



City of Austin

Recommendation for Action

File #: 25-1636, **Agenda Item #:** 6.

8/28/2025

Posting Language

Authorize negotiation and execution of a financing agreement with the Texas Water Development Board for a 20-year low-interest loan in an amount not to exceed \$10,000,000 for Austin Water's Travis Heights Reclaimed Water Main project, also known as the Direct Reuse Strategy Project. Funding: Contingent upon available funding in future Austin Water budgets.

Lead Department

Austin Water.

Fiscal Note

Funding is contingent upon available funding in future Austin Water budgets.

Prior Council Action:

April 16, 2025 - Water and Wastewater Commission recommended that Council authorize the City Manager to apply from funding from the TWDB for a low-interest SWIFT loan in an amount not to exceed \$10,000,000 for Austin Water's Travis Heights Reclaimed Water Main project.

May 8, 2025 - Council authorized the City Manager to apply from funding from the TWDB for a low-interest SWIFT loan in an amount not to exceed \$10,000,000 for Austin Water's Travis Heights Reclaimed Water Main project.

For More Information:

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Council Committee, Boards and Commission Action:

August 20, 2025 - To be reviewed by the Water and Wastewater Commission.

Additional Backup Information:

On July 24, 2025, the TWDB approved the City's application for a low interest loan in the amount of \$10,000,000 through the SWIFT loan program for the implementation of Austin Water's Travis Heights Reclaimed Water Main project.

The Travis Heights Reclaimed Water Main project aims to increase the use of reclaimed water and decrease the demand for potable water. It will accomplish this by installing 4,500 linear feet of 24-inch reclaimed water main to expand the reclaimed water distribution system in the Travis Heights neighborhood, specifically along Fairmount Avenue, Alameda Drive, East Side Drive, and Monroe Street.

Austin Water anticipates bringing the related construction contract to Council for award at a future meeting. This project will be located in Council District 9.

This financing agreement will cover Austin Water's Fiscal Year 2025-2026 capital improvement project spending plan costs for the project.

The closing on this loan is anticipated to occur in November 2025. The City anticipates receiving up to a 25 percent reduction on the interest rates that TWDB obtains during their fall 2025 bond sale based on its AAA bond rating. These reduced interest rates will save ratepayers financing costs for the funding of this project as compared to traditional bond financing.