

Forecast Worksession & Presentation Enterprise Funds

May 7, 2008



City of Austin

Financial and Administrative Services - Budget Office

ENTERPRISE PRESENTATIONS



Austin Water Utility Financial Forecast

May 7, 2008



Austin Water Utility: Outline

- Forecast Summary
 - Revenue and rates
 - Operating Costs
 - Sustainability Issues
- CIP Budget Highlights
- Cost of Service Rate Study
- Performance Measures





Forecast Summary



Austin Water Utility: Projected Rates

- 25.0% combined rate increases projected to close annual funding gap

Projected Rate Increases	2009	2010	2011	2012	2013	Total
Water	9.7%	5.6%	5.6%	5.6%	5.6%	32.1%
Wastewater	4.4%	3.4%	3.4%	3.4%	3.4%	18.0%
Combined	7.0%	4.5%	4.5%	4.5%	4.5%	25.0%

- Current projection levelizes rate increases over the forecast period





Austin Water Utility: Revenues

- Moderate growth rate of 1.4% in base revenues
 - Generates approximately \$5.0 million per year
- Conservation Impacts on Revenue
 - Conservation benefits include deferral of CIP costs related to additional capacity, deferral of LCRA trigger, reduced energy and chemical costs, and other benefits
 - Need to closely monitor changing revenue patterns from conservation and reclaimed water program initiatives
 - Future conservation rate design changes pending

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5



Austin Water Utility: Operating Costs

\$15.0 Million Increase in O&M for FY 2008-09

- Utility Managed Costs
 - New FTEs
 - Electrical fuel charges and chemical costs
 - Inflationary adjustment for non-personnel costs
- Corporate/Other Department Managed Costs
 - AE Customer Care costs
 - Pay for performance
 - Health insurance costs
 - Street cut repairs, fuel, and fleet maintenance
 - Operating transfers
 - Retirement contributions and market study

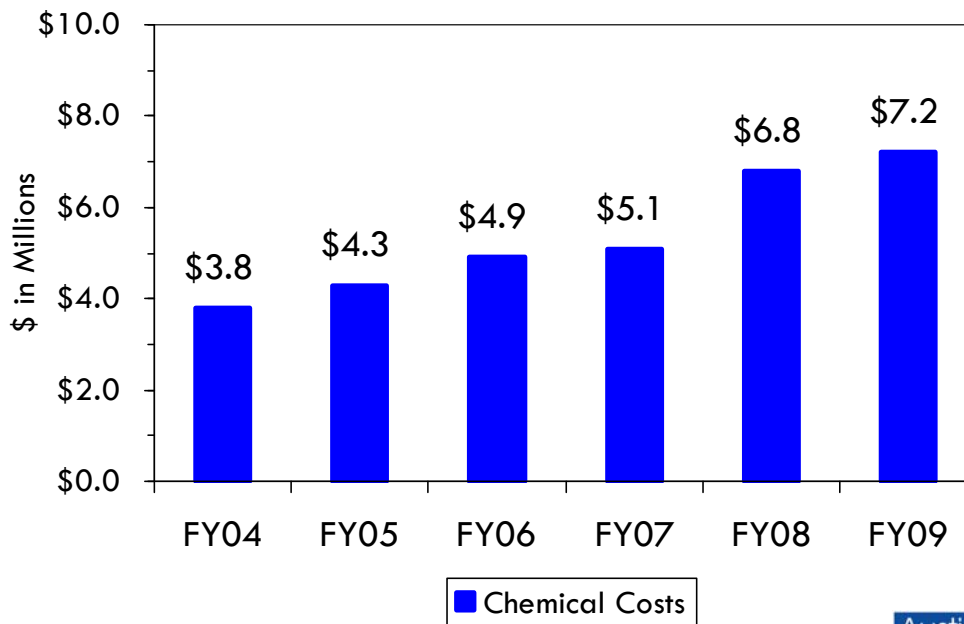
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6





Austin Water Utility: Chemical Costs



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7



Austin Water Utility: Sustainability

Sustainability Initiatives

- **Climate Protection Plan**
 - Walnut Creek WWTP blower replacement results in energy savings
 - Hornsby Bio-Gas project to reuse gas produced
 - Solar panels installed at Glen Bell Service Center
 - Vehicle replacement with hybrid and biofuel vehicles where possible
- **Water Conservation**
 - Water Conservation Task Force recommendations
 - New irrigation ordinance in effect for residences began May 1
 - Additional FTEs for water conservation enforcement
 - Building 51st Street tank to bring reclaimed water service to UT
 - In early stages of extending reclaimed service to ABIA

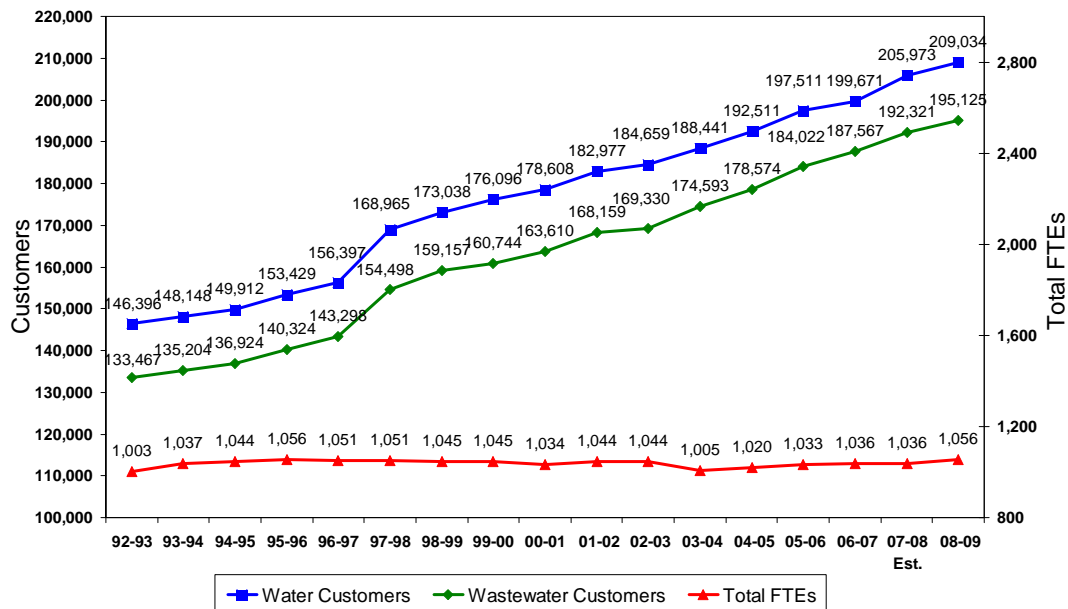
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8





Austin Water Utility: FTEs & Customers



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9



Austin Water Utility: New FTE Issues

- Significant pressures for additional staffing in future
 - Expanding or New Programs (Conservation, Reclaimed, BCP trail system)
 - Growing customer & infrastructure base
 - Retirement planning critical
 - 50% of professional staff will be eligible to retire within 7 years
 - 40% of non-professional staff will be eligible to retire within 7 years

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10





Austin Water Utility: New FTEs

- Strategic FTE Additions for FY 2008-09
 - Water conservation implementation and enforcement
 - Enhance system, asset and water supply planning
 - Enhance engineering services to implement CIP
 - Creation of Business Process Improvement section
 - Enhance heavy equipment training for staff
 - Enhance revenue recovery initiatives
- Additional FTEs to be proposed in future years

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11



Austin Water Utility: Fund Summary

	2008 CYE	2009	2010	2011	2012	2013
Beginning Balance	\$38.4	\$25.7	\$28.3	\$29.3	\$30.3	\$31.2
Revenues:						
Service	\$348.5	\$385.9	\$410.5	\$436.7	\$465.5	\$496.3
Other	25.2	20.9	21.1	21.4	21.9	20.3
Total Revenues:	\$373.7	\$406.8	\$431.6	\$458.1	\$487.5	\$516.5
Requirements:						
O&M	\$159.4	\$174.4	\$186.1	\$197.5	\$209.0	\$221.0
Debt Service	150.8	161.8	168.1	168.0	184.8	209.2
Transfers	76.1	67.9	76.4	91.7	92.8	86.7
Total Requirements:	\$386.4	\$404.1	\$430.7	\$457.2	\$486.5	\$516.8
Ending Balance:	\$25.7	\$28.3	\$29.3	\$30.3	\$31.2	\$30.9
Rate Increases	9.8%	7.0%	4.5%	4.5%	4.5%	4.5%
Debt Service Coverage	1.61	1.57	1.54	1.66	1.62	1.55

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12





Capital Budget



Austin Water Utility: CIP Spending Plan

Total: \$1,473.5 Million
(FY 2009 thru FY 2013)

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>Total</u>
Water	\$147.5	\$181.8	\$181.2	\$204.4	\$212.0	\$926.9
Wastewater	116.9	119.5	99.0	112.1	99.1	546.6
Combined	<u>\$264.4</u>	<u>\$301.3</u>	<u>\$280.2</u>	<u>\$316.5</u>	<u>\$311.1</u>	<u>\$1,473.5</u>

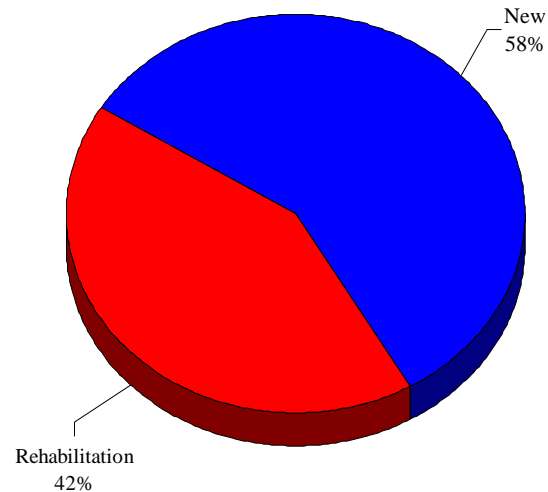




Austin Water Utility: CIP Spending Plan

Total: \$1,473.5 Million
(FY 2009 thru FY 2013)

	(\$ In Millions)
New Infrastructure	\$ 849.7
Rehabilitation	<u>623.8</u>
Total FY 2009-13 Plan:	<u>\$1,473.5</u>



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15



Austin Water Utility: Major Water Projects

- \$353 million for Water Treatment Plant #4 and related systems (just for the 5 years)
 - Current fiscal year costs primarily land acquisition
 - Additional WTP4 costs after 5-year forecast period
- \$42 million for improvements to the Southeast Desired Development Zone Area
- \$52 million for system rehabilitation
 - Central Business District improvements
 - West Campus area improvements
- \$42 million for Reclaimed Water System (including TM to University of Texas)
- \$13 million for additional decommissioning and demolition of the Green Water Treatment Plant



