



## Recommendation for Action

**File #:** 20-1184, **Agenda Item #:** 106.

1/23/2020

### **Posting Language**

Approve an ordinance authorizing the issuance of City of Austin, Water and Wastewater System Revenue Bonds, Series 2020B, in the par amount of \$3,800,000, and approve related documents.

### **Lead Department**

Austin Water.

### **Fiscal Note**

A fiscal note is not required.

### **Prior Council Action:**

February 21, 2019 - 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 Drinking Water State Revolving Fund loan for multiple water capital improvement projects included in Austin Water's 5-Year CIP plan.

### **For More Information:**

Inquiries should be directed to David Anders, 512-972-0323; Christina Romero, 512-972-0122; Gareth Nicely, 512-972-0172; Denise Avery, 512-972-0104

### **Council Committee, Boards and Commission Action:**

February 13, 2019 - Recommended by the Water and Wastewater Commission on a 10-0 vote with Commissioner Turrieta absent.

### **Additional Backup Information:**

On February 21, 2019, Council authorized the City Manager to apply for 30-year low interest loan from the Texas Water Development Board (TWDB) through the Drinking Water State Revolving Fund (DWSRF) which is administered for the U.S. Environmental Protection Agency (EPA) and the State of Texas by TWDB. This financial assistance program provides low interest loans to eligible applicants for a wide range of water infrastructure projects.

The interest rate subsidy is 135 basis points off the Austin Water's underlying bond credit rating for the DWSRF loans. The reduced interest rates will save ratepayers financing costs for these projects as compared to traditional revenue bond financing for loan terms up to 30 years. SRF loan financial assistance will be secured by Austin Water bonds based on the TWDB fixed lending rate reduction. The initial loan closing is estimated to occur by early Spring 2020. SRF loan funding would be requested in annual increments in accordance with Austin Water's CIP spending plan. This multi-year loan process would involve several annual loan closings with potential adjustments to loan terms. This allows Austin Water to receive a funding commitment for the CIP projects, but to close on portions of the funding over a multi-year schedule.

The bond proceeds will cover Austin Water's FY2019-2020 CIP spending plan costs, with subsequent loan closings proposed in the chart below. This bond ordinance does not obligate the City of Austin to close on additional loan installments with TWDB in future years. Future loan installments will require Council to approve

separate bond ordinances. The water infrastructure projects to be funded are as follows:

North Austin Reservoir and Pump Station Replacement: This is a 10-million gallon concrete reservoir and pump station for potable water, constructed in 1912 and renovated in 1978. Austin Water will decommission existing infrastructure and construct and startup a new facility complex that will include an 8-million gallon ground storage tank and a Central Zone to North Zone pump station designed to current industry and Austin Water standards. (District 7)

Ullrich Water Treatment Plant - Pump Station Electrical Feed Replacement: Replace the existing electrical substation that feeds power to the Ullrich Water Treatment Plant low service pump station. The electrical gear and components have surpassed their useful life making repair difficult due to scarce availability of spare parts. Safety and reliability of this asset are the key drivers for this project. (Plant located in District 8 & 10 but will serve a wider area).

**TWDB DWSRF Loan - Proposed Multi-Year Financing Schedule**

<b>Loan Closing Date</b>	<b>Proposed Closing Amount</b>
February 2020	\$3,800,000
November 2020	\$9,400,000
November 2021	\$15,700,000
November 2022	\$12,100,000
November 2023	\$26,830,000
<b>Total</b>	<b>\$67,830,000</b>

The ordinance contains the amortization schedule, both principal payments and interest rates, as established by the TWDB prior to the January 23, 2020 meeting.