

# SWIFT Success Stories

## City of Justin

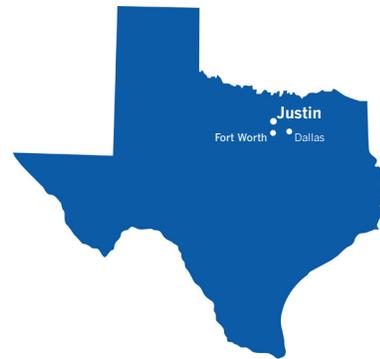
### Project Overview

The City of Justin applied for a SWIFT loan during the 2017 loan cycle for an enhanced water loss control and conservation program. The proposed project consisted of replacing excessively leaking pipes conveying water to and from the city's elevated water tank. The elevated water tank represented a key component of the City's water infrastructure, but due to leaks and insufficient valves, this critical part of the system was not functioning properly and efficiently. To address these issues, the City of Justin proposed the replacement of approximately 37,550 linear feet of 6- and 8-inch water mains with thin wall polyvinyl chloride piping. By updating the City's water infrastructure, the City aimed to conserve water and ensure a more efficient water system. The City anticipated saving upwards of 35 acre-feet per decade as a result of this project.

As part of its loan application, the City of Justin requested \$12 million in funding to be used for design, construction, construction design (inspection), and project management. Since all proposed construction would occur within the public right-of-way, the project was eligible for a 'categorical exclusion', which helped streamline the application process. Upon receiving a commitment from TWDB, the City elected to go with multi-year funding with two \$2.4 million closings followed by a larger \$7.2 million closing. The City broke ground

### Utility Profile

- **Location** - North Central Texas
- **Population** - 3,640
- **Number of Connections** - 1,354
- **GPCD** - 85
- **Municipal Demand** - 343 acre-feet per year
- **Water Source** - surface water purchased from the Upper Trinity Regional Water District



on the project in early 2018 after closing on its first loan in February 2017, and the first phase of the project is expected to be completed in summer 2019.

### Lessons Learned

Before a utility can even consider applying for SWIFT, they need to have identified a proposed water project. One of the biggest internal lifts when it comes to implementing water projects is determining project need and securing the necessary buy-in. Timing, existing financial resources, projected demands, capacity constraints, etc., factor into project need, and through proper capital infrastructure planning, cities can be more proactive in implementing critical water loss and conservation programs. Cities should be working in concert with their Regional Water Planning Groups to make sure the system upgrades

identified in their CIP are included as recommended water management strategies in their Regional Water Plan—under general language such as “water conservation” or “water loss control”—otherwise the project will not be eligible for SWIFT funding.

After identifying project need, the decision to apply for a SWIFT loan was a no-brainer for the City. SWIFT provides Texas municipalities a low-interest financing option, which helps them save a considerable amount in debt service over the life of the loan. What makes SWIFT stand out

compared to other common loan programs such as the Drinking Water State Revolving Fund is the greater flexibility and convenience it offers. During the SWIFT application process, the City of Justin worked directly with TWDB staff to become more familiar with the application requirements and process. TWDB staff were easily accessible to the City to answer questions and provide feedback, all of which translated to fewer headaches and hang-ups. Because SWIFT is a state-sponsored program, the City encountered less red tape while simultaneously benefiting from more control over how the loan is structured and how the funding is expended. The

City of Justin, for instance, received multi-year loan commitments that they were able to provision to different stages of project implementation. The City also opted to structure their repayment plan so that the first two years of debt service consisted of interest only.

At the end of the day, the convenience and flexibility that SWIFT offers makes applying for a low-interest loan an easy choice. Along with TWDB's guidance and willingness to accommodate the unique needs of each utility, the application process is that much easier to navigate.

## Helpful Tips

 **Assess the feasibility of applying for SWIFT** – The first and most important step is making a call or having a meeting with TWDB to be clear on whether your projects qualify and if so be certain of the application requirements and process. If SWIFT isn't ideal then TWDB provides information on other funding alternatives.

 **Allow your project greater flexibility** – If you're seeking funding for the planning and design phases, do not confine your proposed project by using specific details and preliminary engineering specs. Instead it is better to be more general in the descriptions of your project so that you can better adapt project specifications to changing dynamics later down the road.

 **Pay attention to the SWIFT Timeline** – Plan early because the calendar may not always be on your side. The timing of the abridged application deadline does not coordinate well with the typical

city government calendar, so you will need to take this into account when planning your project and preparing your application. For that reason, you should begin discussing and planning your proposed water conservation/water loss program well in advance of this time. Since city budgets are finalized in October of the fiscal year, you may also need to get the discussion rolling even sooner.

 **Take advantage of SWIFT's flexible repayment option** – In the case of Justin, the City decided to modify the normal equalized repayment plan. The City was seeking lower initial repayments while other budgetary matter was completed. They requested that TWDB modify their repayment plan so that in the first two years of the loan, the repayment consisted of interest only. After the second year, the repayment schedule contains principal and interest.

## Additional Information

The Texas Water Development Board is a great resource to help navigate you through the SWIFT application process. For more information, please contact:

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