



MEMORANDUM

To: Mayor and City Council

Through: Mike Rogers, Assistant City Manager *MR*

From: Shay Ralls Roalson, Austin Water Director *SMR*

Date: February 24, 2026

Subject: **Walnut Creek Wastewater Treatment Plant Expansion and Modernization**

The purpose of this memorandum is to provide an update on construction costs and financing opportunities for the Walnut Creek Wastewater Treatment Plant (WWTP) Expansion and Modernization Capital Improvement Project.

Two agenda items related to this project are scheduled for City Council consideration on March 12, 2026. The first item requests authorization to increase the contract amount by \$600 million for a revised total contract amount not to exceed \$1.5 billion. The second item requests authorization to increase the Department's Water Infrastructure Finance and Innovation Act (WIFIA) loan amount by \$553 million for a revised total amount of up to \$1 billion.

Austin Water will provide a briefing about these items to the Climate, Water, Environment and Parks Committee at the February 25, 2026, meeting.

Background

Walnut Creek WWTP is a vital part of Austin's infrastructure, providing high-quality service to most of the city. It is one of the top wastewater treatment plants in the nation, recognized by the National Association of Clean Water Agencies with its Platinum Peak Performance Award. Originally constructed in 1977, the WWTP has been expanded and improved over time. It is currently permitted to treat and discharge an average daily flow of 75 million gallons per day (MGD) and a 2-hour peak flow of 165 MGD. To keep up with population growth and improve environmental performance, the Walnut Creek WWTP is being modernized and expanded to achieve an average daily flow of 100 MGD and a 2-hour peak flow of 300 MGD.

Expansion and Modernization Project

As explained in a briefing at the [May 09, 2024 Austin Water Oversight Committee](#) followed by and a [May 23, 2024 memorandum](#) to the Mayor and City Council, this expansion is needed to support projected future flows of wastewater into the plant due to population growth, and in accordance with Texas Commission on Environmental Quality (TCEQ) regulations and Texas Administrative Code

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requirements. The project will also implement Biological Nutrient Removal (BNR) to meet more stringent effluent quality limits set by the TCEQ discharge permit that will go into effect with the expansion. A [June 4, 2025 memorandum](#) included details for a permitting [ordinance](#) variance to incorporate environmental considerations at the recommendation of the Environmental Commission, which was later adopted by the City Council on June 5, 2025.

The project includes several distinct components:

- A new 25 MGD treatment train that will use an upgraded treatment process (BNR) to remove more nutrients from effluent before it is discharged into the Colorado River
- Upgrades to the existing 75 MGD treatment trains to utilize BNR
- Conversion to ultraviolet (UV) disinfection, eliminating the use of chlorine gas and improving safety for workers and the community
- Upgrades to odor control facilities
- New peak flow treatment for high flows received at the plant during wet weather events
- New influent siphons and a new 120-inch diameter effluent pipe and outfall
- Continued rehabilitation and modernization throughout the plant
- A new flood wall around the site to protect this vital infrastructure from extreme weather

About one-third of the project cost is associated with required expansion of the plant to serve growth, and two-thirds is associated with modernizing, upgrading and improving the existing plant. The expansion and modernization project will further strengthen the plant's environmental performance, benefiting both the Austin community and downstream neighbors by improving water quality and ecological health in the Colorado River.

Construction Manager at Risk (CMAR)

This capital improvement project is being delivered through the Construction Manager at Risk (CMAR) collaborative delivery model. The City Council approved the use of CMAR contracting for this project on [December 8, 2022](#). Under this model, the City holds a contract with an engineering firm for design, bid, and construction phase services, and a CMAR contract with the contractor for pre-construction and construction services. In this arrangement, risks associated with a large, complex project such as the Walnut Creek WWTP expansion and modernization can be addressed in a collaborative process that includes Austin Water engineering and operations staff, Capital Delivery Services project management staff, the engineering design firm, and the CMAR contractor.

The CMAR contractor for this project, MWH Constructors, Inc. (MWH), was selected on May 30, 2024 and has initiated pre-construction and construction services. This work includes advancing the level of detail of construction drawings and technical specifications collaboratively with the engineer, as well as providing constructability reviews, assisting in preparing Maintenance of Plant Operation plans during construction, identifying value engineering cost savings opportunities, updating the Opinion of Probable Construction Cost (OPCC), and preparing Guaranteed Maximum Price (GMP) bidding documents.

A progress update about these collaborative efforts was provided in a briefing at the [Oct 22, 2025 Climate, Water, Environment, and Parks Committee](#) meeting.

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Opinion of Probable Construction Cost

In traditional design-bid-build delivery methods, the OPCC is developed from final design documents. In this case, the initial OPCC of \$900 million, used to set the contract value for selection of the CMAR contractor in 2024, was based on preliminary engineering and did not include design.

Since 2024, significant collaborative efforts between the contractor and the engineering team have advanced the design for the Walnut Creek WWTP project. As part of this effort, the project team has developed eight construction packages, which will make up the total GMP for the project. Currently, four packages are in construction, two are in bidding phase, and two are at 60-90% design. As a result of this increased design detail, analysis of construction constraints and planning for continuous operations throughout the next six years of construction, the updated OPCC is \$1.5 billion.

The updated OPCC is driven by various factors, including inflation-related escalation in the cost of goods and services due to ongoing supply chain issues and elevated market demand. In addition, MWH has identified more accurate costs associated with:

- Constructability constraints that require additional bypass treatment to keep the plant fully operational during construction
- Site access limitations that necessitate specialized equipment and construction sequencing
- Construction methods related to tunneling for the 120-inch effluent pipe to avoid removing trees in compliance with City permitting and regulatory requirements
- A shortage of qualified construction subcontractors available to perform the required work

Advanced construction drawings, ongoing team collaboration, and comprehensive project reviews to identify cost-saving opportunities have resulted in a more accurate current cost estimate.

Funding Opportunities

Funding for this project is expected to come from both federal and state low-interest loans. The WIFIA will provide a loan of up to \$1 billion through the Environmental Protection Agency (EPA). This substantial funding source will yield considerable savings through favorable interest rates, as well as a structured repayment plan designed to enhance debt management. Additionally, a \$59 million low-interest loan from the Texas Water Development Board (TWDB) will support this project's advancement. Austin Water's revenue bonds will be used to fund the remaining project balance. Austin Water does not anticipate modifying the amended contracted amount for the expansion and modernization for Walnut Creek WWTP will not affect Austin Water's existing rate plan that was approved in the 2025-26 Budget.

Conclusion

The City of Austin team, including Austin Water and Capital Delivery Services staff, have been highly engaged throughout the design process to evaluate decisions that drive the plant's costs and/or impact future operations and maintenance. With these investments, every part of the treatment process will be enhanced and upgraded, and Austin Water will be prepared to serve the growing needs of our city. Additionally, the team has worked closely with EPA and TWDB on funding opportunities that provide low-interest loans and favorable repayment terms to mitigate the financial impact of this generational project on our customers.

Should you have any questions or concerns, please contact Austin Water Director Shay Ralls Roalson, P.E. at Shay.Roalson@austintexas.gov or 512-972-0108.

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cc: T.C. Broadnax, City Manager
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