

RESOLUTION NO.

WHEREAS, the Austin City Council passed a resolution on September 22, 2011, directing the City Manager to work with a Joint Subcommittee of the Resource Management Commission, the Water and Wastewater Commission, and the Impact Fee Advisory Committee; and

WHEREAS, the original resolution would benefit from minor clarifications and specific identification of additional topics; and

WHEREAS, the official name of the Joint Subcommittee is the “Joint Subcommittee of the Resource Management Commission, the Water and Wastewater Commission, and the Impact Fee Advisory Commission”; and

WHEREAS, the goal of the Joint Subcommittee is to work with the City Manager to develop recommendations for short-term and long-term financial plans to strengthen the financial stability of the Austin Water Utility while continuing the city’s goals of ensuring affordability of water rates and increasing water conservation; and

WHEREAS, the City Manager was to present recommendations to the Audit and Finance Committee by April 15, 2012, and the City Council by May 1, 2012; and

WHEREAS, the Joint Subcommittee held its first meeting on November 7, 2011, and is meeting regularly to develop its recommendations; and

WHEREAS, in order to develop recommendations based on a holistic view of the Austin Water Utility's Financial Policies more time may be required; and

WHEREAS, the Austin Water Utility's operating budget will not affect how the revenue stability framework and subsequent fee may be implemented in the future; **NOW, THEREFORE**,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The official name of the Joint Subcommittee will be changed to the "Joint Committee on Austin Water Utility's Financial Plan".

The deadline for the City Manager to present the recommendations to the Audit and Finance Committee and the Austin City Council will be extended to May 22, 2012, and June 7, 2012, respectively. The final recommendations should be included and implemented as part of the FY 2012-13 Budget process.

BE IT FURTHER RESOLVED:

That in order for the City Manager to meet the deadlines to develop recommendations and include them as part of the proposed FY 2012-13 Budget, the Joint Committee should first focus on crafting the recommended financial stability framework, particularly those policies that are more structural in nature, including

- A graduated revenue stability fee or other mechanism which charges fixed fees to residential customers in a graduated fashion according to the volume of water used;

- Consideration of the inclusion of a stability-related fee or other stability-related mechanism for all classes of water customers;
- The overall fixed revenue goals and a phased approach to achieving the goals;
- The creation of a Revenue Stability Reserve Fund and policies to adjust stability-related fees or rates when target funding levels are met and to replace any reserves that are used;
- Recommendations for addressing volatility through volumetric rates;
- Consideration of options for addressing volatility through review of practices by other utilities, where known;
- Adjustments, as needed, of debt ratio goals and other financial metrics;
- Discount policies for water and wastewater impact fees;
- Service extension request reimbursement policies;
- A water conservation and marketing program targeted to high-volume, low income households that do not qualify for a revenue stability fee exemption;
- Drought emergency rate policies; and
- Capital improvement project investment strategies.

BE IT FURTHER RESOLVED:

The Joint Committee on Austin Water Utility's Financial Plan will provide the City Council with a review of the staff recommendation by June

7, 2012. The City Manager will provide bimonthly progress reports to the City Council.

BE IT FURTHER RESOLVED:

That the Joint Committee on Austin Water Utility's Financial Plan will continue to meet as needed throughout the FY 2012-13 Budget process until the Budget's passage, to review and advise on the Utility's proposed budget and implementation of the recommended financial stability framework.

ADOPTED: _____, 2012 **ATTEST:** _____
Shirley A. Gentry
City Clerk

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