



City of Austin

Recommendation for Action

File #: 25-2066, **Agenda Item #:** 6.

10/23/2025

Posting Language

Approve an ordinance authorizing the issuance of City of Austin Water and Wastewater System Revenue Bonds, Series 2025A, in the par amount of \$10,000,000 to fund Austin Water's Travis Heights reclaimed Water Main project, and related documents. Funding: The Fiscal Year 2025-2026 debt service requirements for the proposed bond issuance are included in the 2025-2026 Budget of the Combined Utility Revenue Bond Redemption Fund.

Lead Department

Financial Services Department.

Fiscal Note

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

For More Information:

Belinda Weaver, Treasurer, 512-974-7885.

Prior Council Action:

May 8, 2025 - Council approved an application of funding from Texas Water Development Board for a low-interest State Water Implementation Fund for Texas loan, in an amount not to exceed \$10,000,000 for Austin Water's Travis Heights Reclaimed Water Main project.

August 28, 2025 - Council approved a financing agreement for \$10,000,000 with the Texas Water Development Board as part of the State Water Implementation Fund for Texas loan for Austin Water's Travis Heights Reclaimed Water Main project.

Additional Backup Information:

On July 24, 2025, the Texas Water Development Board approved the City of Austin's application for a low interest loan in the amount of \$10,000,000 through the State Water Implementation Fund for Texas for the implementation of Austin Water's Travis Heights Reclaimed Water Main project. This financing agreement will cover Austin Water's Fiscal Year 2025-2026 Capital Improvement Program spending plan costs for the project.

The Travis Heights Reclaimed Water Main project aims to increase the use of reclaimed water and decrease the demand for potable water and enhance the centralized direct non-potable reuse service area and increase the number of reclaimed water users in Austin. The Travis Heights Reclaimed Water Main Project is part of a series of initiatives designed to provide more reliable service to reclaimed water customers. Currently, Austin Water's Travis Heights Reclaimed Water Main Project is in the design phase. Once completed, it will deliver reclaimed water to customers for various non-potable uses, such as irrigation, toilet flushing, and industrial applications.

The closing on this loan, which will be structured as a revenue bond issued by Austin Water and purchased by the Texas Water Development Board, is anticipated to occur in November 2025. The City anticipates receiving up to a 25% reduction in interest rates compared to a typical, unsubsidized Austin Water borrowing. The

interest rate subsidy is made possible by Texas Water Development Board'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 project.