

Austin Water Financial Forecast FY24 to FY28



Austin Water Forecast Considerations

💧 Increase operational and infrastructure resiliency

- Invest in staff retention as recommended in AW External Review
- Add positions to support operations, security, customer engagement, Water Forward
- Invest in key infrastructure projects

💧 Maintain financial strength and stability

- Financial condition significantly improved since drought of record from 2011 – 2015
- Stable bond ratings since 2016
- Continue debt management strategies

💧 Balance affordability with increasing cost drivers

- 4.8% retail rate reduction in FY 2018
- No rate increase for 5 years (FY 2019 – FY 2023)
- 4.4% average annual rate increase over the forecast period for base scenario
- 5.0% average annual rate increase over the forecast period for recommended scenario

Austin Water Baseline Forecast

	FY23 Estimated	FY24	FY25	FY26	FY27	FY28
Beginning Fund Balance	\$260.1	\$264.4	\$255.2	\$260.8	\$266.2	\$284.6
Revenue & Transfers In	\$681.3	\$694.3	\$743.9	\$797.3	\$833.2	\$839.2
Expenditures & Transfers Out	\$677.0	\$703.5	\$738.3	\$791.8	\$814.8	\$834.5
Change in Fund Balance	\$4.4	(\$9.2)	\$5.6	\$5.4	\$18.3	\$4.7
Ending Fund Balance	\$264.4	\$255.2	\$260.8	\$266.2	\$284.6	\$289.2
Average Residential Bill	\$80.79	\$83.62	\$90.50	\$96.86	\$100.06	\$100.06
Typical Rate Payer Combined Rate Increase %	0.0%	3.5%	8.2%	7.0%	3.3%	0.0%
FTEs	1,361	1,361	1,361	1,361	1,361	1,361

- 💧 Average Annual Rate Increase 4.4%
- 💧 Maintains strong financial metrics
- 💧 Maintains FTE staffing levels at 1,361
- 💧 Does not fund staffing for recommended resiliency efforts

\$ in millions	FY24	FY25	FY26	FY27	FY28	Total
Water	\$ 126.9	\$ 117.5	\$ 122.5	\$ 81.0	\$ 107.2	\$ 555.1
Wastewater	156.9	205.1	312.3	321.1	300.3	1,295.7
Reclaimed	14.6	16.9	10.4	1.9	0.8	44.6
Combined	\$ 298.4	\$ 339.5	\$ 445.2	\$ 404.0	\$ 408.2	\$ 1,895.3

