



Water and Wastewater Commission

FY 2020 Proposed Budget

August 14, 2019



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Proposed Budget Overview

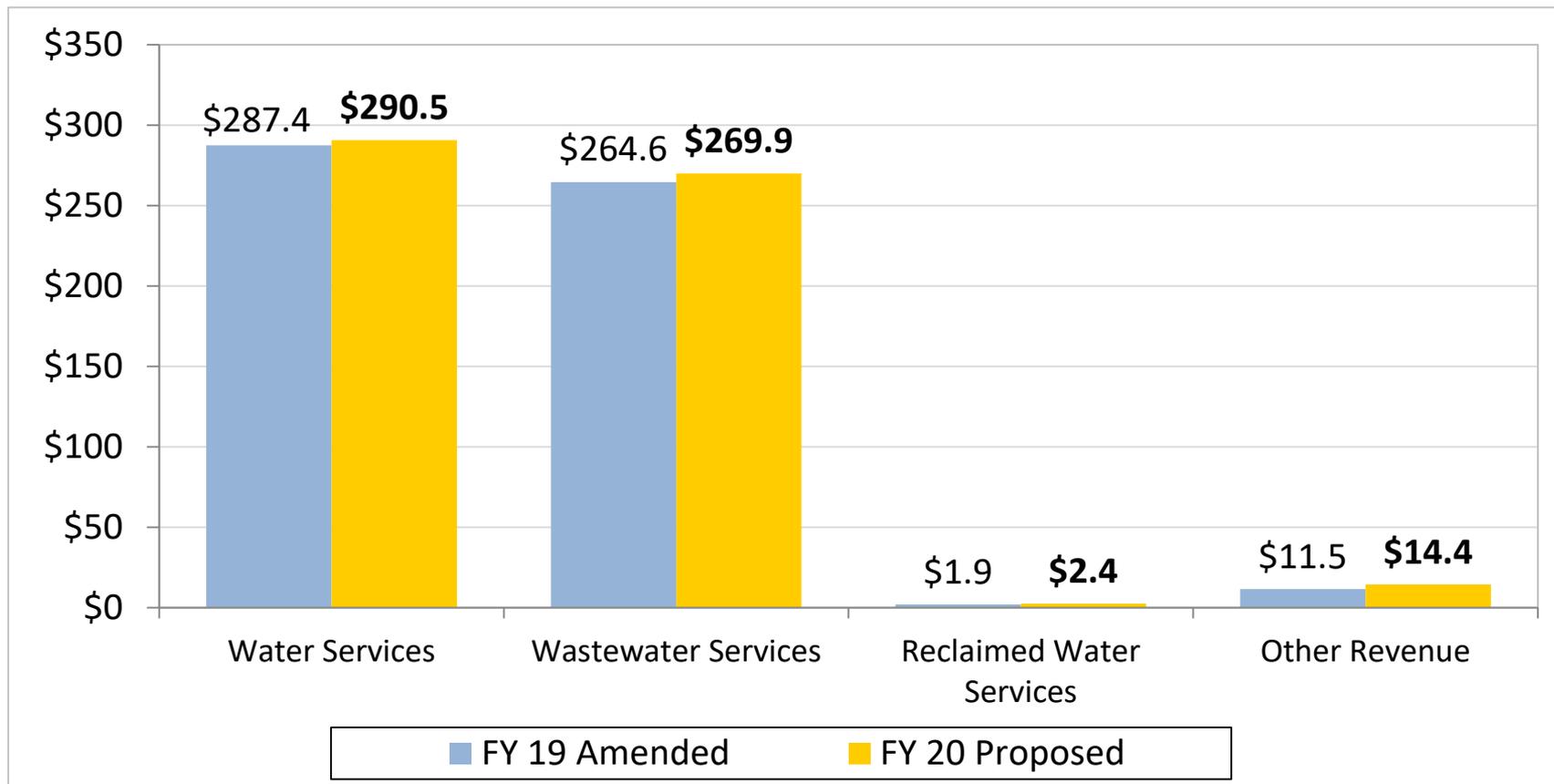
- **0% Rate Increase for 2020**
 - Continued improvements to affordability
 - CAP customer rate decrease of \$4.00 per month on average bill
- **Continued debt management strategies**
 - Debt defeasances and refinancing
 - \$45.2 million debt defeasance in 2019 resulting in \$48.4 million in debt savings through 2026
 - \$1.5 million decrease in FY 2020 debt service requirements
- **17 new full-time positions**
 - 3 operations positions, 6 engineering, environmental & water resources positions, 3 support services positions, 2 positions supporting AMI and 3 positions supporting Water Forward

Sources of Funds

Austin Water Revenue:

FY 19 Amended: \$565.4 million

FY 20 Proposed: \$577.2 million



Uses of Funds

Austin Water Expenditures:

