

A photograph of the Austin skyline, featuring several modern skyscrapers. A prominent building in the foreground has a blue-tinted glass facade. A construction crane is visible at the top of one of the buildings. The sky is blue with scattered white clouds. In the foreground, there is a body of water with some greenery and a few people on a small boat.

# Austin Water Financial Forecast FY24 to FY28

Water and Wastewater Commission: Budget Committee – May 22, 2023



# Austin Water Enhanced 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)
- 4.5% average annual rate increase over the forecast period for base scenario
- 5.0% average annual rate increase over the forecast period

# 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 4.3%
- 💧 Maintains strong financial metrics
  - Debt service coverage
  - Days cash on hand
- 💧 Preferred rate increase strategy with more modest increase in FY24



\$ 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
<b>Combined</b>	<b>\$ 298.4</b>	<b>\$ 339.5</b>	<b>\$ 445.2</b>	<b>\$ 404.0</b>	<b>\$ 408.2</b>	<b>\$ 1,895.3</b>

- Walnut Creek WWTP Expansion to 100 Million Gallons Per Day  
\$574.72M
- South Austin Regional WWTP Trains A&B Improvements  
\$104.64M
- Aquifer Storage and Recovery  
\$21.66M Pilot; \$66.98 Full Scale
- Williamson Creek Wastewater Interceptor  
\$62.34M
- Center Street Pump Station Replacement and Electrical Improvements  
\$43.88M
- Advanced Metering Infrastructure for Potable & Reclaimed Water Services  
\$39.32M
- Water Operations Control Center  
\$35.80M
- South Austin Regional WWTP Electrical Substation No. 1 Replacement  
\$15.22M
- Ullrich WTP Low Service Pump Station Electrical Feed Renewal  
\$13.24M
- Barton South Congress Reclaimed Water Main  
\$5.14M

