








AUSTIN WATER FY 2026



PROPOSED BUDGET

Water & Wastewater Commission | July 16, 2025

AGENDA

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-  **2 Proposed FY 2025 Budget Overview**
-  **3 Sources & Uses of Funds**
-  **4 Capital Improvement Plan**
-  **5 Debt Management**
-  **6 Minimizing Bill Impacts**
-  **7 Ongoing Budget Considerations**



COST OF SERVICE UPDATE



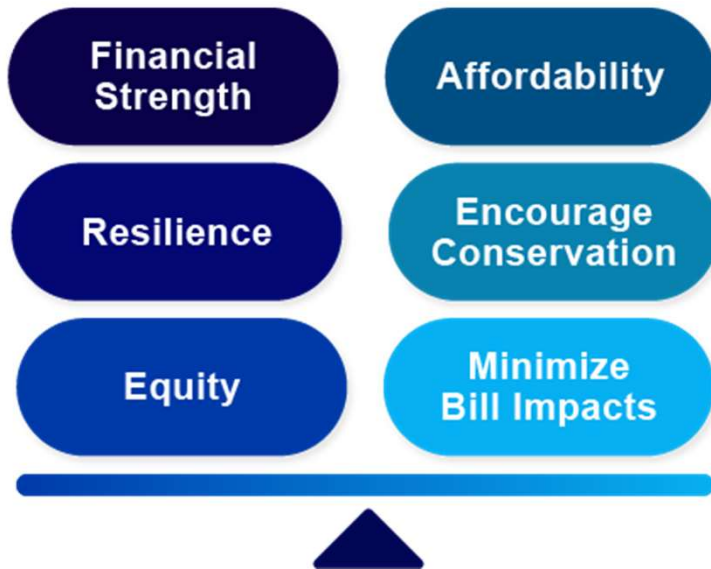
2024 Cost of Service Purpose

1. **Bolster transparency** in the rate-setting process
2. **Raise awareness** about the Cost of Service Study
3. **Obtain customer input** on pricing objectives





2024 Cost of Service Objectives



- **Develop rates that:**
 - Meet annual Financial Plan needs
 - Ensure water and wastewater services are each self-sustaining
 - Meet AW objectives while ensuring equitable cost recovery from customer classes
- Included a Public Involvement Committee (PIC) to review Cost of Service methodology and provide input and recommendations



2024 Cost of Service Recommendations

- Affordability for essential services and system resiliency.
- Lower cash financing of CIP for large, generational projects.
- Bill discount target of 50% for Customer Assistance Program (CAP) customers.
- Community Benefit Charge increase from \$0.15 to \$0.30 per thousand gallons to support the Customer Assistance Program.
- Future implementation of water budget billing to address high irrigation for commercial and multifamily customers.





**PROPOSED FY 2026
BUDGET OVERVIEW**



Budget Considerations & Highlights

- ◆ Balance affordability with necessary operational and infrastructure investments.
 - Residential average monthly residential bill increase of \$8.71 per month.
 - Customer Assistance Program average monthly bill increase of \$5.50 per month.
- ◆ Continue phase in of Cost of Service and Community Engagement results.
- ◆ Maintain financial strength and stable bond ratings.
- ◆ Continue debt management strategies.
- ◆ Continue strategic staffing investments with new FTEs and temporary conversions.
- ◆ Additional investments to support water loss and conservation efforts



Fund Summary

DESCRIPTION	FY25 AMENDED	FY25 ESTIMATED	FY26 PROPOSED
Beginning Fund Balance	\$272.6	\$268.5	\$289.0
Revenue & Transfers In	\$769.0	\$784.3	\$829.3
Expenditures & Transfers Out	\$773.6	\$763.8	\$849.9
Change in Fund Balance	(-\$4.6)	\$20.5	(-\$20.6)
Ending Fund Balance	\$268.0	\$289.0	\$268.5
Debt Service Coverage	1.93	2.08	1.88
Days Cash on Hand	252	274	248
FTEs	1,410	1,410	1,439





