

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	60803	Agenda Number	9.
Meeting Date:	8/18/2016		Department:	Austin Water Utility
Subject				
<p>Authorize negotiation and execution of a financing agreement with the Texas Water Development Board (TWDB) for a 20-year low interest loan in the amount of \$20,430,000 through TWDB's State Water Implementation Fund for Texas loan program, for the implementation of multiple capital improvement projects associated with Austin Water's wastewater and reclaimed water systems.</p>				
Amount and Source of Funding				
<p>The option for funding \$167,175,000 commitment is included in the Proposed Fiscal Year 2016-2017 Capital Budget Appropriation and included in the Fiscal Year 2017-21 Capital Improvement Spending Plan for Austin Water. The option for funding \$20,430,000 loan is included in the Proposed Fiscal Year 2016-2017 Operating Budget.</p>				
Fiscal Note				
A fiscal note is attached.				
Purchasing Language:				
Prior Council Action:	<p>January 28, 2016 – Council approved a construction contract to Matous Construction LTD for the rehabilitation and expansion of the tertiary filtration system at South Austin Regional Wastewater Treatment Plant (WWTP).</p> <p>April 21, 2016 – Council approved a resolution authorizing the City Manager to apply for funding from the Texas Water Development Board (TWDB) for a low interest multi-year loan for multiple reclaimed water projects.</p>			
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Council Committee, Boards and Commission Action:	August 10, 2016- Recommended by the Water and Wastewater Commission on a 8-0 vote with Commissioners Castleberry and Parker absent. Commissioner Ho was off the dais.			
MBE / WBE:				
Related Items:				
Additional Backup Information				

On July 21, 2016 the Texas Water Development Board (TWDB) approved the City of Austin's application for a low interest, multi-year loan in the amount of \$86,980,000 through the State Water Implementation Fund for Texas (SWIFT) for the implementation of multiple capital improvement projects associated with Austin Water's wastewater and reclaimed water systems. Austin Water is requesting approval to negotiate and execute a financing agreement with TWDB for the first installment of loan funding for the following projects:

- Rehabilitation and expansion of the tertiary filtration system at South Austin Regional WWTP to improve effluent quality and increase capacity to 72 MGD (plant located in District 2 but project serves the entire southern portion of the City)
- Rehabilitation of the tertiary filtration system at Walnut Creek WWTP to improve effluent quality, increase reliability, and improve capacity to 75 MGD (plant located in District 1 but project serves the entire northern portion of the City)
- Construction of 19,000 feet of reclaimed main on Decker Lane to serve the Colony Park development and park, as well as the Travis County Expo Center (District 1)
- Construction of 18,000 feet of reclaimed main to serve several cemeteries, a school, UT facilities, Huston-Tillotson University, and parks (Districts 1&9)
- Construction of 12,000 feet of reclaimed main to reconfigure a pressure zone in the Burleson area to serve additional customers and to allow for expansion of the reclaimed system to the Onion Creek area (Districts 2&3)
- Construction of 25,000 feet of reclaimed main to serve parks, a golf course, a school and developments in the Onion Creek area (Districts 2&5)
- Construction of a 4 million gallon ground storage tank and pump station for the reclaimed water system in the Montopolis area (Districts 2, 3, 5 & 9)

These projects are included in the Austin Water's Council-approved 5-year CIP plan and will be brought to Council through the routine approval process. The construction contract for the tertiary filter project for the South Austin Regional WWTP was already awarded by Council on January 28, 2016.

The use of these funds from the TWDB for the proposed 2016 loan amount will ultimately save Austin Water and its ratepayers \$420,000 when compared to Austin Water's traditional capital project bond financing methods. These savings will be achieved in part due to a 35% interest rate subsidy offered by TWDB and TWDB's lower borrowing costs because of their AAA bond rating.

This financing agreement is for an initial \$20,430,000 loan installment for a 20 year term. It will cover Austin Water's FY 2016-2017 CIP spending plan costs. This financing agreement does not obligate the City of Austin to close on additional loan installments with TWDB in future years. Future loan installments will require Council approval to negotiate separate financing agreements. The closing on this initial loan is anticipated to occur in November 2016. The City will receive a 35% reduction on the interest rates that TWDB obtains during their fall 2016 bond sale, based on their AAA bond rating. These reduced interest rates will save ratepayers financing costs for the funding of this project as compared to traditional bond financing.

A table detailing the projects is below:

**TWDB SWIFT Loan □ Austin Reclaimed Water Projects and
Wastewater Plant Filtration Improvements**

Project Name	Austin Water CIP FY 2016-2017 Spending Plan	Total Project Budget	Project Status	Estimated Project Completion Date
South Austin Regional Wastewater Treatment Plant – Tertiary Filtration	\$4,403,000	\$28,333,000	Under Construction	2018
Walnut Creek Wastewater Treatment Plant – Tertiary Filtration	\$5,077,000	\$20,002,000	Design is Complete	2020
Montopolis Reclaimed Tank and Pump Station	\$5,285,000	\$11,150,000	Bidding Underway	2018
Burleson Road Reclaimed Main	\$3,970,000	\$5,570,000	Bidding Underway	2018
Decker Lane Reclaimed Main	\$1,015,000	\$6,470,000	Under Design	2020
Onion Creek Reclaimed Main Phase I	\$530,000	\$5,130,000	Under Design	2020
Cemetery Reclaimed Main	\$150,000	\$4,525,000	Planning Underway	2019
Onion Creek Reclaimed Main Phase II	No Spending in FY 2016-2017	\$5,800,000	Planning to Begin in FY 2017-2018	2022
Totals	\$20,430,000	\$86,980,000		