



Water and Wastewater Commission

FY 2017 Proposed Budget

August 10, 2016

David Anders, Assistant Director of Financial Services



Department Overview

Mission Statement: The mission of Austin Water is to provide safe, reliable, high quality, sustainable, and affordable water services to our customers so that all community needs for water are met.

Major Accomplishments

- Texas Living Waters' Inaugural Water Conservation Scorecard: Highest score amongst 300 utilities in the state for Water Conservation
- Improved bond ratings by bond rating agencies for Austin Water's financial outlook, from Negative to Stable
- Ullrich Water Treatment Plant was one of only a few water treatment plants to be presented the *Partnership for Safe Water's President Award* for superior water quality.

Service Areas	Key Performance Data	FY 15 Actual	FY 16 Estimate	FY 17 Projected
Treatment	Drinking Water Quality: Turbidity	0.08	0.1	0.1
Pipeline Operations	Wastewater Quality: Carbonaceous Biochemical Oxygen Demand (CBOD)	2.19	3	3
Support Services	Percent Invested in Capital Improvements Program (CIP) Projects compared to Planned Spending via the CIP Budget	65.74	90	80
Environmental Affairs & Conservation	Total pumpage per capita per day	122	123	123
Engineering Services	Number of reportable wastewater overflows per 100 miles of wastewater lines per year	3.04	3	3
Water Resources Management	Percent of priority 1 leaks responded to within 3 hours	88.8	90	90
One Stop Shop	Credit rating for separate-lien water utility revenue bonds	AA	AA	AA
Reclaimed Water Services				

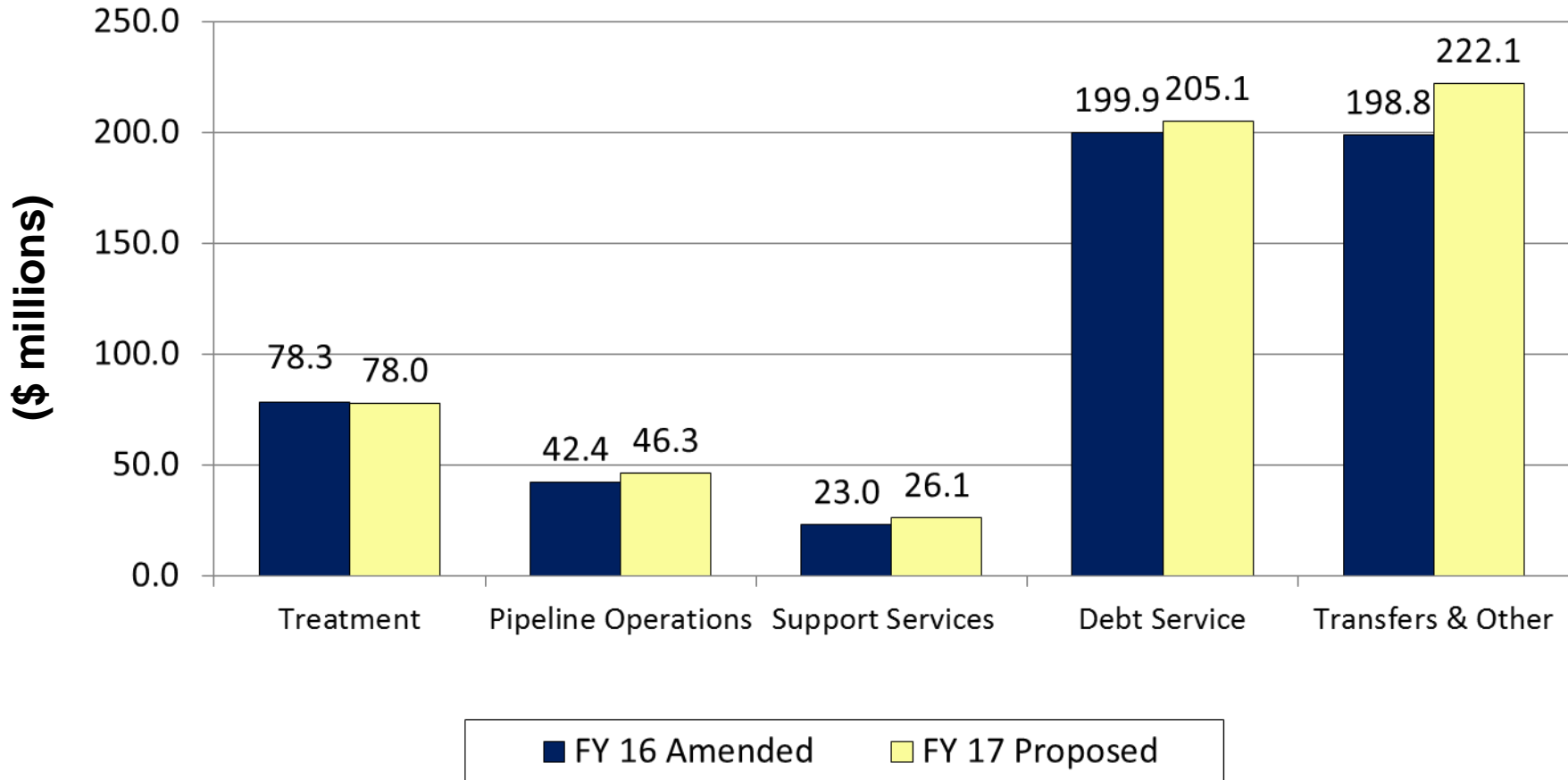
Department Expenditures:

FY 16 Amended: \$542.4 million

FY 17 Proposed: \$577.7 million

FY 2017 positions:
1,170.00

21.50



Changes from FY 2016

Description	Amount
20.5 new positions for a growing service area and customer base that has resulted in increasing workloads for operational and maintenance staff and requires the addition to adequately manage increased demands, improve response times, and meet efficiency goals	\$2.0 million
2.0 new positions for the Expedited Plan Review Program	\$0
Increased operating fund cash transfer to CIP	\$10.7 million
Increased General Fund transfer	\$2.1 million
Increased Water Revenue Stability Reserve Fund transfer	\$0.1 million
Increased debt service requirements	\$5.2 million

- **Vacancy Rate (through July 23, 2016)**
 - FY 14 Vacancy Rate: 4.6%
 - FY 15 Vacancy Rate: 8.6%
 - Current Vacancy Rate: 5.8%, 67 positions vacant and 27 vacant longer than 6 months
 - Well below citywide average of 8.7% over same period

Capital Highlights

FY 2017 Appropriation – \$545.2 million

FY 2017 Spending Plan – \$164.9 million

Category	Appropriation
Vehicles and equipment	\$4.1 million
Water Infrastructure Improvements	\$252.1 million
Reclaimed Infrastructure Improvements	\$62.1 million
Wastewater Infrastructure Improvements	\$226.9 million



Fund Summary

(In Millions)	Amended 2016	Estimated 2016	Proposed 2017
Beginning Balance	\$ 77.4	\$ 81.5	\$ 134.7
Revenue	548.8	567.4	580.2
Transfers In	22.0	22.0	24.0
Available Funds*	\$ 570.8	\$ 589.4	\$ 604.2
Operating Requirements	202.2	203.4	219.6
Debt Service	199.9	199.2	205.1
Transfers Out	134.4	133.6	146.9
Total Requirements*	\$ 536.5	\$ 536.2	\$ 571.6
Excess (Deficiency)	34.3	53.2	32.6
Ending Balance	\$ 111.7	\$ 134.7	\$ 167.3

