

Austin Water FY 2024 Proposed Budget

Water & Wastewater Commission | August 7, 2023



Agenda

- 💧 Proposed FY24 Budget Overview
- 💧 Sources of Funds – Rates and Revenues
- 💧 Uses of Funds – Operations and Maintenance
- 💧 Capital Improvement Plan
- 💧 Debt Management

Budget Overview

💧 Continued resiliency investments

- Invest in staff retention as recommended in AW External Review
- Add positions to support operations, security, customer engagement, Water Forward
- Continue to invest in key infrastructure, service reliability and water quality

💧 Balancing affordability with increasing cost drivers

- Modest rate increase of 3.3%
 - Proposed average monthly residential bill increase of \$2.65 per month or less than 9 cents per day; average monthly bill is \$0.25 higher than FY17 average monthly bill
 - No proposed rate increase for Customer Assistance Program (CAP) customers; monthly average CAP bill is \$14.57 lower than FY17 average CAP bill

💧 Maintaining financial strength and stability

- Stable bond ratings since 2016
- Continue debt management strategies

Fund Summary

Description	FY23 Amended	FY23 Estimated	FY24 Proposed
Beginning Fund Balance	\$231.1	\$260.1	\$267.1
Revenue & Transfers In	\$673.3	\$687.3	\$698.2
Expenditures & Transfers Out	\$684.6	\$680.3	\$748.5
Change in Fund Balance	(-\$11.2)	\$7.0	(-\$50.4)
Ending Fund Balance	\$219.9	\$267.1	\$216.7
Average Residential Bill	\$80.79	\$80.79	\$83.44
Typical Residential Rate Payer Combined Rate Increase %	0.0%	0.0%	3.3%
FTEs	1,361	1,361	1,381

Budget Highlights:

- 💧 First rate increase since 2017
- 💧 Includes funding to continue employee recruitment and retention initiatives
- 💧 Includes funding for 20 new FTEs
- 💧 Includes funding for fall debt defeasance transaction
- 💧 Maintains strong financial metrics
 - Debt service coverage
 - Days cash on hand

