



City of Austin

Recommendation for Action

File #: 24-6251, **Agenda Item #:** 13.

12/12/2024

Posting Language

Approve an ordinance authorizing the issuance of City of Austin, Texas, Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2025 (CWSRF) in a par amount not to exceed \$22,160,000 and approve related documents to finance costs related to improving the water quality of Buttermilk Creek through new stormwater control measures, removal and/or relocation of deteriorating wastewater infrastructure, and the restoration of stream stability and riparian habitat. Funding: The Fiscal Year 2025 debt service requirements for the proposed bond sale are included in the 2024-25 Approved Operating Budget of the General Obligation Debt Service Fund. Related to Item #58.

Lead Department

Financial Services Department

Fiscal Note

The Fiscal Year 2025 debt service requirements for the proposed bond sale are included in the 2024-25 Approved Operating Budget of the General Obligation Debt Service Fund.

Prior Council Action:

October 24, 2024 - Council approved Resolution 20241024-012 directing the publication of an Official Notice of Intention to Issue \$22,160,000 City of Austin, Texas, Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2025.

December 14, 2023 - Council approved Resolution 20231214-066 authorizing the City Manager to apply for low-interest loans in a total amount not to exceed \$22,160,000 from the Texas Water Development Board's Clean Water State Revolving Fund for the Buttermilk Creek Water Quality Improvements Project.

For More Information:

Belinda Weaver, City Treasurer, 512-974-7885.

Additional Backup Information:

On December 14, 2023, City Council authorized the City Manager to apply for 20-year low interest loan from the Texas Water Development Board (TWDB) through the Clean Water State Revolving Fund (CWSRF) which is administered for the U.S. Environmental Protection Agency (EPA) and the State of Texas by TWDB. This financial assistance program provides low interest loans to eligible applicants for a wide range of wastewater infrastructure projects.

The CWSRF program provides low-cost financing to eligible applicants for a wide range of wastewater, stormwater, reuse, and other pollution control projects. It includes planning, acquisition, design, and construction. CWSRF offers below-market fixed interest rates with the possibility of principal loan forgiveness for green infrastructure and disadvantaged communities. CWSRF loan financial assistance will be secured by the certificates based on the TWDB fixed lending rate reduction. In addition, up to 70% principal loan forgiveness is expected to be granted in a maximum amount of \$10 million, which would reduce the net amount to be borrowed and increase the overall cost savings for the project. The City will enter into a principal forgiveness agreement with the TWDB to evidence the final principal loan forgiveness granted by the TWDB.

This multi-phase green project is located in northeast Austin within the St. Johns and Coronado Hills neighborhoods. It will improve the overall water quality of Buttermilk Creek, through new stormwater control measures, removal/relocation of deteriorating wastewater infrastructure, and restoration of stream stability and riparian habitat. Buttermilk Creek contributes flow to Walnut Creek, an impaired waterway on the 2022 Texas 303(d) List.

The debt service costs for the proposed \$22,160,000 Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2025 (CWSRF) issuance is estimated below. These debt service costs may be reduced if the full amount of principal forgiveness, anticipated to be approximately \$10 million, is granted by the TWDB.

	Total Over 20 Years:	Average Per Year:
Principal	\$22,160,000	\$1,108,000
Interest	\$13,400,750	\$670,038
Total Debt Service	\$35,560,750	\$1,778,038