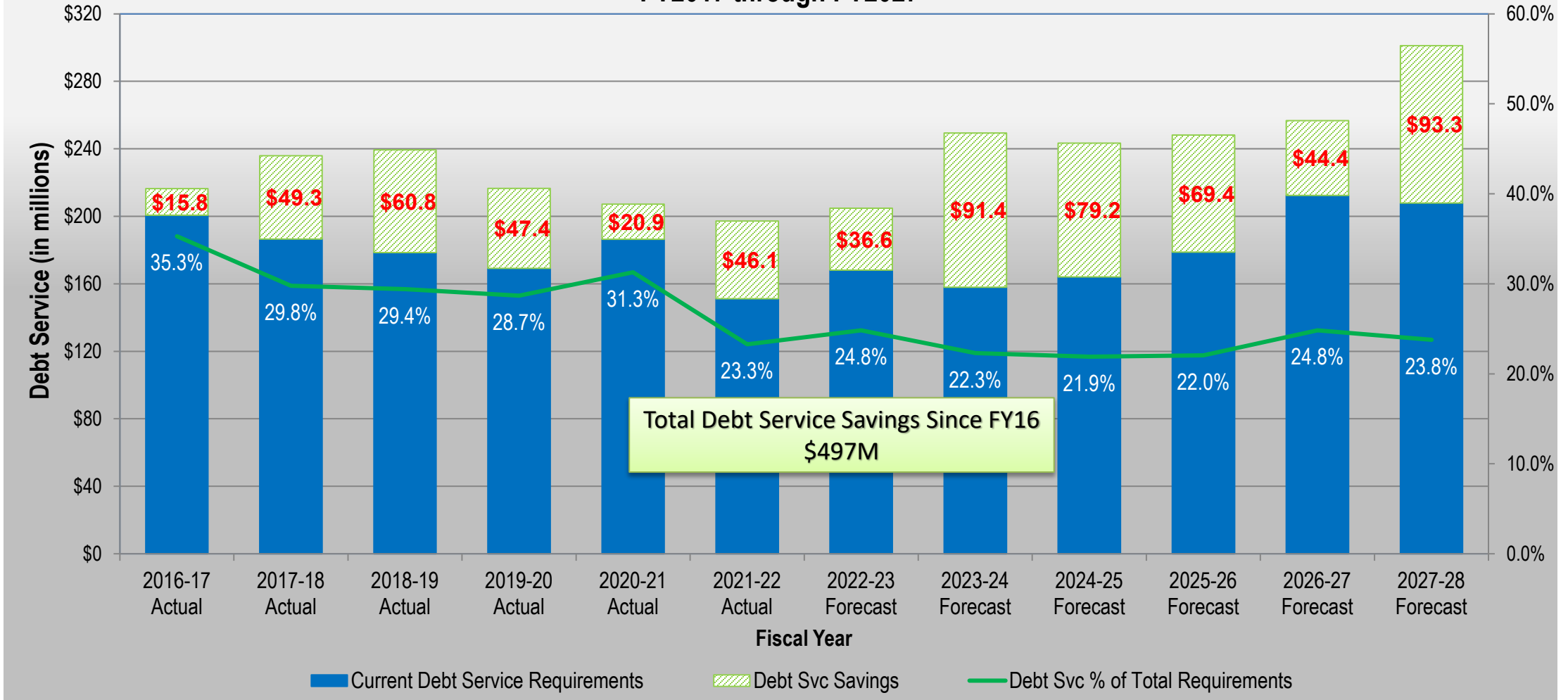
# Austin Water 5-Year Capital Plan

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



# Austin Water Debt Service

**Total Debt Service Requirements Comparison  
FY2017 through FY2027**



\*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

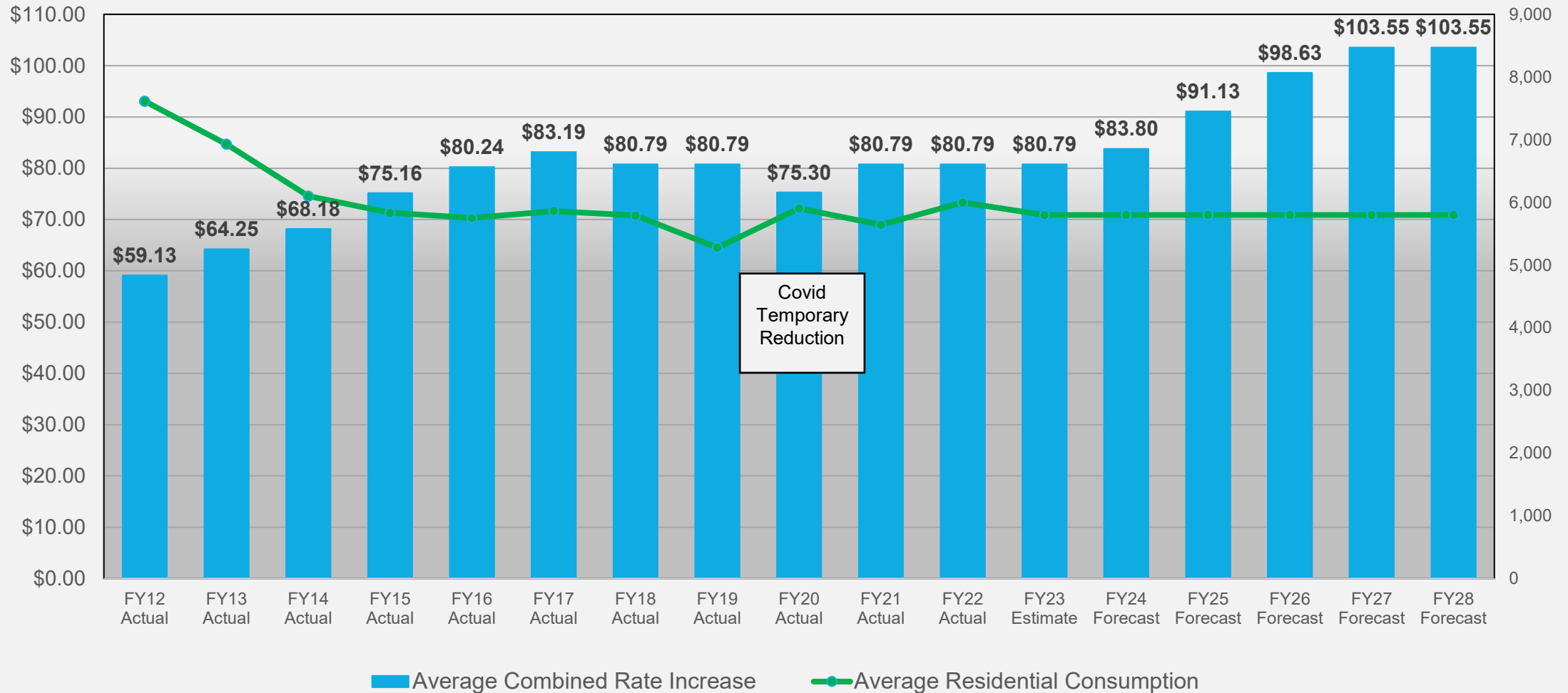
Measure/ Metric	Target	Estimated FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028
Typical Rate Payer Combined Rate Increase %	2% Annual Average	0%	0%	0%	0%	0%	0.0%
Fund Balance Change	> \$0	\$4.4	(\$26.1)	(\$57.1)	(\$98.2)	(\$105.2)	(\$117.5)
Days Cash on Hand	> 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

Average Combined Water and Wastewater Residential Bill Impacts  
5,800 Gallons of Consumption and 4,000 Flows



# QUESTIONS

[Austinwater.org](http://Austinwater.org)