Debt Coverage

1.69

1.78

1.70

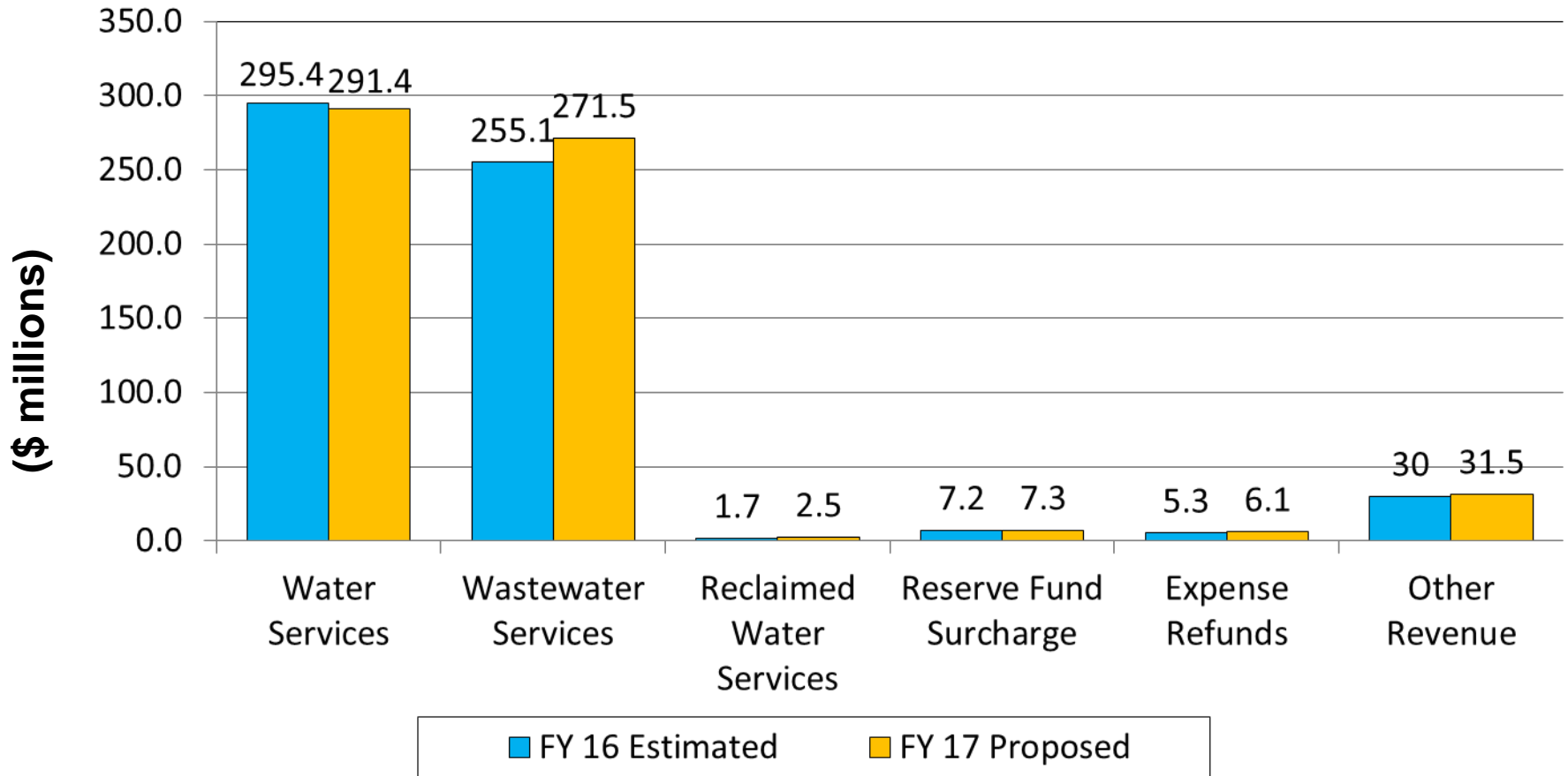
** Amount does not include Expense Refunds – FY17 of \$6.1 M*

Proposed complies with all Council approved financial policies.

