



Recommendation for Water & Wastewater Commission

Commission Meeting Date:	July 15, 2020	COA Strategic Outcome:	Government That Works For All
Council Meeting Date:	July 30, 2020		
Department:	Austin Water		
Client:	David Anders, Rick Coronado		

Agenda Item

Recommend approval to negotiate and execute a financing agreement with the Texas Water Development Board (TWDB) for a 20-year low-interest loan in the amount of \$16,995,000 through TWDB's State Water Implementation Fund for Texas (SWIFT) loan program, for the implementation of Austin Water's Advanced Metering Infrastructure (AMI) program, aka Austin's Smart Water Meter System (My ATX Water).

AMOUNT AND SOURCE OF FUNDING

The option for funding the \$80,195,000 commitment is included in the Proposed Fiscal Year 2020-2021 Capital Budget Appropriation and included in the Fiscal Year 2021-2025 Capital Improvement Spending Plan for Austin Water. The option for funding the \$16,995,000 is included in the Proposed Fiscal Year 2020-2021 Operating Budget.

Purchasing Language:	N/A
Prior Council Action:	<p>April 21, 2016 - Council authorized the City Manager to apply for funding from the TWDB for a 20-year SWIFT loan, not to exceed \$80,195,000, for the development and implementation of Austin Water's AMI project.</p> <p>December 7, 2017 - Council approved a consulting services contract with West Monroe Partners, LLC for advanced metering infrastructure program management.</p> <p>February 20, 2020 - Council approved an amendment to the consulting services contract West Monroe Partners, LLC for three additional phases of consulting for the advanced metering infrastructure program.</p> <p>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 advanced metering infrastructure program.</p>
Boards and Commission Action:	July 15, 2020 - To be reviewed by the Water and Wastewater Commission.
MBE/WBE:	N/A

On July 21, 2016 the 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.

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 existing 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 to provide an Advanced Meter Infrastructure 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 Watersmart Software, Inc. to provide a customer portal; for total contract amounts not to exceed \$95,000,000 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.

This financing agreement will cover Austin Water's FY2020-2021 CIP spending plan costs, with subsequent loan closings proposed in the chart below. 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.

The closing on this loan is anticipated to occur in November 2020. The City anticipates receiving up to a 25% reduction on the interest rates that TWDB obtains during their fall 2020 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.

TWDB SWIFT Loan for AMI Project – Multi-Year Financing Schedule

Loan Closing Date	Closing Amount
November 2018	\$3,000,000 (Actual)
November 2019	\$6,200,000 (Actual)
November 2020	\$16,995,000 (Proposed)
November 2021	\$18,000,000 (Proposed)
November 2022	\$18,000,000 (Proposed)
November 2023	\$18,000,000 (Proposed)
Total	\$80,195,000