

RESOLUTION NO. 20160225-055

WHEREAS, Austin Water is a municipally-owned water utility and the second largest enterprise department in the City of Austin; and

WHEREAS, Austin Water's total project revenue for FY 2015/16 is \$548,807,215; and

WHEREAS, Austin Water has almost \$2,500,000,000 in debt; and

WHEREAS, according to Fitch Ratings report (July 29, 2015) Austin Water's "high" debt levels "escalated by 45% since fiscal year 2008" while debt service accounts for "43% of gross revenues, almost twice the median percentage for similarly rated systems;" and

WHEREAS, in 2014, Austin Water's bond rating went from Stable to Negative due to increased debt and "narrow operating margins after making transfers to the city's general fund;" and

WHEREAS, despite more than a 20% increase in population, since 2008 Austin Water has raised rates every year, resulting in a 61.6% increase in customer bills; and

WHEREAS, in order to improve the financial outlook of the utility, Austin Water anticipates annual rate increases in each of the next 5 years; and

WHEREAS, Fitch already considers Austin Water rates "high relative to income levels of city residents, and in comparison to other large urban systems;" and

WHEREAS, instead of increasing customer bills, Austin Water could decrease the amount of non-utility related expenditures; and

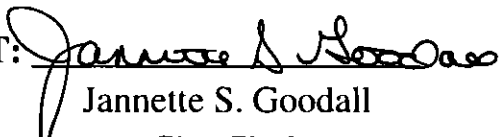
WHEREAS, in FY 2015/16 Austin Water will transfer a total of \$42,804,534 (8.2%) of utility revenue to the General Fund and Economic Development Department;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The City Manager is directed to develop a report which contains information about financial implications on General Fund and Economic Development transfers at 1% incremental reductions over a period of time or for other changes to the transfer policy.

The report shall be presented to the City Council no later than May 31, 2016.

ADOPTED: February 25, 2016

ATTEST: 
Jannette S. Goodall
City Clerk