

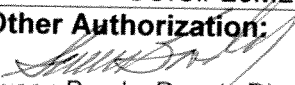


TO: Mayor via City Secretary REQUEST FOR COUNCIL ACTION

SUBJECT: An Ordinance approving and authorizing a Second Supplement to the Project Contract Between the City of Houston, Texas and the Coastal Water Authority (CWA) for the Luce Bayou Inter-Basin Transfer Project		Page 1 of 1	Agenda Item #
FROM (Department or other point of origin): Department of Public Works and Engineering		Origination Date	Agenda Date
DIRECTOR'S SIGNATURE  Dale A. Rudick, Director		Council District affected: All	
For additional information contact:  Mark L. Loethen, P.E., CFM, PTOE Phone: (823) 395-2705		Date and identification of prior authorizing Council actions: January 28, 2009 Ordinance 2009-53 & January 16, 2013 Ordinance 2013-0030	
RECOMMENDATION: (Summary) Approve the agreement It is recommended that City Council pass an Ordinance approving and authorizing the Second Supplement to the Project Contract Between the City of Houston, Texas and the Coastal Water Authority for the Luce Bayou Inter-Basin Transfer Project.			
Amount and Source of Funding: N/A			
SPECIFIC EXPLANATION: On January 28, 2009, City Council approved an ordinance to execute a contract establishing the terms for cooperation between the City of Houston (the City) and the Coastal Water Authority to provide for the planning, design, property acquisition, construction and financing of the Luce Bayou Interbasin Transfer Project (Luce Bayou Project) that will bring approximately 400 million gallons of surface water per day from the Trinity River Basin to the San Jacinto River Basin (Lake Houston). The ordinance also authorized the pledge of payments from City of Houston's Combined Utility System (CUS) General Purpose Fund to CWA for repayment of loans entered into in support of Phase I and Phase II of the Luce Bayou Project. The original contract contemplated that future phases of the Project would be funded with Texas Water Development Board (TWDB) Board Participation loans secured by CWA for the City. In addition, the contract anticipated one or more supplemental agreements would be needed to finance the remaining phases of the Project. Currently, Phase I Preliminary Design for the Project is complete and land purchases and mitigation efforts are ongoing. The Second Supplement agreement between CWA and the City provides the plan for financing the completion of a portion of Phase II construction of the Project. The most financially advantageous way of financing these costs is through TWDB State Water Implementation Fund for Texas (SWIFT) Board Participation program and Low-Interest Loan program. Under the TWDB SWIFT Board Participation program, TWDB will own up to 80% of the Luce Bayou Project based on their percentage of payments toward the overall cost of the Project. With financial support from the CUS and the regional water authorities, CWA will buy back TWDB's ownership interest over time as the region's need for the capacity in the Luce Bayou Project increases. CWA and TWDB will enter into two agreements: a Master Agreement under which TWDB will provide CWA with SWIFT funds of \$276,741,200 from the Board Participation program for the next phase of the Project. Approximately in 2018, CWA and TWDB will enter a Financing Agreement for a SWIFT Low Interest-Loan program for ~\$25 Million. This Second Supplement will provide CWA the authorization to enter into a TWDB Master Agreement to provide CWA with assurance of pledged revenues from the CUS sufficient to execute the timely repurchase of TWDB's ownership interest in the Luce Bayou Project in the coming years.			
CUIC# 20MLL69			
F & A Director	Other Authorization:  Susan Bandy, Deputy Director Resource Management Division		Other Authorization: