



## Recommendation for Action

**File #: 23-3047, Agenda Item #: 2.**

10/19/2023

### **Posting Language**

Approve an ordinance authorizing the issuance of City of Austin Water and Wastewater System Revenue Bonds, Series 2023A in the par amount of \$18,000,000; and approving related documents.

### **Lead Department**

Austin Water.

### **Fiscal Note**

Fiscal Year 2023-2024 debt service requirements for the proposed bond issuance are included in the Fiscal Year 2023-2024 Approved Budget of the Combined Utility Revenue Bond Redemption Fund.

### **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 AMI 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.

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 (SWIFT) loan program for the implementation of Austin Water's AMI program.

June 9, 2022 - 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 SWIFT loan program for the implementation of Austin Water's AMI program.

July 20, 2023 - 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 SWIFT loan program for the implementation of Austin Water's AMI program.

### **For More Information:**

Inquiries should be directed to Blanca Madriz, Austin Water, at 512-972-0115 or [blanca.madriz@austintexas](mailto:blanca.madriz@austintexas.gov) <<mailto:blanca.madriz@austintexas>> <<mailto:blanca.madriz@austintexas>>.gov.

### **Additional Backup Information:**

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On July 21, 2016 -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. 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 related financing agreements for the 2018 through 2023 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 d/b/a Aclara Technologies, LLC or Aclara Smart Grid Solutions, LLC to provide an AMI 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 Vertex U.S. Holdings, Inc., d/b/a VertexOne Software LLC or Watersmart Software, Inc. to provide a customer portal; for total contract amounts not to exceed \$95,000,000 divided between the contractors.

On March 23, 2023 - Council authorized amendments to two contracts for AMI systems, including meters, meter installation, a data platform, and customer portal with Meter Reading Holding, LLC d/b/a Aclara Technologies, LLC or Aclara Smart Grid Solutions, LLC and with Vertex U.S. Holdings, Inc., d/b/a VertexOne Software LLC or Watersmart Software, Inc. to increase the amount by \$7,934,000 for a revised total contract amount not to exceed \$103,000,000, 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.

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 2023. The City anticipates receiving up to a 25% reduction on the interest rates that TWDB obtains during its fall 2023 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. This is the final loan closing for this TWDB loan commitment, as noted in the chart below.

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

<b>Loan Closing Date</b>	<b>Closing Amount</b>
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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 (Actual)
November 2023	\$18,000,000 (Proposed)
<b>Total</b>	<b>\$80,195,000</b>