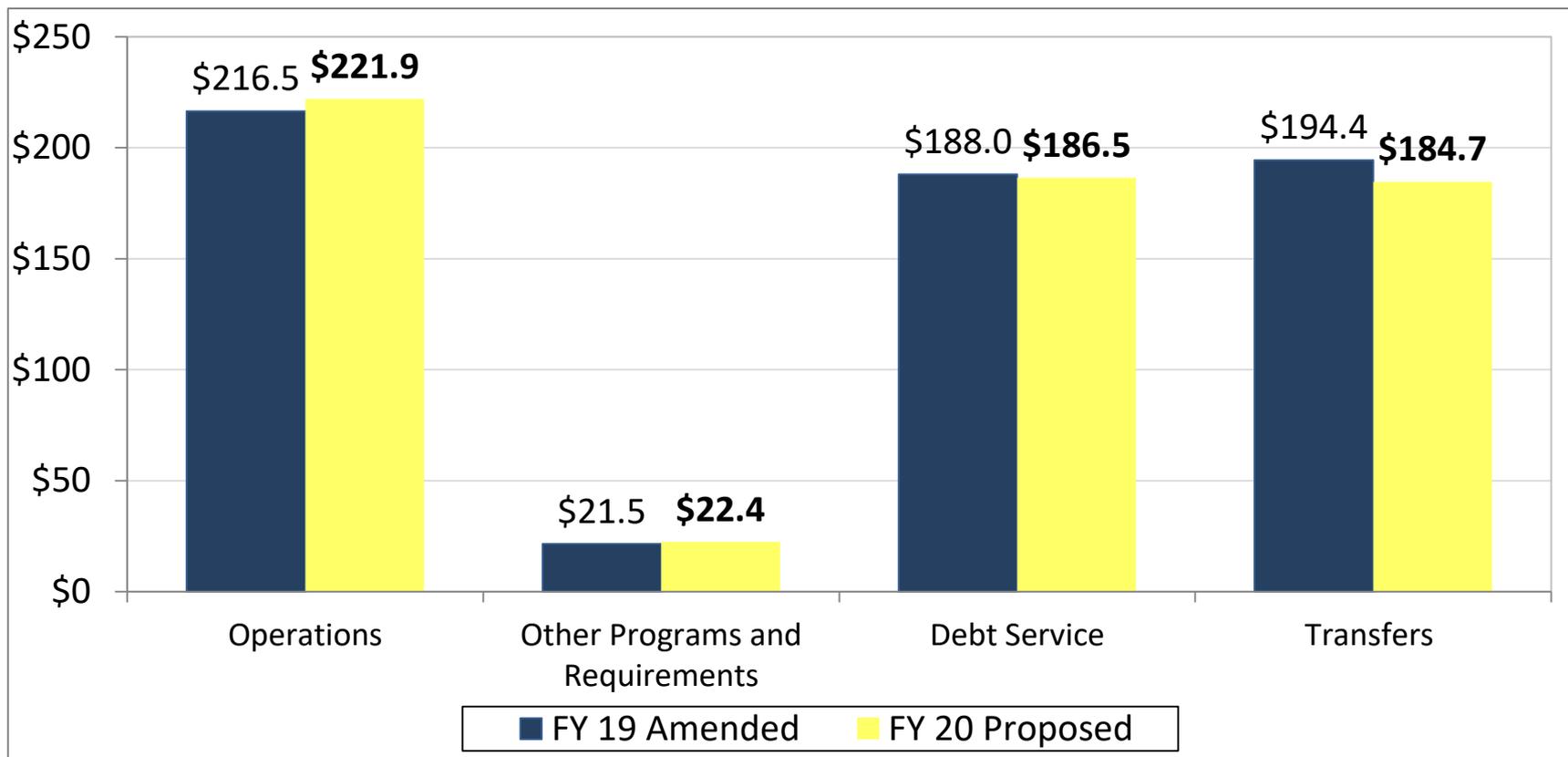
FY 19 Amended: \$620.4 million

FY 20 Proposed: \$615.5 million

FY 2019 Positions:

1,201

↑ 17.0



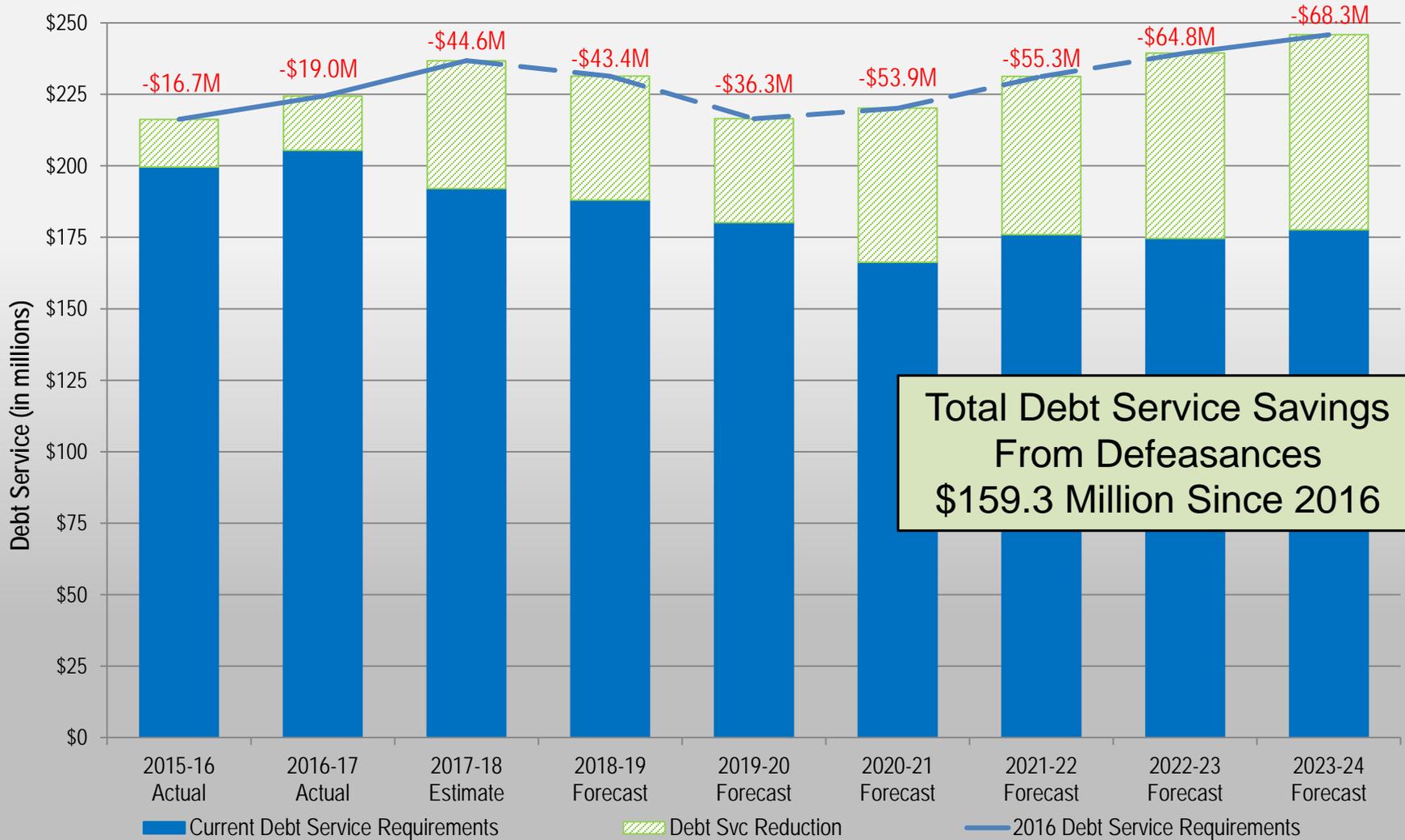
Significant Budget Changes

Description	Amount
Increase in chemical costs	\$2.8 million
Increase in Fleet Preventative Maintenance and Fuel	\$1.7 million
17 new full-time positions	\$1.9 million
Increased employee wages & market study adjustment	\$4.4 million
Increased cash transfers for pay-as-go CIP financing	\$0.8 million
Decrease to Interdepartmental Street Cut Repair	(\$2.5 million)
Decrease to Utility Billing Support	(\$0.9 million)
Decrease in debt service requirements	(\$1.5 million)
Decrease in transfers for debt defeasance	(\$10.5 million)

- **Capital Recovery Fees (“CRF”)**
 - Significant fee increase in 2014 to have development pay for itself
 - 2019 projected net revenue of \$34.2 million
- **\$45.2M debt defeasance in 2019 reduced future debt service requirements by \$48.4M through 2026**
- **\$149.4M in total debt defeasances since 2016 with \$159.3M in debt service savings**
- **Proposed use of Capital Recovery Fee revenues for \$34.7M debt defeasance in 2020**

Debt Management Impact

Total Debt Service Requirements Comparison 2016 to Current





Average Residential Customer Proposed Bill Impacts

Non-CAP Customers	Current 2019 Rates ¹	Proposed 2020 Rates ¹	\$ Variance	% Variance
Water Service ²	\$ 40.31	\$ 40.31	\$ -	0.0%
Wastewater Service	40.48	40.48	-	0.0%
Total Revenue	<u>\$ 80.79</u>	<u>\$ 80.79</u>	<u>\$ -</u>	<u>0.0%</u>

CAP Customers	Current 2019 Rates ¹	Proposed 2020 Rates ¹	\$ Variance	% Variance
Water Service ²	\$ 21.49	\$ 19.49	\$ (2.00)	-9.3%
Wastewater Service	26.48	24.48	(2.00)	-7.6%
Total Revenue	<u>\$ 47.97</u>	<u>\$ 43.97</u>	<u>\$ (4.00)</u>	<u>-8.3%</u>

Notes:

1. Bills based on 5,800 gallons of water and 4,000 gallons of wastewater discharge
2. Water bills include the Reserve Fund Surcharge

Customer Assistance Program

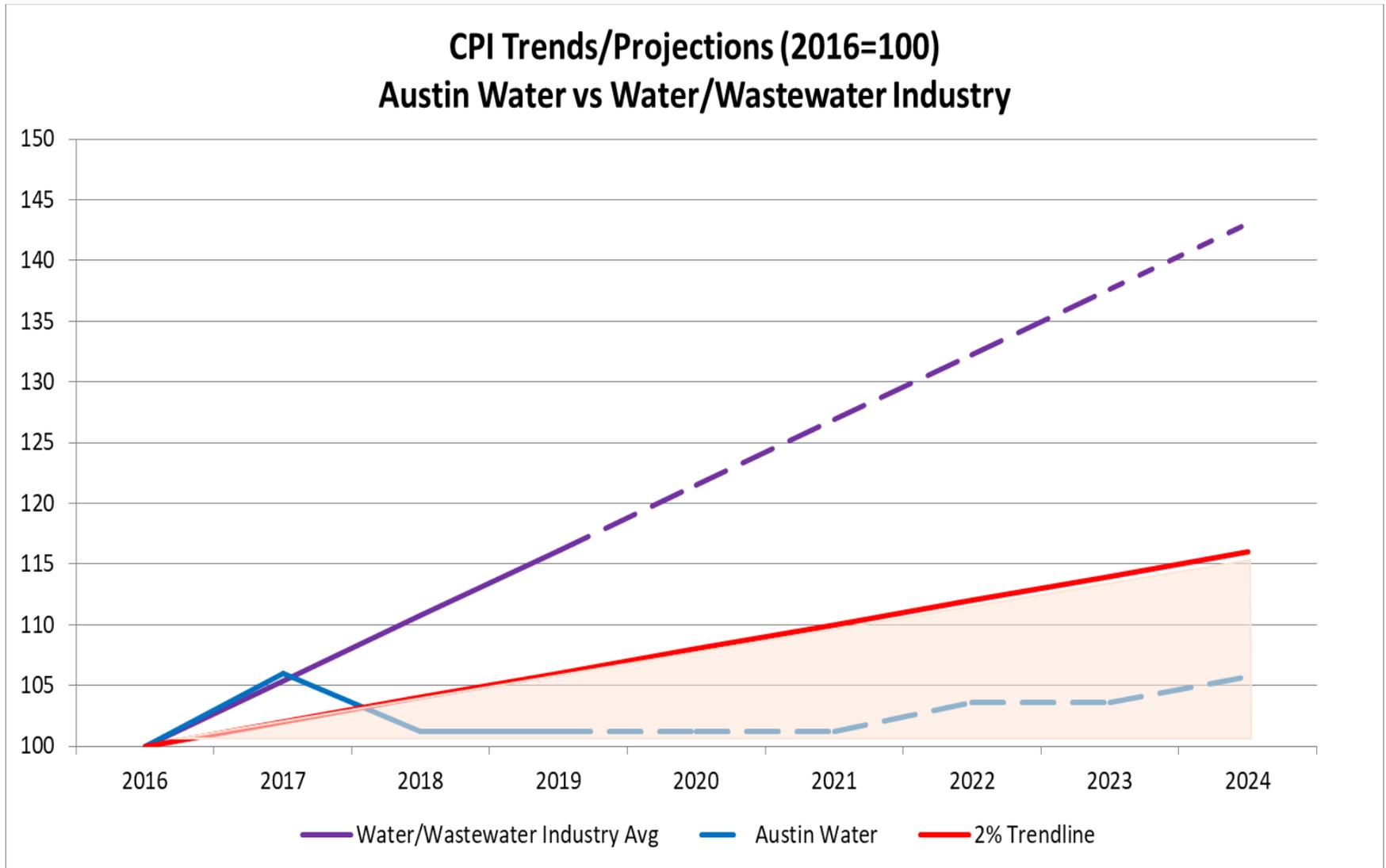
Customer Assistance Program Overview

- \$0.15 per thousand gallon charge to all retail customers
- Approximately 12,100 CAP participants
- Waived fixed fees and discounted volume rates
- Proposed \$4.00 reduction in CAP average monthly bill
- Increase CAP discount from 40.6% to 45.6% of Non-CAP bill

