



**Water and  
Wastewater  
Commission**

**Austin Water  
Proposed FY2021  
Budget**

**July 15, 2020**

- **Proposed Budget Overview**
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- **Average Residential Bills / CAP Customer Bills**
- **Capital Improvement Budget**
- **Affordability Metrics**
- **Fund Summary**

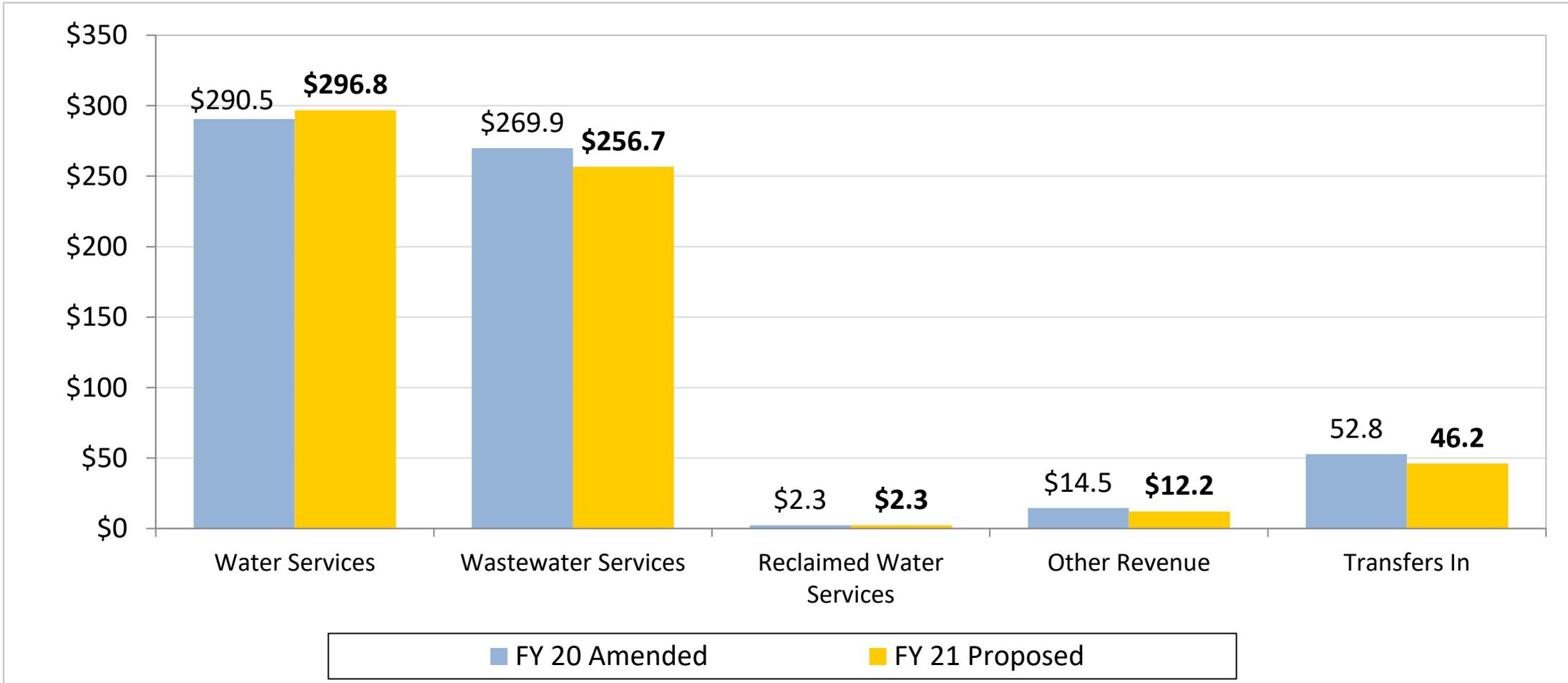
- **0% Rate Revenue Increase for 2021**
  - Continued improvements to affordability
  - CAP customer rate reduction for COVID-19 extended for all of 2021
    - \$4.38 average bill reduction
- **Continued debt management strategies**
  - Debt defeasances and refinancing
  - \$40 million debt defeasance in FY 2020 resulting in \$40.2 million in debt savings
  - \$46.5 million decrease in FY 2021 debt service requirements due to all previous defeasances and refundings since 2016
- **18 new full-time positions**
  - 4 operations positions, 1 engineering program position, 3 environmental planning & development program positions, 5 support services positions, 3 positions supporting AMI and 2 positions supporting Water Forward