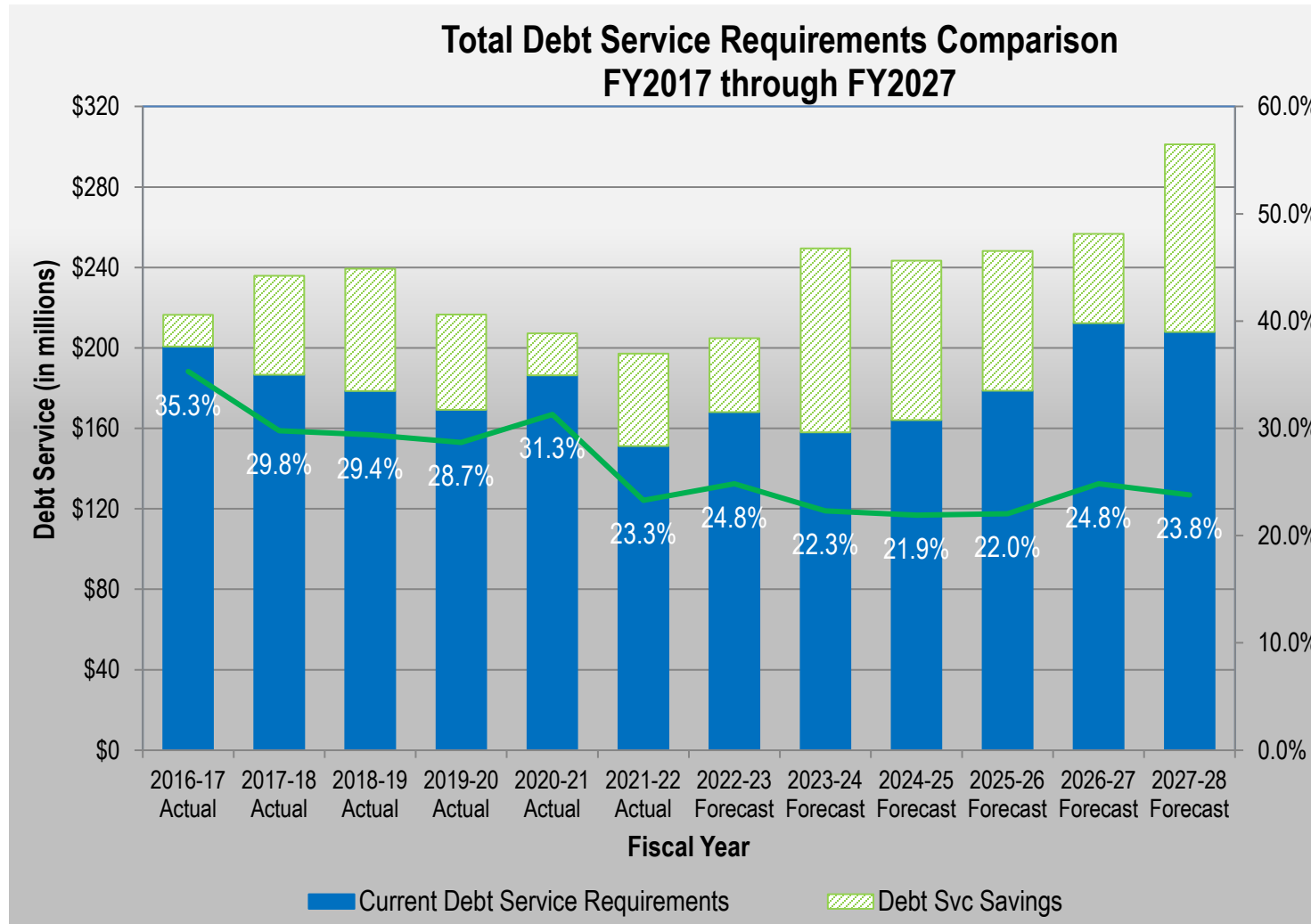
- Walnut Creek WWTP Expansion to 100 Million Gallons Per Day
\$575M
- South Austin Regional WWTP Trains A&B Improvements
\$105M
- Aquifer Storage and Recovery
\$22M Pilot; \$67 Full Scale
- Williamson Creek Wastewater Interceptor
\$62M
- Center Street Pump Station Replacement and Electrical Improvements
\$44M
- Advanced Metering Infrastructure for Potable & Reclaimed Water Services
\$39M
- Water Operations Control Center
\$36M
- South Austin Regional WWTP Electrical Substation No. 1 Replacement
\$15M
- Ullrich WTP Low Service Pump Station Electrical Feed Renewal
\$13M
- Barton South Congress Reclaimed Water Main
\$5M

Austin Water 5-Year Capital Plan

Austin Water's
strategic infrastructure
investments are
innovating to build a
resilient water future
and customer value



Austin Water Debt Service



- 💧 Debt management efforts have kept annual debt service costs below 25% of total budget
- 💧 \$497M in actual debt service savings since 2016
- 💧 \$213M in additional debt service savings projected during the forecast period

*Forecast years includes actual and projected defeasance savings.

Austin Water Key Metrics – Base Expenditure Scenario

Measure/ Metric	Target	Estimated FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028
Typical Ratepayer Combined Rate Increase %	2% Annual Average	0%	3.5%	8.2%	7.0%	3.3%	0.0%
Fund Balance Change	> \$0	\$4.4	(\$9.2)	\$5.6	\$5.4	\$18.3	\$4.7
Days Cash on Hand	> 180 Days	309	298	299	300	314	314
Debt Service Coverage	> 1.75x	1.79	1.87	1.96	2.04	1.88	1.84
Cash Financing % of Annual CIP Spending	35% - 50%	34%	33%	32%	31%	30%	30%

