



Recommendation for Action

File #: 22-2811, Agenda Item #: 4.

10/13/2022

Posting Language

Approve an ordinance authorizing the issuance of City of Austin, Texas Water and Wastewater System Revenue Bonds, Series 2022B, in the par amount of \$24,630,000 and approving related documents.

Lead Department

Austin Water.

Fiscal Note

This item has no fiscal impact.

Prior Council Action:

Austin Water.

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 approval of 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 Drinking Water State Revolving Fund (DWSRF) 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 water infrastructure projects.

The DWSRF loan is anticipated to provide a lower all-in borrowing cost and savings for ratepayers compared to traditional Austin Water revenue bond financing. The interest rate subsidy is up to 139 basis points or 1.39% 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 DWSRF 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 2nd loan was approved by Council on December 10, 2020 and closed on January 22, 2021. The 3rd 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 costs. The water infrastructure projects to be funded are as follows:

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. (Tank and Pump Station located in 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.)

TWDB DWSRF Loan - Multi-Year Financing Schedule

Loan Closing Date	Closing Amount	Status
February 2020	\$3,800,000	Actual
January 2021	\$9,400,000	Actual
November 2021	\$30,000,000	Actual
November 2022	\$24,630,000	Proposed
Total	\$67,830,000	

The ordinance contains the amortization schedule, both principal payments and interest rates, as established by the TWDB.

Strategic Outcome(s):

Government that Works for All.