



Recommendation for Action

File #: 19-1113, **Agenda Item #:** 2.

2/21/2019

Posting Language

Approve a resolution authorizing the City Manager to apply for low interest loans from the Texas Water Development Board for up to \$53,000,000 in Clean Water State Revolving Fund loans and up to \$67,830,000 in Drinking Water State Revolving Fund loans.

Lead Department

Austin Water

Fiscal Note

This item has no fiscal impact.

For More Information:

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Council Committee, Boards and Commission Action:

February 13, 2019 - To be reviewed by the Water and Wastewater Commission.

Additional Backup Information:

The Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) loan programs are administered for the U.S. Environmental Protection Agency (EPA) and the State of Texas by the Texas Water Development Board (TWDB). These programs provide low interest loans to eligible applicants. The CWSRF loans offer assistance for a wide range of wastewater, storm water, reuse, and other pollution control projects. DWSRF loans offer assistance for a wide range of water infrastructure projects.

Both CWSRF and DWSRF loans offer below-market fixed interest rates, as CWSRF loans carry an interest rate subsidy of 130 basis points off the Austin Water's underlying bond credit rating. The interest rate subsidy is 135 basis points off the Austin Water's underlying bond credit rating for the DWSRF loans. The reduced interest rates will save ratepayers financing costs for these projects as compared to traditional revenue bond financing for loan terms up to 30 years. SRF loan financial assistance will be secured by Austin Water bonds based on the TWDB fixed lending rate reduction. A bond ordinance would be presented to City Council for approval authorizing the issuance of bonds before loan closings. The initial loan closing is estimated to occur by December 2019. SRF loan funding would be requested in annual increments in accordance with Austin Water's CIP spending plan. This multi-year loan process would involve several annual loan closings with potential adjustments to loan terms. This allows Austin Water to receive a funding commitment for the CIP projects, but to close on portions of the funding over a multi-year schedule.

Austin Water submitted CIP Project Information Forms in July 2018 for the projects listed below. The projects were scored, ranked and included in the CWSRF and DWSRF Intended Use Plans (IUP) by TWDB. TWDB approved the IUP and distributed invitations to apply for loans for these projects.

North Austin Reservoir and Pump Station Replacement: This is a 10-million gallon concrete reservoir and pump station for potable water, constructed in 1912 and renovated in 1978. Austin Water will decommission existing infrastructure and construct and startup a new facility complex that will include an 8-million gallon ground storage tank and a Central Zone to North Zone pump station designed to current industry and Austin Water standards. (District 7)

Ullrich Water Treatment Plant - Pump Station Electrical Feed Replacement: Replace the existing electrical substation that feeds power to the Ullrich Water Treatment Plant low service pump station. The electrical gear and components have surpassed their useful life making repair difficult due to scarce availability of spare parts. Safety and reliability of this asset are the key drivers for this project. (Plant located in District 8 & 10 but will serve a wider area)

South Austin Regional Wastewater Treatment Plant - Electric Substation Replacement: This substation powers Trains A and B, the Filters Building, and water reuse facilities. Improvements include the medium voltage power distribution, 12,470 Volt switchgear, and electrical link between Substation No.1 and Substation No. 2. (Plant located in District 2 but will serve a wider area)

Walnut Creek Wastewater Treatment Plant - Pumping System Improvements: Improve and upgrade control, reliability, maintainability, and operation of pumping systems in the Primary Treatment Complexes and Operations Building at Walnut Creek WWTP. The following pumping systems have been identified as needing improvements: Primary Sludge and Scum in Primary Treatment Complexes 1 and 2, Settled Wastewater, Raw Wet Well, and Cooling Water. (Plant located in District 1 but will serve a wider area)

Walnut Creek Wastewater Treatment Plant - Sludge Thickener Rehab: Replace and upgrade the internal mechanism of the existing thickener, investigate reestablishment of the air system, upgrade the local SCADA system, and assess and replace aged mechanical, electrical, and instrumentation assets (Plant located in District 1 but will serve a wider area). All projects listed are included in the Austin Water's 5-Year CIP plan and will be brought to City Council for approval through the routine construction contract approval process.

TWDB Clean Water State Revolving Fund Proposed Projects

Project Name	Loan Type	FY2019- 2020	FY2020-2021	FY2021-2022	Proposed Loan Amount Not to Exceed
South Austin Regional WWTP- Electric Substation Replacement	Clean Water	\$8,958,333	\$14,458,334	\$4,583,333	\$28,000,000
Walnut Creek Wastewater Treatment Plant - Pumping System Improvements	Clean Water	\$6,188,000	\$7,812,000	\$3,000,000	\$17,000,000
Walnut Creek Wastewater Treatment Plant - Sludge Thickener Rehab	Clean Water	\$4,980,000	\$3,020,000	-	\$8,000,000
TOTAL		\$20,126,333	\$25,290,334	\$7,583,333	\$53,000,000

TWDB Drinking Water State Revolving Fund Proposed Projects

Project Name	Loan Type	FY2019-2020	FY2020-2021	FY2021-2022	Proposed Loan Amount Not to Exceed
North Austin Reservoir and Pump Station Replacement	Drinking Water	\$6,470,484	\$11,313,509	\$25,416,007	\$43,200,000
Ullrich Water Treatment Plant - Pump Station Electrical Feed Replacement	Drinking Water	-	\$6,315,000	\$18,315,000	\$24,630,000
TOTAL		\$6,470,484	\$17,628,509	\$43,731,007	\$67,830,000