

Memorandum



CITY OF DALLAS

DATE September 8, 2023

TO Honorable Mayor and Members of the City Council

SUBJECT **September 13, 2023 Upcoming Agenda Items #39 and #40- 23-2226 and 23-2236 – Texas Water Development Board Grant and Loan Application for Flood Infrastructure Funding**

Your September 13, 2023 City Council agenda includes two items authorizing the submission of a combined application to the Texas Water Development Board (TWDB) for grant and loan financial assistance for eligible projects through the Flood Infrastructure Fund (FIF). The City is requesting an amount up to \$113,190,000 to fund flood risk management projects associated with the Dallas levee system improvements to reduce flood risk, and an amount up to \$16,675,712 to fund flood risk management projects associated with the infrastructure relocation related to the Dallas Floodway Extension.

The FIF program was created in 2019 and provides financial assistance in the form of loans and grants for flood control, flood mitigation, and drainage projects. On September 17, 2020, the TWDB approved the Prioritization List and Eligible Funding Amounts under the FIF, including two projects for the Modified Dallas Floodway Project, relating to an extension of the floodway and levee system. The Dallas Floodway Levee System is locally owned and operated, federally regulated by the U.S. Army Corps of Engineers (USACE), and provides flood risk mitigation for an area that encompasses over \$14 billion in real and personal property and over 400,000 residents. The levee system currently has two ongoing federal projects that have completed all environmental clearances, received their Record of Decisions, and appropriated funds through the USACE Civil Works Program. Per executed project partnership agreements between the USACE and the City, the City is obligated to cost participate in the design and construction activities for the flood risk management components of the project.

The combined project costs for the Modified Dallas Floodway projects related to the Dallas levee system improvements total approximately \$457.7 million. The USACE contribution to the project is approximately \$297.4 million, with the City contributing approximately \$47.0 million in in-kind contributions. The City is seeking to finance the remaining project costs with financial assistance from TWDB through the FIF. The terms of the financial assistance from TWDB include \$23.1 million in FIF grant funding and a \$90.1 million long-term, fixed rate FIF loan, offered at zero percent interest.

The combined project costs for the Modified Dallas Floodway projects related to the Dallas Floodway Extension total approximately \$559.5 million. The USACE contribution to the project is approximately \$517.4 million, with the City contributing approximately \$25.4 million in in-kind contributions. The City is seeking to finance the remaining project costs with financial assistance from TWDB through the FIF. The terms of the financial

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assistance from TWDB include \$2.5 million in FIF grant funding and a \$14.2 million long-term, fixed rate FIF loan, offered at zero percent interest.

This action is the first of two Council actions required by the TWDB to participate in the FIF financial assistance program, which authorizes the submission of a financial assistance application for the FIF program. The application process is expected to take about three months to complete, at which time DWU will receive funding commitment letters from the TWDB. Once funding commitments are received, DWU will seek additional Council approval to accept the grant and loan funding. The future action is anticipated to be presented to Council prior to December 2023.

If you need additional information, please contact me or Sarah Standifer, Dallas Water Utilities Interim Director.



Jack Ireland
Chief Financial Officer

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Deputy City Manager

Jon Fortune, Deputy City Manager
Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors