



## Recommendation for Action

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**File #:** 19-3055, **Agenda Item #:** 2.

10/3/2019

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### **Posting Language**

Approve an ordinance authorizing the issuance of City of Austin, Water and Wastewater System Revenue Bonds, Series 2019, in the par amount of \$6,200,000, and approve related documents.

### **Lead Department**

Austin Water.

### **Fiscal Note**

Anticipated debt service requirements are included in the 2019-2020 Approved Budget of the Utility Revenue Bond Redemption Fund and an estimated annual administration fee of \$900 for the paying agent/registrar for the proposed bond sale was included in the 2019-2020 Approved Operating Budgets of Austin Water.

### **Prior Council Action:**

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 water, wastewater, and reclaimed water systems.

December 7, 2017 - Council approved a consulting services contract with West Monroe Partners, LLC for Advanced Metering Infrastructure (AMI) program management.

August 8, 2019 - Council approved negotiation and execution of a financing agreement with TWDB for a 20-year low interest loan in the amount of \$6,200,000 through TWDB's State Water Implementation Fund for Texas (SWIFT) loan program, for the implementation of Advanced Metering Infrastructure project.

### **For More Information:**

Inquiries should be directed to the City Manager's Agenda Office, at 512-974-2991 or [AgendaOffice@austintexas.gov](mailto:AgendaOffice@austintexas.gov).

### **Council Committee, Boards and Commission Action:**

July 10, 2019 - Water and Wastewater Commission approved negotiation and execution of a financing agreement with TWDB for \$6,200,000.

### **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 \$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 assisting with the preliminary planning for implementation of the AMI technology. They will continue to assist through the design phase, construction, and project completion. On August 8, 2019, Council authorized negotiation and execution of the financing agreement with the TWDB for a 20-year low interest loan in the amount of \$6,200,000 through TWDB's SWIFT loan program for the implementation of AMI.

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 bond ordinance is issued after the previously approved financing agreement and will cover Austin Water's FY2019-2020 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 and related bond ordinances.

The closing on this loan is anticipated to occur in November 2019. The City anticipates receiving up to a 35% reduction on the interest rates that TWDB obtains during their fall 2019 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**

<b>Loan Closing Date</b>	<b>Proposed Closing Amount</b>
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
<b>Total</b>	<b>\$80,195,000</b>

The ordinance contains the amortization schedule, both principal payments and interest rates, as established by the TWDB prior to the October 3, 2019 meeting.