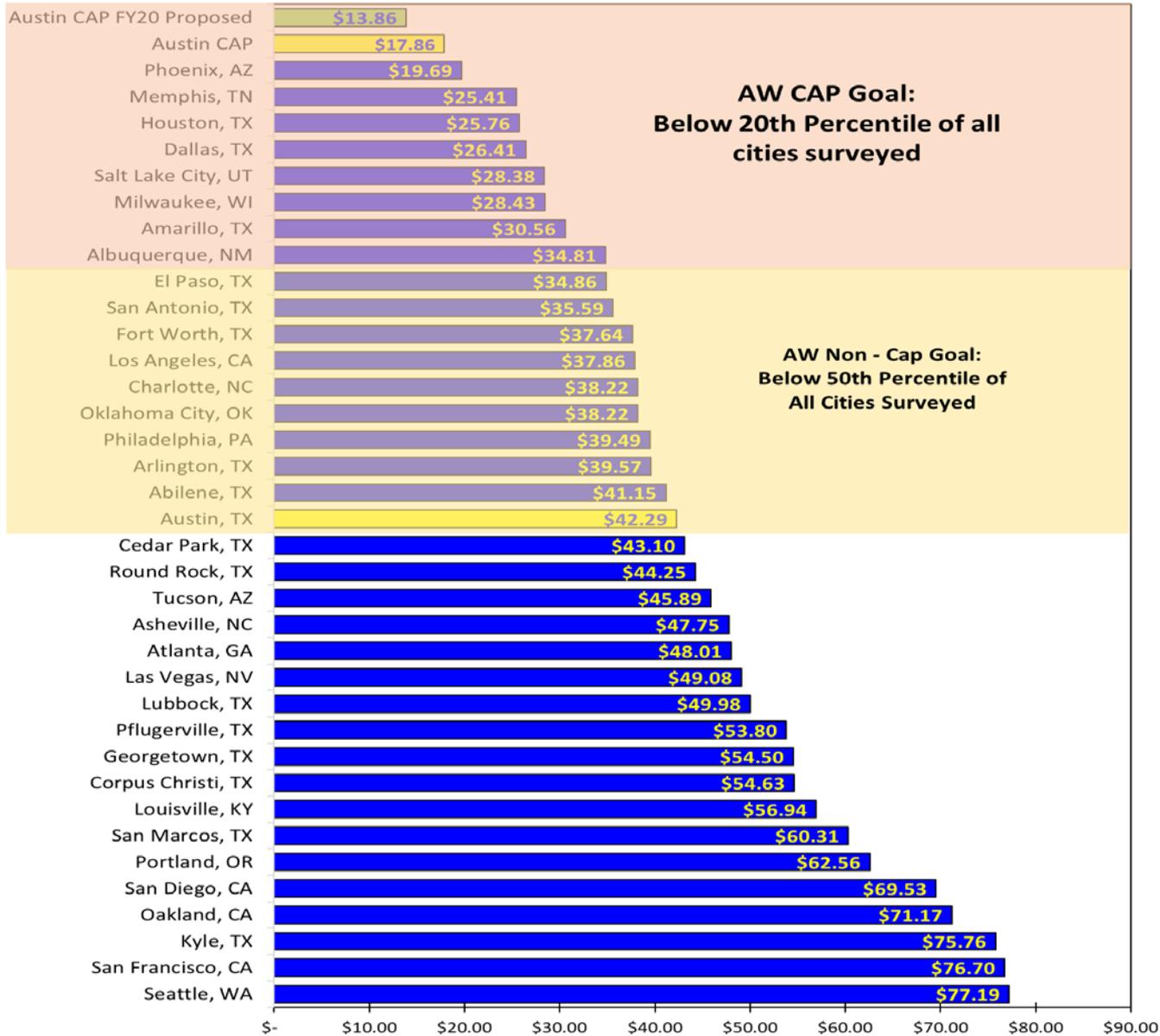
2020 Average Monthly Bill Comparison: Non-CAP vs. CAP				
	<u>Non-CAP</u>	<u>CAP</u>	<u>\$ Discount</u>	<u>% Discount</u>
Water	\$ 40.31	\$ 19.49	\$ 20.82	51.6%
Wastewater	40.48	24.48	16.00	39.5%
Combined	<u>\$ 80.79</u>	<u>\$ 43.97</u>	<u>\$ 36.82</u>	<u>45.6%</u>

