Recommendation for Action

File #: 20-1185, **Agenda Item #:** 107. 1/23/2020

Posting Language
Approve an ordinance authorizing the issuance of City of Austin, Water and Wastewater System Revenue Bonds, Series 2020A, in the par amount of $11,200,000, 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 Clean Water State Revolving Fund loan for multiple wastewater capital improvement projects included in Austin Water's 5-Year CIP plan.

For More Information:
Please contact David Anders, 512-972-0323; Christina Romero, 512-972-0122; Charles Celauro, 512-972-0208; 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 Clean Water State Revolving Fund (CWSRF) 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 wastewater infrastructure projects.

The interest rate subsidy is 135 basis points off the Austin Water's underlying bond credit rating for the CWSRF 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 will 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 wastewater infrastructure projects to be funded are as follows:

South Austin Regional Wastewater Treatment Plant - Electric Substation Replacement: This substation powers Trains A and B, the Filters Building, and water reuse facilities. Improvements include the medium voltage power distribution, 12,470 Volt switchgear, and electrical link between Substation No.1 and Substation No. 2. (Plant located in District 2 but will serve a wider area)

Walnut Creek Wastewater Treatment Plant - Pumping System Improvements: Improve and upgrade control, reliability, maintainability, and operation of pumping systems in the Primary Treatment Complexes and Operations Building at Walnut Creek WWTP. The following pumping systems have been identified as needing improvements: Primary Sludge and Scum in Primary Treatment Complexes 1 and 2, Settled Wastewater, Raw Wet Well, and Cooling Water. (Plant located in District 1 but will serve a wider area)

Walnut Creek Wastewater Treatment Plant - Sludge Thickener Rehab: Replace and upgrade the internal mechanism of the existing thickener, investigate reestablishment of the air system, upgrade the local SCADA system, and assess and replace aged mechanical, electrical, and instrumentation assets. (Plant located in District 1 but will serve a wider area)

TWDB CWSRF Loan - Proposed Multi-Year Financing Schedule

Loan Closing Date	Proposed Closing Amount
February 2020	$11,200,000
November 2020	$10,400,000
November 2021	$23,100,000
November 2022	$8,300,000
Total	**$53,000,000**

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

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