SOURCES & USES OF FUNDS

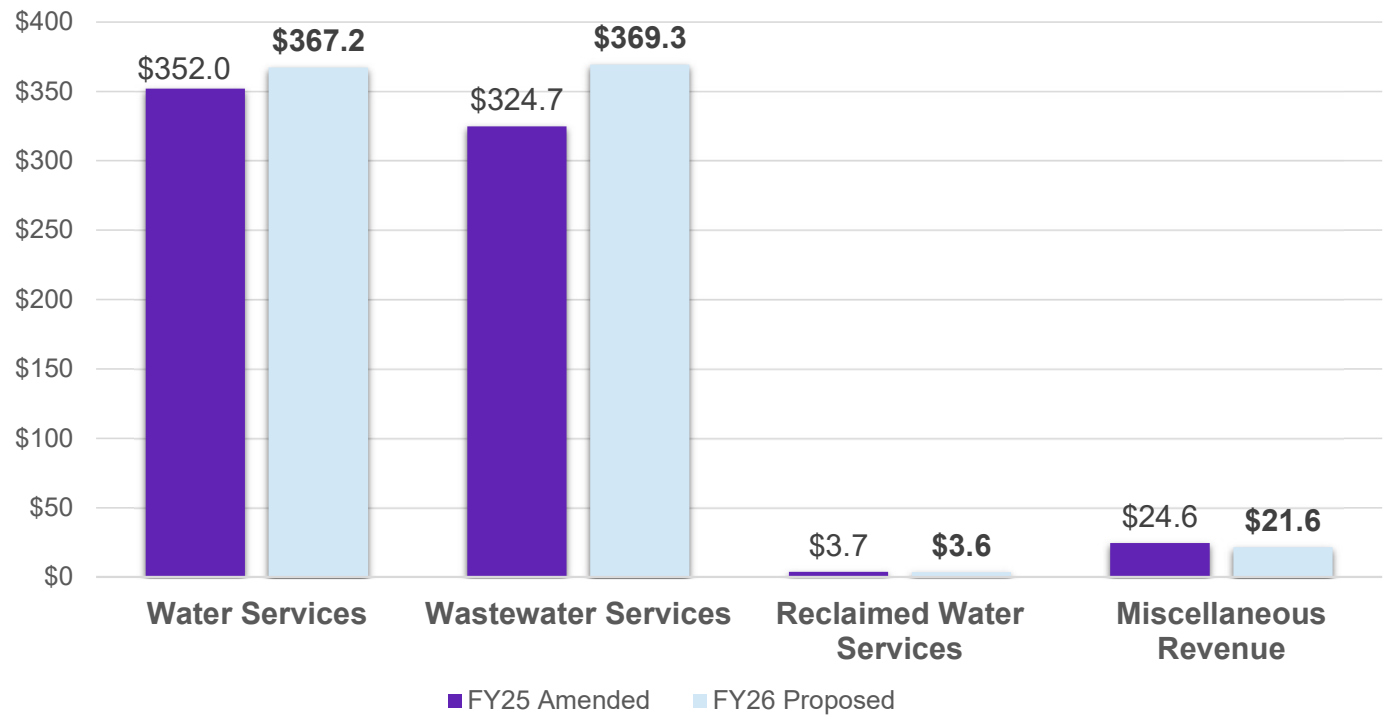


Revenue Sources

Department Service Revenue:

