



## Recommendation for Action

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**File #: 22-2809, Agenda Item #: 2.**

10/13/2022

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### **Posting Language**

Approve an ordinance authorizing the issuance of City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2022A, in the par amount of \$18,000,000 and approve related documents.

### **Lead Department**

Austin Water.

### **Fiscal Note**

This item has no fiscal impact.

### **Prior Council Action:**

April 21, 2016 - Council authorized the City Manager to apply for funding from the Texas Water Development Board (TWDB) for a 20-year SWIFT loan, not to exceed \$80,195,000, for the development and implementation of Austin Water's Advanced Metering Infrastructure (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 AMI 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 AMI program.

June 9, 2022 - Council approved negotiation and execution of a financing agreement with TWDB for a 20-year low-interest loan in the amount of \$18,000,000 through TWDB's State Water Implementation Fund for Texas (SWIFT) loan program, for the implementation of Austin Water's AMI program.

### **For More Information:**

Joseph Gonzales, Austin Water Assistant Director, (512) 972-0359; Tina Romero, Austin Water Financial Manager III (512) 972-0122; Blanca Madriz, Austin Water Program Coordinator (512) 972-0115. Agenda 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:**

May 11, 2022 - Water and Wastewater Commission recommended approval to negotiate and execute a financing agreement with TWDB for \$18,000,000 on a 9-0 vote with Commissioner Musgrove absent and one vacancy.

### **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. Revenue bonds for the SWIFT loan program are issued through the State Water Implementation Revenue Fund for Texas (SWIRFT).

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 FY 2022-2023 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 SWIFT loan is anticipated to provide a lower all-in borrowing cost and savings for ratepayers compared to traditional Austin Water revenue bond financing. The SWIFT loan will be financed as an Austin Water fixed-rate revenue bond to be purchased directly by the TWDB and secured by net revenues of Austin Water. The closing on this loan is anticipated to occur in November 2022. The City anticipates receiving up to a 25% reduction on the interest rates that TWDB obtains during their fall 2022 bond sale, based on the TWDB's AAA bond rating.

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

<b>Loan Closing Date</b>	<b>Closing Amount</b>
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)

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November 2023	\$18,000,000 (Proposed)
<b>Total</b>	<b>\$80,195,000</b>

**Strategic Outcome(s):**

Government that Works for All.