



Recommendation for Action

File #: 22-1872, Agenda Item #: 4.

6/9/2022

Posting Language

Authorize negotiation and execution of a financing agreement with the Texas Water Development Board for a 20-year low-interest loan in the amount of \$18,000,000 through the State Water Implementation Fund for Texas loan program, for the implementation of Austin Water's Advanced Metering Infrastructure program.

Lead Department

Austin Water.

Fiscal Note

Funding for the agreement is contingent upon available funding in future budgets.

Prior Council Action:

April 21, 2016 - Council authorized the City Manager to apply for funding from the TWDB for a 20-year SWIFT loan, not to exceed \$80,195,000, for the development and implementation of Austin Water's AMI project.

December 7, 2017 - Council approved a consulting services contract with West Monroe Partners, LLC for advanced metering infrastructure program management.

February 20, 2020 - Council approved an amendment to the consulting services contract West Monroe Partners, LLC for three additional phases of consulting for the advanced metering infrastructure program.

March 26, 2020 - Council authorized execution of a ten-year multi-term contract with Aclara Technologies, LLC and a five-year multi-term contract with Watersmart Software, Inc. for the advanced metering infrastructure program.

May 20, 2021 - Council authorized negotiation and execution of a financing agreement with the TWDB for a 20-year low-interest loan in the amount of \$18,000,000 through TWDB's State Water Implementation Fund for Texas loan program, for the implementation of Austin Water's Advanced Metering Infrastructure program.

For More Information:

Inquiries should be directed to Assistant Director of Finance, Joseph Gonzales, 512-972-0359 or Joseph.Gonzales@austintexas.gov <<mailto:Joseph.Gonzales@austintexas.gov>>; Blanca Madriz, 512-972-0115 or Blanca.Madriz@austintexas.gov <<mailto:Blanca.Madriz@austintexas.gov>> and 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:

May 11, 2022 - Recommended by the Water and Wastewater Commission on a 9-0 vote with Commissioner Musgrove absent and one vacancy.

Additional Backup Information:

On July 21, 2016, the 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. This multi-year loan process involves 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. The financing agreements for the 2018 through 2020 loan transactions were approved by Council.

On December 7, 2017, Council authorized Austin Water to negotiate and execute a consulting services agreement with West Monroe Partners, LLC. The consultant assisted in identifying the best value AMI program options and in the production of AMI system solicitation documents. On February 20, 2020, Council authorized an amendment to the contract with West Monroe Partners LLC, for continued consulting services to provide program management of pilot and full-scale AMI meter deployment and system integration.

On March 26, 2020, Council Authorized execution of a ten-year multi-term contract with Aclara Technologies, LLC to provide an Advanced Meter Infrastructure system; a five-year multi-term contract with Aclara Technologies, LLC to provide AMI meters, meter installation, a data platform and integration; and a five-year multi-term contract with Watersmart Software, Inc. to provide a customer portal; for total contract amounts not to exceed \$95,000,000 divided between the contractors.

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 will cover Austin Water's FY2022-2023 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 loan, which will be structured as a revenue bond issued by Austin Water and purchased by the TWDB, is anticipated to occur in November 2022. The City anticipates receiving up to a 25% reduction on the interest rates that TWDB obtains during its fall 2022 bond sale, based on the TWDB's AAA bond rating. These reduced interest rates will save ratepayers financing costs for the funding of this project, as compared to a traditional Austin Water bond financing.

TWDB SWIFT Loan for AMI Project - Multi-Year Financing Schedule

| Loan Closing Date | Closing Amount |
|--------------------------|-----------------------|
| November 2018 | \$3,000,000 (Actual) |
| November 2019 | \$6,200,000 (Actual) |
| November 2020 | \$16,995,000 (Actual) |
| November 2021 | \$18,000,000 (Actual) |

| | |
|---------------|-------------------------|
| November 2022 | \$18,000,000 (Proposed) |
| November 2023 | \$18,000,000 (Proposed) |
| Total | \$80,195,000 |

Strategic Outcome(s):

Government that Works for All.