

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	17263	Agenda Number	9.
Meeting Date:	8/2/2012		Department:	Austin Energy
Subject				
<p>Approve an ordinance amending the Austin Energy Strategic Reserve Fund (Ordinance No. 20110912-005) by increasing transfers out of the Austin Energy Operating Fund in the amount of \$25,000,000; and amending the Fiscal Year 2011-2012 Austin Energy Operating Budget (Ordinance No. 20110912-005) to increase transfers from the Austin Energy Strategic Reserve Fund in the same amount in order to increase the Operating Fund cash balance to fund day-to-day operations and maintenance activities.</p>				
Amount and Source of Funding				
<p>Funding in the amount of \$25,000,000 is available in the Fiscal Year 2011-2012 Strategic Reserve Fund Contingency Reserve portion of Austin Energy.</p>				
Fiscal Note				
<p>A fiscal note is attached.</p>				
Purchasing Language:				
Prior Council Action:	September 12, 2011 - Approved Ordinance 20110912-005.			
For More Information:	Ann Little, Sr. Vice President, Finance and Corporate Services, 322-6148.			
Boards and Commission Action:	Recommended by the Electric Utility Commission			
MBE / WBE:				
Related Items:				
Additional Backup Information				

Austin Energy's budgets for the past three years were not structurally balanced, that is, available funds were not sufficient to cover requirements. The current FY 2011-12 Budget continues that trend with a deficiency of \$77.6 million. Although significant cost reductions have been made over the past several years, operating reserves have been drawn down to fund ongoing operations. Operating funds have gone from over \$225 million in late 2009 to less than \$35 million currently. Austin Energy will receive a rate increase effective in October 2012 to help recover the utility's revenue requirements but a transfer of funds is necessary from the Strategic Reserve Fund, Contingency Reserve portion, to maintain compliance with Financial Policy # 11 (stating that Austin Energy shall maintain operating cash equivalent to 45 days of budgeted operations and maintenance expense, less fuel) and to help Austin Energy fund day-to-day operations until the impact of the rate increase can sustain day-to-day operations.