



# City of Austin

## Recommendation for Action

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**File #:** 25-2046, **Agenda Item #:** 5.

10/23/2025

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### **Posting Language**

Approve an ordinance authorizing the issuance of City of Austin Water and Wastewater System Revenue Bonds, Series 2025B (SWIRFT), in the par amount of \$3,000,000 to fund Austin Water's waterline services replacement program, and approve related documents. Funding: Fiscal Year 2025-2026 debt service requirements for the proposed bond issuance are included in the 2025-2026 Approved Budget of 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 Approved Budget of the Combined Utility Revenue Bond Redemption Fund.

### **Prior Council Action:**

May 8, 2025 - Council approved an application of funding from the Texas Water Development Board for a low-interest SWIFT loan, in an amount not to exceed \$45,000,000 for Austin Water's polybutylene pipe replacement project.

August 28, 2025 - Council approved a financing agreement for \$3,000,000 with Texas Water Development Board for Austin Water's polybutylene pipe replacement project.

### **For More Information:**

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

### **Additional Backup Information:**

On July 24, 2025, the Texas Water Development Board (TWDB) approved the City of Austin's application for a low interest, multi-year loan in the amount of \$45,000,000 through the State Water Implementation Fund for Texas (SWIFT) for the implementation of Austin Water's polybutylene pipe replacement project. This multi-year loan process involves several annual loan closings with potential adjustments to loan terms. This allows Austin Water to receive a funding commitment for the Capital Improvement Program project, but to close on portions of the funding over a multi-year schedule.

Austin Water's waterline services replacement program was established to systematically replace water service lines in order to reduce water loss throughout Austin's distribution system. Polybutylene pipes tend to fail at a disproportionately high rate compared to other materials such as copper and high-density polyethylene. This initiative is part of Austin Water's conservation strategy, which seeks to minimize water loss through the replacement of outdated service lines.

Since 2001, Austin Water has been proactively replacing polybutylene and polyethylene services in areas of high static pressure, using both internal forces and contractor resources. This proposed loan from the TWDB will be used to fund an additional phase, which will replace polybutylene service lines across multiple Council districts.

This financing agreement will cover Austin Water's Fiscal Year 2025-2026 Capital Improvement Program spending plan costs for the project, 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 closing on this loan, which will be structured as a revenue bond issued by Austin Water and purchased by the TWDB, is anticipated to occur in November 2025. The City anticipates receiving up to a 25% reduction interest rates compared to a typical unsubsidized Austin Water borrowing. The interest rate subsidy is made possible by TWDB's own borrowing rates and its AAA bond rating, which will be finalized during their fall 2025 bond sale. These lower interest rates are expected to reduce financing costs for this this project.

<b>Loan Closing Date</b>	<b>Closing Amount</b>
November 2025	\$3,000,000 (Proposed)
November 2026	\$5,000,000 (Proposed)
November 2027	\$5,000,000 (Proposed)
November 2028	\$5,000,000 (Proposed)
November 2029	\$27,000,000 (Proposed)
<b>Total</b>	<b>\$45,000,000</b>