



Recommendation for Action

File #: 21-3096, **Agenda Item #:** 6.

10/14/2021

Posting Language

Approve an ordinance authorizing the issuance of City of Austin, Water and Wastewater System Revenue Bonds, Series 2021C, in the par amount of \$18,000,000 and approve related documents.

Lead Department

Austin Water.

Fiscal Note

There is no anticipated fiscal impact.

Prior Council Action:

April 21, 2016 - Council authorized the City Manager to apply for funding from the Texas Water Development Board (TWDB) for a 20-year State Water Implementation Fund for Texas (SWIFT) loan, not to exceed \$80,195,000, for the development and implementation of Austin Water's advanced metering infrastructure (AMI) project.

December 7, 2017 - Council approved a consulting services contract with West Monroe Partners, LLC for advanced metering infrastructure program management.

February 20, 2020 - Council approved an amendment to the consulting services contract with West Monroe Partners, LLC for three additional phases of consulting for the advanced metering infrastructure program.

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.

May 20, 2021 - Council approved negotiation and execution of a financing agreement with TWDB for a 20-year low-interest loan in the amount of \$18,000,000 through TWDB's SWIFT loan program, for the implementation of Austin Water's advanced metering infrastructure (AMI) program.

For More Information:

For more information, contact Joseph Gonzales, Assistant Director, (512) 972-0359; Tina Romero, Financial Manager III (512) 972-0122; Aurora Pizano, Financial Manager II (512) 972-0331.

Inquiries should be directed to the City Manager's Agenda Office at 512-974-2991.

Council Committee, Boards and Commission Action:

May 5, 2021 - Water and Wastewater Commission approved negotiation and execution of a financing agreement with TWDB for \$18,000,000.

Additional Backup Information:

On July 21, 2016 the TWDB approved the City of Austin's application for a low interest, multi-year loan in the

amount of \$80,195,000 through SWIFT for the implementation of Austin Water's 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 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 (AMI) 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 Fiscal Year 2021-2022 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 SWIFT loan is anticipated to provide a lower all-in borrowing cost and savings for ratepayers compared to traditional Austin Water revenue bond financing. The SWIFT loan will be financed as an Austin Water fixed-rate revenue bond to be purchased directly by the TWDB and secured by net revenues of Austin Water. The closing on this loan is anticipated to occur in November 2021. The City anticipates receiving up to a 25% reduction on the interest rates that TWDB obtains during their fall 2021 bond sale, based on the TWDB's AAA bond rating.

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 (Actual)
November 2021	\$18,000,000 (Proposed)
November 2022	\$18,000,000 (Proposed)
November 2023	\$18,000,000 (Proposed)
Total	\$80,195,000

Strategic Outcome(s):

Government that Works for All.