



City of Austin

Recommendation for Action

File #: 26-2567, **Agenda Item #:** 12.

10/22/2026

Posting Language

Approve an ordinance authorizing the issuance of City of Austin Water and Wastewater System Revenue Bonds, Series 2026C, in the par amount of \$5,000,000 to fund Austin Water's waterline services replacement program and approve related documents. Funding: Fiscal Year 2026-2027 debt service requirements for the proposed bond issuance are included in the 2026-2027 Approved Budget of the Combined Utility Revenue Bond Redemption Fund.

Lead Department

Austin Financial Services

Fiscal Note

Fiscal Year 2026-2027 debt service requirements for the proposed bond issuance are included in the 2026-2027 Approved Budget of the Combined Utility Revenue Bond Redemption Fund.

Prior Council Action:

May 8, 2025 - Council approved funding from the Texas Water Development Board for a low-interest State Water Implementation for Texas loan for Austin Water's polybutylene pipe replacement project.

August 28, 2025 - Council approved a financing agreement with the Texas Water Development Board for the polybutylene pipe replacement project.

October 23, 2025 - Council approved an ordinance authorizing the issuance of City of Austin Water and Wastewater System Revenue Bonds, Series 2025B.

July 23, 2026 - Council approved a financing agreement with the Texas Water Development Board for the polybutylene pipe replacement project.

For More Information:

Belinda Weaver, Treasurer, Austin Financial Services.

Additional Backup Information:

On July 24, 2025, the Texas Water Development Board (TWDB) approved the City's application for a low interest, multi-year loan in the amount of \$45,000,000 through State Water Implementation 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 Capital Improvement Program 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. 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 installment will cover a portion of the ongoing costs for this multi-year project to replace polybutylene service lines in multiple Council districts. Across the City, Austin Water has replaced a total of 37% of the lines with another 63% of the lines identified so far for replacement over the next 10 years. Additional polybutylene service lines may also be identified for future replacement as additional line breakage data is obtained. The service lines will be replaced with new materials which meet Austin Water's standards.

The loan closing is structured as a revenue bond issued by Austin Water and purchased by the TWDB. The initial loan closing of \$3,000,000 occurred in November 2025, as noted in the chart below. The second closing on this loan is anticipated to occur in November 2026 for \$5,000,000. The TWDB funds these loans through its own bond sales and its AAA rating allows it to borrow at favorable rates. The City anticipates receiving up to a 25 percent reduction in the interest rates the TWDB obtains in its Fall 2026 bond sale. These reduced interest rates will lower financing costs for ratepayers compared with traditional City bond financing.

Loan Closing Date	Closing Amount
November 2025	\$3,000,000 (Actual)
November 2026	\$5,000,000 (Proposed)
November 2027	\$5,000,000 (Proposed)
November 2028	\$5,000,000 (Proposed)
November 2029	\$27,000,000 (Proposed)
Total	\$45,000,000