

A G E N D A



Recommendation for Council Action

Austin City Council		Item ID	63792	Agenda Number	2.
Meeting Date:	10/20/2016		Department:	Austin Water Utility	
Subject					
Approve an ordinance authorizing the issuance of City of Austin, Water and Wastewater System Revenue Bonds, Series 2016A, in a par amount not to exceed \$20,430,000, and approve related documents.					
Amount and Source of Funding					
\$141,000 in anticipated first year debt service requirements was included in the 2016-2017 Approved Budget of the Utility Revenue Bond Redemption Fund and an estimated annual administration fee of \$500 for the paying agent/registrar for the proposed bond sale was included in the 2016-2017 Approved Operating Budgets of Austin Water.					
Fiscal Note					
A fiscal note is attached.					
Purchasing Language:					
Prior Council Action:	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. 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 capital improvement projects associated with Austin Water’s wastewater and reclaimed water systems. August 18, 2016 – Council approved negotiation and execution of a financing agreement with the TWDB for a 20-year low interest loan in the amount of \$20,430,000 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.				
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Council Committee, Boards and Commission Action:	August 10, 2016 – Recommended negotiation and execution of a financing agreement with TWDB by the Water and Wastewater Commission on an 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 (AW) wastewater and reclaimed water systems. On August, 18, 2016, Council approved AW authority 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 Wastewater Treatment Plant (WWTP) to improve effluent quality and increase capacity to 72 Million Gallons Per Day (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, University of Texas 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 Capital Improvement Plan (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 financing agreement is for an initial \$20,430,000 loan installment for a 20 year term. It will cover Austin Water's Fiscal Year (FY) 2016-2017 CIP spending plan costs, as outlined in the chart below. The 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.

**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	2018

			Underway	
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		

To quickly take advantage of changing market conditions, the ordinance sets parameters so that the City has the authority to enter into the transaction, as long as certain thresholds in the ordinance are met. The proposed ordinance delegates the authority to the City Manager or Chief Financial Officer (the "Pricing Officer") to complete the sale. The authority of the Pricing Officer to exercise the authority delegated by Council under the ordinance expires on April 20, 2016.