



Water & Wastewater Commission Review and Recommendation

Commission Meeting Date:	July 11, 2018
Council Meeting Date:	August 9, 2018
Department:	Austin Water
Client:	Daniel Layton, Joseph Gonzales, Rick Coronado and David Anders
Agenda Item	
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 \$3,000,000 through TWDB's State Water Implementation Fund for Texas (SWIFT) loan program, for the implementation of Austin Water's Advanced Metering Infrastructure (AMI) project.	
Amount and Source of Funding	
The option for funding the \$80,195,000 commitment is included in the Proposed Fiscal Year 2018-2019 Capital Budget Appropriation and included in the Fiscal Year 2019-2023 Capital Improvement Spending Plan for Austin Water. The option for funding the \$3,000,000 initial loan is included in the Proposed Fiscal Year 2018-2019 Operating Budget.	
Purchasing Language:	N/A
Prior Council Action:	April 21, 2016 – Council approved an resolution (20160421-004) authorizing the City Manager to apply for loans from the Texas Water Development Board (TWDB) as part of the TWDB's State Water Implementation Fund for Texas loan program for the development and implementation of smart meter system for Austin Water. December 7, 2017 – Council approved a contract (20171207-041) with West Monroe Partners, LLC to provide consulting services for automated meter infrastructure program management.
Boards and Commission Action:	July 11, 2018 - To be reviewed by the Water and Wastewater Commission.
MBE/WBE:	N/A

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 \$80,195,000 through the State Water Implementation Fund for Texas (SWIFT) for the implementation of Austin Water's Advanced Metering Infrastructure (AMI) project. On December 7, 2017, Council authorized Austin Water to negotiate and execute a consulting services agreement with West Monroe Partners, LLC. The consultant is currently producing an AMI assessment report and will assist in the production of AMI system solicitation documents. The report will include a business process needs assessment, evaluate which AMI technologies are best for Austin Water, and determine their potential impact on Austin Water's business processes. It will also assist Austin Water in identifying the best value AMI program options.

Austin Water's AMI project will replace mechanical customer water meters with water meters connected to a wireless network, so that meter reads will no longer be collected manually every month. After AMI implementation, water meter reads will be collected at least daily. This data will be made available to customers via electronic devices, so they can better monitor their water usage between billing cycles. The AMI water meters will improve data collection, reduce meter re-reads and provide more frequent data collection. They will minimize the labor costs and vehicle mileage needed to support meter reading. Other potential benefits include improving customer service and customer satisfaction, enabling customer usage alerts before a bill arrives, or identifying potential customer-side leaks. This data will also enable Austin Water to have better system diagnostic tools, such as semi-real time leak detection, and a superior metering asset management database, that will better facilitate operations and maintenance activities.

This financing agreement, for an initial \$3,000,000 loan for a 20-year term, will cover Austin Water's FY 2018-2019 CIP spending plan costs, with subsequent loan closings proposed in the chart below. 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 2018. The City anticipates receiving up to a 35% reduction on the interest rates that TWDB obtains during their fall 2018 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 for AMI Project – Proposed Multi-Year Financing Schedule

Loan Closing Date	Proposed Closing Amount
November 2018	\$3,000,000
November 2019	\$6,200,000
November 2020	\$16,995,000
November 2021	\$18,000,000
November 2022	\$18,000,000
November 2023	\$18,000,000
Total	\$80,195,000