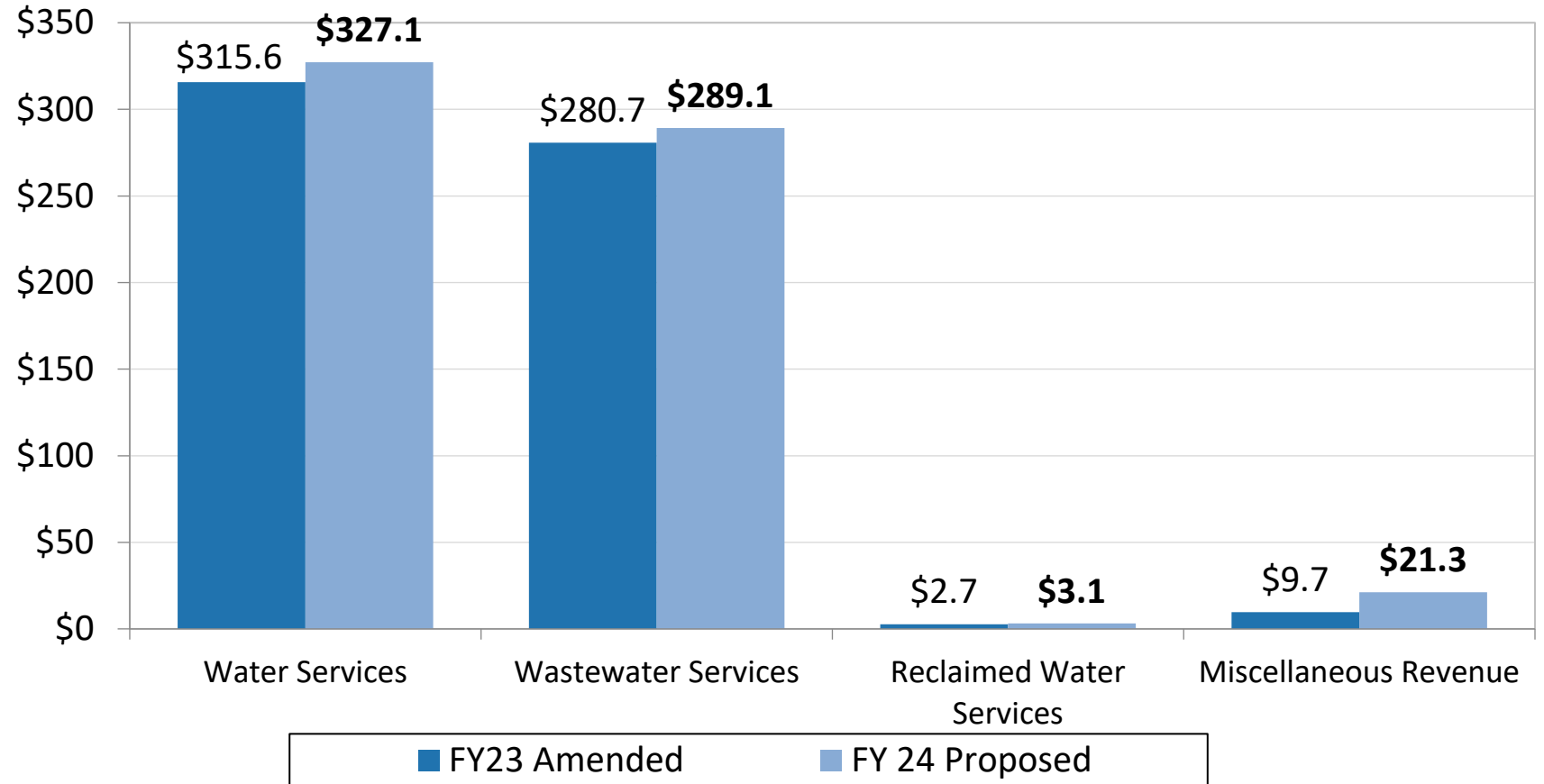


Sources of Funds

Department Service Revenue:

FY 2023 Amended:
\$608.8 million

FY 2024 Proposed:
\$640.6 million



Average Residential Bill Impacts

Average Residential Customer Proposed Bill Impacts

	Current 2023 Rates ¹	Proposed 2024 Rates ¹	\$ Variance	% Variance
Water Service ²	\$ 40.31	\$ 41.39	\$ 1.08	2.7%
Wastewater Service	40.48	42.05	1.57	3.9%
Total Revenue ³	<u>\$ 80.79</u>	<u>\$ 83.44</u>	<u>\$ 2.65</u>	<u>3.3%</u>

Notes:

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

Customer Assistance Program

- Over 16,500 residential CAP participants as of June 2023
- Over 23,500 multifamily CAP participants as of June 2023
- Waived residential monthly water and wastewater fixed fees
- Discounted residential volumetric water and wastewater rates
- Multifamily CAP monthly credit \$17 (\$11 Water and \$6 Wastewater)

2024 Average Monthly Residential Bill Comparison: Non-CAP vs. CAP

	<u>Non-CAP</u>	<u>CAP</u>	<u>\$ Discount</u>	<u>% Discount</u>
Water	\$ 41.39	\$ 17.58	\$ 23.81	57.5%
Wastewater	42.05	22.01	20.04	47.7%
Combined	<u>\$ 83.44</u>	<u>\$ 39.59</u>	<u>\$ 43.85</u>	<u>52.6%</u>

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

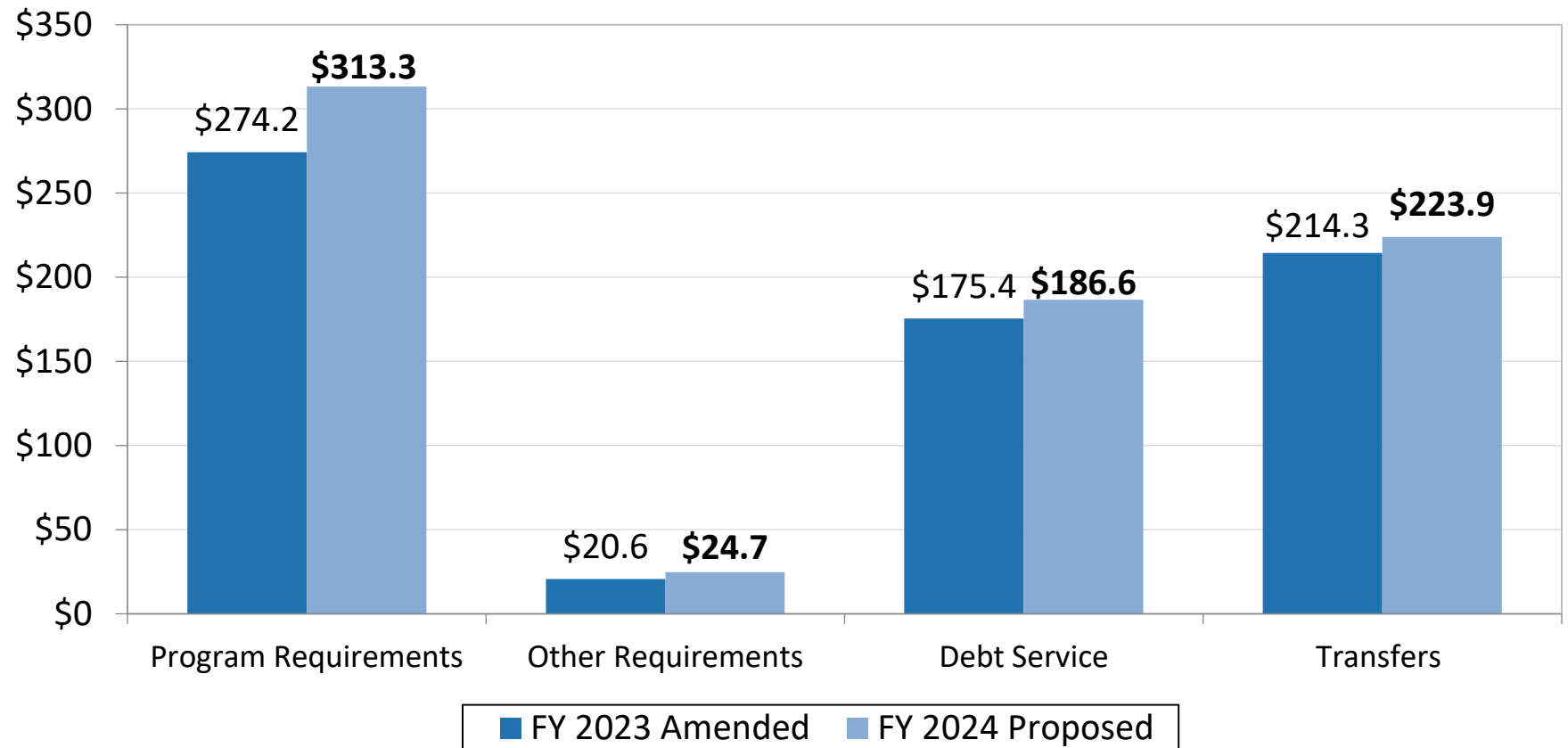


Uses of Funds

Department Expenditures:

FY 2023 Amended:
\$684.6 million

FY 2024 Proposed:
\$748.5 million



Significant Changes

💧 **Wages and Benefits - \$26.2 million increase**

- \$12.7 million increase for wage and benefit updates, including 4% across-the-board increase
- \$7.7 million increase for employee recruiting and retention initiatives
- \$2.3 million increase for 20 new FTEs
- \$2.1 million increase for health / life / dental insurance
- \$1.4 million increase for overtime

💧 **Contractuals and Commodities - \$12.8 million increase**

- \$6.6 million increase for chemicals
- \$1.7 million increase for janitorial services
- \$5.9 million increase for other contractuals and commodities
- (\$1.4) million decrease for financial rate case consultant

