



Recommendation for Action

File #: 22-2810, Agenda Item #: 3.

10/13/2022

Posting Language

Approve an ordinance authorizing the issuance of City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2022C in the par amount of \$8,300,000 and approve related documents.

Lead Department

Austin Water.

Fiscal Note

This item has no fiscal impact.

Prior Council Action:

February 21, 2019 - 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 Clean Water State Revolving Fund (CWSRF) loan for multiple wastewater capital improvement projects included in Austin Water's 5-Year CIP plan.

October 14, 2021 - Council approved an ordinance authorizing the issuance and sale of City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2021D (CWSRF), in the par amount of \$23,100,000.

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.

Council Committee, Boards and Commission Action:

February 13, 2019 - Water and Wastewater Commission recommended the loan application on a 10-0 vote with Commissioner Turrieta absent.

Additional Backup Information:

On February 21, 2019, Council authorized the City Manager to apply for 30-year low interest loan from the Texas Water Development Board (TWDB) through the Clean Water State Revolving Fund (CWSRF) which is administered for the U.S. Environmental Protection Agency (EPA) and the State of Texas by TWDB. This financial assistance program provides low interest loans to eligible applicants for a wide range of wastewater infrastructure projects.

The CWSRF loan will provide a lower all-in borrowing cost and savings for ratepayers compared to traditional Austin Water revenue bond financing. The estimated interest rate subsidy is approximately 150 basis points or 1.50% lower than certain maturities on comparable open market bonds. 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. The CWSRF 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. 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 initial loan was approved by Council on January 23, 2020 and closed on February 27, 2020. The second loan was approved by Council on December 10, 2020 and closed on January 22, 2021. The third loan was approved by Council on October 14, 2021 and closed on November 17, 2021.

The bond proceeds will cover Austin Water's FY 2022-2023 CIP spending plan. The wastewater infrastructure projects to be funded are as follows:

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.)

TWDB CWSRF Loan - Multi-Year Financing Schedule

Loan Closing Date	Closing Amount	Status
February 2020	\$11,200,000	Actual
January 2021	\$10,400,000	Actual
November 2021	\$23,100,000	Actual
November 2022	\$8,300,000	Proposed
Total	\$53,000,000	

The ordinance contains the principal amortization schedule and interest rates, as established by the TWDB prior to the October 13, 2022, City Council meeting. Closing on the loan is anticipated to occur on November 17, 2022.

Strategic Outcome(s):

Government that Works for All.