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16



Austin Water Utility: Major Wastewater Projects

- \$31 million for completing the Austin Clean Water Program
- \$260 million for line rehabilitation and collection system improvements
 - North Austin Wastewater Interceptor
 - Onion Creek Interceptor in Southeast Austin
 - Central Business District improvements
 - Seaholm site improvements
 - West Campus area improvements
 - Southeast area improvements
- \$131 million for wastewater treatment plant improvements
 - Walnut Creek for improvements to electrical and pumping systems
 - SAR WWTP for new pumps and drives, and repairs to clarifiers
 - Hornsby Bend Bio-Gas Project

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17



Cost of Service





Austin Water Utility: Cost of Service Update

- Currently conducting Cost of Service Rate Study
 - Last Cost of Service Rate Study completed in 1999
- Public involvement process to review issues ongoing
- Major issues include:
 - Water Conservation Task Force recommendations
 - Adding 5th block to residential rate structure
 - Irrigation rates for non-residential equal to highest residential blocks
 - Conservation rates for wholesale customers
 - Individual classes for Large Volume customers
 - Moving all customer classes to cost of service

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19



Austin Water Utility: Cost of Service Update

- Implementation Schedule
 - Summer 2008 – complete public involvement process
 - Fall 2008 – Commission and Council Briefings
 - January 2009 – final Council review and approval
 - April 2009 – Implement all cost of service results

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20

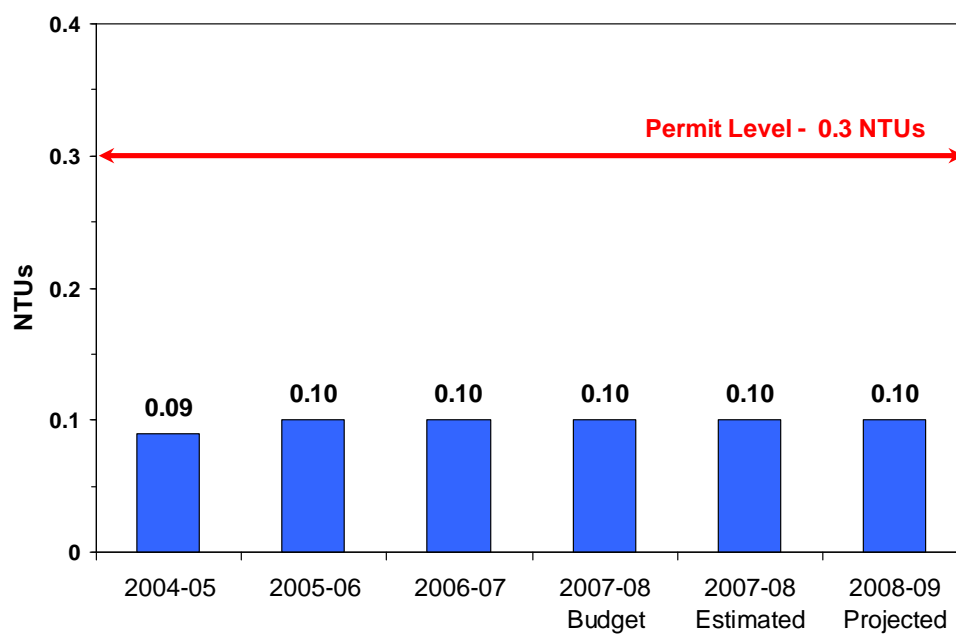




Performance Measures

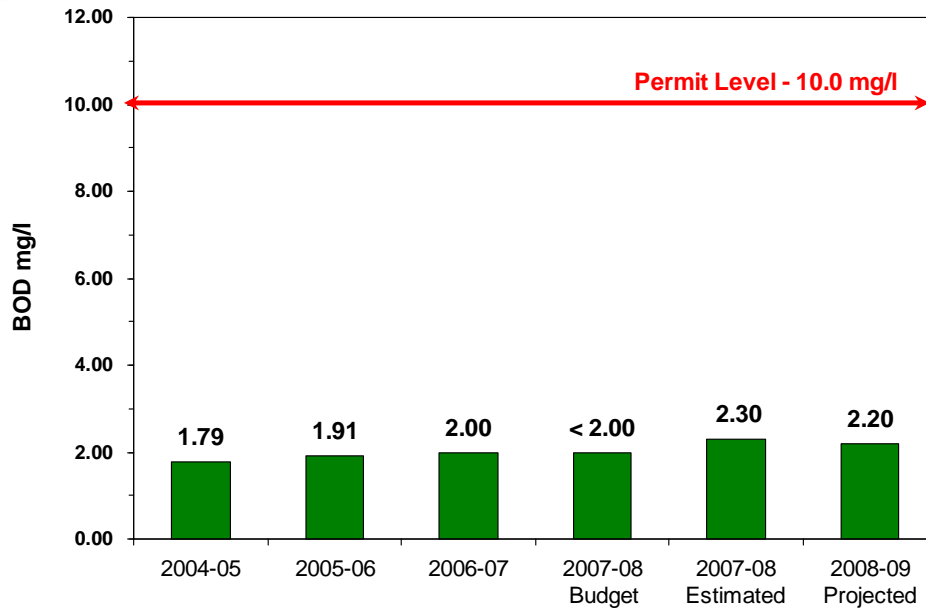


Austin Water Utility: Drinking Water Quality





Austin Water Utility: Wastewater Effluent Quality



Note: In January 2007, the USEPA changed the effluent quality calculation methodology.

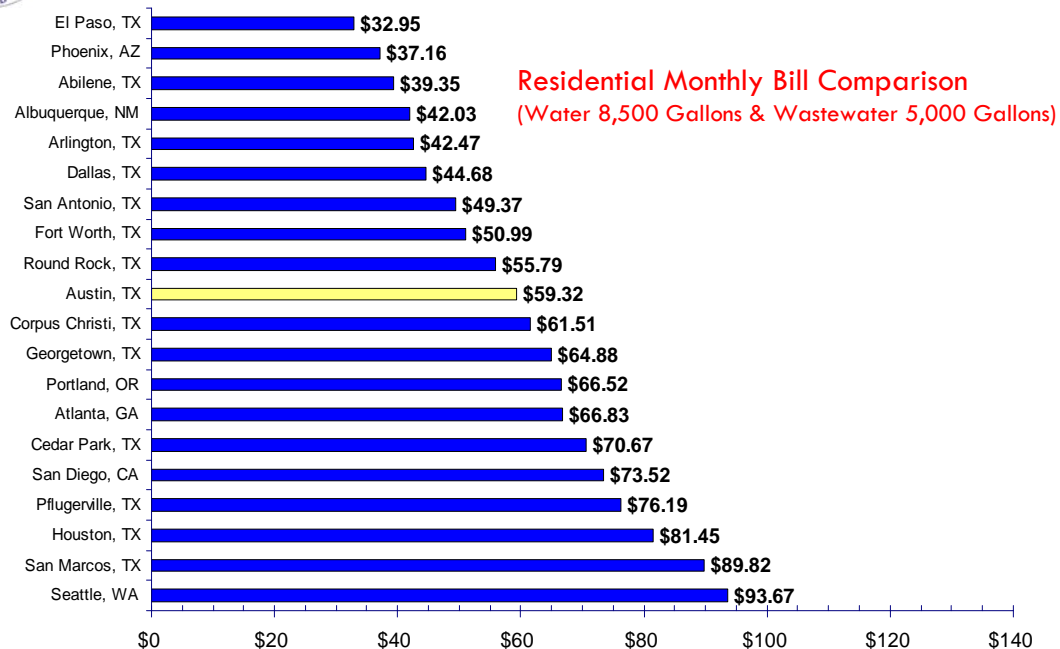


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23



Austin Water Utility: Monthly Bill Comparison



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24



Austin Water Utility

Questions?

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25



PUBLIC WORKS

Transportation Fund



27



Transportation Fund – What We Do

- ☐ Street Preventive Maintenance
- ☐ Street Repair
- ☐ Bridge Repair and Maintenance
- ☐ Concrete Repair and Construction
- ☐ Traffic Signals and Markings
- ☐ Traffic Calming
- ☐ Bicycle and Pedestrian Infrastructure

28



Transportation Issues and Trends

- ❑ Inflation in petroleum-based products such as asphalt is driving national increase in street maintenance costs
- ❑ Aging infrastructure
- ❑ Lack funding to construct sidewalks and to comply with ADA ramp requirements
- ❑ Increased demand for traffic calming as a result of congestion

29



Street Maintenance Cost Drivers

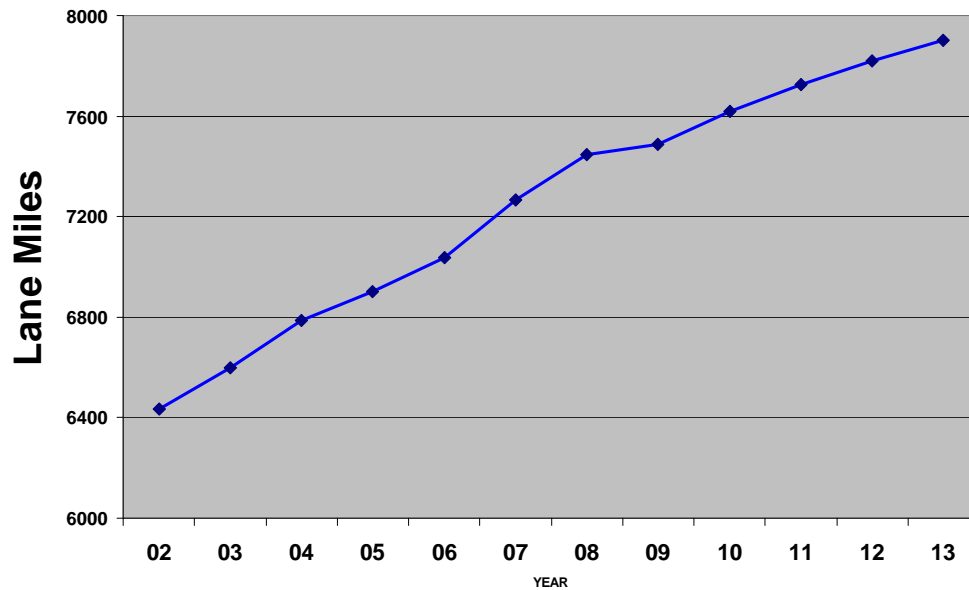
- ❑ Asphalt inflation averaging 20% increase from 2003 to 2007
- ❑ Street inventory projected to grow at 180 Lane Miles/Yr 2009 to 2013
- ❑ Labor costs



