

SWIFT Success Stories

City of Austin

Project Overview

In 2016 Austin Water was approved for a SWIFT loan of approximately \$65.6 million for water reuse. The projects included the construction of an above ground storage tank and pump station (Montopolis Tank Project) for the reclaimed system as well as tertiary filtration upgrades at the Walnut and South Austin Regional wastewater plants. The initial application of 2016 included smaller projects of installing purple lines – however, they were later removed out of the final loan as such projects tend to have a higher overhead and additional environmental review process that could have caused delays.

Austin Water had two loan closings (one in 2016 and one in 2017). Project design was completed for all of the reuse projects by 2016 and construction, and project management began the same year. Construction on the above-ground storage tank is expected to be complete by 2019. One of the tertiary filtration upgrades is complete and the other tertiary filtration project should be done by 2020.

Austin Water received an initial commitment of \$86.9 million from TWDB spread out over several years. As project demands and timelines shifted, however, Austin Water was able to reduce the total loan amount to \$65.6 million, shift the timeline of the loan closings to two installments, and reallocate loan funds across the three projects (the original loan was just for the construction phase of each of the three projects).

SWIFT loans are a feasible option for Austin Water for various reasons:

- Ability to get funds upfront upon closing
- Less stringent reporting requirements - no monthly reports
- A responsive and positive experience with TWDB throughout the application process
- A predictable application process as the utility has been successfully applying since 2016
- Low-interest - for every \$100 million borrowed the utility saves \$10 million to \$17 million.

Utility Profile

- **Location** - Central Texas
- **Population** - 1,077,922
- **Number of Connections** - 235,174
- **GPCD** - 126
- **Municipal Demand** - 148,908 acre-feet per year
- **Water Source** - surface water from the Colorado River



Lessons Learned

In order to be considered for the SWIFT loan it was a TWDB requirement that the projects for consideration had to be included in the approved Region K plan. Having projects already in the Region K plan helped Austin Water better manage the timeline for SWIFT loan application. If a project is not included in the respective Regional Plan it can be amended but the process can take long depending on the meeting schedule of the Regional Water Planning Group and type of project. An additional factor that reduced the application preparation timeline was having the projects included in the utility's capital improvement plan as it ensured the necessary approvals, financial resources, projected demands, and capacity constraints, etc. determined ahead of time.

After loan approval Austin Water decided to exclude the purple pipeline projects, since such projects tend to take a long time to execute, primarily with regards to acquiring right of way and environmental permits. Due to a long project timeline, it meant Austin Water would likely not be able to service the debt right away on the purple pipeline, thereby losing an opportunity to maximize on the low interest that comes with the SWIFT loan. TWDB was understanding of the change in application and was willing to accept Austin Water's request to withdraw the funding request for the pipeline projects.

An unexpected delay in the project came about prior to construction of the above-ground storage tank. Austin Water was required to conduct an environmental study on the impact of construction on migratory bird populations. Austin Water did conduct its own environmental review prior to the SWIFT loan application – however, TWDB has its own process and requirements on how to conduct environmental impact studies, which resulted in a two-month delay.

The SWIFT application process requires a number of detailed financial and planning documents, which if they already exist (or are easy to acquire) within the institution help streamline the loan preparation process. Smaller utilities that do not have the necessary documents or in-house expertise may consider contracting law firms, financial experts, and engineers to help prepare necessary details for the application.

Ultimately, the convenience of having funding available at the state level helps with the ease of applying for a low-interest loan. The accessibility to TWDB staff through in-person meetings and phone conversations helped Austin Water become efficient and more familiar with the application requirements, timeline, and process. Furthermore, TWDB accommodates the unique needs of each utility and tends to be reasonably flexible with the terms of the loan, reporting, and even adjustments to the application as we saw in the case of withdrawing the purple pipeline project.

Helpful Tips

-  **Assess the feasibility of applying for SWIFT** – The first and most important step is making a call or having a meeting with TWDB to be clear on whether your projects qualify and if so be certain of the application requirements and process. If SWIFT isn't ideal then TWDB provides information on other funding alternatives.
-  **Pay attention to the SWIFT Timeline** – Plan early because the calendar may not always be on your side. The timing of the abridged application deadline does not coordinate well with the typical city government calendar, so you will need to take this into account when planning your project and preparing your application. For that reason, you should begin discussing and planning your proposed water conservation/water loss program well in advance of this time. Since city budgets are finalized in October of the fiscal year, you may also need to get the discussion rolling even sooner.
-  **Combine multiple projects into one SWIFT application** – From TWDB's perspective, Austin Water proposed multiple projects that fell under one recommended strategy, which required only one loan application. Grouping projects together like this will help streamline the application process, but you will need to make sure these projects reflect one recommended strategy and are on similar implementation trajectories before pursuing them in one application.
-  **Gather experiences of similarly sized utilities that opted for SWIFT** – Other similar utilities can share their experiences and lessons learned on their process to pursue SWIFT. Sharing such stories will help you better understand the commitment of applying to SWIFT and how to learn and build from other utilities' mistakes.

Additional Information

To learn more about Austin Water's experience with SWIFT and the loan application process in general please contact:

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