



Posting Language

Recommend approval to authorize negotiation and execution of a financing agreement with the Texas Water Development Board (TWDB) for a 20-year low-interest loan in the amount of \$3,000,000 as part of the TWDB's State Water Implementation Fund for Texas (SWIFT) loan program, for Austin Water's polybutylene pipe replacement project (also known as the Municipal Conservation Project). Funding is contingent upon available funding in future Austin Water budgets.

Lead Department

Austin Water.

Fiscal Note

Funding is contingent upon available funding in future Austin Water budgets.

Prior Council Action:

April 16, 2025 –Water and Wastewater Commission authorized the City Manager to apply from funding from the TWDB for a low-interest SWIFT loan, not to exceed \$45,000,000 for Austin Water's polybutylene pipe replacement project.

May 8, 2025 – Council authorized the City Manager to apply from funding from the TWDB for a low-interest SWIFT loan, not to exceed \$45,000,000 for Austin Water's polybutylene pipe replacement project.

Council Committee, Boards and Commission Action:

August 20, 2025 – To be reviewed by the Water and Wastewater Commission.

Additional Backup Information:

On July 24, 2025, the Texas Water Development Board (TWDB) approved the City of Austin's application for a low interest, multi-year loan in the amount of \$45,000,000 through the State Water Implementation Fund for Texas (SWIFT) for the implementation of Austin Water's polybutylene pipe replacement 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 project, but to close on portions of the funding over a multi-year schedule.

Austin Water's waterline services replacement program was established to systematically replace water service lines (the small-diameter lines that connect water mains to customer meters) in order to reduce water loss throughout Austin's distribution system. Polybutylene pipes tend to fail at a disproportionately high rate compared to other materials such as copper and high-density polyethylene (HDPE). This initiative is part of Austin Water's conservation strategy, which seeks to minimize water loss through the replacement of outdated service lines.

This proposed loan from the TWDB will be used to fund an additional phase, which will replace 6,000 polybutylene service lines across multiple Council districts. The design contract for this next phase will be brought to Council for consideration at a future meeting.

This financing agreement will cover Austin Water's FY2025-2026 CIP spending plan costs for the project. 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.



Item 6

Water & Wastewater Commission: August 20, 2025

Council: August 28, 2025

The first closing on this loan is anticipated to occur in November 2025 for \$3,000,000. The City anticipates receiving up to a 25% reduction on the interest rates that TWDB obtains during their fall 2025 bond sale, based on their AAA bond rating. These reduced interest rates will save ratepayers financing costs for the funding of this project, as compared to traditional bond financing.