Department Revenue:

FY 16 Estimated: \$594.7 million

FY 17 Proposed: \$610.3 million



Rate and Revenue Highlights

➤ Total Revenue is increasing by \$31.3 million over FY 2016 Amended Budget:

- Water Services 2.9% rate revenue increase
- Wastewater Services 3.0% rate revenue increase
- Reclaimed Water Services 10.0% rate revenue increase

➤ Reclaimed Water

- PARD rate proposed to be reduced (\$1.15 per 1,000 gallons)

Typical Residential Customer Bills 5,800 Gals. Water and 4,000 Gals. Wastewater	FY 2016 Rate	FY 2017 Proposed Rate	Monthly Change
Water Service	\$40.26	\$41.59	\$1.33
Wastewater Service	\$39.98	\$41.60	\$1.62
Total Revenue	\$80.24	\$83.19	\$2.95

Residential Water Rates

	Non-CAP		CAP Customers	
	Approved FY 2016	Proposed FY 2017	Approved FY 2016	Proposed FY 2017
Meter Charge:	\$ 7.10	\$ 7.10	\$ -	\$ -
Tiered Fee Block 1	\$ 1.20	\$ 1.25	\$ -	\$ -
Tiered Fee Block 2	3.45	3.55	-	-
Tiered Fee Block 3	8.75	9.25	-	-
Tiered Fee Block 4	27.35	29.75	-	-
Tiered Fee Block 5	27.35	29.75	-	-
Volumetric Block 1	\$ 3.16	\$ 3.18	\$ 2.47	\$ 2.50
Volumetric Block 2	4.84	5.05	3.89	4.13
Volumetric Block 3	7.88	8.56	5.76	6.74
Volumetric Block 4	11.90	12.92	9.90	11.58
Volumetric Block 5	14.16	14.43	14.16	14.43

Approved 2016 vs. Proposed 2017

Non-CAP Customers

Monthly Usage Gallons 5/8" Meter	Approved FY 2016	Proposed FY 2017	Variance 2016 vs 2017	
			\$ Var	% Var
0	\$ 8.30	\$ 8.35	\$ 0.05	0.6%
1,000	11.65	11.72	0.07	0.6%
2,000	15.00	15.09	0.09	0.6%
5,000	32.34	33.11	0.77	2.4%
5,800 Annual Avg	40.26	41.59	1.33	3.3%
6,000	37.37	38.35	0.98	2.6%
9,000	66.88	70.30	3.42	5.1%
15,000	149.98	160.74	10.76	7.2%
25,000	282.18	299.39	17.21	6.1%
30,000	353.93	372.49	18.56	5.2%
60,000	784.43	811.09	26.66	3.4%

Approved 2016 vs. Proposed 2017

CAP Customers

Monthly Usage Gallons 5/8" Meter	Approved FY 2016	Proposed FY 2017	Variance 2016 vs 2017	
			\$ Var	% Var
0	\$ -	\$ -	\$ -	0.0%
1,000	2.66	2.69	0.03	1.1%
2,000	5.32	5.38	0.06	1.1%
5,000	17.56	18.34	0.78	4.4%
5,800 Annual Avg	21.54	22.86	1.32	6.1%
6,000	21.64	22.66	1.02	4.7%
9,000	39.49	43.45	3.96	10.0%
15,000	91.75	104.39	12.64	13.8%
25,000	213.95	236.34	22.39	10.5%
30,000	285.70	309.44	23.74	8.3%
60,000	716.20	748.04	31.84	4.4%

Residential Wastewater Rates

	Approved FY 2016	Non-CAP Proposed FY 2017	CAP Proposed FY 2017
Customer Charge:	\$ 10.30	\$ 10.30	\$ -
Volumetric Block 1	\$ 4.90	\$ 5.30	\$ 5.30
Volumetric Block 2	9.94	10.35	10.35