# Sources of Funds

## Austin Water Revenue and Transfers In:

FY 20 Amended: \$ 630.0 million

FY 21 Proposed: \$ 614.2 million



# Uses of Funds

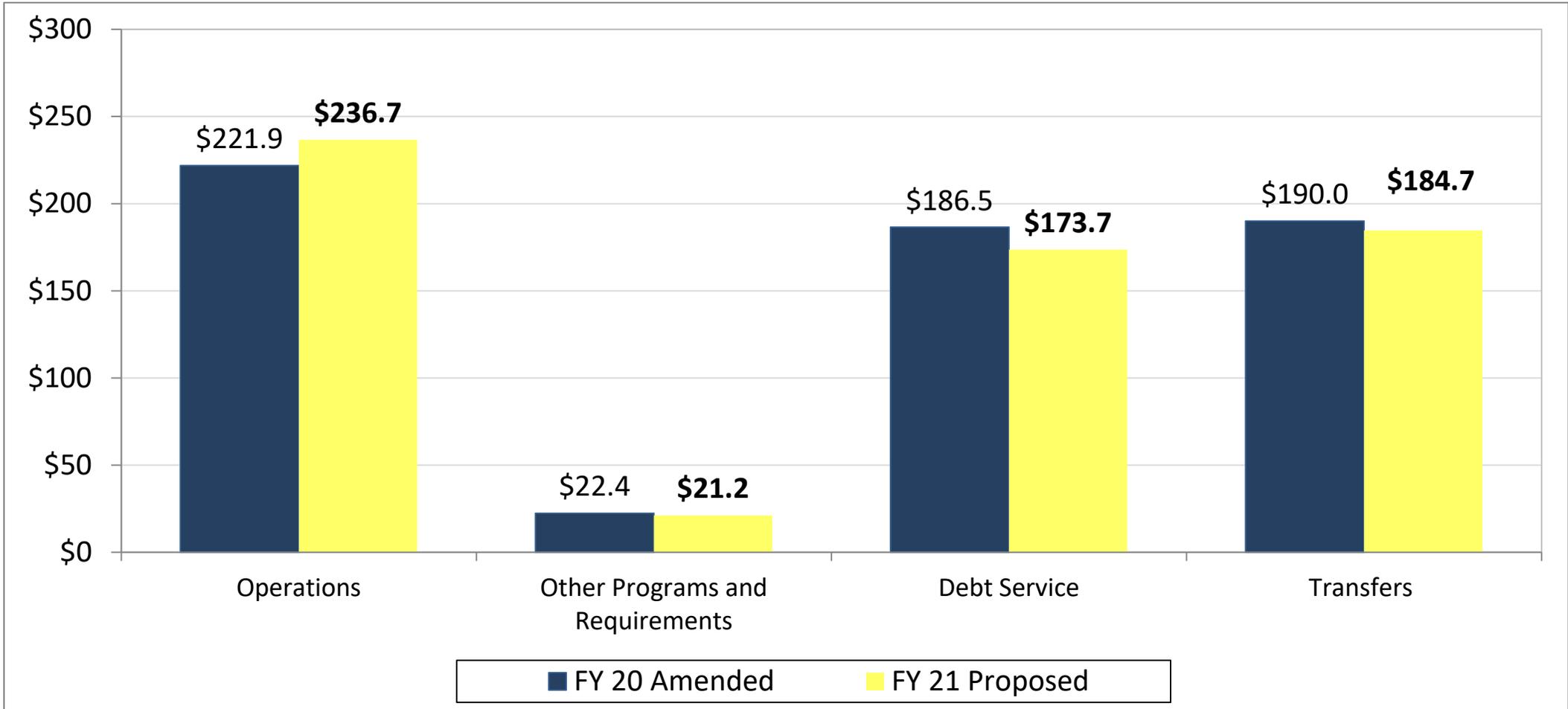
## Austin Water Expenses and Transfers Out:

FY 20 Amended: \$620.8 million

FY 21 Proposed: \$616.3 million

**FY 2021 Positions: 1,236**

**↑ 18.0**



# Significant Budget Changes

Description	Amount
Increase in cash transfers for pay-as-you-go CIP financing	\$10.0 million
Increase in Balcones Canyon Preserve and Longhorn Dam operating costs by decreasing in Expense Refunds from the General Fund	\$2.1 million
18 new full-time positions	\$2.0 million
Increase in employee wages enhancement (2%)	\$1.9 million
Increase in AMI metering contract warranty and annual maintenance costs	\$1.2 million
New On-site Reuse Incentive Grant	\$1.0 million
Increase in building inspections, maintenance and repairs	\$0.9 million
Increase in City Administrative Support Costs	\$0.9 million
Decrease in General Fund Transfer	(\$0.9 million)
Decrease in debt service requirements	(\$12.8 million)
Decrease in transfers for debt defeasance	(\$15.0 million)

- **Capital Recovery Fees (“CRF”)**

- Projected CRF net revenues of \$32 million for FY20
- Proposed use of CRF revenues of \$35M to be used for FY21 debt defeasance

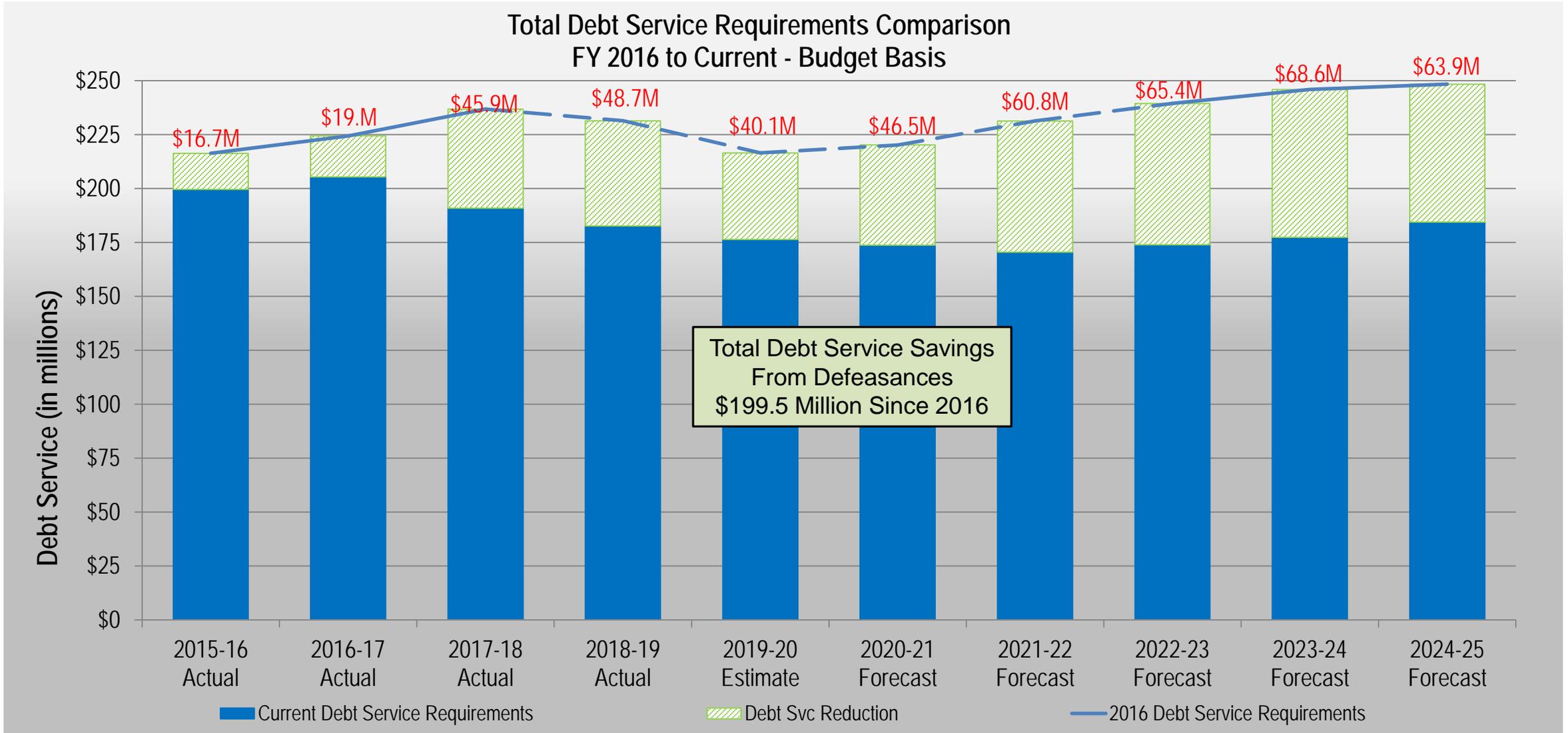
- **Debt Defeasance**

- \$40.0 million of debt defeased in FY20 used to reduce future debt service requirements by \$40.2 million through 2023
- \$189.4 million in total debt defeasances since 2016 with \$199.5 million in debt service savings

- **TWDB Loans**

- Continued use of TWDB low-interest loans for major CIP projects

# Debt Management Impact





# Average Residential Customer Proposed Bill Impacts

<b>Non-CAP Customers</b>	Current 2020 Rates <sup>1</sup>	Proposed 2021 Rates <sup>1</sup>	\$ Variance	% Variance
Water Service <sup>2</sup>	\$ 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>

<b>CAP Customers</b>	Current 2020 Rates <sup>1</sup>	Proposed 2021 Rates <sup>1</sup>	\$ Variance	% Variance
Water Service <sup>2</sup>	\$ 19.49	\$ 17.57	\$ (1.92)	-9.9%
Wastewater Service	24.48	22.02	(2.46)	-10.0%
Total Revenue	<u>\$ 43.97</u>	<u>\$ 39.59</u>	<u>\$ (4.38)</u>	<u>-10.0%</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 Overview

- \$0.15 per thousand gallon charge to all retail customers
- Approximately 13,180 CAP participants
- Waived fixed fees and discounted volume rates
- Proposed \$4.38 reduction in CAP average monthly bill
- Increase CAP discount from 45.6% to 51.0% of Non-CAP bill

2021 Average Monthly Bill Comparison: Non-CAP vs. CAP				
	<u>Non-CAP</u>	<u>CAP</u>	<u>\$ Discount</u>	<u>% Discount</u>
Water	\$ 40.31	\$ 17.57	\$ 22.74	56.4%
Wastewater	40.48	22.02	18.46	45.6%
Combined	<u>\$ 80.79</u>	<u>\$ 39.59</u>	<u>\$ 41.20</u>	<u>51.0%</u>

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

# Capital Improvement Spending Plan

## \$971.0 Million 5-year Capital Spending Plan

### 5-Year CIP Plan FY 2021-2025

\$ in millions

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Total</u>
<b>Water</b>	<b>\$ 87.3</b>	<b>\$ 88.1</b>	<b>\$ 60.6</b>	<b>\$ 69.6</b>	<b>\$ 71.9</b>	<b>\$ 377.5</b>
<b>Wastewater</b>	<b>83.6</b>	<b>123.6</b>	<b>123.0</b>	<b>103.4</b>	<b>128.4</b>	<b>562.0</b>
<b>Reclaimed</b>	<b>5.3</b>	<b>6.7</b>	<b>8.7</b>	<b>7.7</b>	<b>3.1</b>	<b>31.5</b>
<b>Combined</b>	<b><u>\$ 176.2</u></b>	<b><u>\$ 218.4</u></b>	<b><u>\$ 192.3</u></b>	<b><u>\$ 180.7</u></b>	<b><u>\$ 203.4</u></b>	<b><u>\$ 971.0</u></b>

# Proposed 5-Year CIP Spending Plan

Capital Spending Category	5-Year CIP Spending Plan
Wastewater Treatment Plants	\$343.8M
Water Pipe Network	\$181.5M
Wastewater Pipe Network	\$169.5M
Water Treatment Plants	\$75.0M
Reservoirs	\$57.8M
Reclaimed Water Network	\$31.6M
Pump Stations	\$28.6M
Buildings and Improvements	\$28.1M
Lift Stations	\$18.3M
Information Technology	\$17.7M
Vehicles and Equipment	\$16.5M
Other Projects	\$2.6M
<b>Proposed 5-Year CIP Spending Plan Total</b>	<b>\$971.0M</b>

# Affordability Metrics

- **Rate Changes**

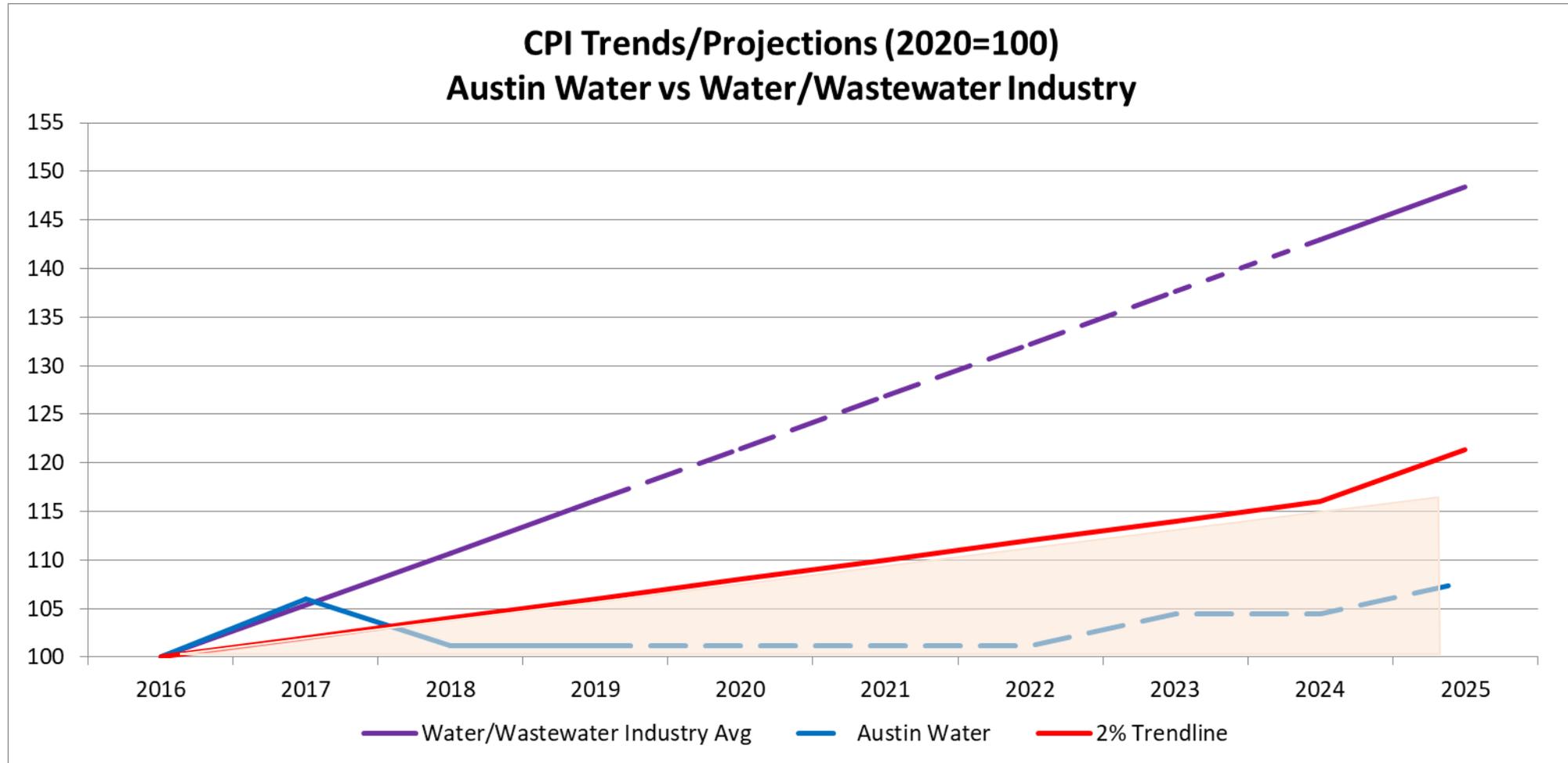
- FY18 – 4.8% rate reduction
- FY19 – 0% rate increase
- FY20 – 0% rate increase
- FY21 – 0% rate increase
- Projected FY22 – 0% rate increase

- **Continued focus on CAP Customer Affordability**

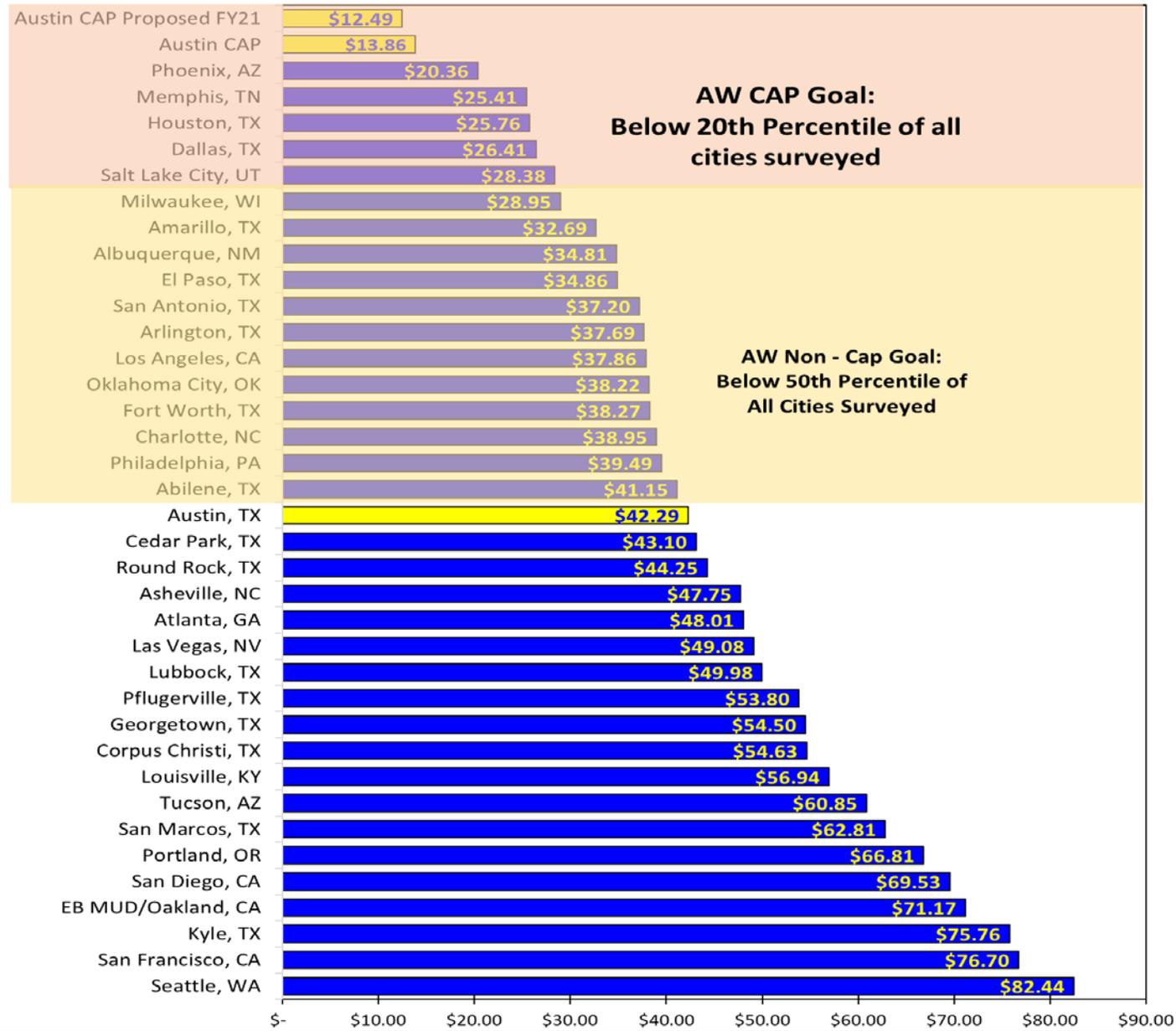
- FY18 – 11.4% rate reduction
- FY19 – 0% rate increase
- FY20 – 8.3 % rate reduction
- FY21 – 10% rate reduction for maintaining COVID discounts

- **COVID Bill Relief**

- 10% rate reduction for CAP and Non-CAP on Water blocks 1, 2, & 3 and Wastewater blocks 1 & 2
- CAP Customer 10% rate reduction extension for FY21
- \$5 million in additional funds to Plus 1 Assistance Program from both AW and AE



# Affordability Metrics



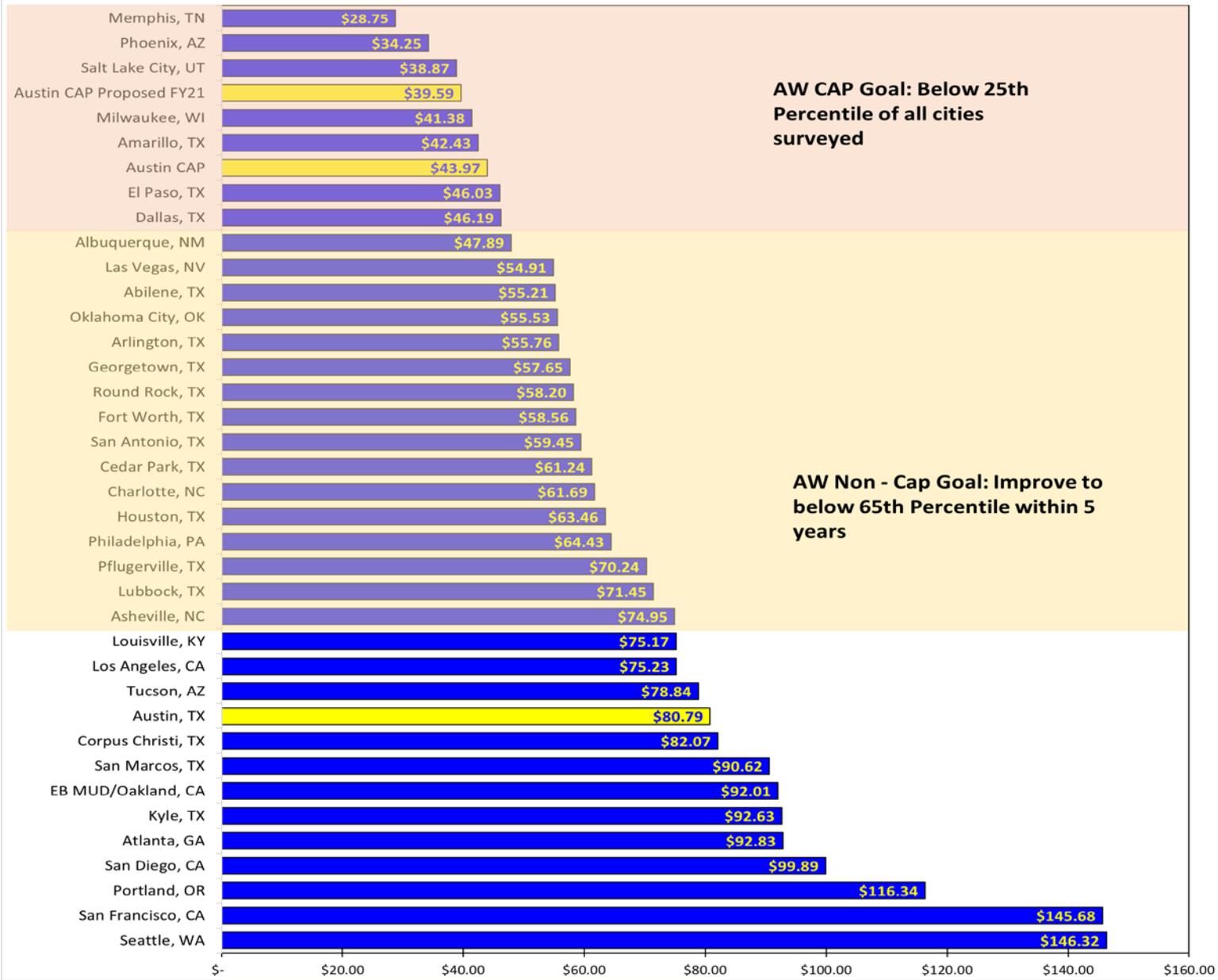
**CAP Customers  
lowest of all cities**

**Average  
Monthly  
Bill Comparison**

**Combined Bill  
Residential  
Low Volume**

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

# Affordability Metrics



**FY21 CAP Increased Ranking 6<sup>th</sup> ↑ 4<sup>th</sup>.**

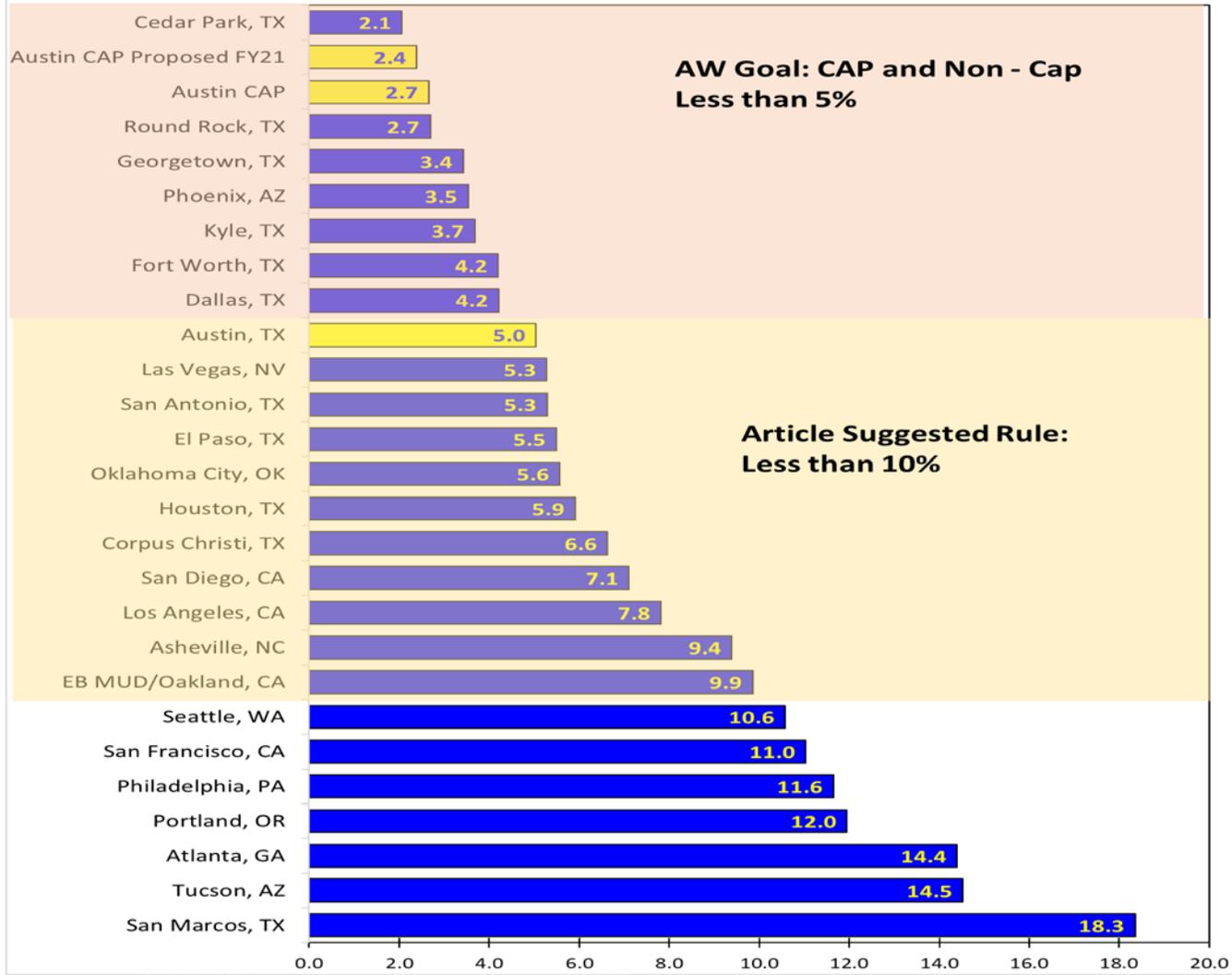
## Average Monthly Bill Comparison

Combined Bill Residential Average Volume

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

# Affordability Metrics

**Basic Water and Wastewater Services  
Affordability Ratio 20 (AR<sub>20</sub>)  
Existing Rates - (4,000 Gallons Consumption and 4,000 Gallons  
Flows)**



**FY21 CAP is 2nd  
Lowest in Ranking**

**Affordability Ratio  
(AR<sub>20</sub>)**

Preliminary Numbers

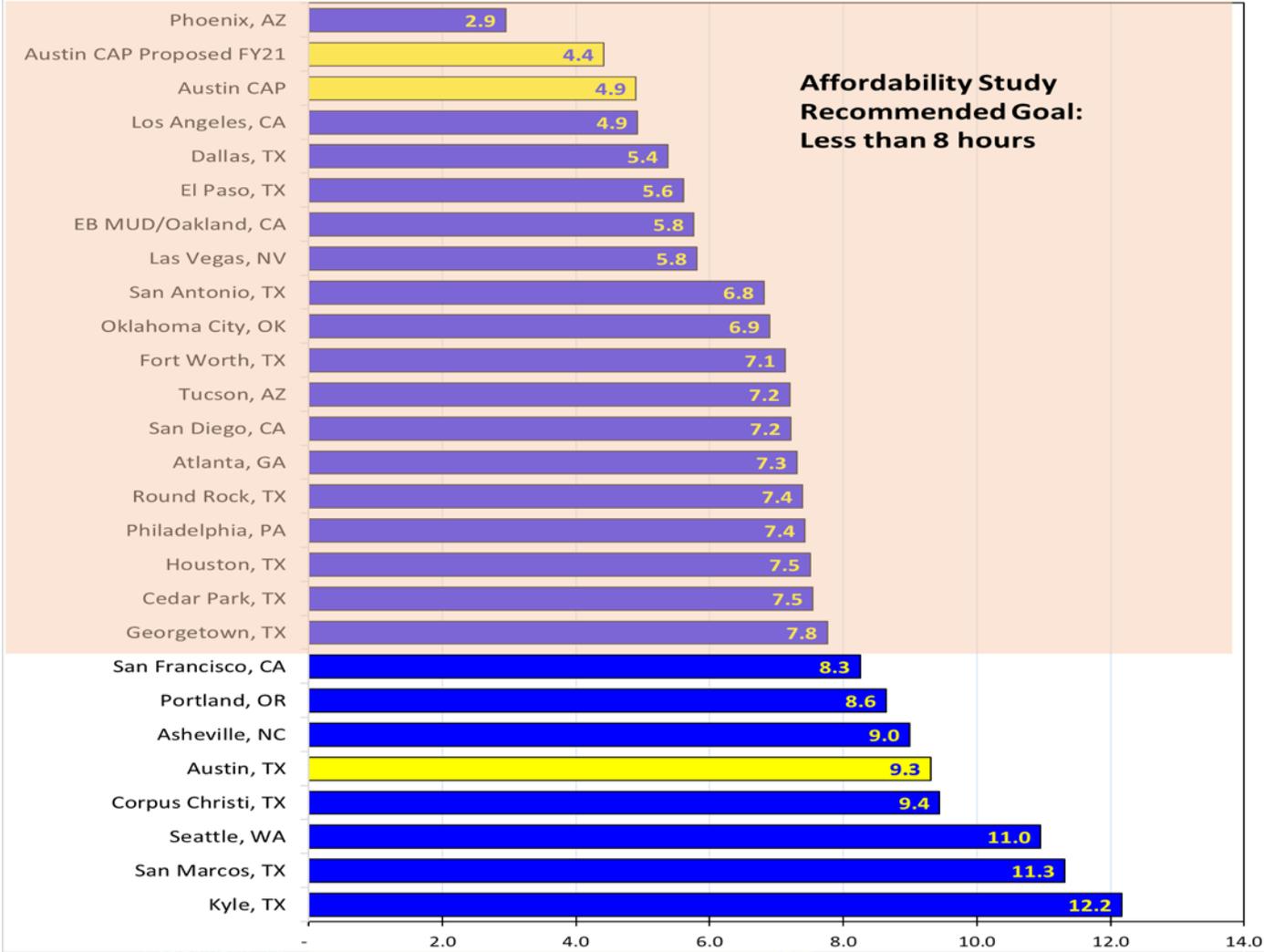
Combined Bill  
Residential

20<sup>th</sup> 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 to Pay for Basic Water and Wastewater Services**  
Existing Rates - (4,000 Gallons Consumption and 4,000 Flows)



**FY21 CAP is 2<sup>nd</sup> Lowest in Ranking**

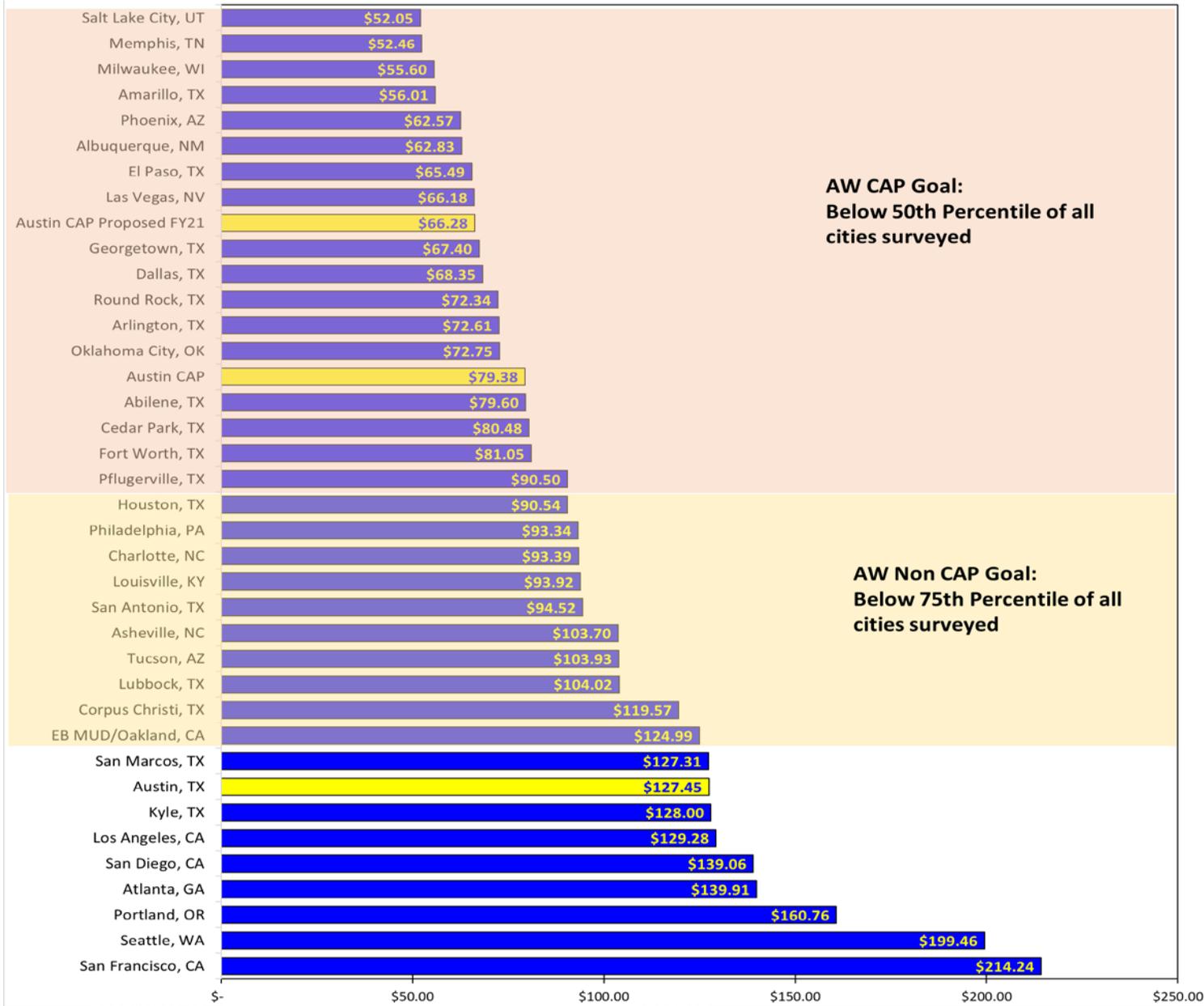
**Hours Minimum Wage**  
Preliminary Numbers

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



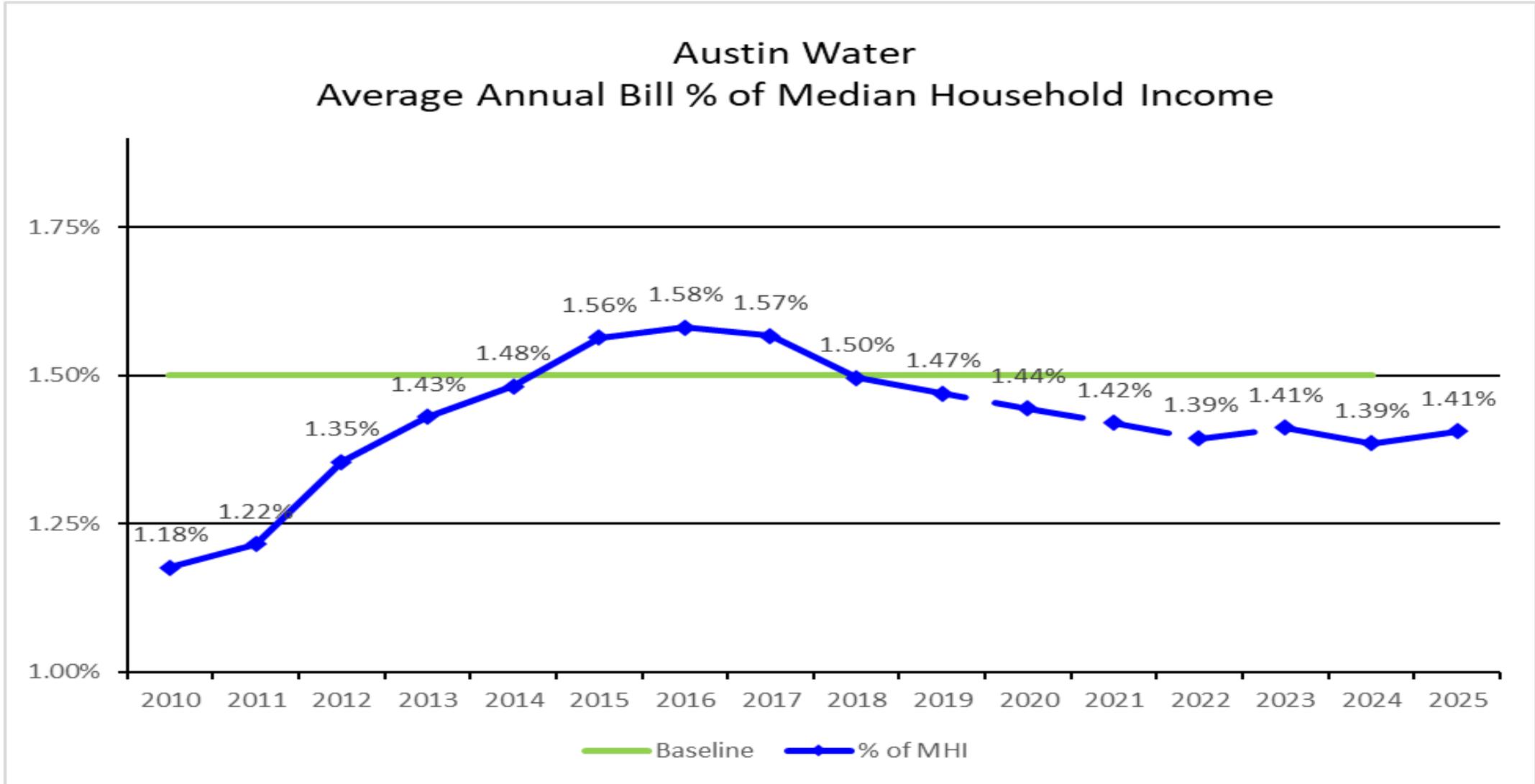
**FY21 CAP**  
**Increased Ranking**  
 14<sup>th</sup> 9<sup>th</sup>.

## AVERAGE MONTHLY BILL COMPARISON

Combined Bill Residential

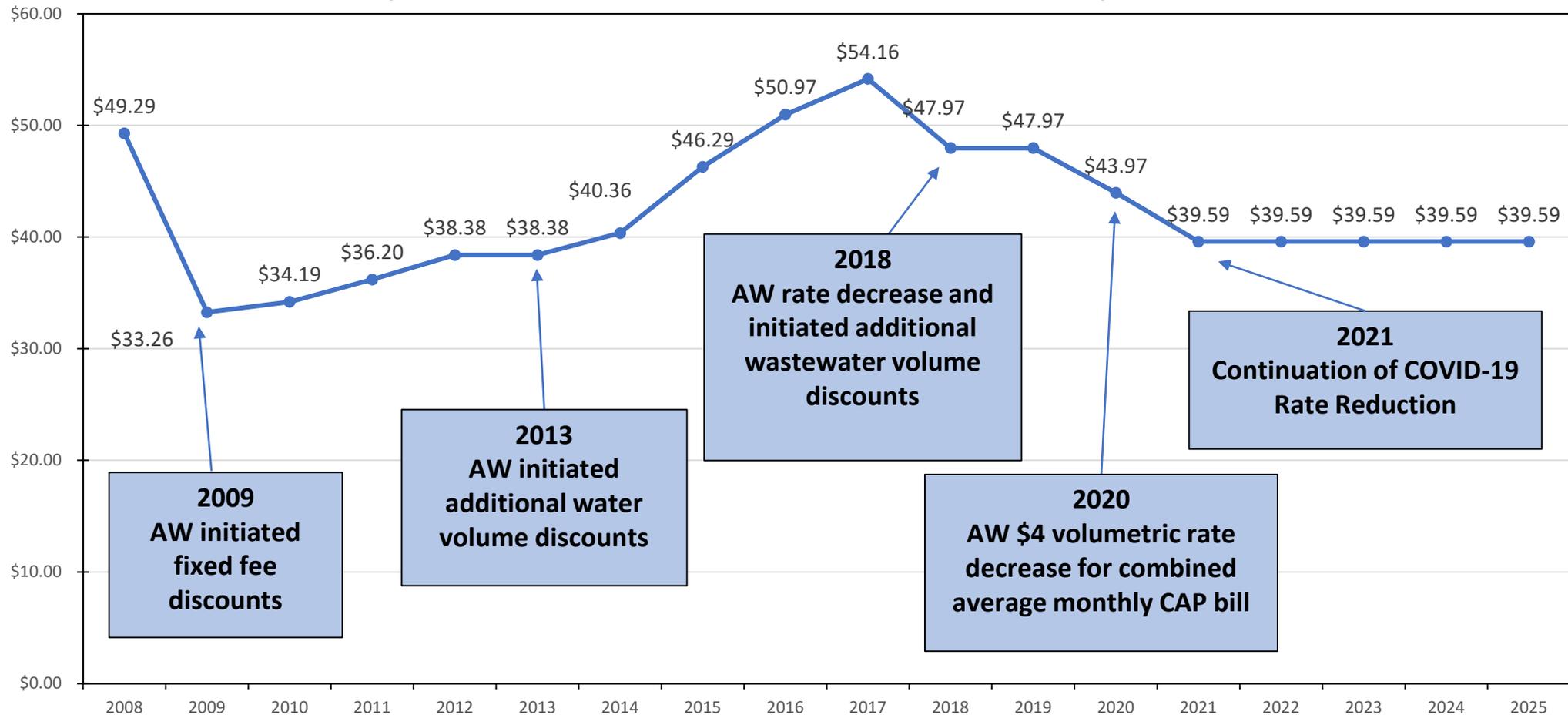
Existing Rates  
 10,000 gallons water  
 and  
 5,000 gallons wastewater

**AW Goal: 1.5% or less**



# Historical CAP Customer Water and Wastewater Bills

**CAP Customer Historical Water and Wastewater Bills  
(5,800 Gals. Water and 4,000 Gals. Wastewater)**



# Fund Summary

(In Millions)	Amended 2020	Estimated 2020	Proposed 2021
<b>Beginning Balance</b>	<b>\$ 197.9</b>	<b>\$ 201.8</b>	<b>\$ 206.4</b>
Revenue	577.2	557.0	568.0
Transfers In	52.8	50.8	46.2
<b>Available Funds*</b>	<b>\$ 630.0</b>	<b>\$ 607.8</b>	<b>\$ 614.2</b>
Operating Requirements	244.3	246.9	257.9
Debt Service	186.5	176.3	173.7
Transfers Out	190.0	180.0	184.7
<b>Total Requirements*</b>	<b>\$ 620.8</b>	<b>\$ 603.2</b>	<b>\$ 616.3</b>
<b>Excess (Deficiency)</b>	<b>9.2</b>	<b>4.6</b>	<b>(2.1)</b>
<b>Ending Balance</b>	<b>\$ 207.1</b>	<b>\$ 206.4</b>	<b>\$ 204.3</b>

Debt Coverage	1.75	1.71	1.74
Days Cash on Hand	244	258	246
% Cash for CIP Spending	44.0%	39.8%	47.2%

**FY2021 Proposed Budget complies with all Council approved financial policies.**

