selection of consulting engineers for the proposed parallel pipeline project.

To provide the most advantageous funding for the proposed Parallel Pipeline project, Staff intends to file an abridged (preliminary) application with the Texas Water Development Board (TWDB) for financial assistance under the State Implementation Fund for Texas (SWIFT) program. The due date for the abridged application is likely to be in early February 2018 and allows the District to notify the TWDB of our intent to formally apply at a later date. Abridged applications are evaluated and rated for project feasibility by the TWDB. If the TWDB finds the project to be feasible and eligible for SWIFT funding, formal invitations to submit a full application are extended. It is anticipated that the full application will be due in early June 2018. Prior to the full application deadline, Staff would request the Board to approve a resolution allowing the District to submit the full application for SWIFT program funding.

The SWIFT program has three basic funding options for the District: (1) Deferred Interest, (2) Board Participation and (3) Subsidized Interest. Under the current analysis, Staff anticipates using the Subsidized Interest funding option for the Parallel Pipeline project. Although interest rates may change prior to the District being awarded SWIFT funds, it is currently estimated that Subsidized Interest would save the District approximately \$25 million in financing costs compared to other funding options.

Financial:

Funding for the parallel pipeline project is available in the Regional Treated Water System FY 2018 Capital Budget referenced as Parallel Pipeline Taylor RWTP to Stone Hill Pump Station. The anticipated expenditures for the project for FY 2018 is \$935,000.

Recommendation:

Staff recommends that the Board authorize staff to initiate planning for the parallel pipeline project, including the filing of an abridged application with TWDB for financial assistance under the SWIFT program

Enclosure:

None

Submitted By:  Date: December 1, 2017
Larry N. Patterson, Deputy Executive Director