

AGENDA



Thursday, July 23, 2009

**Austin Water Utility
RECOMMENDATION FOR COUNCIL ACTION****Item No. 8**

Subject: Approve an ordinance amending the Fiscal Year 2008-2009 Austin Water Utility Capital Budget of Ordinance No. 20080908-03 to appropriate \$13,000,000 for the purchase of the Brushy Creek Regional Wastewater System.

Amount and Source of Funding: Funding is available from a Reimbursement Resolution.

Fiscal Note: A fiscal note is attached.

For More Information: David Anders, Austin Water Utility Assistant Director, 512-972-0323; Ed Van Eenoo, Budget Officer, 512-974-2610.

Boards and Commission Action: Recommended by the Water and Wastewater Commission. Related to Item #7.

This amendment is necessary to increase the Capital Budget appropriation of the Austin Water Utility and provide funding for expenditures related to the purchase of the Brushy Creek Regional Wastewater System. As is the practice of the Austin Water Utility, these expenditures will be initially funded through the issuance of Commercial Paper and then refinanced with Utility Revenue Bonds at a later date.

The Brushy Creek Regional Wastewater System (Brushy Creek System) is a wastewater system located in southern Williamson County. The Lower Colorado River Authority (LCRA) owns the Brushy Creek System facilities. The Brazos River Authority (Brazos) operates and maintains the Brushy Creek System.

The cities of Round Rock and Cedar Park initiated discussions with the LCRA concerning the possibility of Round Rock, Cedar Park, and Austin (the three cities) acquiring the Brushy Creek System in order for the three cities to permanently reduce long-term and short-term costs. In June 2009, the board of the LCRA agreed to enter into an agreement that would allow the three cities to purchase the Brushy Creek System no later than September 1, 2009. Brazos has agreed to continue to provide operation and maintenance services until the three cities bid the services in the next five years. Leander will become a joint owner of the Brushy Creek System in the near future after the three cities purchase the Brushy Creek System.

Austin's proportional share of the cost of the Brushy Creek System is based upon Austin's reserved capacity in the wastewater treatment plants and wastewater interceptors. The estimated cost for Austin totals \$13 million. The final cost will be determined when financial experts verify the bond defeasance and associated costs.