

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL

Regular Meeting: October 12, 2017

Item Number: **002**

Austin Water

Approve an ordinance authorizing the issuance of City of Austin, Water and Wastewater System Revenue Bonds, Series 2017A, in a par amount not to exceed \$45,175,000, and approve related documents.

Lead Department	Austin Water
Fiscal Note	Anticipated debt service requirements are included in the 2017-2018 Approved Budget of the Utility Revenue Bond Redemption Fund and an estimated annual administration fee of \$500 for the paying agent/registrar for the proposed bond sale was included in the 2017-2018 Approved Operating Budgets of Austin Water.
Prior Council Action	<p>January 28, 2016 - Council approved a construction contract to Matous Construction LTD for the rehabilitation and expansion of the tertiary filtration system at South Austin Regional Wastewater Treatment Plant.</p> <p>April 21, 2016 - Council approved a resolution authorizing the City Manager to apply for funding from the Texas Water Development Board (TWDB) for a low interest multi-year loan for multiple capital improvement projects associated with Austin Water’s wastewater and reclaimed water systems.</p> <p>August 18, 2016 - Council approved negotiation and execution of a financing agreement with the TWDB for a 20-year low interest loan in the amount of \$20,430,000 through the State Water Implementation Fund for Texas (SWIFT) for the implementation of multiple capital improvement projects associated with Austin Water’s wastewater and reclaimed water systems.</p>

	<p>January 26, 2017 - Council approved a construction contract with Excel Construction Services, LLC for the Montopolis Reclaimed Water Storage Reservoir and Pump Station.</p> <p>January 26, 2017 - Council approved a construction contract with Pepper-Lawson Waterworks, LLC for the rehabilitation of the tertiary filtration system at the Walnut Creek Wastewater Treatment Plant.</p> <p>August 3, 2017 - Council approved negotiation and execution of a financing agreement with the TWDB for a 20-year low interest loan in the amount of \$45,175,000 through SWIFT for the implementation of multiple capital improvement projects associated with Austin Water’s wastewater and reclaimed water system.</p>
<p>For More Information</p>	<p>David Anders, 512-972-0323; Joseph Gonzales, 512-972-0131; Charles Celauro, 512-972-0208; Dan Pedersen, 512-972-0074.</p>
<p>Council Committee, Boards and Commission Action</p>	<p>August 10, 2016 - Recommended by the Water and Wastewater Commission on a 8-0 vote with Commissioners Castleberry and Parker absent. Commissioner Ho was off the dais.</p> <p>July 12, 2017 - Recommended by the Water and Wastewater Commission on an 9-0 vote with Commissioner Blanding recusing because her husband works for Cisco Systems and will, through a reseller, be interested in competing for various components to AMI, which will be paid for through SWIFT loans, while this item did not specifically mention AMI, it was discussed at the meeting..</p>

Additional Backup Information:

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 \$86,980,000 through the State Water Implementation Fund for Texas (SWIFT) for the implementation of multiple capital improvement projects associated with Austin Water’s wastewater and reclaimed water systems. On August, 18, 2016, Council authorized Austin Water (AW) to negotiate and execute an initial financing agreement with TWDB for a 20-year loan totaling \$20,430,000. Those initial loan funds are being used for the rehabilitation and expansion of the tertiary filtration system

at the South Austin Regional Wastewater Treatment Plant, to improve effluent quality and increase capacity to 72 million gallons per day (MGD). This plan is located in District 2, but the project serves the entire southern portion of the City.

Austin Water is now initiating a second installment with the TWDB (for a 20-year loan totaling \$45,175,000) for the following projects:

- Continue rehabilitation and expansion of the tertiary filtration system at South Austin Regional WWTP to improve effluent quality and increase capacity to 72 MGD (plant located in District 2 but project serves the entire southern portion of the City)
- Rehabilitation of the tertiary filtration system at Walnut Creek WWTP to improve effluent quality, increase reliability, and improve capacity to 75 MGD (plant located in District 1 but project serves the entire northern portion of the City)
- Construction of a 4 million gallon ground storage tank and pump station for the reclaimed water system in the Montopolis area (Districts 2, 3, 5 & 9)

These projects are included in the Austin Water's Council-approved 5-year CIP plan. The construction contract for the tertiary filter project for the South Austin Regional WWTP was already awarded by Council on January 28, 2016. Both contracts for the Walnut Creek WWTP and Montopolis Reclaimed Water Storage Reservoir and Pump Station were awarded by Council on January 26, 2017.

The financing agreement is for an initial \$45,175,000 loan installment for a 20-year term of the new total commitments of \$65,605,000 and \$80,195,000. It will cover Austin Water's FY 2017-2018 CIP spending plan costs, as outlined in the chart attached. The financing agreement does not obligate the City of Austin to close on additional loan installments with TWDB in future years. The financing agreement was executed by the City on August 17, 2017. Future loan installments will require Council approval to negotiate separate financing agreements. The closing on this initial loan is anticipated to occur in November 2017. The City will receive a 35% reduction on the interest rates that TWDB obtains during their fall 2017 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. The interest rates for the Bonds will be established by the TWDB prior to the date of action by Council, and will be contained in the ordinance approved by Council.