

CITY OF HOUSTON - CITY COUNCIL

Meeting Date:

ALL

Item Creation Date: 8/10/2017

20WR12 - Fifth Supplement - Projects Contract - Coastal Water Authority

Agenda Item#:

Background:

SUBJECT: Fifth Supplement to the Projects Contract between City of Houston, Texas, and the Coastal Water Authority for the Luce Bayou Interbasin Transfer Project.

RECOMMENDATION: It is recommended that City Council adopt an ordinance approving the Fifth Supplement to the Projects Contract between City of Houston, Texas, and the Coastal Water Authority for the Luce Bayou Interbasin Transfer Project.

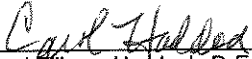
On January 28, 2009, the City Council adopted an ordinance approving a contract (Projects Contract) establishing the terms for cooperation between the City of Houston (the City) and the Coastal Water Authority (CWA) to provide for the planning, design, property acquisition, construction, and financing of the Luce Bayou Interbasin Transfer Project (the 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. The ordinance also authorized the pledge of payments from the Combined Utility System (CUS) General Purpose Fund to CWA for repayment of initial loans entered into in support of Phase I and Phase II of the Luce Bayou Project. The Projects Contract contemplated that future phases of the Luce Bayou Project would be funded with Texas Water Development Board (TWDB) State Participation loans secured by CWA for the City. It also contemplated that the parties would enter into one or more supplemental agreements to finance the remaining phases of the Luce Bayou Project.

To date, three supplemental agreements have been executed:

1. The First Supplement provided for preliminary design, land purchases, and mitigation associated with the Luce Bayou Project. This work is complete. To fund this work, CWA entered into a Master Agreement (the 2013 Master Agreement) with TWDB to obtain State Participation Account of the Texas Water Development Fund II funds in the amount of \$28,754,000. As of August 1, 2017, all of these funds have been advanced by TWDB.
2. The Second Supplement provided for construction of the Luce Bayou Project. This work is ongoing. To fund this work, CWA entered into another Master Agreement (the 2015 Master Agreement) with TWDB to obtain State Water Implementation Revenue Fund for Texas (SWIRFT) funds in the amount of \$66,565,000. As of August 1, 2017, \$66,179,707 of these funds has been advanced by TWDB.
3. The Third Supplement authorized CWA to enter into Amendment No. 1 to the 2015 Master Agreement with TWDB to obtain additional SWIRFT funds in the amount of \$136,460,000 to further fund construction of the Luce Bayou Project. The Third Supplement also provided CWA with assurance from the City that pledged revenues from the CUS were sufficient to execute the timely repurchase of TWDB's ownership interest in the Luce Bayou Project. As of August 1, 2017, \$124,395,753 of these funds have been advanced by TWDB.

The City Council is now being presented with two additional supplemental agreements to be approved simultaneously by separate action:

4. The Fourth Supplement authorizes CWA to enter into Amendment No. 2 to the 2015 Master Agreement with TWDB to obtain additional SWIRFT funds to further fund construction of the Luce Bayou Project. This Fourth Supplement also provides CWA with assurance from the City that pledged revenues from the CUS are sufficient to execute the timely repurchase of TWDB's ownership interest in the Luce Bayou Project.
5. The Fifth Supplement contemplates that CWA will issue bonds to finance a portion of the construction costs, and authorizes CWA to enter into a Financing Agreement with TWDB establishing the obligations of the parties with respect to TWDB's issuance of SWIFT bonds to purchase the CWA bonds. The Fifth Supplement also provides CWA with assurance from the City that the City will pay from pledged revenues of the CUS General Purpose Fund amounts sufficient to pay the \$24,180,000 principal amount of the CWA bonds and all interest thereon, as such interest payments and installments of principal become due.



Carol Ellinger Haddock, P. E.
Acting Director
Department of Public Works and Engineering

Prior Council Action:

(O) 2009-53; Date: 01/28/2009
(O) 2013-30; Date: 01/13/2013
(O) 2015-851; Date: 09/9/2015
(O) 2016-703; Date: 09/14/2016

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ATTACHMENTS:

Description

Prior Ordinance

Type

Backup Material