Approved 2016 vs. Proposed 2017

Non-CAP Customers

Monthly Usage Gallons 5/8" Meter	Approved FY 2016	Proposed FY 2017	Variance 2016 vs 2017	
			\$ Var	% Var
0	\$ 10.30	\$ 10.30	\$ -	0.0%
1,000	15.20	15.60	0.40	2.6%
2,000	20.10	20.90	0.80	4.0%
4,000 Annual Avg	39.98	41.60	1.62	4.1%
5,000	49.92	51.95	2.03	4.1%
6,000	59.86	62.30	2.44	4.1%
9,000	89.68	93.35	3.67	4.1%
15,000	149.32	155.45	6.13	4.1%

Approved 2016 vs. Proposed 2017

CAP Customers

Monthly Usage Gallons 5/8" Meter	Approved FY 2016	Proposed FY 2017	Variance 2016 vs 2017	
			\$ Var	% Var
0	\$ -	\$ -	\$ -	0.0%
1,000	4.90	5.30	0.40	8.2%
2,000	9.80	10.60	0.80	8.2%
4,000 Annual Avg	29.68	31.30	1.62	5.5%
5,000	39.62	41.65	2.03	5.1%
6,000	49.56	52.00	2.44	4.9%
9,000	79.38	83.05	3.67	4.6%
15,000	139.02	145.15	6.13	4.4%

5,800 Gals. Water and 4,000 Gals Wastewater

Non-CAP Customers

	Approved 2016	Forecast 2017	Proposed 2017
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Water	\$ 40.26	\$ 41.93	\$ 41.59
Wastewater	39.98	41.06	41.60
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Total	\$ 80.24	\$ 82.99	\$ 83.19
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\$ Variance	-	\$ 2.75	\$ 2.95
% Variance	-	3.4%	3.7%

5,800 Gals. and 4,000 Gals. Wastewater

CAP Customers

	Approved 2016	Forecast 2017	Proposed 2017
Water	\$ 21.54	\$ 23.11	\$ 22.86
Wastewater	29.68	30.56	31.30
Total	\$ 51.22	\$ 53.67	\$ 54.16
\$ Variance	-	\$ 2.45	\$ 2.94
% Variance	-	4.8%	5.7%

Proposed Discount Summary

- Approximately 20,000 CAP participants
- Waived monthly water meter charge
- Waived monthly water tiered fixed fee
- Discounted volumetric water rates
- Waived monthly wastewater customer charge
- Average CAP discount of \$29.03 per month

2017 Average Monthly Bill Comparison: Non-CAP vs. CAP					
	Non-CAP		CAP		
Water	\$	41.59	\$	22.86	45.0%
Wastewater		41.60		31.30	24.8%
Combined	\$	83.19	\$	54.16	34.9%

Note: Bills based on 5,800 Gals water and 4,000 Gals. wastewater

Multifamily Rates and Bill Impacts

Multifamily Rates

- 1.6% class water rate revenue increase
- 2.8% class wastewater rate revenue increase

	Off Peak Rates (Nov-Jun)		Peak Rates (Jul-Oct)	
	Approved FY 2016	Proposed FY 2017	Approved FY 2016	Proposed FY 2017
Water Rates				
Meter Charge: (1 1/2")	\$ 118.00	\$ 112.00	\$ 118.00	\$ 112.00
Volume Rate	\$ 4.90	\$ 5.11	\$ 5.39	\$ 5.62
Wastewater Rates				
Minimum Charge	\$ 10.30	\$ 10.30		
Volume Rate	\$ 9.20	\$ 9.48		
Average Bill Impact:				
(129,000 gals. / mth W) (108,000 gals. / mth WW)	Annual Average Bill		Variance 2016 vs 2017	
	Approved FY 2016	Proposed FY 2017	\$ Var	% Var
Water	\$ 797.68	\$ 819.71	\$ 22.03	2.8%
Wastewater	1,003.90	1,034.14	30.24	3.0%
Combined	\$ 1,801.58	\$ 1,853.85	\$ 52.27	2.9%

Commercial Rates

- 1.8% class water rate revenue increase
- 2.1% class wastewater rate revenue increase

	Off Peak Rates (Nov-Jun)		Peak Rates (Jul-Oct)	
	Approved FY 2016	Proposed FY 2017	Approved FY 2016	Proposed FY 2017
Water Rates				
Meter Charge: (1 1/2")	\$ 79.00	\$ 80.00	\$ 79.00	\$ 80.00
Volume Rate	\$ 5.82	\$ 5.97	\$ 6.40	\$ 6.57
Wastewater Rates				
	Approved FY 2016	Proposed FY 2017		
Minimum Charge	\$ 10.30	\$ 10.30		
Volume Rate	\$ 9.26	\$ 9.48		
Average Bill Impact:				
(67,000 gals. / mth W)	Annual Average Bill		Variance	
(44,000 gals. / mth WW)	Approved FY 2016	Proposed FY 2017	2016 vs 2017	
			\$ Var	% Var
Water	\$ 499.67	\$ 509.27	\$ 9.60	1.9%
Wastewater	417.74	427.42	9.68	2.3%
Combined	\$ 917.41	\$ 936.69	\$ 19.28	2.1%

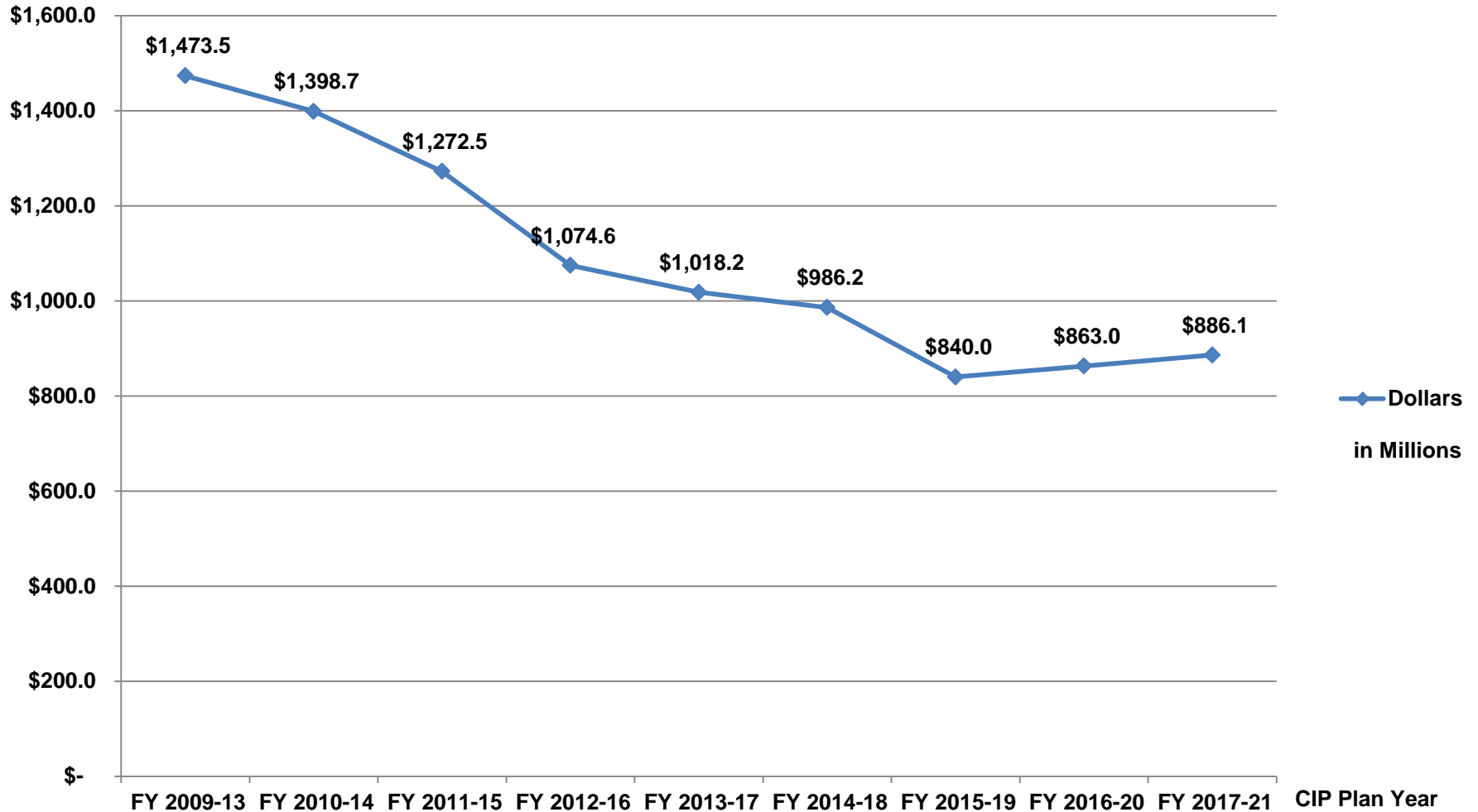
Large Volume Rates

Large Volume Rates

- 4.1% class water rate revenue increase
- 4.5% class wastewater rate revenue increase

	Off Peak Rates (Nov-Jun)		Peak Rates (Jul-Oct)	
	Approved	Proposed	Approved	Proposed
	FY 2016	FY 2017	FY 2016	FY 2017
<u>Water Volume Rates</u>				
NXP - Ed Bluestein	\$ 5.17	\$ 5.04	\$ 5.69	\$ 5.55
NXP - Wm Cannon	5.17	5.58	5.69	6.13
Samsung	5.30	5.62	5.83	6.18
Novati	5.48	5.48	6.03	6.03
Spansion	5.22	5.44	5.75	5.98
University of Texas	5.82	5.97	6.40	6.57
	Approved	Proposed		
<u>Wastewater Rates</u>	FY 2016	FY 2017		
NXP - Ed Bluestein	\$ 8.52	\$ 8.95		
NXP - Wm Cannon	8.52	8.94		
Samsung	7.89	8.30		
Novati	7.63	8.18		
Spansion	7.95	8.38		
University of Texas	9.08	9.42		

Historical Five Year Capital Program Plan Spending



FY 2017 Appropriation – \$545.2 million

FY 2017 Spending Plan – \$164.9 million

Category	Spending Plan
Treatment Plant	\$58.8 million
Rehabilitation and Relocation of Pipeline Infrastructure	\$30.5 million
Wastewater Collection	\$18.6 million
Reservoir, Pump Station and Lift Station	\$13.1 million
Vehicles, Annexed Area, SER Reimbursements and Other	\$16.9 million
Water Reclamation Initiative	\$15.9 million
Transmission /Distribution	\$11.1 million

\$886.1 Million 5-year Capital Spending Plan

\$ in millions

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
Water	\$80.0	\$87.5	\$78.6	\$70.8	\$67.3	\$384.2
Wastewater	69.1	103.5	103.8	93.7	82.3	452.4
Reclaimed	15.9	13.3	9.0	6.3	5.0	49.5
Combined	<u>\$165.0</u>	<u>\$204.3</u>	<u>\$191.4</u>	<u>\$170.8</u>	<u>\$154.6</u>	<u>\$886.1</u>

Looking Beyond FY 2017...

- **Water Supply Resiliency**
 - Long-range integrated water resource plan
- **Financial Stability**
 - A strong bond rating is critical to controlling debt financing costs
- **Sustainable Water Infrastructure**
 - Austin Water's infrastructure assets, such as our treatment facilities, storage tanks, water mains and sewer lines, are aging and deteriorating
- **Maintaining Service Levels for Growing Service Area**
- **Regulatory Requirements**

