



# City of Austin

## Recommendation for Action

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**File #:** 26-1676, **Agenda Item #:** 11.

5/21/2026

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### Posting Language

Approve an ordinance authorizing the issuance of City of Austin, Water and Wastewater System Revenue Bond, Series 2026B (Walnut Creek Wastewater Treatment Plant Expansion and Enhancements Project) (WIFIA ID - 23123TX) and a direct loan agreement for the purchase of the bond with the United States Environmental Protection Agency in a par amount not to exceed \$1,000,000,000 in accordance with the parameters set out in the ordinance, authorizing related documents, and approving the payment of cost of issuance. Funding: Fiscal Year 2025-2026 debt service requirements for the proposed bond issuance are included in the Combined Utility Revenue Bond Redemption Fund.

### Lead Department

Austin Financial Services

### Fiscal Note

Fiscal Year 2025-2026 debt service requirements for the proposed bond issuance are included in the 2025-2026 Combined Utility Revenue Bond Redemption Fund.

### Prior Council Action:

March 12, 2026 - City council approved Resolution 20260312-025 authorizing the low-interest loan from the United States Environmental Protection Agency's Water Infrastructure Finance and Innovation Act loan program for the Walnut Creek Wastewater Treatment Plant expansion and enhancements projects.

July 18, 2024 - Council approved Resolution 20240718-004 authorizing the application for a low-interest loan from the United States Environmental Protection Agency's Water Infrastructure Finance and Innovation Act loan program for the Walnut Creek Wastewater Treatment Plant expansion and enhancements projects.

### For More Information:

Belinda Weaver, Treasurer, Austin Financial Services, 512-974-7885.

### Additional Backup Information:

City Council authorized the City Manager to apply for up to \$1,000,000,000 of funding from the United States Environmental Protection Agency (USEPA) for a federal low-interest loan as part of the USEPA's Water Infrastructure Finance and Innovation Act (WIFIA) loan program for the Walnut Creek Wastewater Treatment Plant (WWTP) expansion and enhancements projects. The loan includes an option to capitalize interest and the ability to draw down funds in installments during construction, helping to better align debt repayment with project costs and smooth the overall financing costs associated with the Walnut Creek WWTP expansion and enhancements projects.

The proposed ordinance delegates the authority to the Mayor, City Manager, Chief Financial Officer, Director of Financial Services, and the City Treasurer (each a "Pricing Officer") to complete the financing transaction within certain parameters set forth in the ordinance and within one year of the date of adoption of the ordinance. The bond and corresponding loan are secured solely by the net revenues of Austin Water. The lender does not have a right to seek payment from property taxes.

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Walnut Creek WWTP is permitted to treat and discharge an average daily flow of 75 million gallons per day (MGD) and a two-hour peak flow of 165 MGD. Treated plant effluent is discharged into the Colorado River. A portion of the treated effluent is used for non-potable water on the plant site and supplies much of the City's reclaimed water program.

The Walnut Creek WWTP projects summarized below are included in the proposed WIFIA loan.

The Walnut Creek WWTP Expansion to 100 MGD and Enhancements project will expand the plant to treat and discharge an annual average daily flow of 100 MGD and a two-hour peak flow of 300 MGD. The expansion is needed based on projected future flows of wastewater into the plant, in accordance with Texas Commission on Environmental Quality (TCEQ) regulations and the requirements of the Texas Administrative Code. Additionally, the project will implement Biological Nutrient Removal (BNR) in the existing facilities and proposed facilities to meet more stringent effluent quality limits in the plant's discharge permit issued by TCEQ that go into effect with the expansion. The project will also convert the disinfection method from chlorine gas to ultraviolet (UV) disinfection. The project includes several distinct components: a new 25 MGD treatment train with BNR and UV, upgrade of the existing treatment to BNR and UV, new peak flow treatment, new influent siphons, new effluent pipe and outfall, and a flood wall around the site.

The Walnut Creek WWTP Influent Lift Station project will replace the existing influent lift station and receive the increased flows from the Johnny Morris Wastewater Interceptor and pump the flow to Walnut Creek WWTP headworks.

The Walnut Creek WWTP Headworks #1 Improvements project will rehabilitate and make improvements to the existing Headworks #1, including screening and grit removal, as well as mechanical, electrical, HVAC, odor control, and structural improvements.

The Walnut Creek Primary Clarifier and Flow Equalization Basin Rehabilitation project will rehabilitate the existing Primary Treatment Complexes #1 and #2, including clarifier mechanism replacements, electrical, HVAC, odor control, and structural improvements.

The transaction will be issued as direct placement with the USEPA as the lender/purchaser.

McCall, Parkhurst & Horton, L.L.P. will serve as bond counsel. The WIFIA loan agreement requires a single credit rating to be provided by S&P Global Ratings. PFM Financial Advisors LLC is the City's Municipal Advisor.