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

Affordability Metrics



Affordability Metrics

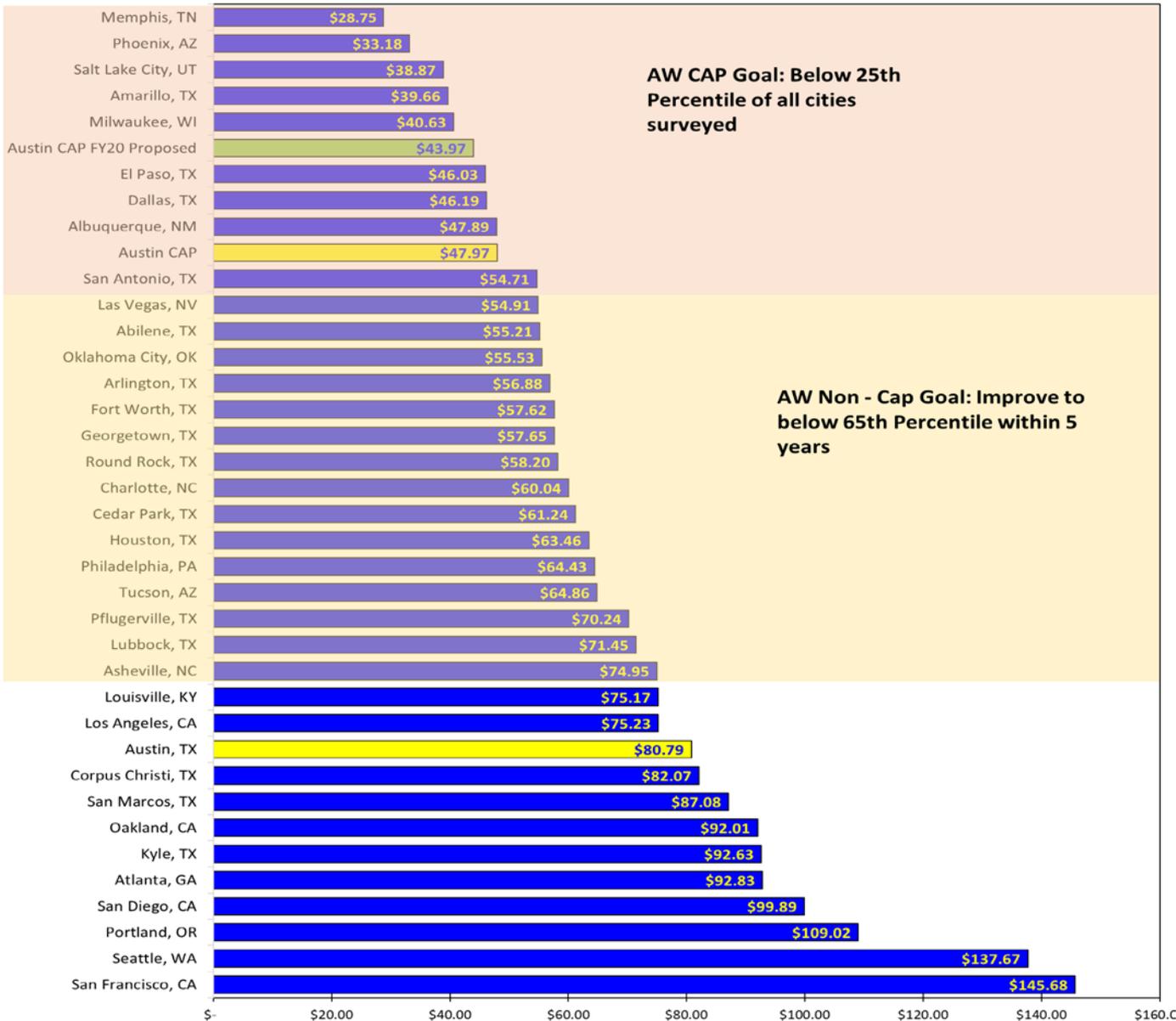


Average Monthly Bill Comparison

Combined Bill
Residential
Low Volume

Existing Rates
3,000 gallons water
and 2,000 gallons
wastewater

