

CASE STUDY



Garney Construction

KANSAS CITY, MO SUMMARY

At approximately 1.5 million residents, San Antonio, Texas, is one of the fastest-growing large cities in the U.S. Keeping pace with that growth—particularly the vital infrastructure required to support current and future residents—is a challenge. The San Antonio Water System (SAWS) laid an ambitious plan to ensure that the city had adequate stores of water for the future in committing to the first large-scale public-private partnership (P3) for water infrastructure with the \$3.4 billion Vista Ridge system, a project consisting of the production, treatment, delivery and sale to SAWS of up to 50,000 acre-feet of potable water each year for 30 years.

Industry

Real Estate, Development, & Construction

Service

Public-Private Partnerships (P3)

Legal Team

Charles G. Renner
David B. Raymond
Chris Kline

Challenges

The system as planned called for a high degree of coordination and expertise in moving water from the Carrizo-Wilcox aquifer to a collection pipeline system in Burleson County, Texas, where the collected water would be treated. From there, the water will be pumped through a new underground 140-mile pipeline. Complicating the project was the fact that one of the major private partners experienced severe financial distress as the project was getting underway.

Solution

The Husch Blackwell P3 team worked with its client Garney Construction, helping to effect Garney's assumption as

project lead and main equity stakeholder. Garney assumed an 80 percent equity stake in the project, allowing the project to proceed as planned, and then closed on \$927 million of project financing. Garney also assumed the project's regulatory, financial and construction risk.

Our team worked closely with Garney on the underlying P3 agreement to manage these risks over the course of the project lifecycle.

Result

Despite the onset of the COVID-19 crisis during the latter stages of construction, the project remained on schedule, and San Antonio received its first supplies of Vista Ridge water during 2Q 2020, expanding the city's water supply by 20 percent.

Project Finance International recognized the Vista Ridge project with a 2016 PFI Award for North American Deal of the Year.