




MEMORANDUM

TO: Mayor and City Council Members
FROM: Rudy Garza, Assistant City Manager 
DATE: November 5, 2009
SUBJECT: Budget Amendment for Austin Water Utility

The Austin Water Utility (AWU) is proposing a budget amendment for FY 2010 in the amount of \$4 million for water conservation enhancements.

Budget Amendment

Funding of \$5.8 million is available from a higher than anticipated ending balance in FY 2009 resulting from additional total revenue and Operations and Maintenance savings from what was anticipated during the budget development process including: construction service contract reductions, other contractual services below expected levels, electric service cost savings, vehicle fuel cost savings, Law Department and outside legal service costs below expectations, and other operations and maintenance contingency savings. The higher than budgeted revenues and lower than budgeted expenses in FY 2009 result in a higher beginning balance in FY 2010 allowing for the appropriation of \$4 million while leaving sufficient funds for other contingencies. The approved FY 2010 rate increases will not be impacted by this budget amendment.

Funding Allocation

The additional \$4 million will be added to the Water Conservation Division's budget and will be allocated to three different areas:

- \$3 million for Rebate Programs
- \$500,000 for Marketing and Outreach
- \$500,000 for Recommendations from the Citizens Water Conservation Implementation Taskforce (CWCITF) Report.

Rebate Programs

The amount budgeted for the Water Conservation Appliance Efficiency Program in FY 2010 is approximately \$2.3 million; a \$3 million amendment represents a 130% increase. High-efficiency toilets provide a significant impact for water savings for Austin. An aggressive marketing campaign promoting the benefits of these toilets has resulted in a greater interest in the commercial/multi-family toilet rebate program over the past few months. To date, AWU has committed \$574,000 and has an additional \$1.95 million pending in toilet retrofit rebate applications which equates to an estimated 175,000 gallons per day (gpd) in water savings. These figures combined with the free toilet distribution program with projected expenditures of \$935,000 and projected rebates for other programs such as high-efficiency toilets and washing machines for single families, results in an additional funding requirement of \$3 million to meet demand as shown below.

FY 2010 Water Conservation Appliance Efficiency Program Budget					
Allocated	Committed (C/MF only)	Pending Toilet Retrofit Rebate Applications (C/MF only)	Free Toilet Distribution Contract (January 2010)	Projection for other rebates based on FY 2009 levels	Additional Funding Required
\$2,277,112	\$574,025	\$1,946,400	\$934,375	\$1,956,000	(\$3,133,688)

Marketing and Outreach

The amount budgeted for Water Conservation Marketing and Outreach in FY 2010 is approximately \$700,000; a \$500,000 amendment represents a 70% increase. The additional funds will augment and enhance a high-impact marketing program including the addition of three community outreach and marketing positions. Staff has already formed a cross-departmental team with AWU, Corporate PIO, and Austin Energy. A major component of this initiative is to increase current advertising efforts such as direct mail, bill inserts, and television/radio spots. Staff also seeks to identify and pursue partnership opportunities with other agencies and external stakeholders. In addition, funding in this area would greatly support the following activities:

- Outreach to underserved communities
- Increase number of special events where staff can provide personalized conservation information
- Expand the initial scope of HELP (Home Efficiency Leak Repair Program), a program currently in development to provide free water-saving plumbing repairs for low-income AWU customers
- Promote WaterWise landscaping by partnering with the Grow Green program to encourage drought-tolerant landscaping and green gardening practices
- Explore opportunities for conservation innovation through environmental research and grants
- Develop do-it-yourself guides for customers interested in alternative water sources
- Establish neighborhood based conservation programs.

CWCITF Report

An amount of \$500,000 will be reserved to fund ideas and programs approved from the CWCITF Report anticipated in early 2010. It would also support research needed to explore or quantify benefits of potential strategies.

Anticipated Water Savings

Last fiscal year, rebate programs accounted for more than 580,000 gallons saved per peak day. With the proposed amendment, the Water Conservation Division expects to realize additional conservation savings of 250,000 to 400,000 gpd by expanding the rebate programs. Additional education and outreach funding will help boost program participation and compliance with mandatory watering restrictions, which are estimated to have reduced peak demand by 5 to 9 million gallons per day. Recommendations from the Citizens Water Conservation Task Force report could increase savings further, and lay the groundwork for savings in future years.

Please let me know if you have any questions or require additional information.

cc: Marc A. Ott, City Manager
Greg Meszaros, Director, Austin Water Utility
Daryl Slusher, Assistant Director, Austin Water Utility
David Anders, Assistant Director, Austin Water Utility
Leslie Browder, Chief Financial Officer