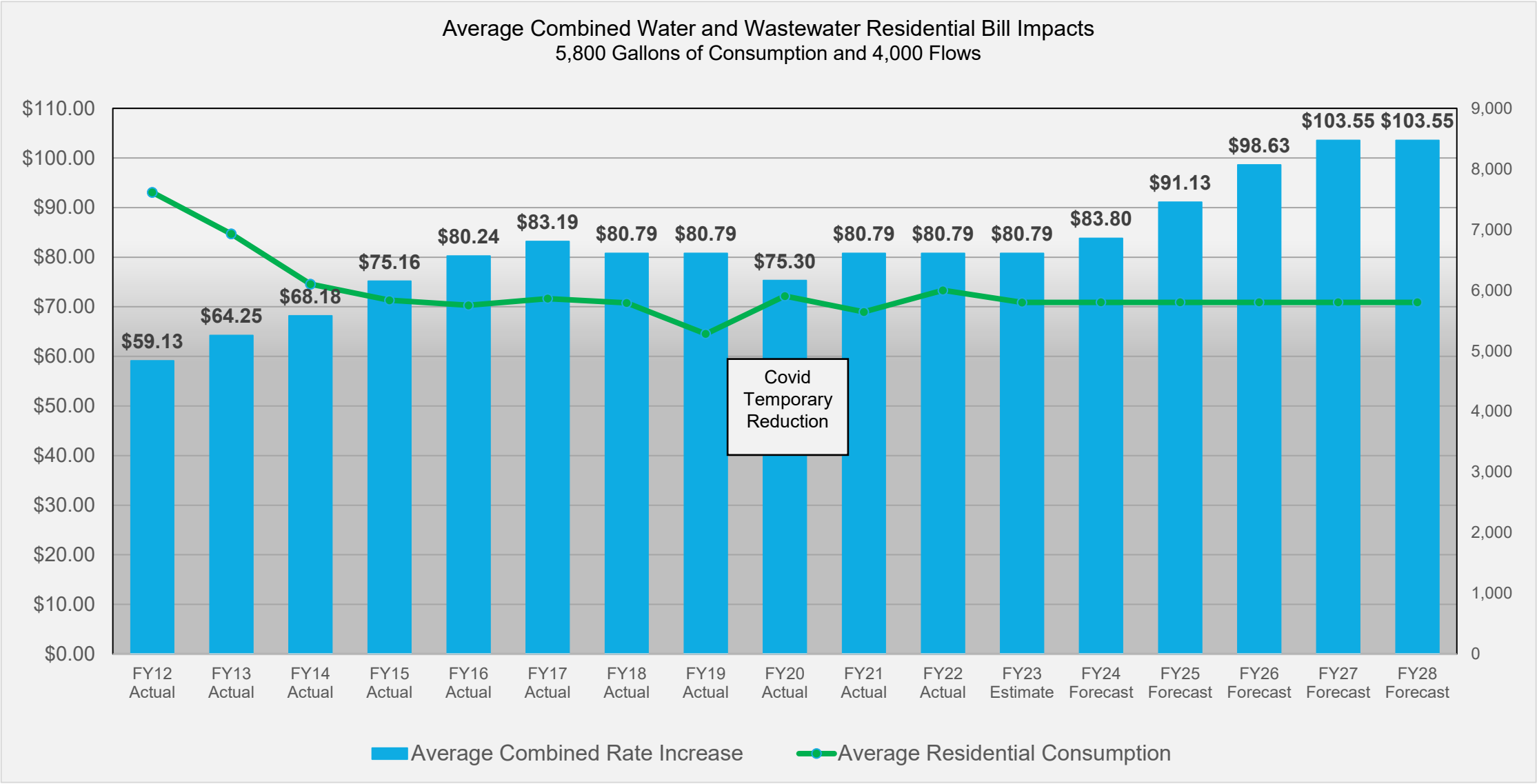
Austin Water Key Metrics – Enhancement Scenario

Measure/ Metric	Target	Estimated FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028
Typical Rate Payer Combined Rate Increase %	2% Annual Average	0%	3.7%	8.7%	8.2%	5.0%	0.0%
Fund Balance Change	> \$0	\$4.4	(\$14.7)	\$2.5	\$2.2	\$3.7	(\$8.0)
Days Cash on Hand	> 180 Days	309	292	294	296	299	292
Debt Service Coverage	> 1.75x	1.79	1.80	1.98	2.06	1.86	1.87
Cash Financing % of Annual CIP Spending	35% - 50%	34%	31%	30%	30%	31%	30%

Austin Water Key Metrics – No Rate Increase Scenario

Measure/ Metric	Target	Estimated FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028
Typical Rate Payer Combined Rate Increase %	2% Annual Average	0%	0%	0%	0%	0%	0.0%
Fund Balance Change	> \$0	\$4.4	(\$26.1)	(\$57.1)	(\$98.2)	(\$105.2)	(\$117.5)
Days Cash on Hand	> 180 Days	309	280	217	115	9	-106
Debt Service Coverage	> 1.75x	1.79	1.76	1.59	1.47	1.28	1.24
Cash Financing % of Annual CIP Spending	35% - 50%	34%	33%	32%	31%	30%	30%

Austin Water Forecast Rate Impacts



QUESTIONS

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