Austin WATER

Water and Wastewater Budget Committee

April 25, 2022

Agenda

- **February 2022 Boil Water Notice Budget Amendment**
- **Austin Water Financial Forecast Fiscal Year 2023-2027**
  - Revenue Summary
  - Requirements Summary
  - Rates and Bill Impacts
  - Forecast Fund Summary
- **Debt Management Update**
- **Budget Schedule**
- **Budget Committee Recommendations/Input**

Revenue Background & Assumptions

- Service rate increases forecasted in FY 2024 and FY 2026
- Modest customer account growth of 1.5%
- 5,800 average monthly residential water consumption
- 3,700 average monthly residential wastewater flows
- Minimal pandemic impact on revenues
- Working to update wholesale rates as contracts come up for renewal

Forecast Revenue Summary

	Amended	Forecast				
(In Millions)	FY22	FY23	FY24	FY25	FY26	FY27
Water Service	$ 311.1	$ 315.2	$ 334.7	$ 339.0	$ 350.4	$ 354.9
Wastewater Service	273.5	278.1	294.2	297.1	313.9	317.1
Reclaimed Service	2.4	2.7	2.9	2.9	3.0	3.0
Other Revenue	8.0	9.1	9.4	9.6	9.7	10.0
Transfers In	75.0	63.0	61.4	53.6	57.8	63.1
Total Revenue	**$670.0**	**$668.1**	**$702.6**	**$702.2**	**$734.8**	**$748.1**

$ Increase from Prior Year		$ (1.9)	$ 34.5	$ (0.4)	$ 32.6	$ 13.3
% Increase from Prior Year		-0.3%	5.2%	-0.1%	4.6%	1.8%

Requirement Assumptions

- **Personnel costs**
  - Forecasted 2% across the board wage increase
  - Inter-departmental costs provided by Budget Office
  - Continued staffing investments – new FTEs proposed to support resiliency, strategic initiatives and customer growth
- **Increased costs due to inflation and supply chain issues**
- **Cash funding as a percent of capital projects expected to decline as capital spending plan grows**
- **Continued debt management efforts**

Program Requirements Assumptions

Amount Increased in FY23 Forecast (in millions)	Description
$4.9	45 New FTEs
$3.7	Significant Increase items: $0.7M for on-going and $3M for FY2023 one-time cost
$2.3	2% Wage Adjustment
$1.3	8% Health Insurance
$0.9	2% Inflation Other Contractuals
$0.4	7% Fleet Maintenance
$0.3	2% Inflation Chemical
$0.3	2% Inflation Other Commodities
$0.1	5% Fleet Fuel
$14.2	**Total Forecast Program Requirements Assumptions**

Budget Office FY23 City-wide Assumptions

- Insurance: $13,550 per FTE in FY 2023 (8% Increase from FY22 Approved); 10% increases in out-years
- Fleet Fuel: 5% increase
- Fleet Maintenance: 7% increase
- CTM: 10% increase
- CTECC: 5% increase
- Radio Network Ops (formerly Trunked Radio): 5% increase
- Wireless Maintenance: 5% increase
- Accrued payroll: 3% increase
- Administrative Support: 5% increase
- Worker’s Compensation: 8% increase
- Liability Reserve: 0%

Austin Water FY23 Proposed New FTEs

Initiative	Proposed FTEs	Forecast Amount
Operational Optimization	15	1,652,544
Enterprise Resiliency	7	777,376
Employee and Leadership Development	5	606,205
Reducing contracted services	5	305,678
Customer Satisfaction	3	360,138
Stakeholder Understanding and Support	3	317,646
My ATX Water	2	256,704
Water Forward	2	253,704
Affordability	1	128,352
Infrastructure Strategy and Performance	1	135,230
Product Quality	1	104,487
Total	45	4,898,064

Forecast Requirements Summary

(In Millions)	Amended FY22	Forecast FY23	FY24	FY25	FY26	FY27
Operating Requirements	$ 272.4	$ 288.4	$ 296.9	$ 305.8	$ 315.1	$ 324.9
Debt Service	161.6	168.7	181.0	185.4	183.7	185.1
Transfers Out	220.7	214.8	221.0	216.5	225.3	225.2
Total Requirements	**$ 654.7**	**$ 671.9**	**$ 698.9**	**$ 707.7**	**$ 724.1**	**$ 735.2**
$ Increase from Prior Year		$ 17.7	$ 27.0	$ 8.8	$ 16.4	$ 11.1
% Increase from Prior Year		2.7%	4.0%	1.3%	2.3%	1.5%

Projected Rate Revenue Increases

Projected Service Rate Revenue Increases

Fund	FY23	FY24	FY25	FY26	FY27
Water:	0.0%	4.7%	0.0%	2.0%	0.0%
Wastewater:	0.0%	4.7%	0.0%	4.6%	0.0%
Combined WWW:	0.0%	4.7%	0.0%	3.2%	0.0%
Reclaimed:	0.0%	4.7%	0.0%	2.0%	0.0%

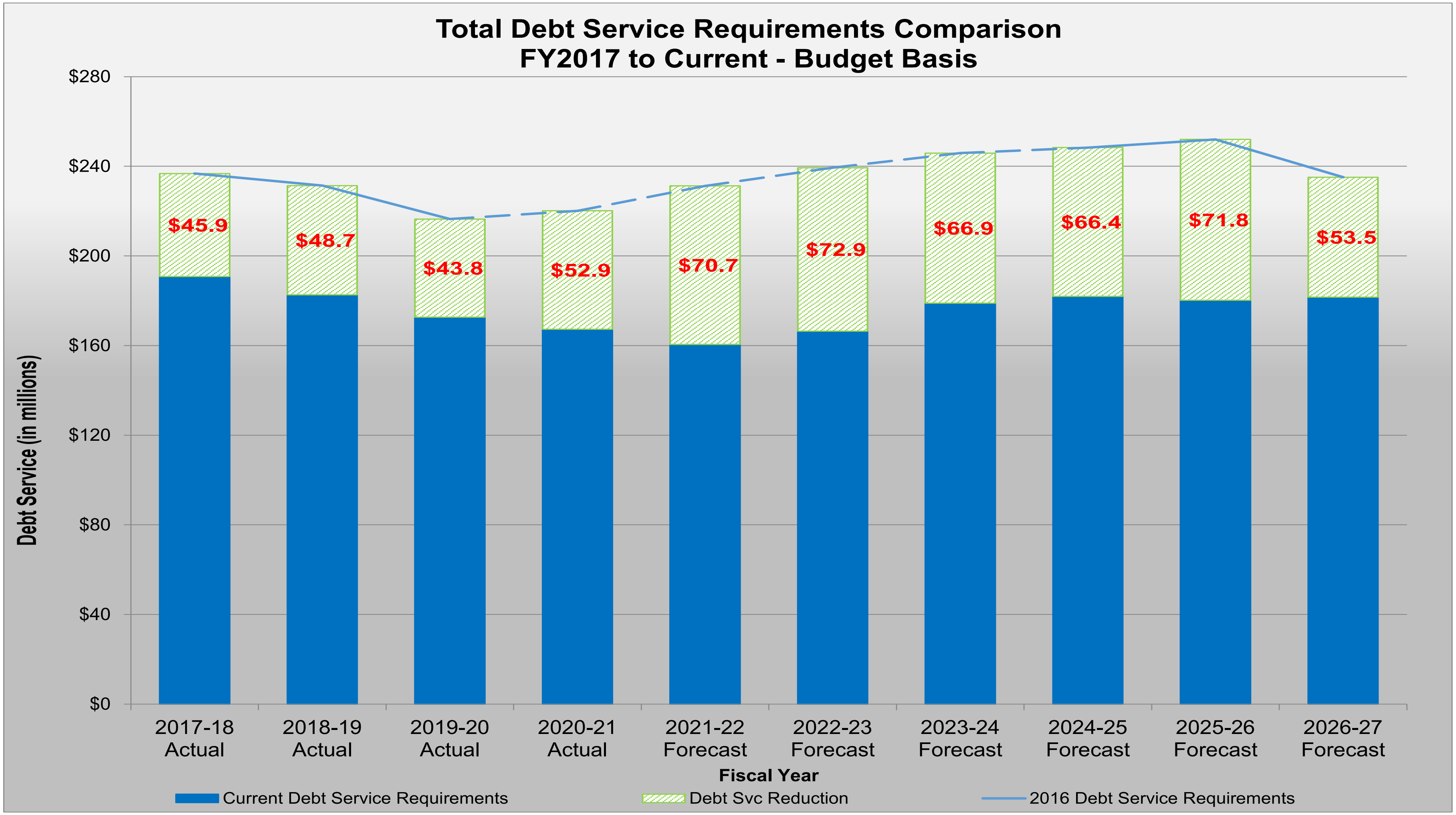
- Revenue Stability Reserve Fund Surcharge
  - Reduction in 2018 from $0.19 to current rate of $0.05 per 1,000 gallons
  - Reached 120 days of Operations & Maintenance in 2018

Forecast Fund Summary

	FY22 Estimated	FY23	FY24	FY25	FY26	FY27
Beginning Fund Balance	$213.70	$229.50	$225.70	$229.30	$223.80	$234.50
Revenue & Transfers In	$670.00	$668.10	$702.60	$702.20	$734.80	$748.10
Expenditures & Transfers Out	$654.20	$672.00	$699.00	$707.70	$724.10	$735.20
Change in Fund Balance	$15.80	($3.80)	$3.60	($5.50)	$10.70	$12.90
Ending Fund Balance	$229.50	$225.70	$229.30	$223.80	$234.50	$247.40
Average Monthly Bill (Typical Rate Payer)*	$80.79	$80.79	$84.49	$84.49	$87.49	$87.49
FTEs	1,298	1,343	1,384	1,399	1,414	1,429
Debt Service Coverage	1.85	1.75	1.78	1.75	1.86	1.82
Days Cash on Hand	276	256	252	239	242	248
Cash Financing % of Annual CIP Spending	-	38.14%	36.42%	33.32%	31.29%	31.77%

Forecast complies with all Council approved financial policies.

Debt Management Efforts



Questions?