💧 **Utility Billing Customer Support - \$4.2 million increase**

Proposed New FY2024 FTEs

- 💧 **Enterprise Resiliency – 10 positions**
 - 5 new FTEs
 - 1 insourcing of contracted services
 - 4 temporary to permanent positions
- 💧 **Insource Contracted Services – 5 new FTEs**
- 💧 **Water Forward – 2 new FTEs**
- 💧 **Customer Satisfaction – 1 new FTE**
- 💧 **My ATX Water – 1 new FTE**
- 💧 **Expedited Plan Review – 1 new FTE**

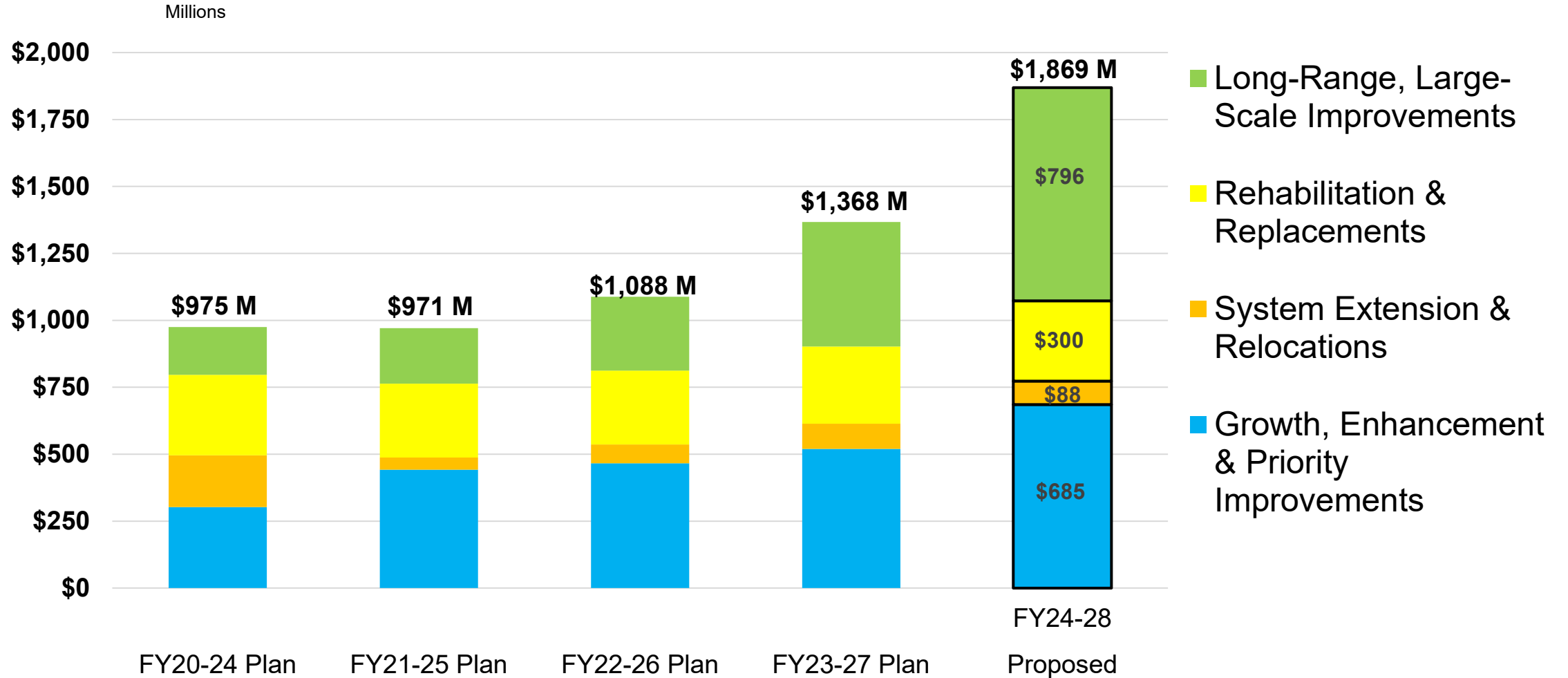
5-Year Capital Plan Highlights

\$ in millions	FY24	FY25	FY26	FY27	FY28	Total
Water	\$126.3	\$116.2	\$120.6	\$ 74.6	\$ 91.3	\$ 529.0
Wastewater	156.7	205.1	312.3	321.1	300.3	1,295.5
Reclaimed	14.6	16.9	10.4	1.9	0.8	44.6
Combined	\$297.6	\$338.2	\$443.3	\$397.6	\$392.4	\$1,869.1

