

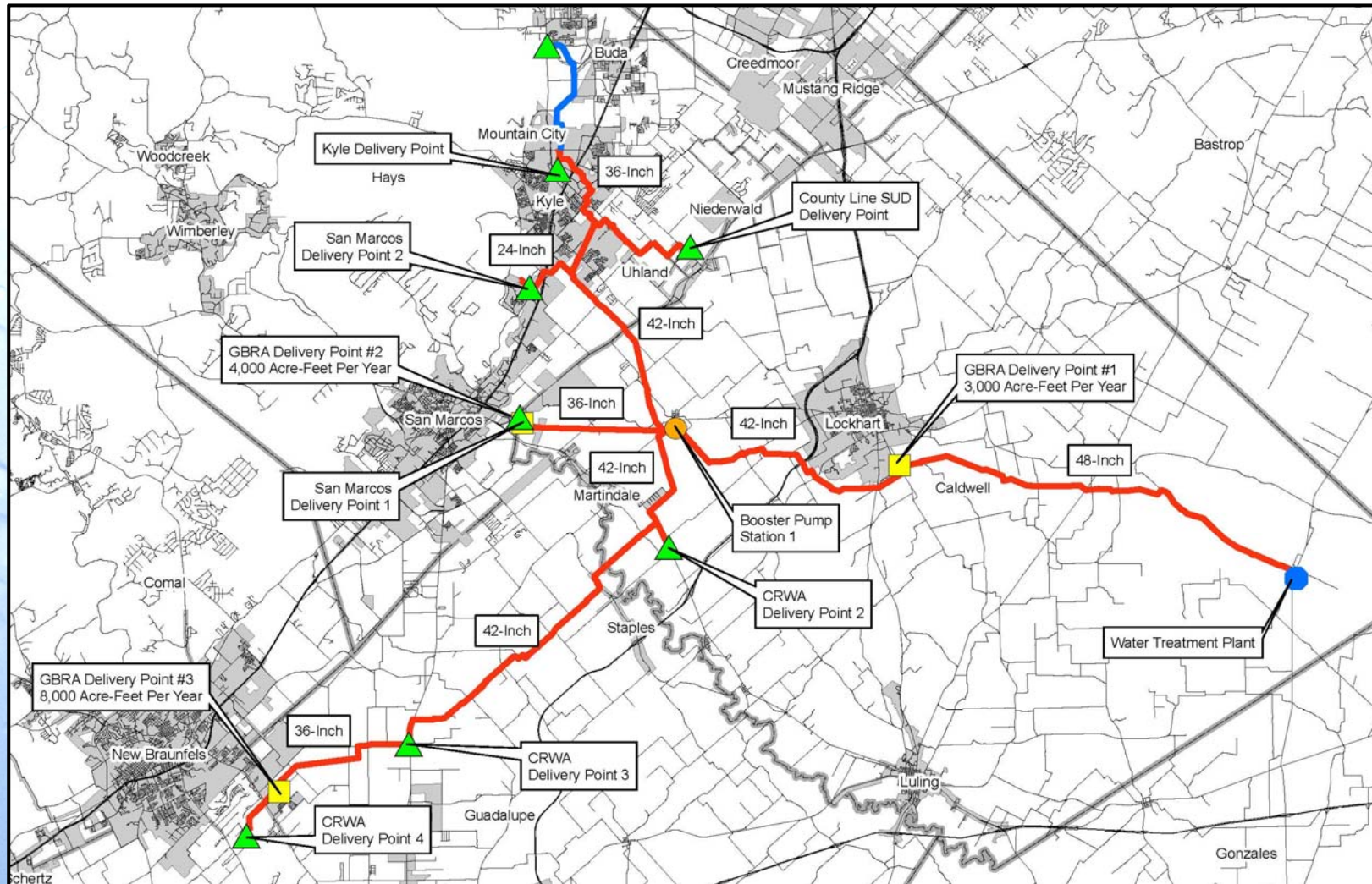
ALLIANCE REGIONAL WATER AUTHORITY

2020 FINANCING & PROJECT UPDATES

**CITY OF SAN MARCOS
CITY COUNCIL MEETING
OCTOBER 20, 2020**



PHASE 1B OVERVIEW



PHASE 1B COMPONENTS

- Carrizo wells
- Raw water collection lines
- Water treatment plant
- Finished water transmission mains
- Booster pump stations
- Delivery to customers tanks
- Administrative building

PROJECT STATUS

- Water Leases: ✓
- Groundwater Permits: ✓
- Project Financing: ✓
- Engineering Design: In Progress
- Easement Acquisition: In Progress
- Construction: In Progress

Carrizo Water to be
Delivered in 2023

PROJECT CHALLENGES

- **Easement Acquisition**
 - Approximately 300 easements
- **Environmental Clearance**
 - Corps of Engineers Archaeological Approval
- **Cost Opinions**
 - Material and labor costs have been volatile
 - Result is higher estimates than originally budgeted

STATE FUNDING

- Three debt issuances coinciding with project phasing.
- TWDB SWIFT funding is issued based on the State's credit rating with an additional subsidy

	2017	2019	2020*	Total
ARWA Total	\$31.93 MM	\$85.88 MM	\$122.58MM	\$240.41 MM
San Marcos Share	\$11.45 MM	\$30.8 MM	\$43.955 MM	\$86.205 MM

* Includes \$27 million more than originally projected for ARWA, which equates to \$9.68 million more for San Marcos.

STATE FUNDING

- Texas Water Development Board (TWDB) managing the \$2 billion State Water Implementation Fund of Texas (SWIFT) approved by voters in November 2013.
- Same fund used by Alliance Water in 2015, 2017 & 2019

TWDB – SWIFT Rate Subsidy Information						
Debt Term (yrs)	State Subsidy	2017 Rate	2019 Rate	Budgeted 2020 Rate	Actual 2020 Rate	Interest Savings*
20	35%	1.85%	1.52%	1.78%	1.15%	\$3,272,000

* Based on \$43.955 million capital project versus budgeted rates.

TOTAL DEBT SERVICE

Total Principle & Interest Comparison Actual to Budgeted				
	2017	2019	2020*	Total
Budgeted	\$14,885,919	\$41,000,178	\$46,704,125	\$102,590,222
Actual	\$13,823,536	\$36,402,003	\$49,549,117	\$99,774,657
Difference	\$1,062,383	\$4,598,175	\$(2,844,992)	\$2,815,565

* Savings even when considering additional \$9.685 million issued above budgeted amount.



TOTAL SAVINGS

- Even while issuing more debt than expected, Alliance Water has been able to achieve annual debt service savings of \$140,000 for San Marcos.

NEXT STEPS

- Approval of the Financing Agreement between Alliance Water and TWDB by mid-September stating debt service option.
- TWDB sells bonds in early-October
- **Councils to consider approval of Resolution issuing debt in October 2020**
- Alliance Water closes on loans on November 20, 2020
- 1st Payment (interest only) is made in August 2021

QUESTIONS

www.alliancewater.org

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