



## MEMORANDUM

**TO:** Mayor and Council

**FROM:** Greg Meszaros, Director, Austin Water

**DATE:** March 5, 2018

**SUBJECT:** Clarification Memo for Item #35 – Conduct Public Hearing and Consider Rate Amendment

A handwritten signature, likely of Greg Meszaros, consisting of stylized initials and a surname.

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The March 8<sup>th</sup> City Council agenda includes an item to conduct a public hearing and consider an amendment to retail water and wastewater rates and a corresponding amendment to Austin Water's FY 2018 operating budget.

Over the last several weeks, Austin Water has been working with representatives of our customer classes, particularly our large volume customers, to finalize our rate reduction proposal. Out of these discussions, Austin Water is recommending some further changes to the water and wastewater rates provided in the backup that will further reduce the rates for our retail customers. The proposed changes will result in a reduction of the Utility's annual revenue requirements by an additional \$1,854,841, bringing the total annual requirement down by \$27,635,251 rather than the \$25,780,410 previously proposed.

One element of the reduction of particular note is that new proposal includes an earlier implementation of a reduction of the stability reserve fund surcharge from \$0.09 to \$0.05 per 1,000 gallons, rather than waiting until fiscal year 2019. This change will benefit all customer classes.

Accordingly, the RCA states that the action will draw down Austin Water's Fiscal Year 2018 ending balance by \$19,531,101 instead of \$18,731,101.

The original Operating Budget Fiscal Note states the budget amendment would reduce total water and wastewater revenue by \$12,143,355 for FY 2018. With the additional rate reduction, the actual current fiscal year reduction to total water and wastewater revenue is \$12,943,355. This change also impacts the ending balance draw down as described above, which is now \$19,531,101. A Revised Fiscal Note has been added to the Item #35 backup.

The original proposed Fee Schedule and Exhibit A provide the proposed changes to the water and wastewater rate. With this additional rate reduction, the water and wastewater rates have been reduced within the Revised Proposed Fee Schedule and Revised Exhibit A. These revised documents have been added to the Item #35 backup.

xc: Spencer Cronk, City Manager  
Jannette Goodall, City Clerk  
Anne Morgan, City Attorney