Affordability Metrics

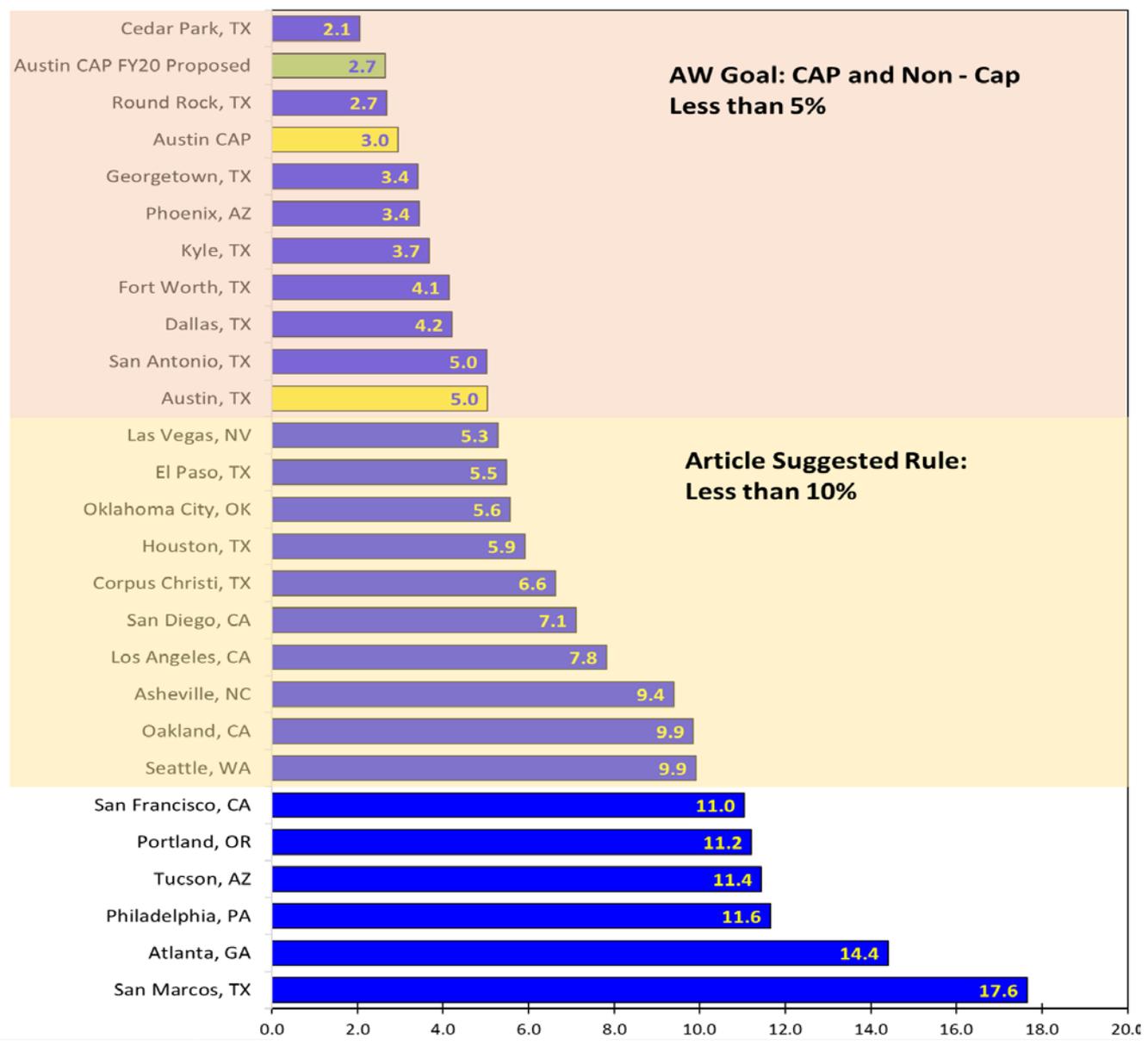


Average Monthly Bill Comparison

Combined Bill Residential Average Volume

Existing Rates
5,800 gallons water
and 4,000 gallons
wastewater

Affordability Metrics



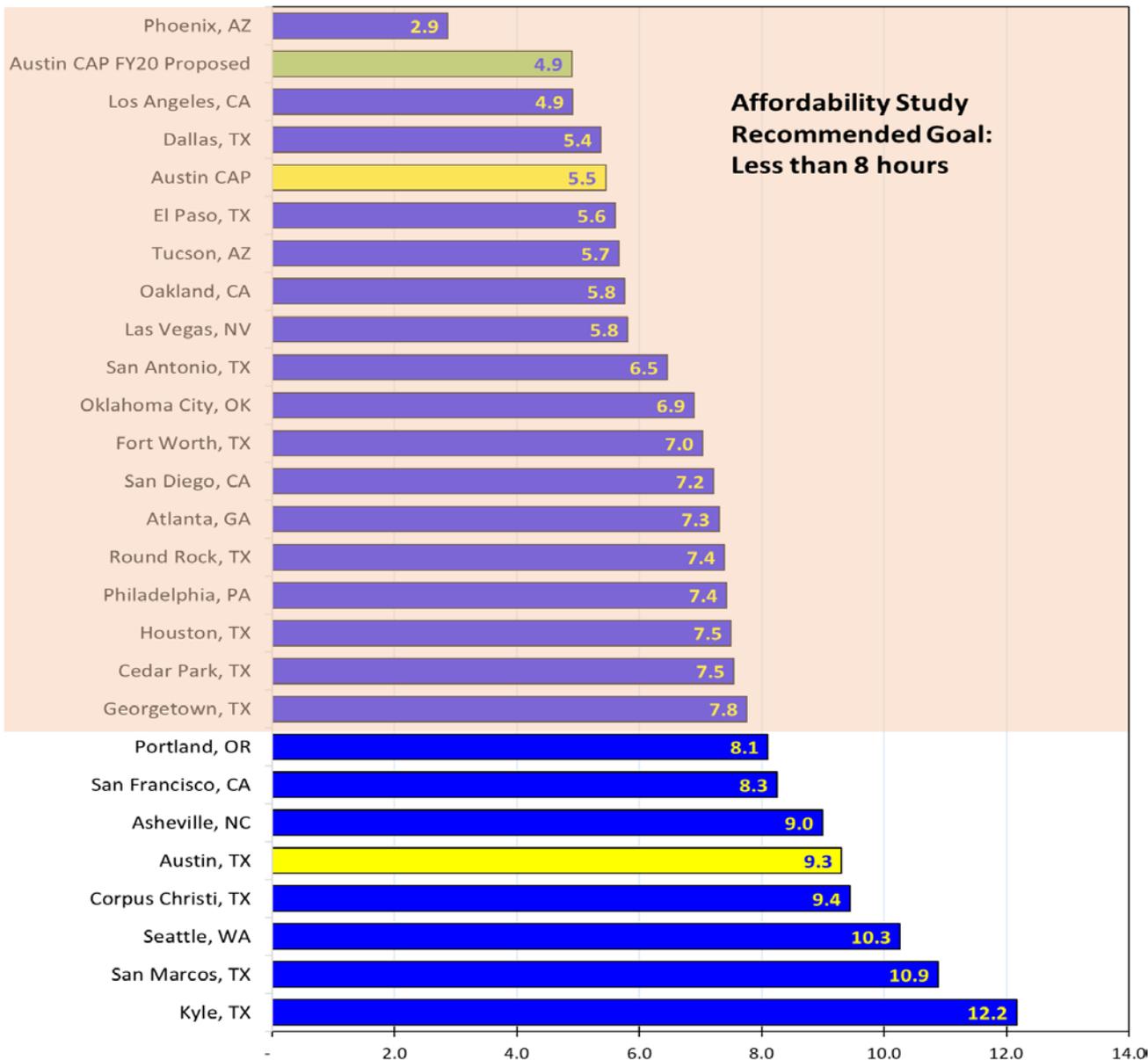
Affordability Ratio (AR₂₀)

