

OPERATING BUDGET FISCAL NOTE

DATE OF COUNCIL CONSIDERATION:
CONTACT DEPARTMENT(S):
FUND:

8/2/12
Austin Energy
Operating Fund

Subject: Approve an ordinance amending the Austin Energy Strategic Reserve Fund of Ordinance No. 20110912-005 by increasing transfers out to the Austin Energy Operating Fund in the amount of \$25,000,000; and amending the Fiscal Year 2011-2012 Austin Energy Operating Budget of Ordinance No. 20110912-005 to increase transfers in 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.

CURRENT YEAR IMPACT:

	2011-12 Approved	This Action	2011-12 Amended
Beginning Balance	115,372,943	0	115,372,943
Total Revenue	1,139,447,227	0	1,139,447,227
Transfers In from Strategic Reserve	0	25,000,000	25,000,000
Total Appropriated Funds	1,139,447,227	25,000,000	1,164,447,227
Operating Requirements			
Austin Energy Operating Fund	833,192,983	0	833,192,983
Total Debt Service	175,100,697	0	175,100,697
Total Transfers Out	182,123,091	0	182,123,091
Total Other Requirements	28,216,983	0	28,216,983
Total Operating Requirements	1,218,633,754	0	1,218,633,754
Excess (Deficiency) of Total Available Over Total Requirements	(79,186,527)	25,000,000	(54,186,527)
Ending Balance	36,186,416	25,000,000	61,186,416
Austin Energy FTEs	1,706.00	0.00	1,706.00

FIVE-YEAR IMPACT:

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Total Revenue	1,164,447,227	0	0	0	0
Total Program Requirements	833,192,983	0	0	0	0
Total Other Requirements	385,440,771	0	0	0	0
Net Budget Impact	(54,186,527)	0	0	0	0

ANALYSIS / ADDITIONAL 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.

The above five-year impact analysis illustrates the total revenue and expense projections for the Austin Energy Operating Fund.