

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	21187	Agenda Number	17.
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Meeting Date:	1/17/2013	Department:	Austin Water Utility
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Subject

Amend Ordinance No. 20120910-001, the Fiscal Year 2013 Operating Budget, to revise Austin Water Utility Financial Policy # 8 related to the review of growth-related capital improvement projects located within the Drinking Water Protection Zone.

Amount and Source of Funding

There is no unanticipated fiscal impact.

Fiscal Note

A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	September 11, 2012 - Council approved the Fiscal Year 2013 Operating Budget. October 30, 2012 - Audit and Finance Committee approved this proposed amendment to the financial policies attached to the operating budget.
For More Information:	David Anders, 972-0323; Denise Avery, 972-0104
Boards and Commission Action:	Recommended by the Water and Wastewater Commission on October 10, 2012.
MBE / WBE:	
Related Items:	

Additional Backup Information

During the FY 2013 Budget adoption process, Austin Water Utility (AWU) proposed deletion of its Financial Policy # 8 related to the use of voter-authorized bonds for growth-related capital improvement projects located within the Drinking Water Protection Zone (DWPZ). The City Council did not approve the deletion of Financial Policy #8 as part of the approved 2013 Operating Budget. However, there were discussions at the Audit and Finance Committee, prior to and after the budget adoption, related to these financial policy changes. During the October 30, 2012, Audit and Finance Committee meeting, the Council considered and approved this financial policy amendment with directions to revise some language to include the Zoning and Platting Commission review, impact on growth in the DWPZ, and to review the consistency with the Imagine Austin Comprehensive Plan. Those changes recommended by Council have been included in the draft ordinance for this item.

The reason for AWU's proposal to delete the Financial Policy # 8 was based on an internal audit by the Office of the City Auditor in December 2011, relating to the funding of CIP projects within AWU. This audit found that the current Financial Policy # 8 was inconsistent with State law regarding the voter authorization of revenue bonds. According to a City Attorney opinion in September 2009, the City Charter and State law conflict and Council has no constitutional or statutory authority to call an election on revenue bonds. The City Auditor reviewed this opinion and recommended that AWU work with the City's Law Department and Chief Financial Officer to revise its financial policies in a manner to be consistent with State law. The City Auditor also recommended that AWU develop strategies for citizen participation in the decision-making process for capital projects located within the DWPZ, consistent with Council's intent within the Financial Policy # 8.

This Council action will amend the Financial Policies approved with the FY 2013 Operating Budget to replace the current AWU Financial Policy # 8 with a new policy that will eliminate the inconsistency with State law and provide requirements for reviews of DWPZ capital improvement projects at various Boards and Commissions as part of the budget development process.

The proposed revision to Financial Policy # 8 requires any new water and wastewater plants, capital expansions, and growth-related projects located within the DWPZ to be submitted and reviewed by the following Boards and Commissions: Water and Wastewater Commission, Resource Management Commission, Environmental Board, Planning Commission, and the Zoning and Platting Commission. These Boards and Commissions will review the DWPZ capital projects spending plans, obtain Boards and Commissions and citizen input, review consistency with Imagine Austin Comprehensive Plan, review effect on growth with the DWPZ, and make recommendations on project approval for inclusion in the AWU's 5-year capital spending plans. Additionally, a public hearing will be held during the City's annual budget review process to provide citizens an additional opportunity to comment on growth-related projects within the DWPZ.