30



Growth of Street Inventory



31



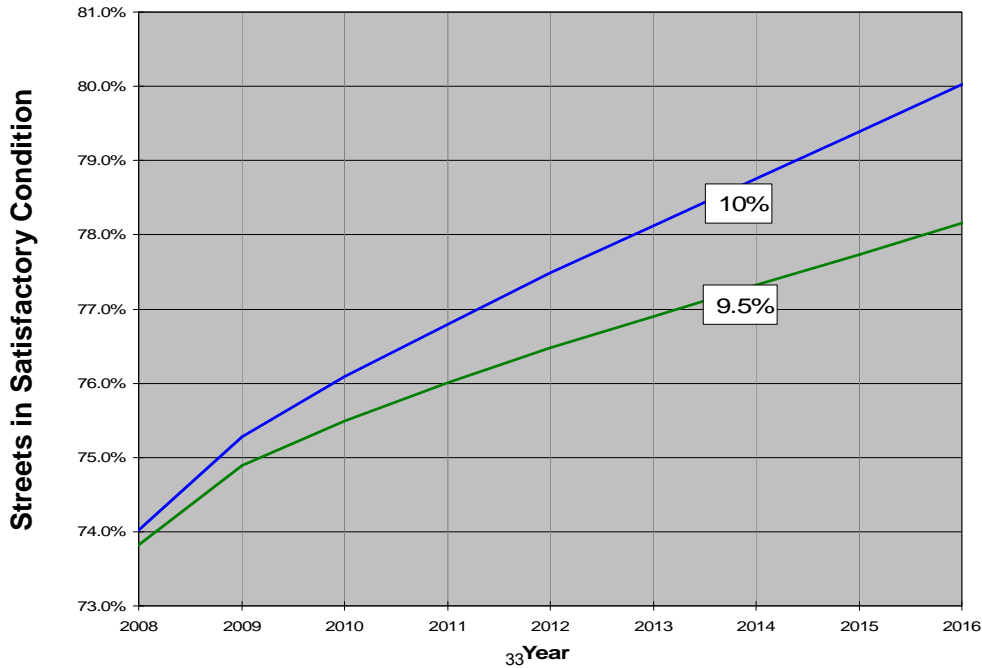
Street Maintenance Goals

- Achieve 80% roads in good condition through street preventative maintenance by 2016
 - Currently at 70% in good condition
- Provide preventive maintenance on 10% of the roadway inventory annually
 - Currently budgeted at 9.5%

32



Street Maintenance Vs. Condition



Street Network Maintenance Services

Preventative Maintenance

- Timely preventive maintenance keeps streets in good condition
- Crack seal, seal coat, and asphalt overlay

Preventative maintenance is funded by the Transportation Fund Operating Budget

Street Reconstruction

- Reconstruction of an existing street from curb to curb, including sidewalks
- Street reconstruction is eventually necessary, especially if preventative maintenance is delayed

Street reconstruction is funded through Capitol Budget by voter-approved Bonds



Transportation - Other Needs

- Upgrades and repairs to Traffic Signal System
 - Traffic Signals
- Funding for sidewalk construction/ADA requirements
- Parking Meters at end of useful life
- Bridge Maintenance
- Traffic Calming



35



Transportation - Operational Needs

- IT systems
- Harold Court remediation
- Additional service yards
 - Replacement for Central District yard
 - Service yard needed in West Austin
- Additional office space



36





Transportation Fund Forecast

(In Millions)	FY 08 Est.	FY 09	FY 10	FY 11	FY 12	FY 13
Beginning Balance	\$5.6	\$1.6	(\$7.7)	(\$17.6)	(\$26.1)	(\$35.2)
Revenue / Transfers In	\$39.8	\$41.6	\$42.3	\$43.0	\$43.9	\$44.8
Expenditures	\$43.8	\$50.9	\$52.2	\$51.6	\$53.0	\$54.1
Ending Balance	\$1.6	(\$7.7)	(\$17.6)	(\$26.1)	(\$35.2)	(\$44.5)



Solid Waste Services



Solid Waste Services



Operational Issues/Cost Drivers



- **Waste Diversion**
 - ☐ Single Stream
 - ☐ Material Recovery Facility
 - ☐ Zero Waste
 - ☐ Green District
- **Code Enforcement**
 - ☐ Expansion within districts
- **FM812 Landfill**
 - ☐ Closure and Post-Closure Care

41

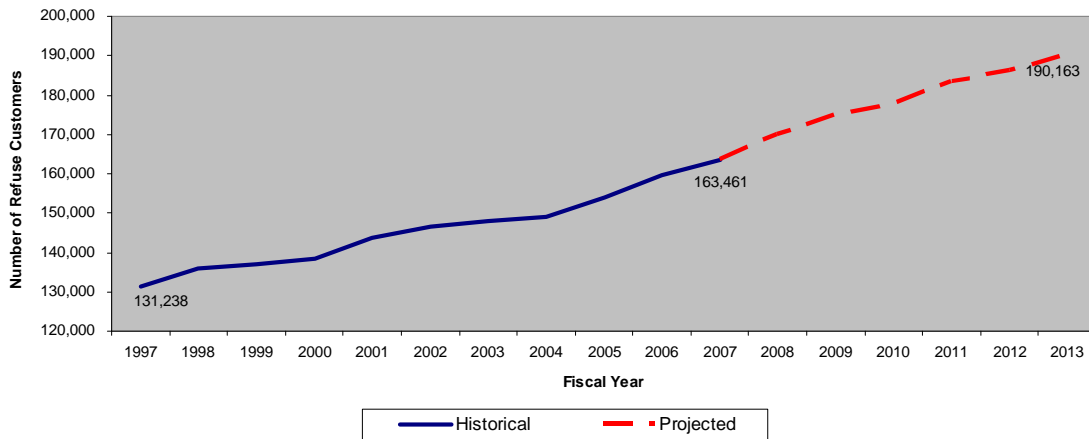
Operational Issues/Cost Drivers – cont.



- **Fleet**
 - ☐ Alternative fuel
 - ☐ Hybrids
 - ☐ Fuel cost
 - ☐ Vehicle Maintenance Facility
- **Growth & Annexation**
 - ☐ Service Center and Fuel Facility

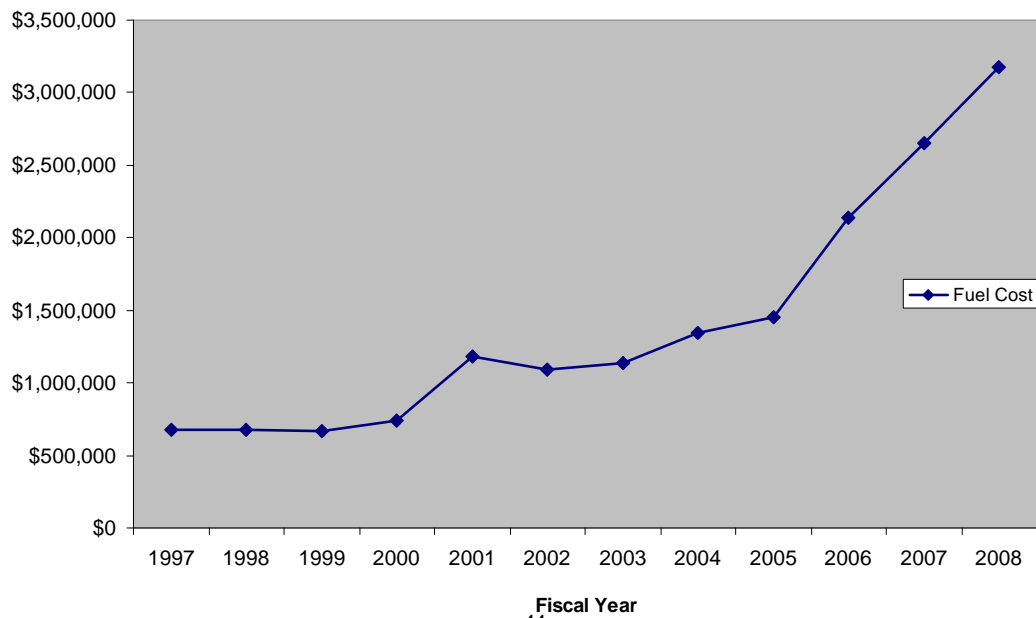
42

Projected Customer Growth



43

Fuel Cost



44

Projected Financial Summary



Solid Waste Services Department Five Year Forecast (in millions)

	Estimated 2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Beginning Balance	\$9.0	\$4.2	\$5.1	\$4.6	\$4.8	\$6.3
Revenue						
Pay-As-You-Throw	\$34.4	\$44.0	\$47.5	\$51.4	\$53.8	\$56.4
Anti-Litter	\$11.7	\$16.3	\$17.9	\$19.3	\$19.9	\$20.5
Other	\$5.7	\$5.0	\$5.1	\$8.1	\$8.3	\$8.5
Transfers In	\$1.3	\$1.3	\$1.3	\$1.3	\$1.3	\$1.3
Total Available	\$53.1	\$66.6	\$71.8	\$80.1	\$83.3	\$86.7
Expenses						
Expenses	\$46.3	\$49.9	\$50.3	\$53.1	\$54.1	\$54.6
Debt Services	\$4.6	\$7.2	\$12.9	\$17.3	\$17.8	\$20.1
Transfers Out	\$2.0	\$2.4	\$2.6	\$2.7	\$2.8	\$2.9
Other Requirements	\$5.1	\$6.2	\$6.5	\$6.8	\$7.2	\$7.5
Total Requirements	\$58.0	\$65.7	\$72.3	\$79.9	\$81.9	\$85.1
Ending Balance	\$4.2	\$5.1	\$4.6	\$4.8	\$6.3	\$7.9
Financial Policy 1/12 Requirement	\$3.9	\$4.2	\$4.3	\$4.5	\$4.6	\$4.7

Watershed Protection & Development Review



Lives, Property and the Environment

Flooding



**Public
Safety**

Erosion



**Property
Protection**

WQ Degradation



**Environmental
Protection**

Emerging Issues

- Aging infrastructure
- Inflationary costs
- Growth



49

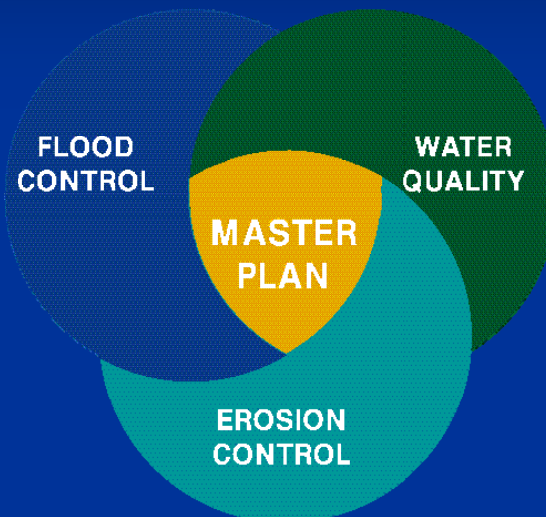
Unique to Austin

- Environmental emphasis
- Environmental infrastructure
- Growth management
 - Urban infill
 - Barton Springs Zone
 - SH130



50

Watershed Protection requires the use of multiple strategies

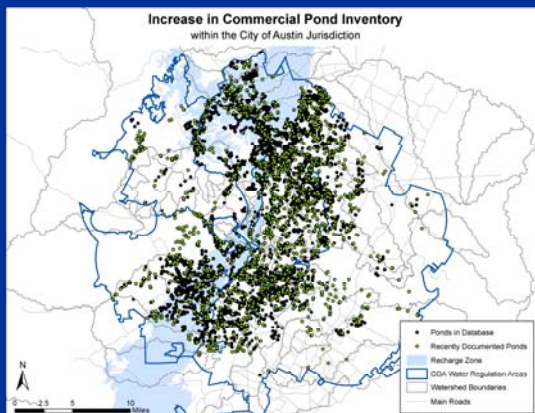
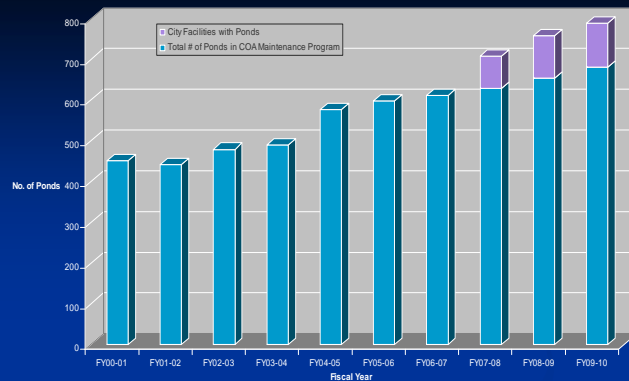


Capital Projects
Operating Programs
Regulations

51

To reach goals....

- Robust CIP
- Adequate operations
- Regulatory solutions



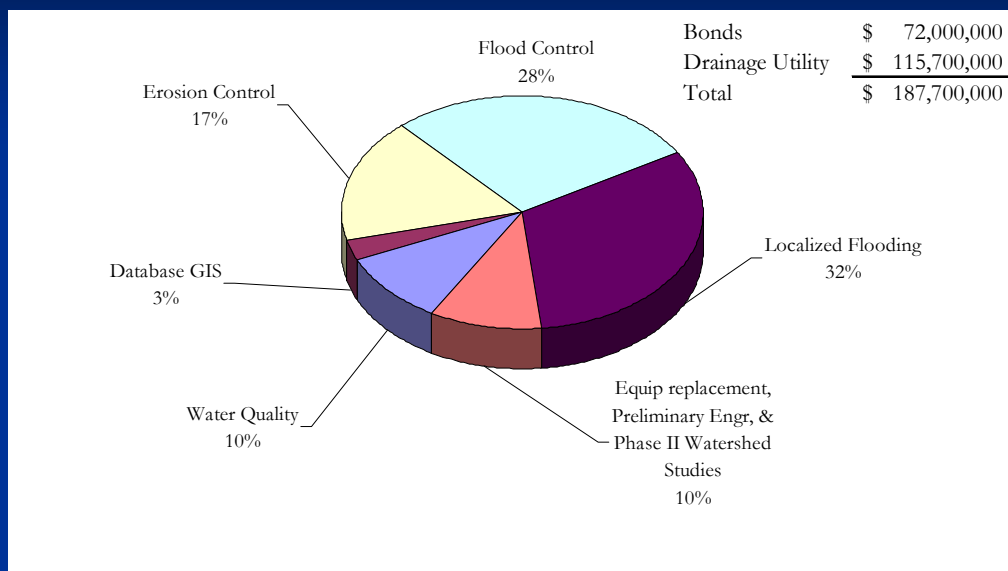
52

Five Year Forecast Fund Summary (in millions)

	Amended 2007-08	Proposed 2008-09	Proposed 2009-10	Proposed 2010-11	Proposed 2011-12	Proposed 2012 -13
BEGINNING BALANCE	9.3	7.0	4.1	3.1	3.3	3.5
TOTAL REVENUE	54.2	55.3	63.1	70.2	76.1	81.9
TRANSFERS IN	0.7	0.4	0.4	0.4	0.4	0.4
TOTAL AVAILABLE FUNDS	54.9	55.7	63.5	70.5	76.4	82.3
TOTAL OPERATING REQUIREMENTS	36.0	36.2	37.9	40.0	42.1	44.1
TRANSFERS OUT	3.3	3.0	3.3	3.4	3.5	3.6
TRANSFER TO CIP	17.3	16.1	19.6	23.1	26.6	30.1
OTHER REQUIREMENTS	2.9	3.4	3.6	3.8	4.0	4.3
TOTAL REQUIREMENTS	59.4	58.7	64.4	70.3	76.2	82.0
EXCESS (DEFICIENCY) OF TOTAL AVAILABLE FUNDS OVER TOTAL REQUIREMENTS	(4.5)	(3.0)	(1.0)	0.2	0.2	0.2
ENDING BALANCE	\$ 4.8	\$ 4.1	\$ 3.1	\$ 3.3	\$ 3.5	\$ 3.8
FINANCIAL POLICY RESERVE OF 30 DAYS	\$ 2.7	\$ 2.7	\$ 2.8	\$ 3.0	\$ 3.1	\$ 3.2

53

Five year CIP Total: FY2009 – FY2013



54

CIP Highlights

- Localized Flooding (\$60.1)
 - CBD Storm Drain Improvements
- Water Quality (\$18.8M)
 - Town Lake Waller Creek WQ Retrofits
- Erosion Control(\$31.9M)
 - Onion Creek Dixie Drive Erosion Buyouts
- Flood Control (\$52.6M)
 - Flood Early Warning System Upgrades



55

Operations Highlights

- Over 75,500 feet of storm drain lines cleaned
- Almost 3,200 feet of pipeline installed or repaired
- 776,000 gallons of pollutants recovered as result of business inspections and spill response
- 160 floodplain buyouts completed



56

Summary

- Continue to meet goals
- Address challenges
- Perform rate study





Austin Energy



Financial Forecast

State of the Electric Industry

- Texas Electric Market
 - *ERCOT State-wide Nodal Market*
 - *Congestion Costs*
- Rising Fuel & Commodity Prices
- Capital Intensive Industry with Rising Construction Costs
- Energy & Climate Change Policy
- Workforce Development



Revenue & Rates (\$ in millions)

■ Base Rate

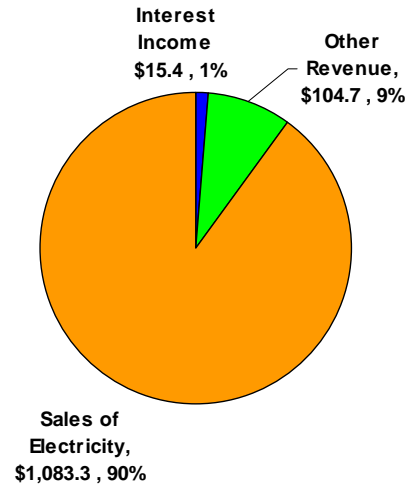
- *In place since 1994*
- *No rate increase*
- *2.2% annual growth in base revenue*

■ Fuel Rate

- *Expect increases for rising fuel costs*

2009 Revenue \$1,203.4M

Excludes Transfers In \$35.3M



Expenditures (\$ in millions)

■ Operating & Maintenance

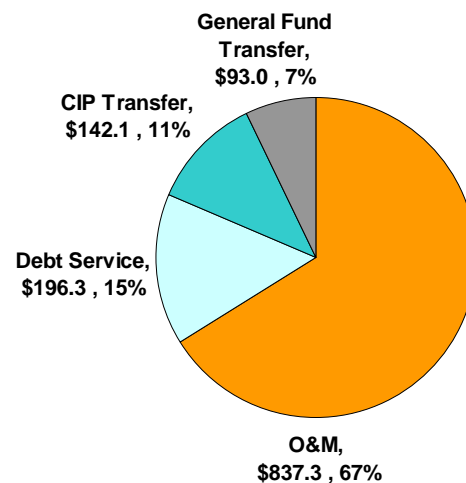
- *O&M includes Fuel*

■ Capital Improvements

- *Debt Service*
- *CIP Transfer*

■ General Fund Transfer

2009 Requirements \$1,268.7M



2009_2013 Forecast Fund Summary (\$ in millions)

		2008 Amended	2009	2010	2011	2012	2013
Beginning Balance	\$	233.5	194.3	160.2	127.0	130.2	135.4
Revenue	\$	1,108.1	1,203.4	1,244.6	1,271.1	1,282.8	1,288.3
Transfers In	\$	48.1	35.3	0.0	0.0	0.0	0.0
Available Funds	\$	1,156.2	1,238.7	1,244.6	1,271.1	1,282.8	1,288.3
Operating Requirements	\$	736.6	820.8	860.7	881.9	897.3	928.9
Transfers Out	\$	403.6	431.4	394.4	363.4	362.5	380.7
Other Requirements	\$	16.1	16.5	17.0	17.4	17.9	18.3
Total Requirements	\$	1,156.3	1,268.7	1,272.1	1,262.7	1,277.7	1,327.9
Excess (Deficiency)	\$	(0.1)	(30.0)	(27.5)	8.3	5.1	(39.6)
Adjustment to GAAP	\$	0.0	(4.1)	(5.7)	(5.2)	0.1	0.0
Ending Balance	\$	233.4	160.2	127.0	130.2	135.4	95.8
FTEs		1,642.75	1,642.75	1,642.75	1,642.75	1,642.75	1,642.75

Ending Balance includes working capital reserve in accordance with City Financial Policy.

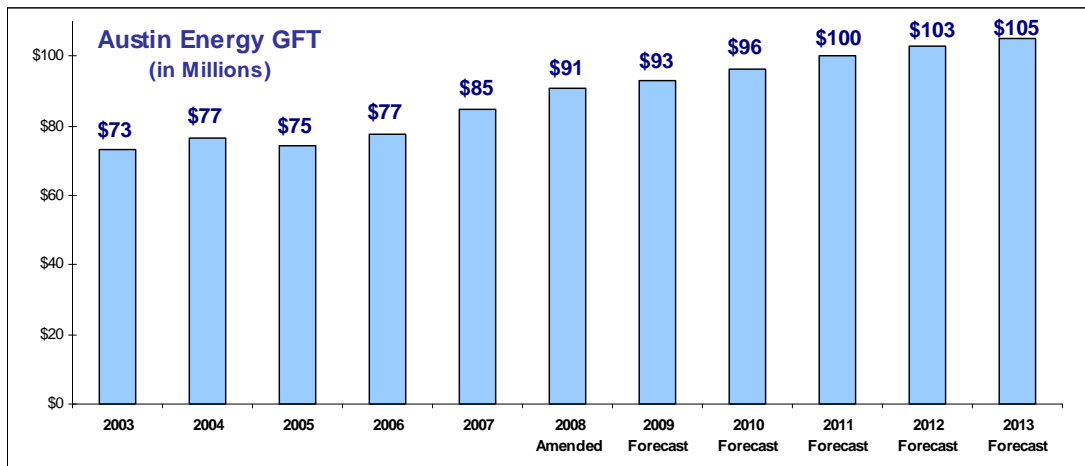


Ending Balance

- Better financial results in FY2006 & FY2007
 - Revenue above budget & expenditures under budget
 - Defer base rate increase
- Use of Ending Balance
 - Use for “one-time expenditures”
 - Use to achieve structural balance
 - Transfer to other utility reserves in FY2009



General Fund Transfer (GFT) – 9.1%



- Maintained 9.1% transfer rate from 1999 through 2013, except 8.9% in 2002
- % of gross revenue (three year average of 2 prior years & current year estimate)



CIP Highlights

\$873.0M (\$ in millions)

- Fayette Power Project Scrubbers
 - Total cost \$224.0M
- Sand Hill Energy Center (100 MW Peaking Units)
 - Total cost \$60.0M & on line by late summer FY2009
- Customer Information System Replacement
 - Total cost \$19.5M Multi-department project
- Energy Control Center (ECC) Replacement
 - Tokyo Electron Building Renovation \$17.3M & ECC Sale
- Ongoing expansion of Distribution System \$60M/yr



CIP- Rising Construction Costs

- Rising electric industry construction costs
 - *Materials (steel, copper & concrete) & components manufactured from these (transformers, turbines, pumps)*
 - *Rising wages for construction field labor*
 - *Tighter market for large construction project management*
- Handy-Whitman Index© of utility construction costs
 - *2004 to 2007 - costs increases of 25-35% for steam-generation plant, transmission projects & distribution equipment (compared to 8% increase in general inflation)*
 - *Cost of gas turbines increased by 17% during 2006 alone*



Challenges

- Workforce Development
 - *Industry challenge - Retirements, retention, recruiting*
 - *31% AE employees eligible to retire in 5 years*
 - *57% AE Executives eligible to retire in 5 years*
- Austin Climate Protection – Utility Plan
 - *Future Energy Resource Plan*
 - *Renewable Energy Goals*
 - *Austin Energy CO2 Plan*



Austin Climate Protection Plan

- Make all City facilities, fleets, & operations carbon neutral by 2020
- Municipal, Building & Community Plans
 - Power City facilities with renewable energy
 - Green house gas (GHG) inventories for City Departments
 - 1st phase of energy code changes complete
 - Developing website & carbon calculator for outreach & offset program
 - Energy Efficient Retrofits Task Force



69

Closing Summary

- Continue achievement of Strategic Goals
- Maintain strong financial position during economic stress
- Public participation on Energy Resource Plan



70

Department of Aviation



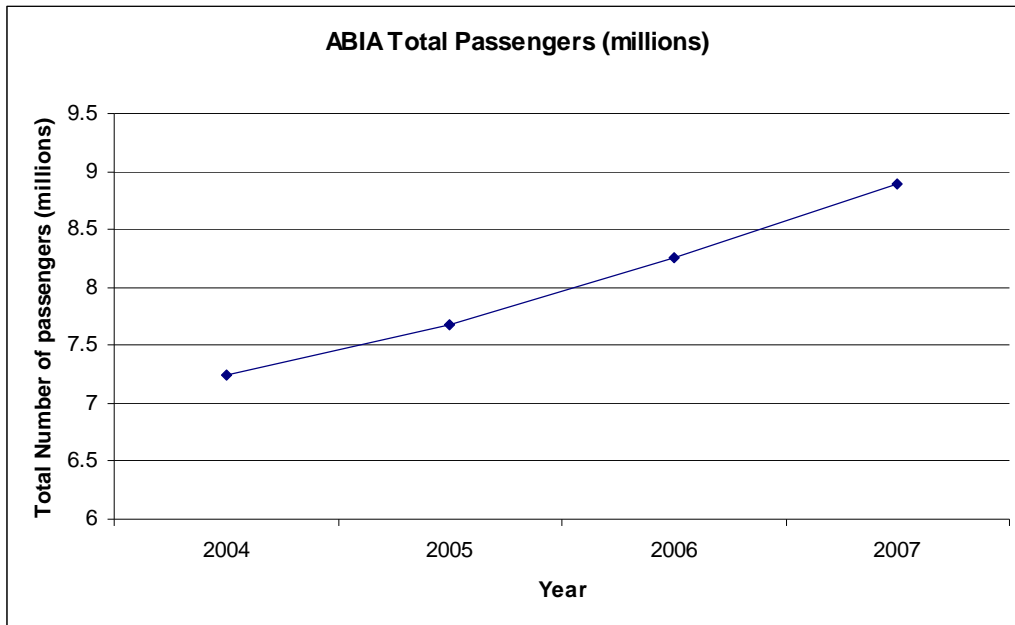
Financial Forecast

Drivers of Forecast

1. Growth
2. Maintenance
3. Business Environment



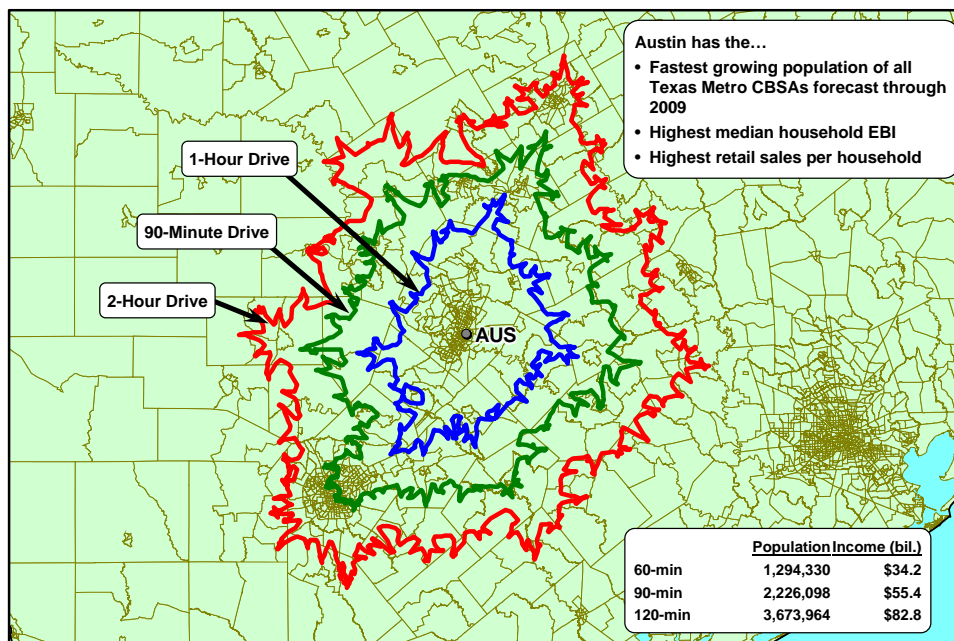
Passenger Growth



Source: DOA Statistics



3.7 Million People Live Within a 2-Hour Drive of Austin



Source: MapInfo 2001, via TargetPro. Lines denote Census tracts.



Forecast for 2016 and 2026

	2008	2016	2026
Total Passengers	9,169,332	12,384,000	17,470,000
Passenger Aircraft Operations	106,454	148,400	202,000
Airline Gates	25	35	48
Total Overnight parking positions	46	64	100

Source: Jacobs CIP Report 2008



Forecast Assumptions

- **Revenue**
 - ▢ Passenger traffic grows at 3% in the forecast period, consistent with population growth.
 - ▢ Total revenue projected to increase, on average, 5.7% over the forecast period.
- **Expenditures**
 - ▢ Expenditures are projected to grow at close to the same rate as revenue, on average, for the forecast period.
 - ▢ Forecast includes cost increases associated with maintenance and personnel.



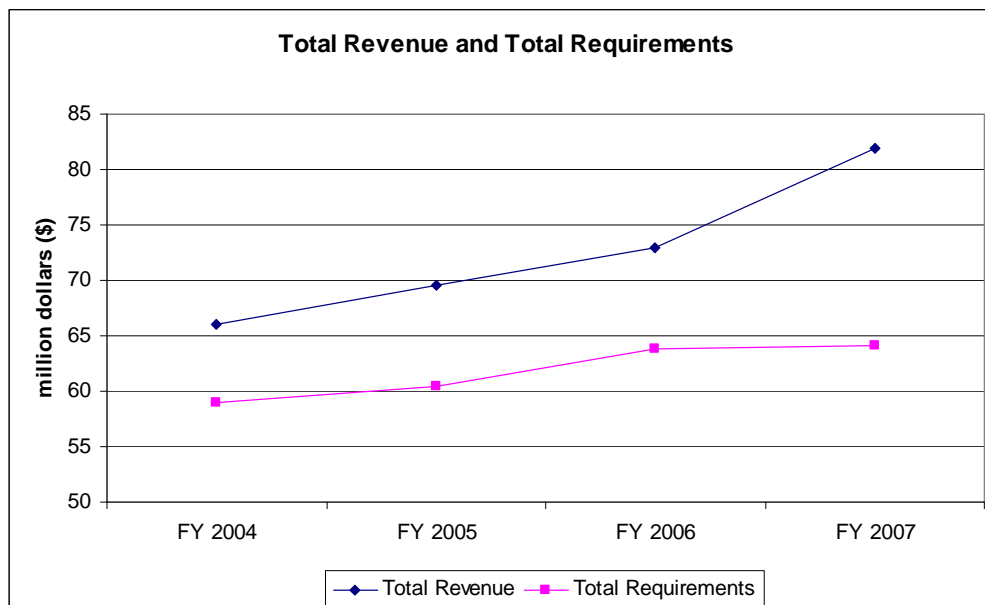
Aviation

Aviation Department Five Year Forecast
(millions)

	Amended 2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
TOTAL AIRLINE REVENUE	33.9	37.9	39.1	40.4	41.6	43.6
TOTAL NON-AIRLINE REVENUE	48	55.4	57.4	59.5	61.6	63.8
TOTAL REVENUE	81.9	93.3	96.5	99.9	103.2	107.4
TOTAL TRANSFERS IN	6.9	0.0	0.0	0.0	0.0	0.0
TOTAL AVAILABLE FUNDS	88.8	93.3	96.5	99.9	103.2	107.4
TOTAL OPERATING REQUIREMENTS	54.2	57.6	60.5	63.5	66.7	70.1
TOTAL OTHER REQUIREMENTS	21.4	22.2	22.7	23.3	23.4	24.6
TOTAL REQUIREMENTS	75.6	79.8	83.2	86.8	90.1	94.7
CONTRIBUTION TO THE CAPITAL FUND	13.2	13.5	13.3	13.1	13.1	12.7
PROJECTED CAPITAL FUND BALANCE	73.1	66				



Total Revenue and Total Requirements

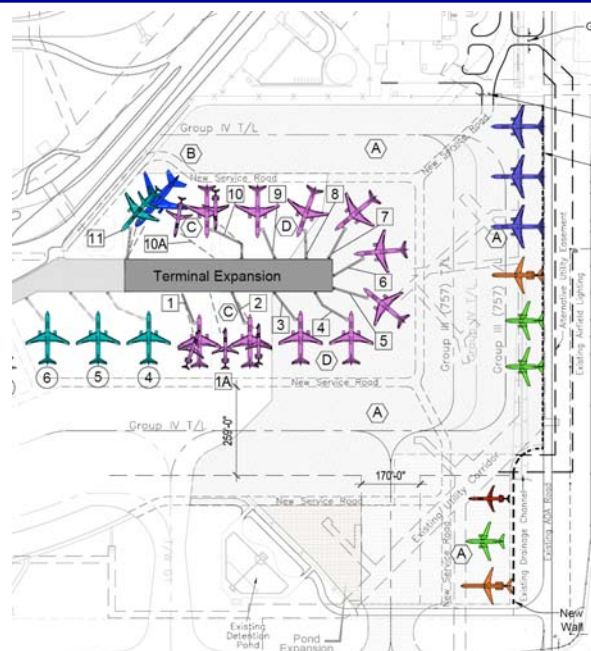


Examples of Projects to cope with growth



Financial Forecast

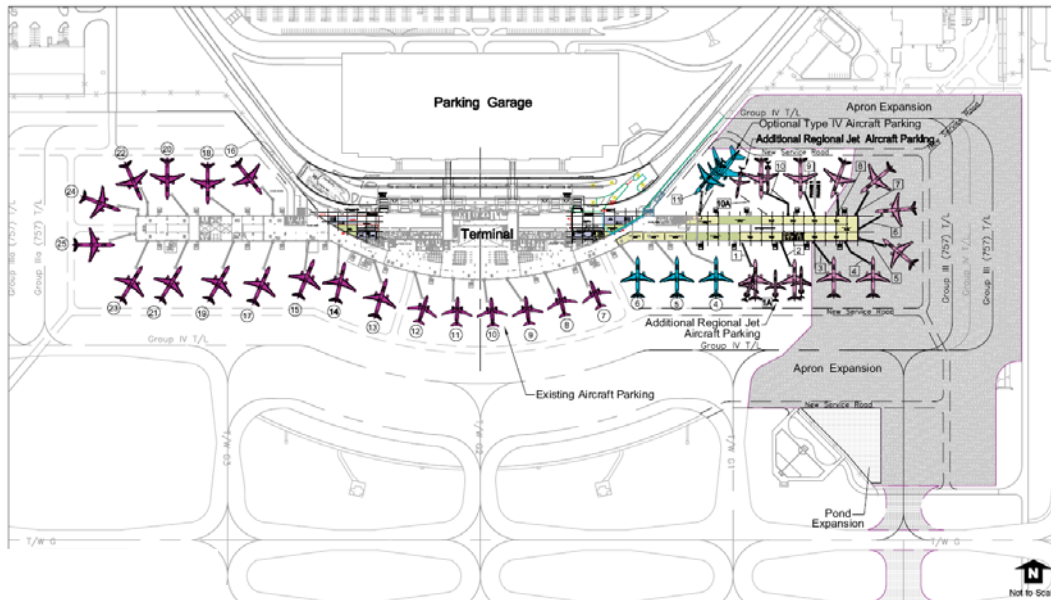
Remain Overnight (RON) Apron \$72m



Source: Jacobs CIP Report 2008



Terminal Expansion \$200m



Source: Jacobs CIP Report 2008



Rental Car / Parking Garage \$157m



Austin-Bergstrom International Airport
ConRAC Study



Source: ABIA Conrac Study 2008



Examples of Projects to maintain existing Infrastructure



Financial Forecast

Examples of Projects to maintain existing infrastructure

Airfield Lighting & Pavement Repair	\$6.3m
Garage Repairs	\$4m
Security Upgrade	\$10m
Airport Roadway Signage	\$14m
Telecom / Data Facility	\$15m
Airfield Rehabilitation	\$8m
Terminal Improvement	\$7m



Business Environment

- Cost of Fuel
- Cost of Infrastructure materials
- Cost of Finance
- Airline Mergers
- Airline Bankruptcies
- Reduction of Domestic Capacity



Issues to be addressed over the forecast period

1. When to expand the terminal
2. Clarify commercial airport role with General Aviation





Convention Center Industry Overview

- Over past decade, public capital spending doubled to \$2.4 billion
- Convention Space increased over 50% since 1990
- Number of events has remained flat
- New competition from mega-hotels such as the Gaylord Texan
(over 60 hotels with 100,000+ sq. ft. of exhibit space)

Results of Competition are Two-Fold

Number One

- Rental fees are in a decline nationally
- Has forced ACCD into enacting new rental price structure
- New pricing increased competitiveness, but equals less revenue and more reliance on HOT to cover operating expenses
- Delay in implementing new pricing structure has hurt bookings for 2010 and 2011 (Typical booking cycle approximately 4-5 years out)

Results of Competition are Two-Fold

Number Two

- New state-of-the-art facilities forces ACCD to update its facilities and services
- Quality exhibit and meeting room space not sufficient
- Need to provide quality permanent food and beverage outlet, business center and other guest services amenities

Significant Capital Expenditures Needed

FY2002 - \$0

FY2003 - \$0

FY2004 - \$0

FY2005 - \$0

FY2006 - \$904,600 (Chiller)

FY2007 - \$4,100,000 (Roof)

Revenue Overview

- Current year HOT should exceed budget by \$3 million
- HOT accounts for over 50% of Convention Center revenue
- Decreasing rental revenue increases reliance on HOT
- HOT estimates for FY2008-09 show modest 2% increase
- Weak bookings in 2010 could result in slight decrease of HOT in FY2009-10
- New pricing structure will result in decreasing rental revenue

Expenditure Overview

- Maintenance and updating of facilities a primary focus for this forecast period
- Continue investing in technology infrastructure
- Begin two-year LEED-EB certification process
- New FTEs required in customer service roles

Expenditure Overview

(continued)

- Proposed FY2008-09 expenditures exceed budgeted revenue due to:
 - Needed investments for facility maintenance and upgrades
 - Continued technology advancements
 - Needed increase in personnel
- Debt service has stabilized since realization of significant savings prior to FY2007-08

Revenue and Expenditure Overview

Category	FY2008 Budget	FY2008 Estimate	FY2009 Projected	FY2010 Projected	FY2011 Projected	FY2012 Projected	FY2013 Projected
Beginning Balance	\$29.9	\$35.4	\$35.8	\$29.2	\$25.7	\$22.2	\$18.0
Revenue:							
Hotel Occupancy Tax	\$30.7	\$32.9	\$33.6	\$33.2	\$34.2	\$34.9	\$35.6
Rental Car Tax	6.5	6.5	6.7	6.6	6.8	6.9	7.1
Operating Revenue	14.3	14.3	14.7	14.6	14.4	14.3	14.1
Interest Earnings	1.5	1.6	1.0	1.1	1.1	1.1	1.1
Total Revenue	\$53.1	\$55.3	\$56.0	\$55.5	\$56.5	\$57.2	\$57.9
Expenditures:							
Operating Expenses	\$31.9	\$31.9	\$34.7	\$35.1	\$35.4	\$35.8	\$36.1
Debt Service	16.1	16.1	18.8	19.5	20.0	20.7	20.9
CIP Transfers/Other Transfers	5.0	5.1	7.2	2.2	2.2	2.2	2.2
Other Requirements	1.8	1.8	2.0	2.2	2.4	2.7	2.9
Total Expenditures	\$54.8	\$54.9	\$62.7	\$59.0	\$60.0	\$61.4	\$62.1
Ending Balance	\$28.2	\$35.8	\$29.2	\$25.7	\$22.2	\$18.0	\$13.8

(Amounts in millions)

Capital Improvement Projects Forecasted Projects

Austin Convention Center

- Grand entrance with permanent restaurant and business center
- Two-Year LEED-EB Certification Projects
 - Lighting Upgrades
 - Electrical Upgrades
 - Equipment Purchases
- Carpet Replacement
- Air-wall Replacement
- Re-configure Office Space

Capital Improvement Projects

Forecasted Projects

Palmer Events Center

- Electrical System Upgrades
- Pre-function Signage and Mini-marquees
- HVAC upgrades needed



FUND PROJECTIONS

AUSTIN WATER UTILITY

The purpose of the Austin Water Utility is to effectively manage water resources for the community in order to protect the public health and environment.

REVENUE

The Austin Water Utility provides water and wastewater service to over 200,000 customers within Austin and the surrounding areas. Revenue from the sale of water and wastewater service total over \$350 million annually. Non-rate revenue includes miscellaneous fees and charges and interest income.

Below are revenue assumptions included in the FY 2009-13 Financial Forecast:

- Projected combined rate increases total 25.0% over the forecast period
- Revenue from the sale of water and wastewater service will increase 38.9% over the forecast period from growth and forecasted rate increases. There are no new fees for utility services
- Over the 5-year financial forecast period, the Utility is projecting a 1.4% average annual growth in base service revenue for all rate classes for both water and wastewater systems
- It is projected that non-rate revenue will increase by \$1.3 million or 16.3% over the forecast period

EXPENDITURES

The major cost drivers of the Utility are related to required capital improvements, on-going debt service, and operations & maintenance expenses. Significant capital improvements are forecasted to address growth in the system and replacing aging infrastructure. Approximately 40% of total operating revenue each fiscal year is required for paying principal and interest due on debt. Projected increases to the operations and maintenance budget are due to increased water pumpage and wastewater flows, addition of new facilities and annexations. Costs associated with health insurance, pay for performance and additional employees needed for water conservation and engineering are increasing. Power, chemicals and overall inflationary increases are also escalating combined utility system costs.

Below are expenditure assumptions included in the FY 2009-13 Financial Forecast:

- Operating requirements are projected to increase by \$61.6 million or 38.6% over the 5-year forecast
- \$15.0 million increase in operating requirements is projected for FY 2009
- New capital spending of \$1.5 billion is required during the forecast period
- Annual debt service payments are projected to increase by \$50.0 million or 31.4% over the forecast period

Austin Water Utility Department Five Year Forecast
(millions)

	Amended 2007-08	Estimated 2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
BEGINNING BALANCE	39.7	38.4	25.7	28.3	29.3	30.3	31.2
REVENUE	365.4	356.9	394.2	419.3	445.6	474.9	505.6
TRANSFERS IN	16.8	16.8	12.6	12.4	12.5	12.5	10.9
TOTAL AVAILABLE FUNDS	382.2	373.7	406.8	431.6	458.1	487.5	516.5
TOTAL OPERATING REQUIREM	146.1	146.1	157.4	167.6	177.4	187.6	198.3
TOTAL OTHER REQUIREMENTS	13.3	13.3	17.0	18.5	20.1	21.3	22.7
TOTAL DEBT SERVICE	159.2	150.8	161.8	168.1	168.0	184.8	209.2
TOTAL TRANSFERS OUT	76.1	76.1	67.9	76.4	91.7	92.8	86.7
TOTAL REQUIREMENTS	394.7	386.4	404.1	430.7	457.2	486.5	516.8
EXCESS (DEFICIENCY OF AVAILABLE FUNDS OVER TOTAL REQUIRE	(12.6)	(12.7)	2.6	1.0	0.9	1.0	(0.3)
ENDING BALANCE	27.2	25.7	28.3	29.3	30.3	31.2	30.9
FTEs	1,036.85	1,056.85	1,056.85	1,056.85	1,056.85	1,056.85	1,056.85
Combined Rate Increases	9.8%	7.0%	7.0%	4.5%	4.5%	4.5%	4.5%

PUBLIC WORKS DEPARTMENT—TRANSPORTATION FUND

The Transportation Fund supports the Street and Bridge Division within the Public Works Department which is comprised of Street Preventive Maintenance, Street Repair, Concrete Repair and Construction and Transportation Enhancement. The fund also supports the Traffic Controls, Transportation Enhancement, and Bicycle and Pedestrian Infrastructure programs.

REVENUE

Transportation fee revenue accounts for approximately 74% of the total revenue in the Transportation Fund for FY 2009. The transportation fee was created by the City Council in September 1991 for funding of street repairs and maintenance. Transportation fee revenue is based on minimal annual growth of approximately 1.75%.

However, overall revenue – including an expected increase in reimbursements from utility departments and a slightly higher increase in the General Fund transfer – will not be sufficient to cover expenditures over the forecast period. The department will be assessing a needed increase to the Transportation Fee in order to sustain operations and to achieve its goals related to the City's street conditions.

EXPENDITURES

One of the City's annual goals is to maintain 80% of the street inventory in fair to excellent condition, which requires providing preventive maintenance to 10% of the street inventory annually. This goal is challenged each year due to rapid increase in commodity costs, such as asphalt and fuel. The forecast is based on a 9.5% preventative maintenance schedule in FY 2009, and then 10% in the remaining years.

Funding is also included to enhance services for traffic calming, upgrade the traffic signal system, replace traffic signal lights, and to replace parking meters. The forecast also includes funding to continue bridge maintenance at its current level.

Below are expenditure assumptions included in the FY 2009-13 Financial Forecast:

- Over the five year forecast period, the anticipated growth in the street network and asphalt inflation will require, on average, an estimated additional \$3.2 million per year in street preventive maintenance
- Includes \$1.6 million in upgrades to traffic signals and to the traffic management system
- Includes the cost associated with purchasing new and replacement vehicles and equipment
- An additional \$0.6 million is included for maintaining park roads and parking lots in the City's park system

- Includes personnel related expenses for pay for performance and insurance cost increases

The forecast also includes increases in debt service that may be modified through the budget process.

The current forecast predicts a \$7.7 million shortfall in FY 2009, growing to a \$44.5 million shortfall in FY 2013. The department will be assessing its expenditure cost increases, and will be developing a rate plan to address these projected shortfalls.

Transportation Fund Five Year Forecast

(millions)

	Amended 2007-08	Estimated 2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
BEGINNING BALANCE	5.4	5.6	1.6	(7.7)	(17.6)	(26.1)	(35.2)
REVENUE							
Transportation User Fee	23.5	23.5	23.9	24.2	24.7	25.2	25.7
Other	7.8	7.8	8.3	8.6	9.0	9.3	9.7
TOTAL REVENUE	31.3	31.3	32.1	32.8	33.6	34.5	35.4
TRANSFERS IN							
General Fund	8.6	8.6	9.4	9.4	9.4	9.4	9.4
TOTAL AVAILABLE FUNDS	39.8	39.8	41.6	42.3	43.0	43.9	44.8
TOTAL OPERATING EXPENSES	36.7	36.7	42.8	43.6	42.7	43.7	44.4
TOTAL TRANSFERS OUT AND OTHER REQUIREMENTS	7.1	7.1	8.1	8.5	8.9	9.3	9.7
TOTAL REQUIREMENTS	43.8	43.8	50.9	52.2	51.6	53.0	54.1
EXCESS (DEFICIENCY) OF TOTAL AVAILABLE FUNDS OVER TOTAL REQUIREMENTS	(4.0)	(4.0)	(9.3)	(9.9)	(8.5)	(9.1)	(9.3)
ENDING BALANCE	1.5	1.6	(7.7)	(17.6)	(26.1)	(35.2)	(44.5)
FTEs	360.00	360.00	373.00	386.00	386.00	386.00	386.00
Rate per acre	\$20.71	\$20.71	\$ 20.71	\$ 20.71	\$ 20.71	\$ 20.71	\$ 20.71
Monthly Residential Fee							
Single Family	\$ 4.14	\$ 4.14	\$ 4.14	\$ 4.14	\$ 4.14	\$ 4.14	\$ 4.14

SOLID WASTE SERVICES

Solid Waste Services (SWS) provides recycling, refuse, yard trimmings, brush, bulky and dead animal collection and street sweeping services. Additionally, SWS operates a household hazardous waste facility, material recovery facility, and a limited-use landfill. SWS also monitors and responds to zoning, housing and environmental code ordinances, and violations.

REVENUE

Residential Pay-As-You-Throw (PAYT) and Anti-Litter revenue is anticipated to be approximately 90% of the SWS operating revenue in FY 2009.

Below are revenue assumptions included in the FY 2009-13 Financial Forecast:

- Projections show that an incremental rate increase will be proposed in FY 2009-13 so that the department may continue full delivery of services as well as maintain an ending balance in the Solid Waste Services fund that remains in compliance with the City's financial policies. An increase in the rates are applied to the forecast starting in FY 2009;
- The PAYT and Anti-Litter revenue is projected to increase by 31% in FY 2009 compared to the FY 2008 Estimate due to growth and rate increases. This revenue is projected to increase 8% in FY 2010 and FY 2011, with 4% increase in FY 2012 and FY 2013.

EXPENDITURES

Program expenditures, such as PAYT, Anti-Litter, and Code Enforcement are projected to make up 76% of total expenditures in FY 2009. Transfers and Other Requirements are projected to make up the remaining 24% of expenditures.

Below are expenditure assumptions included in the FY 2009-13 Financial Forecast:

- The forecast assumes implementation of Single Stream Recycling and closure of the FM 812 Landfill;
- The forecast includes debt service for a material recovery facility, service center, fuel facility and the first phase of the green district to be constructed at the FM 812 Landfill site.
- Each year of the forecast includes 3.875% for employee salary increases and 10% for health insurance increases in FY 2009-13.
- In FY 2009, there is a net increase of 27.5 FTEs: 6 for Code Enforcement, and 21.5 for all other services for growth and annexations. Between FY 2010 and 2013 forecast period, there will be a net increase of 13 FTEs for Code Enforcement and 42.5 FTEs for growth, implementation of Single Stream, and operation of the new material recovery facility.

Solid Waste Services Department Five Year Forecast
(millions)

	Amend 2007-08	Estimate 2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
BEGINNING BALANCE	9.2	9.0	4.2	5.1	4.6	4.8	6.3
TOTAL AVAILABLE FUNDS	53.1	53.1	66.6	71.8	80.1	83.3	86.7
TOTAL OPERATING REQUIREMENTS	46.4	46.4	49.9	50.3	53.1	54.2	54.6
TOTAL TRANSFERS OUT	6.5	6.5	9.6	15.5	20.0	20.6	23.0
TOTAL OTHER REQUIREMENTS	5.1	5.1	6.2	6.5	6.8	7.2	7.5
TOTAL REQUIREMENTS	58.0	58.0	65.7	72.3	79.9	81.9	85.1
EXCESS (DEFICIENCY) OF TOTAL AVAILABLE FUNDS OVER TOTAL REQUIREMENTS	(4.9)	(4.9)	0.9	(0.5)	0.3	1.4	1.6
ENDING BALANCE	4.4	4.2	5.1	4.6	4.8	6.3	7.9
FINANCIAL POLICY RESERVE OF 30 DAYS	3.9	3.9	4.2	4.3	4.5	4.6	4.7
FTEs (Includes Landfill Fund)		446.00	473.50	503.00	520.00	523.00	529.00

WATERSHED PROTECTION AND DEVELOPMENT REVIEW—DRAINAGE UTILITY FUND

The purpose of the Watershed Protection and Development Review Department is to efficiently and effectively protect lives, property, and the environment by reducing the impact of flooding, erosion, water pollution and providing comprehensive development review and inspection services.

The Drainage Utility Fund receives its revenue from commercial and residential fees. This fund is used to maintain and improve water quality, reduce the impact of flooding, create stable stream systems, and to maintain drainage infrastructure.

REVENUE

The primary Drainage Utility funding source is a monthly drainage fee assessed to City of Austin utility customers.

Below are revenue assumptions included in the FY 2009-13 Financial Forecast:

- The Drainage Fee rate will not change in FY 2009
- A fee study is needed to assess revenue for the out years of the forecast
- FY 2009 Drainage Fee revenue is based on residential and commercial customer growth of approximately 1.8 percent per year

EXPENDITURES

The forecast continues funding of the Master Plan recommended Capital Improvement Program (CIP) projects. In FY 2009, the utility transfer to the CIP decreases by \$1,175,000 from FY 2008 to \$16.1 million. The Infrastructure and Waterway Maintenance program is the largest component of the Drainage Utility Fund's program expenditures. This program provides maintenance services to the City's drainage infrastructure, repairs erosion damage, and improves the quality of stormwater. Expenditures for the Infrastructure and Waterway Maintenance account for 32.8 percent of the Drainage Utility Fund's program operating expenditures.

Below are expenditure assumptions included in the FY 2009-13 Financial Forecast:

- Fund priority projects that integrate the Department's three missions as well as projects providing localized flood control, erosion mitigation, creek flood control and water quality improvements
- Add no new positions in FY 2009
- Include personnel related increases such as pay for performance and insurance

Drainage Utility Fund Five Year Forecast
(millions)

	Amended 2007-08	Estimated 2007-08	2008-09	2009-10	2010-11	2011-12	2012 -13
BEGINNING BALANCE	9.3	11.2	7.0	4.1	3.1	3.3	3.5
TOTAL REVENUE	54.2	54.4	55.3	63.1	70.2	76.1	81.9
TRANSFERS IN	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL AVAILABLE FUNDS	54.9	54.7	55.7	63.5	70.5	76.4	82.3
TOTAL OPERATING REQUIREMENTS	36.0	35.5	36.2	37.9	40.0	42.1	44.1
TOTAL TRANSFERS OUT	20.6	20.6	19.1	22.9	26.5	30.1	33.7
TOTAL OTHER REQUIREMENTS	2.9	2.9	3.4	3.6	3.8	4.0	4.3
TOTAL REQUIREMENTS	59.4	58.9	58.7	64.4	70.3	76.2	82.0
EXCESS (DEFICIENCY) OF TOTAL AVAILABLE FUNDS OVER TOTAL REQUIREMENTS	(4.5)	(4.2)	(3.0)	(1.0)	0.2	0.2	0.2
ENDING BALANCE	4.8	7.0	4.1	3.1	3.3	3.5	3.8
FINANCIAL POLICY RESERVE OF 30 DAYS	2.7	2.6	2.7	2.8	3.0	3.1	3.2
FTEs	289.50	289.50	298.00	308.00	316.00	324.00	330.00

AUSTIN ENERGY

Austin Energy is the City of Austin's municipally owned and operated electric utility that provides retail and wholesale electric service to its customers. Its service territory totals 437.06 square miles including 206.41 square miles in the City of Austin and 230.65 square miles outside Austin city limits in Travis and Williamson counties.

REVENUE

Austin Energy receives about 90% of its revenue from sales of electric service to customers in its service territory. Sales of electricity include two main components – base and fuel revenue. Base revenue is a function of the number of customers/bills, usage levels and price. Fuel revenue, collected through the Fuel Adjustment Clause, is a pass through of cost to customers which includes no profit for the utility. Other revenue includes transmission revenue, infrastructure rental, product and chilled water sales, customer fees, bilateral sales and interest income.

Revenue assumptions for the FY 2009-13 Financial Forecast include:

- The forecast projects annual growth of 1.8% in the number of customers and 2.2% in base revenue.
- This forecast does not include a base rate increase.
- Fuel charge increases are expected due to rising fuel costs.

EXPENDITURES

Projections show that while revenue growth is steady, cost drivers in the forecast continue to exceed revenue growth. Major expenditure categories include operating and maintenance (including fuel) and transfers. Transfers include those related to capital improvements (debt service and internally funded capital) and the General Fund Transfer.

Expenditure assumptions for the FY 2009-13 Financial Forecast include:

- Total requirements are projected to increase 15% by FY 2013
- The five year Capital Improvements Spending program (CIP) is \$873 million. It is the major cost driver of the Operating Transfer to CIP and debt service requirements. Debt service is projected to increase 18% by FY 2013.
- The General Fund Transfer will remain at the 9.1% transfer rate, within the policy established by Council.

Austin Energy Department Five Year Forecast
(millions)

	Amended 2007-08	Estimated 2007-08	2008-09	2009-10	2009-11	2010-12	2011-13
BEGINNING BALANCE	233.5	207.9	194.3	160.2	127.0	130.2	135.4
REVENUE	1,108.1	1,174.7	1,203.4	1,244.6	1,271.1	1,282.8	1,288.3
TRANSFERS IN	48.1	48.1	35.3	0.0	0.0	0.0	0.0
TOTAL AVAILABLE FUNDS	1,156.2	1,222.8	1,238.7	1,244.6	1,271.1	1,282.8	1,288.3
TOTAL OPERATING REQUIREMENTS	736.6	794.6	820.8	860.7	881.9	897.3	928.9
TOTAL TRANSFERS OUT	403.6	418.8	431.4	394.4	363.4	362.5	380.7
TOTAL OTHER REQUIREMENTS	16.1	16.1	16.5	17.0	17.4	17.9	18.3
TOTAL REQUIREMENTS	1,156.3	1,229.5	1,268.7	1,272.1	1,262.7	1,277.7	1,327.9
EXCESS (DEFICIENCY) OF TOTAL AVAILABLE FUNDS OVER TOTAL REQUIREMENTS	(0.1)	(6.7)	(30.0)	(27.5)	8.3	5.1	(39.6)
Adjustment to GAAP	0.0	(6.9)	(4.1)	(5.7)	(5.2)	0.1	0.0
ENDING BALANCE	233.4	194.3	160.2	127.0	130.2	135.4	95.8
FTEs	1,642.75	1,642.75	1,642.75	1,642.75	1,642.75	1,642.75	1,642.75

Ending Balance includes working capital reserve in accordance with City Financial Policy.

AVIATION DEPARTMENT

The mission of the Aviation Department is to provide quality airport facilities and services by focusing on our customers' needs, our employees' work environment, continuously improving our operations, and preparing for the future.

REVENUE

Airline revenue, comprised of landing fees, terminal fees, and other direct airline service fees, accounts for 41% of total Airport operating revenue. Over half of the Aviation Department's operating revenue is comprised of non-airline revenue such as parking, concessions, rentals and other fees.

Below are revenue assumptions included in the FY 2009 -13 Financial Forecast:

- FY 2008 estimated passenger enplanement growth is projected to be less than 1% above the budget, which is 8.6% over the FY 2007 budgeted amount.
- FY 2009 — FY 2013 enplanement growth is expected to be 3.0% each year, which is based upon anticipated population growth for the region
- FY 2009 total revenue is forecasted to increase by 13.9% over the FY 2008 budgeted amount and level off at an average of 3.6% increase for each of the remaining four years of the forecast.

EXPENDITURES

Operating and maintenance expenses, such as Business Services, Facilities Management, Operations, and Airport Security, Planning and Development, and Support Services, comprise 72% of the department's total requirements. Debt service is the next largest component; it accounts for 21.5% of the total requirements.

Below are expenditure assumptions included in the FY 2009-13 Financial Forecast:

- For FY 2009, operating requirements are projected to increase to 6.3% over the FY 2008 budgeted amount primarily due to increase in personnel costs and contractual items such as ARFF collective bargaining and indirect costs, parking credit card fees, and utilities.
- In FY 2009, funding is included to add an administrative assistant, a network systems senior administrator, an environmental conservation program manager, a project manager, a managing engineer, eight operation specialists, eight security and grounds transportation controllers, two airport maintenance supervisors, a heating and refrigeration mechanic II, and three building and ground assistants.

CAPITAL PROGRAM

All excess of total available funds over total requirements is transferred to the Capital Fund, which is used for major improvements such as terminal expansions, the remain overnight apron, and the maintenance and expansion of the rental car/parking garage.

Aviation Department Five Year Forecast
(millions)

	Amended 2007-08	Estimated 2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
BEGINNING BALANCE	0.0	1.8	0.0	0.0	0.0	0.0	0.0
TOTAL REVENUE	81.9	88.5	93.3	96.5	99.9	103.2	107.4
TOTAL TRANSFERS IN	6.9	6.9	0.0	0.0	0.0	0.0	0.0
TOTAL AVAILABLE FUNDS	88.8	95.4	93.3	96.5	99.9	103.2	107.4
TOTAL OPERATING REQUIREMENTS	54.2	51.5	57.6	60.5	63.5	66.7	70.1
TOTAL TRANSFERS OUT	18.0	23.6	18.4	18.5	18.6	18.4	19.3
TOTAL OTHER REQUIREMENTS	3.4	3.4	3.8	4.2	4.7	5.0	5.3
TOTAL REQUIREMENTS	75.6	78.4	79.8	83.2	86.8	90.1	94.7
EXCESS (DEFICIENCY) OF TOTAL AVAILABLE FUNDS OVER TOTAL REQUIREMENTS	13.2	16.9	13.5	13.3	13.1	13.1	12.7
Contribution To Capital Fund	13.2	18.8	13.5	13.3	13.1	13.1	12.7
ENDING BALANCE	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FTEs	348.00	348.00	375.00	375.00	375.00	375.00	375.00

AUSTIN CONVENTION CENTER

The Austin Convention Center operates a downtown Convention Center with 246,097 square feet of exhibit halls, and the Palmer Events Center on Town Lake, a 131,000 square foot multi-use events center. The Convention Center also operates three parking garages.

REVENUE

Hotel/Motel Occupancy Tax collections represent 60% of total combined Convention Center revenue forecasted for FY 2009. Rental car tax collections account for 12%, while facility revenue accounts for 15%. The remaining 13% stems from contractor revenue and interest earnings.

Below are revenue assumptions included in the FY 2009-13 Financial Forecast:

- FY 2008 estimated Hotel/Motel tax revenue is projected to be \$2.2 million above the budgeted revenue of \$30.7 million, or 7.2% higher
- FY 2009 Hotel/Motel tax revenue is based on 2% growth above the FY 2008 estimate; FY 2010 estimates a slight decrease in revenue of 1% due to the decrease in convention center booking for that year; FY 2011 growth is 3%; FY 2012 – FY 2013 growth is 2%
- FY 2009 Rental Car Tax Revenue is projected to grow at 2% over the FY 2008 current year estimate. Future annual revenue rates show a 1% decrease in FY 2010, a 3% increase in FY 2011 and a 2% growth rate thereafter
- Facility and parking revenue is projected to increase 3.8% in FY 2009 over the FY 2008 Estimate. Minimal decreases are projected for the remaining forecast period

EXPENDITURES

Event operations at the Convention Center and Palmer Events Center, such as staffing, utilities, facility maintenance, and Information Technology-related costs comprise 58% of the department's expenditures. Debt service expenses account for 29% of all expenditures. The remaining 13% is contributed to contractor expenses, support services and other requirements.

Below are expenditure assumptions included in the FY 2009-13 Financial Forecast:

- Facility maintenance and updating will be a primary focus for FY 2009. Including investment into the technology infrastructure.
- FY 2008-09 proposes twenty (20) new FTEs to address increased workloads for maintenance, security and parking
- FY 2008-09 expenditures exceed budgeted revenue due to investments for facility maintenance and upgrades, technology advancements and new personnel.

Austin Convention Center Department Five Year Forecast

(millions)

	Amended	Estimated					
	<u>2007-08</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
BEGINNING BALANCE - Conv. Ctr., Venue Fund, Town Lake Park Venue, Palmer Events Ctr. (PEC) & PEC Garage	29.9	35.4	35.8	29.2	25.7	22.2	18.0
TOTAL AVAILABLE FUNDS	53.1	55.3	56.0	55.5	56.5	57.2	57.9
TOTAL OPERATING REQUIREMENTS	48.0	48.0	53.5	54.6	55.4	56.5	57
TOTAL TRANSFERS OUT	5.0	5.1	7.2	2.2	2.2	2.2	2.2
TOTAL OTHER REQUIREMENTS	1.8	1.8	2.0	2.2	2.4	2.7	2.9
TOTAL REQUIREMENTS	54.8	54.9	62.7	59.0	60.0	61.4	62.1
EXCESS (DEFICIENCY) OF TOTAL AVAILABLE FUNDS OVER TOTAL REQUIREMENTS	(1.7)	0.4	(6.7)	(3.5)	(3.5)	(4.2)	(4.2)
ENDING BALANCE	28.2	35.8	29.2	25.7	22.2	18.0	13.8
FTEs	221.00	221.00	241.00	241.00	241.00	241.00	241.00