- ◆ Walnut Creek WWTP Expansion to 100 Million Gallons Per Day
- ◆ South Austin Regional WWTP Trains A&B Improvements
- ◆ Aquifer Storage and Recovery
- ◆ Williamson Creek Wastewater Interceptor
- ◆ Center Street Pump Station Replacement and Electrical Improvements
- ◆ Advanced Metering Infrastructure for Potable & Reclaimed Water Services
- ◆ South Austin Regional WWTP Electrical Substation No. 1 Replacement
- ◆ Ullrich WTP Low Service Pump Station Electrical Feed Renewal

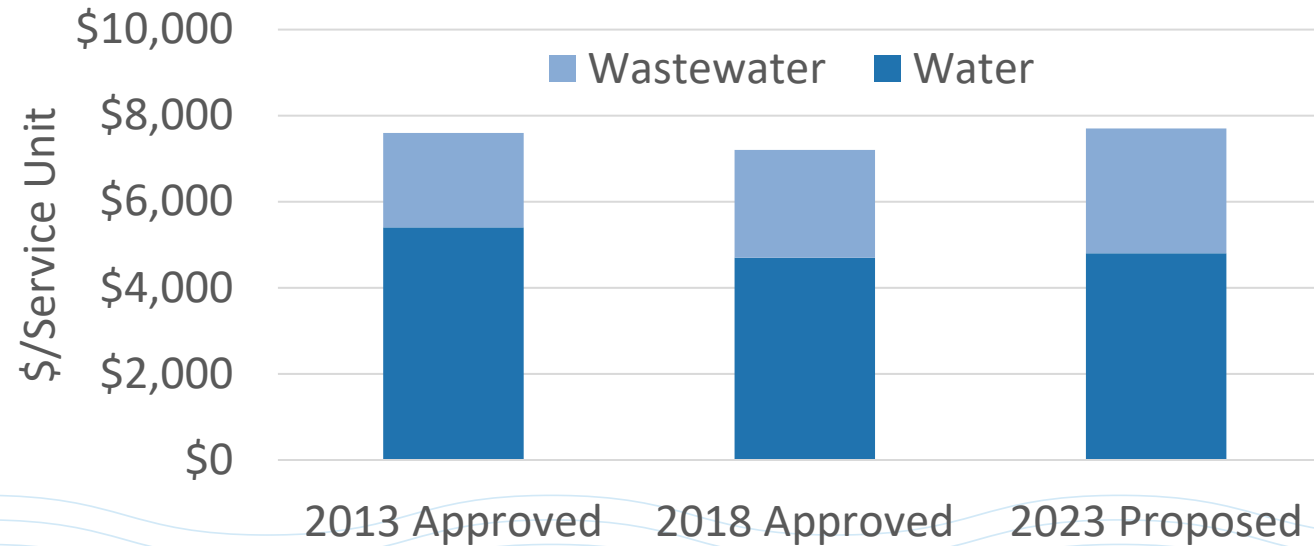


CIP Plan Funding

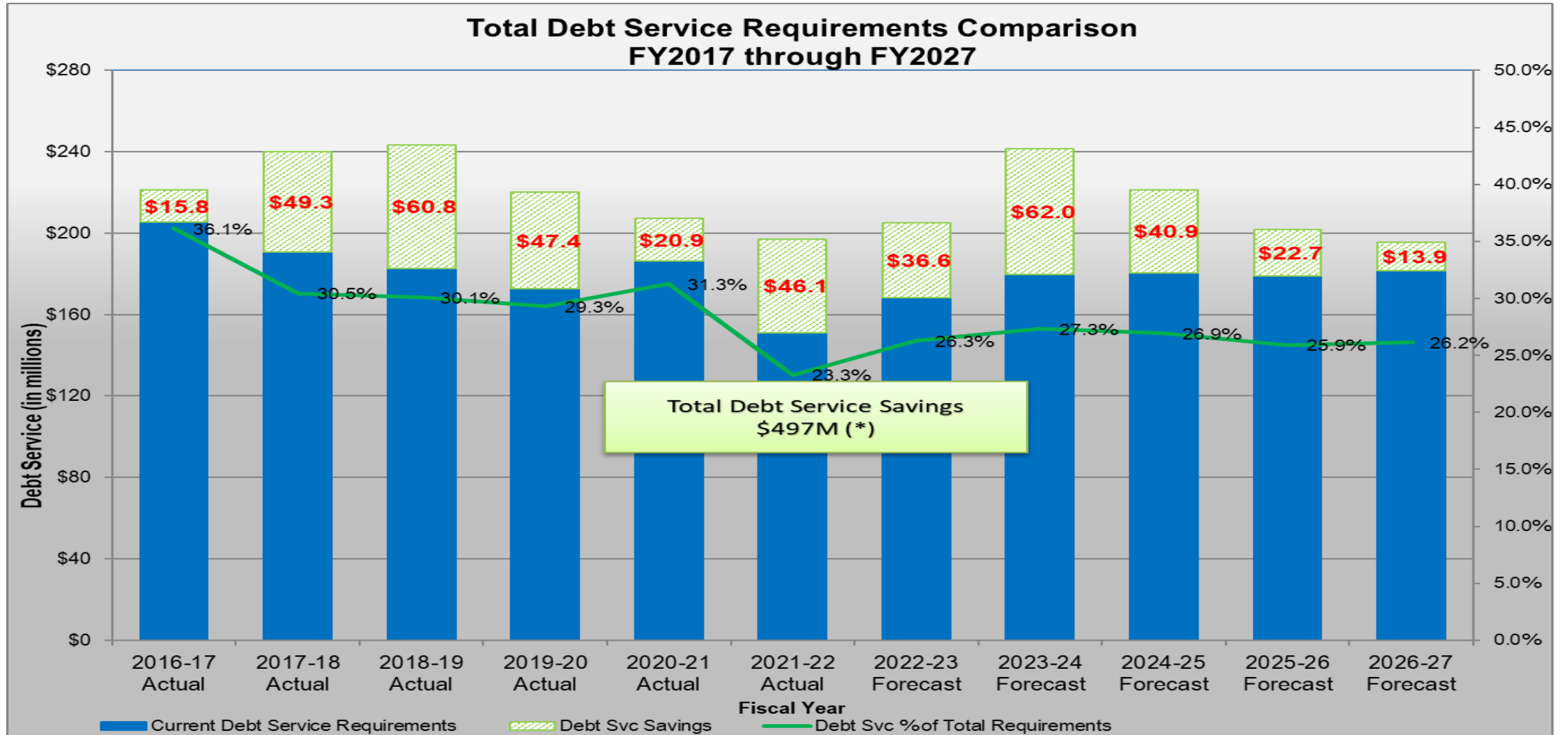


Proposed Impact Fees

	Impact Fees			% Increase	
	2013 Report	2018 Report	2023 Proposed	Ten Year 2013 – 2023	Five Year 2018 – 2023
Water	\$5,400	\$4,700	\$4,800	(11%)	2%
Wastewater	\$2,200	\$2,500	\$2,900	32%	16%
Total	\$7,600	\$7,200	\$7,700	1%	7%



Debt Savings



*Total debt service savings includes saving for years prior to 2017 and after 2028 are not shown on graph

Future Budget Considerations

💧 Growing Capital Plan

- Several large strategic projects on the horizon
- Construction costs continue to rise

💧 Drought Impacts

- Drought Stage 2 restrictions triggered when water storage levels reach 900,000 acre-feet

💧 Capital Recovery Fee Revenue

- FY23 Capital Recovery Fee (CRF) revenue lower than prior years

QUESTIONS

Austinwater.org