FY 2025 Amended:
\$705 million

FY 2026 Proposed:
\$761.7 million



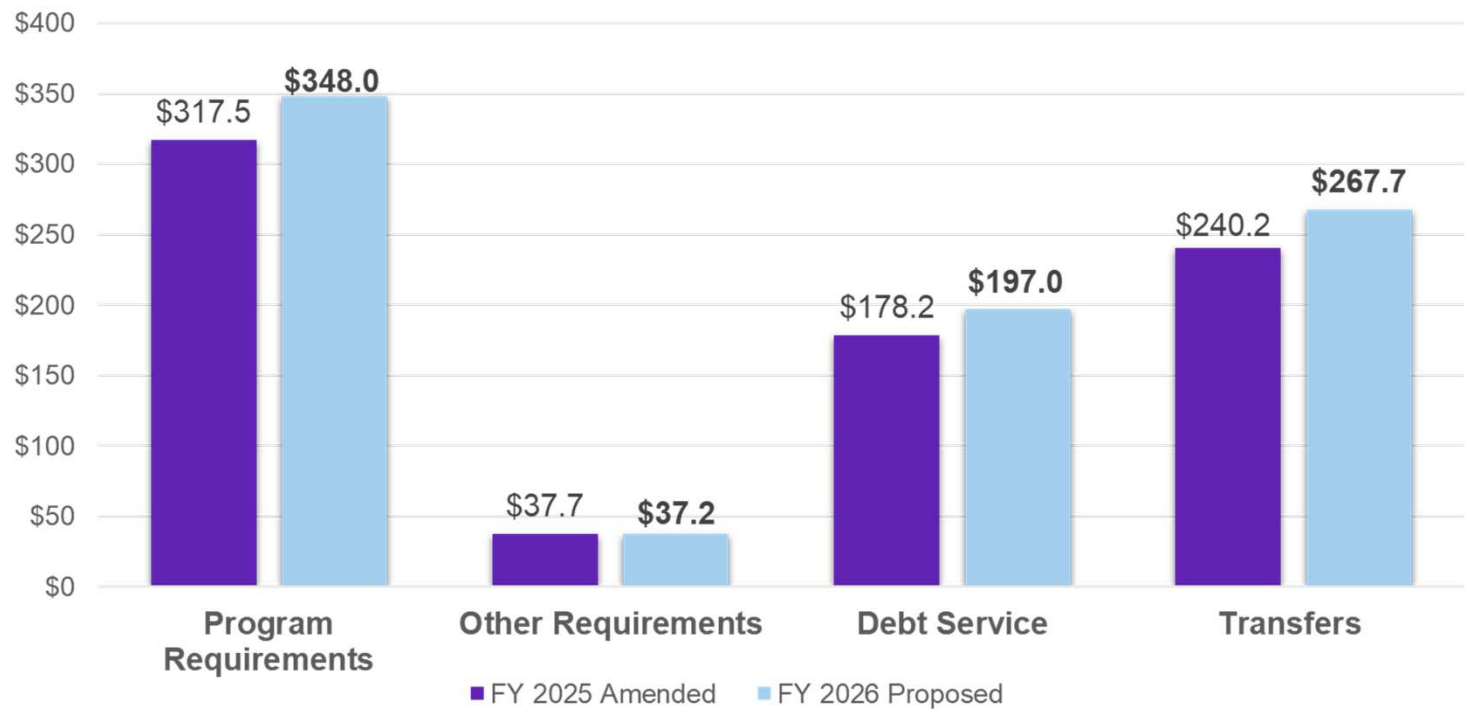


Uses of Funds

Department Expenditures:

FY 2025 Amended:
\$773.6 million

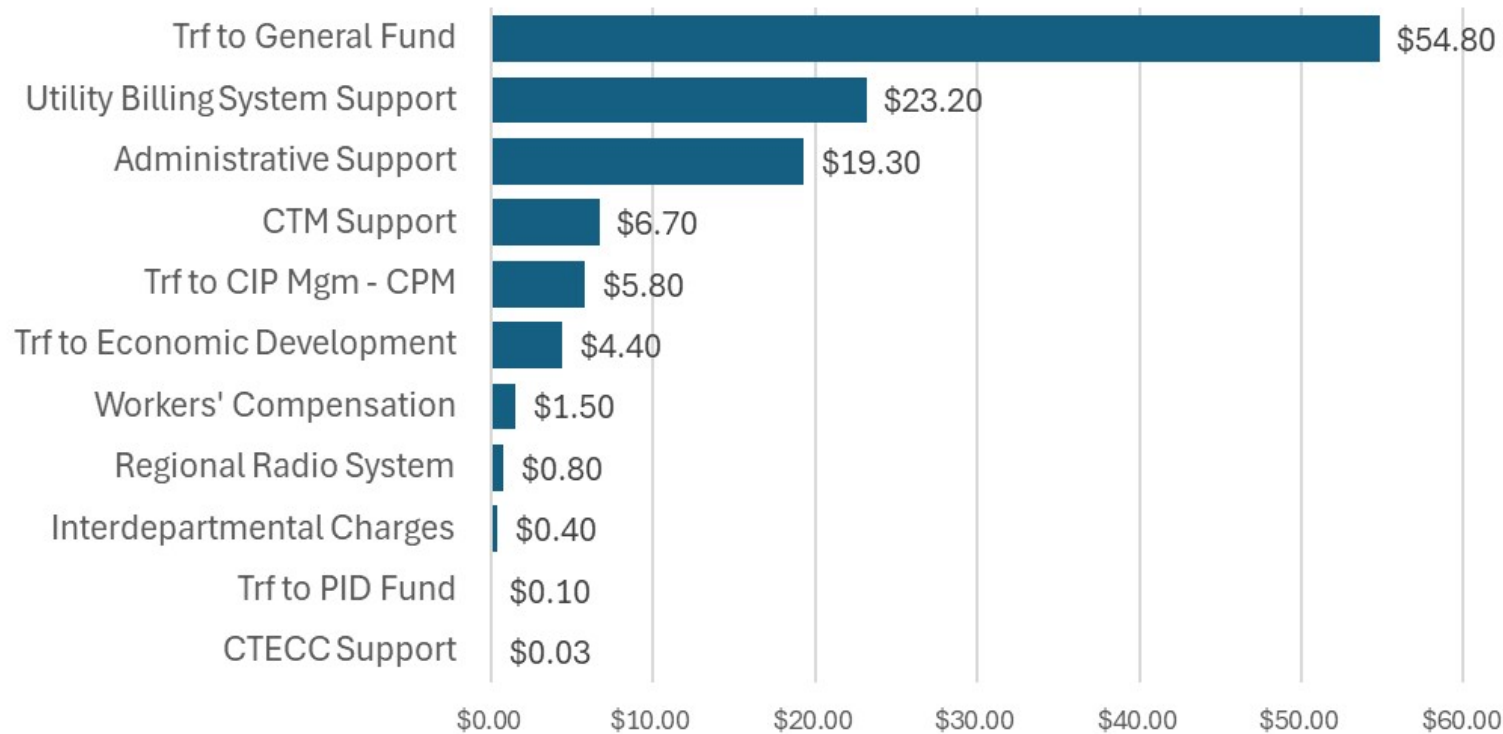
FY 2026 Proposed:
\$849.9 million





Interdepartmental Transfers

FY2026 Proposed Budget (in Million)





Significant Operating Req. Changes

Wages and Benefits

- \$8.4M increase wages due to unbudgeted retention stipend conversion in FY2025
- \$5.4M increase for City-wide wage adjustment
- \$3.5M increase for 31 new FTEs

Utility Billing System Support

- (\$1.7M) decrease

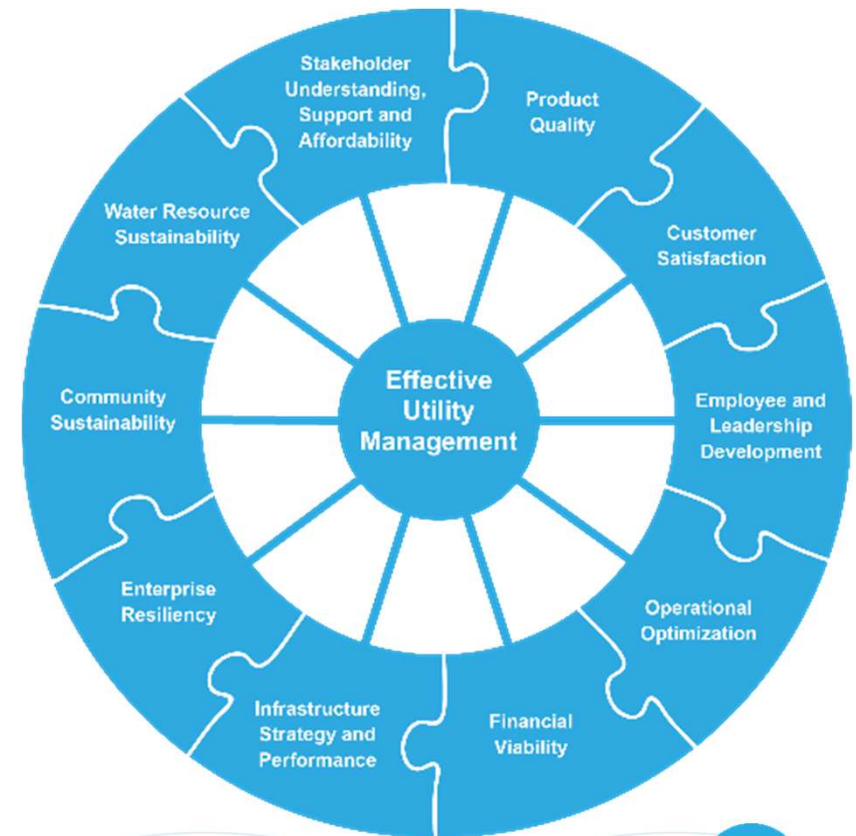
Contractuals and Commodities

- \$2.4M increase for chemicals
- \$1.5M increase for water conservation education and advertising campaigns
- \$1.0M increase for street cut
- \$1.0M increase for water meter accuracy testing contract
- \$1.0M increase for City-wide branding cost



Proposed New FTEs

- 11** - Operational Optimization
 - 6** - Customer Satisfaction
 - 6** - Enterprise Resiliency
 - 5** - Water Resource Sustainability
 - 2** - Employee Leadership & Development
 - 1** - Infrastructure Performance
- Total 31 new FTEs, 11 Temporary and Contractor conversions**

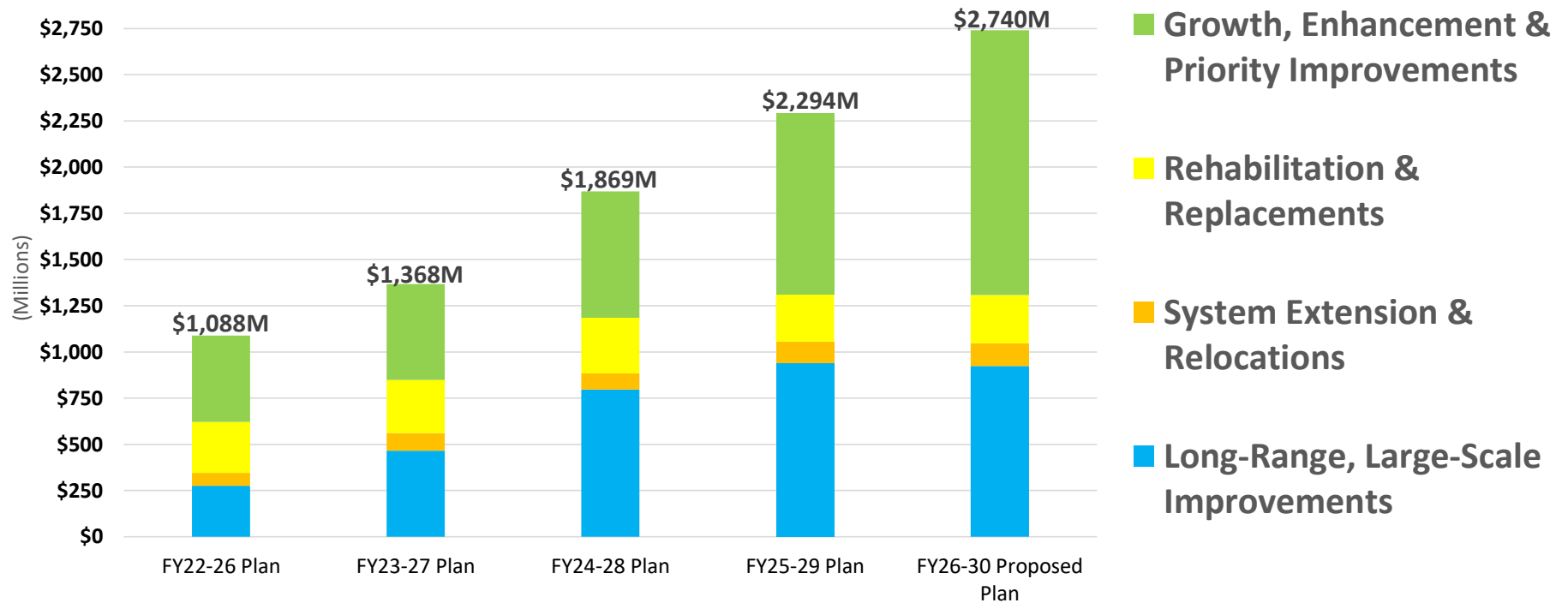




CAPITAL IMPROVEMENT PLAN



CIP Plan Funding





5-Year Capital Plan Highlights

	2026	2027	2028	2029	2030	Total
Water	\$101.2	\$212.6	\$150.2	\$153.4	\$256.3	\$ 873.7
Wastewater	244.7	437.4	472.3	331.4	260.3	1,746.1
Reclaimed	21.2	25.7	27.0	20.0	26.1	120.0
Combined	\$367.1	\$675.7	\$649.5	\$504.8	\$542.7	\$2,739.8

millions

- Walnut Creek WWTP Expansion to 100 Million Gallons Per Day
- Aquifer Storage and Recovery Full-Scale Project
- Walnut Creek Primary Clarifier and Flow Equalization Basin Rehab
- Walnut Creek WWTP Headworks Improvements
- Williamson Creek Wastewater Interceptor
- South Austin Regional WWTP Trains A & B Improvements
- Ullrich WTP Inherently Safer Disinfection Conversion

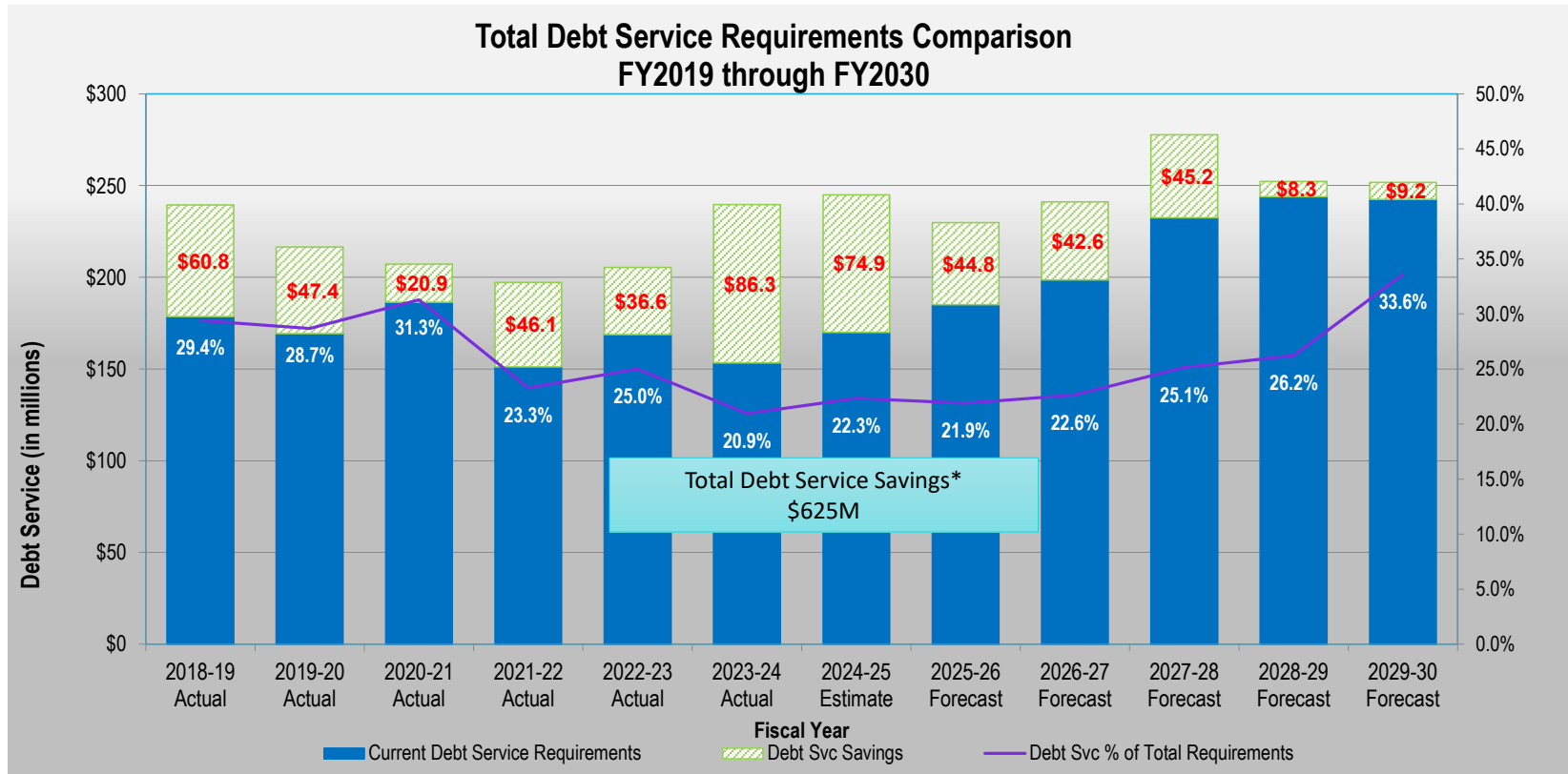




DEBT MANAGEMENT



Debt Savings Achieve \$625M

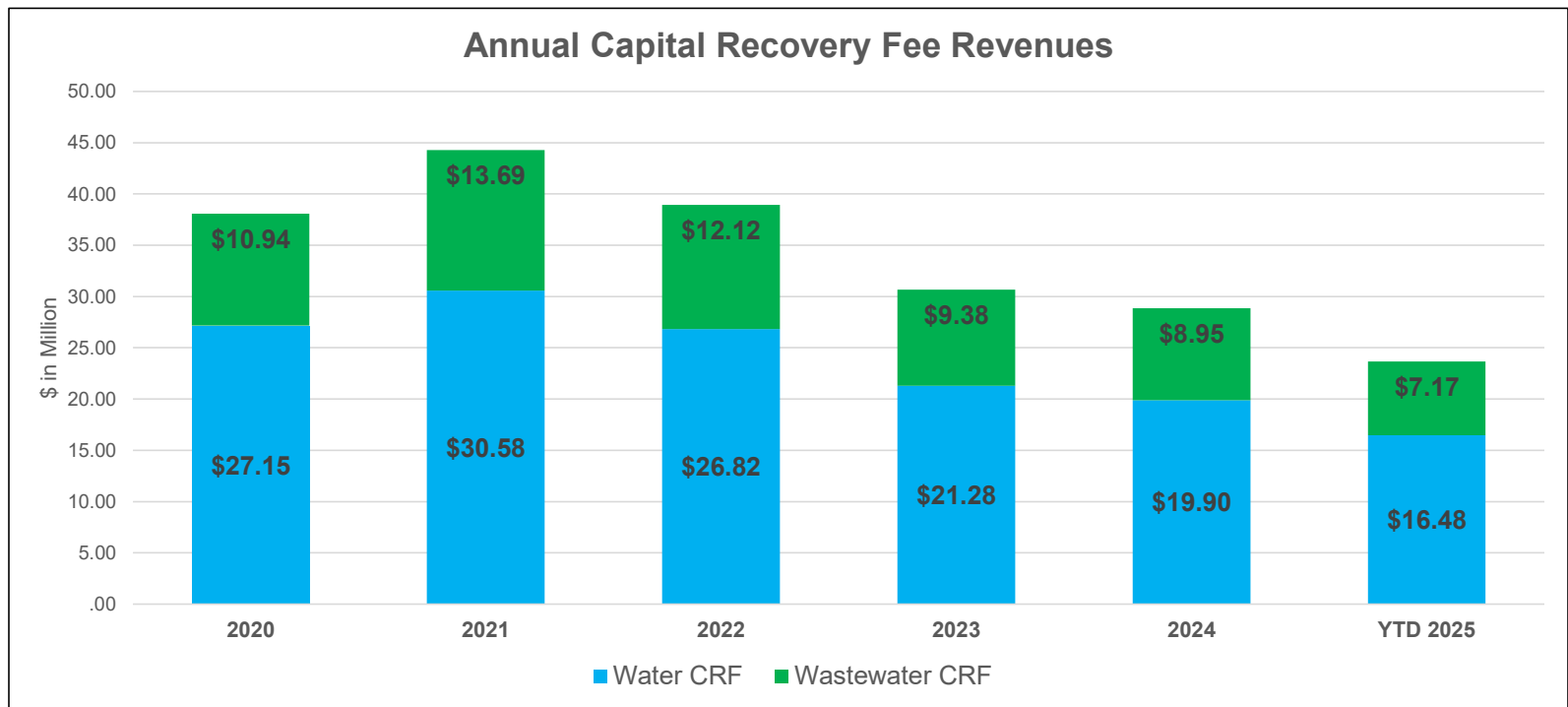


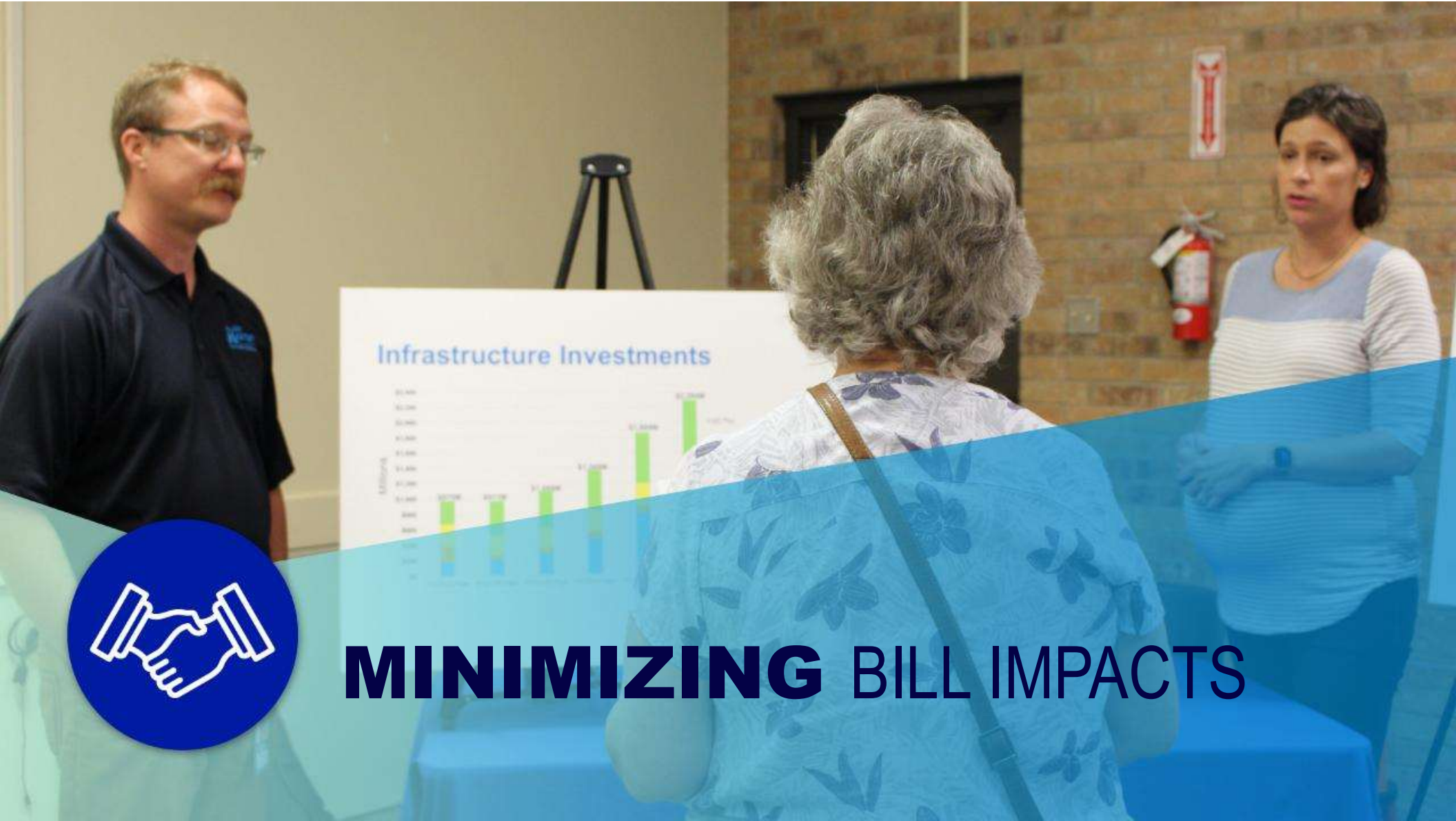
*Total debt service savings includes saving for years prior to 2017 and after 2028 are not shown on graph





Capital Recovery Fee Collections





Infrastructure Investments



MINIMIZING BILL IMPACTS



Average Residential Bill Impacts

	2025 CURRENT	2026 PROPOSED	CHANGE
Water 5,800 Gallons Includes Water Reserve Fund Surcharge + Community Benefit Charge	\$45.49	\$47.45	+\$1.96
Wastewater 4,000 Gallons Includes Community Benefit Charge	\$45.71	\$52.46	+\$6.75
Total Bill	\$91.20	\$99.91	+\$8.71

HOW MUCH PER GALLON WITH PROPOSED RATES?



Water
\$0.008



Wastewater
\$0.013



Customer Assistance Program

FY 2026 Proposed Rates

Monthly Average Residential Water Bill Comparison: Non-CAP vs CAP
(5,800 Gals. Water and 4,000 Gals. Wastewater)

	NON-CAP	CAP	\$ DISCOUNT	% DISCOUNT
Water	\$47.45	\$20.65	\$26.80	56.5%
Wastewater	\$52.46	\$27.30	\$25.16	48.0%
Combined	\$99.91	\$47.95	\$51.96	52.0%
Increase from FY25:	\$8.71	\$5.50		

- Over **22,000** Residential CAP participants as of May 2025
- Over **32,000** Multifamily CAP participants as of May 2025
- 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)





ONGOING BUDGET CONSIDERATIONS



Ongoing Budget Considerations

Growing Capital Improvements Plan

- Several large strategic projects on the horizon
- Construction costs continue to rise
- Continued debt management efforts

Capital Recovery Fee Revenue

- Slowing development is impacting defeasance funding availability

Conservation and Drought Impacts

- Continue to monitor inflows to Highland Lakes
- GoPurple investment in reuse strategies and reclaimed water system
- Rate design continues conservation focus
- Water Forward supply strategies



Questions?



Austin
WATER