Combined Bill Residential

20th Percentile Household Income % Income after paying for essential needs

Existing Rates 4,000 gallons water and 4,000 gallons wastewater

Affordability Metrics



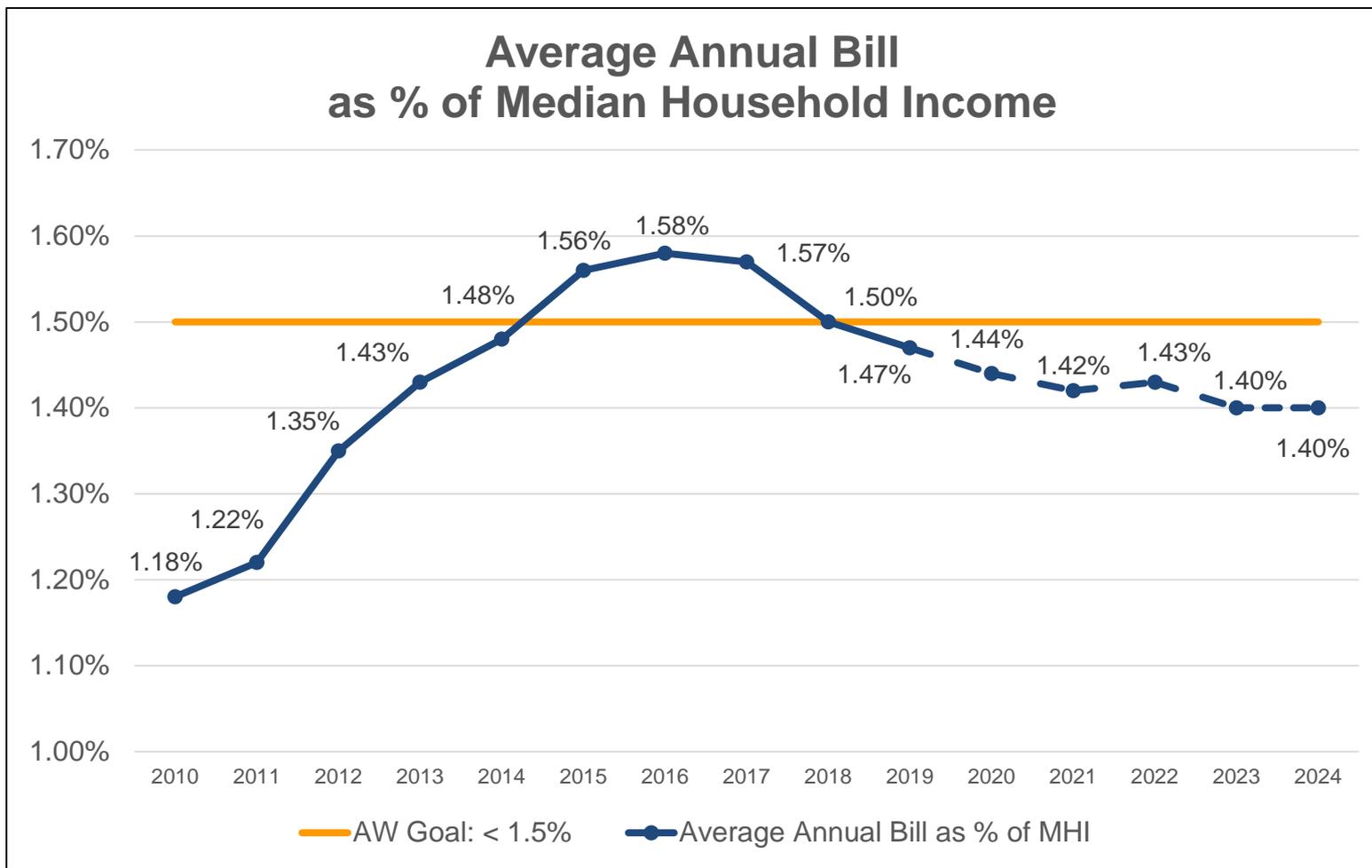
Hours Minimum Wage

Combined Bill Residential

Number of Hours at Minimum Wage to Pay for Basic Services

Existing Rates 4,000 gallons water and 4,000 gallons wastewater

Affordability Metrics



AW Goal: 1.5% or less

Capital Improvement Spending Plan

\$975.2 Million 5-year Capital Spending Plan

\$ in millions	5-Year CIP Plan FY 2020-2024					
	2020	2021	2022	2023	2024	Total
Water	\$ 85.4	\$ 87.9	\$ 76.4	\$ 72.6	\$ 93.3	\$ 415.6
Wastewater	84.5	120.0	119.1	101.2	93.5	518.3
Reclaimed	5.5	9.4	10.7	9.6	6.1	41.3
Combined	<u>\$ 175.4</u>	<u>\$ 217.3</u>	<u>\$ 206.2</u>	<u>\$ 183.4</u>	<u>\$ 192.9</u>	<u>\$ 975.2</u>

Proposed 5-Year CIP Spending Plan

Capital Spending Category	5-Year CIP Spending Plan
Wastewater Treatment Plants	\$322.2M
Water Pipe System	\$213.8M
Wastewater Pipe System	\$154.5M
Water Treatment Plants	\$100.2M
Reservoirs	\$47.9M
Reclaimed Water System	\$41.3M
Pump Stations	\$26.6M
Lift Stations	\$18.9M
Information Technology	\$16.6M
Buildings and Improvements	\$15.6M
Vehicles and Equipment	\$15.0M
Other Projects	\$2.6M
Proposed 5-Year CIP Spending Plan Total	\$975.2M

Fund Summary

(In Millions)	Estimated 2019	Amended 2019	Proposed 2020
Beginning Balance	\$ 215.8	\$ 191.7	\$ 197.9
Revenue	551.9	565.4	577.2
Transfers In	45.3	48.7	47.3
Available Funds*	\$ 597.2	\$ 614.1	\$ 624.5
Operating Requirements	237.6	238.0	244.3
Debt Service	183.1	188.0	186.5
Transfers Out	194.4	194.4	184.7
Total Requirements*	\$ 615.1	\$ 620.4	\$ 615.5
Excess (Deficiency)	(17.9)	(6.3)	9.0
Ending Balance	\$ 197.9	\$ 185.4	\$ 206.9

Debt Coverage	1.66	1.68	1.75
Days Cash on Hand	239	274	244
% Cash for CIP Spending	37.1%	35.0%	44.0%

FY2020 Proposed Budget complies with all Council approved financial policies.

