



Austin Water Proposed Budget FY 2016

**Water & Wastewater
Commission**
August 12, 2015

Utility Overview

Mission Statement: The mission of Austin Water is to provide safe, reliable, high quality and affordable water services to our customers so that all community needs for water are met.

Major Accomplishments

- Texas Water Development Board Blue Legacy Award for large utilities (second year in a row)
- Texas Chapter of the American Water Works Association Water Conservation & Reuse Award for commercial audit rebate program (second year in a row)
- South Austin Regional Wastewater Treatment Plant has received the National Association of Clean Water Agencies Platinum Award and Walnut Creek Wastewater Treatment Plant received the Gold Award
- Ullrich (15 Year Mark) and Davis (14 Year Mark) Water Treatment Plants received the Partnership for Safe Water Director’s Award
- Formal adoption by Home Builders Association of Greater Austin of waterwise landscaping guidelines developed in partnership with Austin Water and LCRA
- Advancement and approval of City Code amendments that facilitate the use of auxiliary waters such as reclaimed water, rain water and gray water

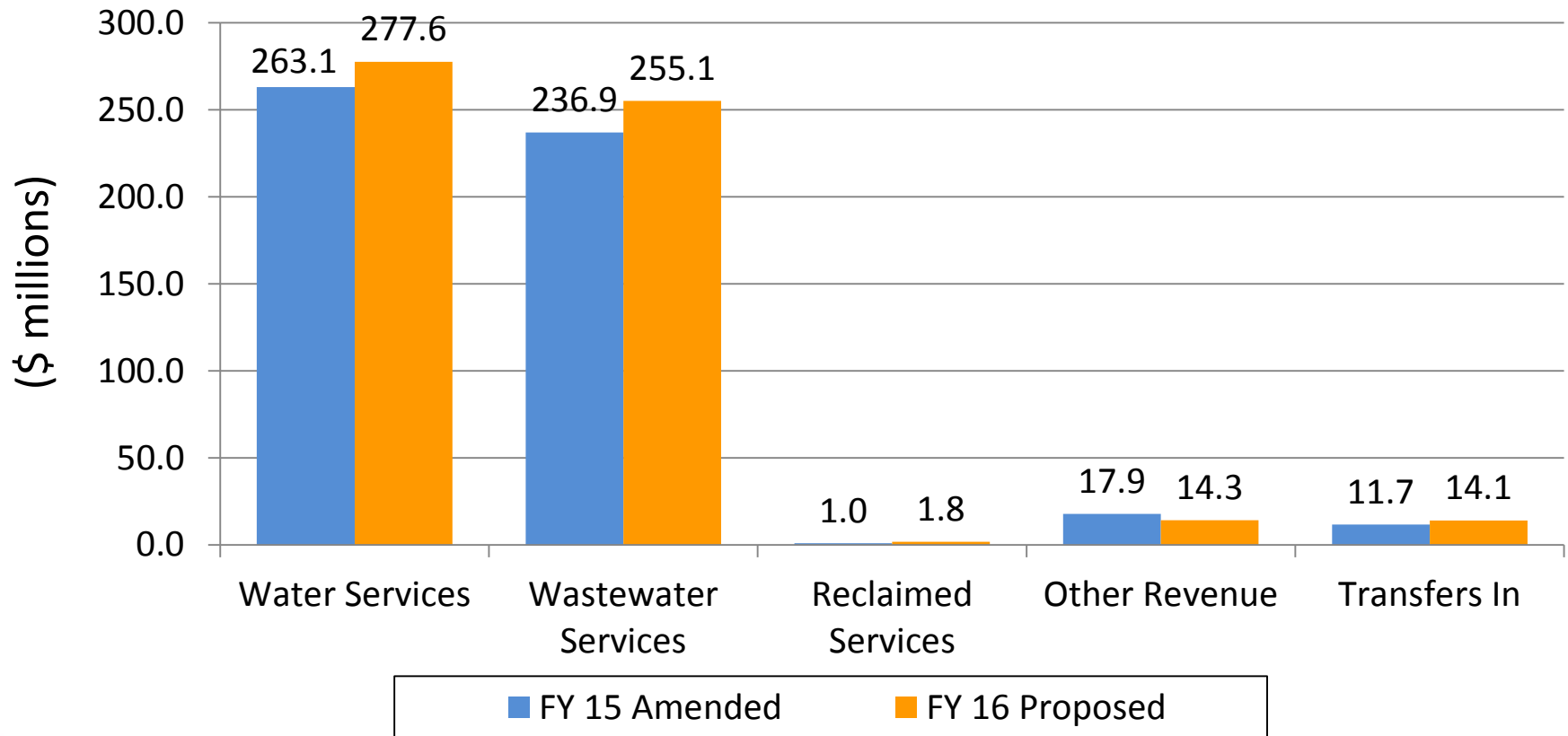
Service Areas	Key Performance Data	FY 14 Act.	FY 15 Est.	FY 16 Projected
Treatment	Drinking Water Quality: Turbidity (NTU)	0.11	0.10	0.10
Pipeline Operations	Wastewater Quality : Carbonaceous Biochemical Oxygen Demand (CBOD)	2.15	3.00	3.00
Support Services	Total pumpage per capita per day (Gallons)	125	124	123
Environmental Affairs & Conservation	Percent Invested in Capital Improvements Program (CIP) Projects compared to Planned Spending via the CIP Budget	85.05%	70%	90%
Engineering Services	Dollar amount of revenue recovered	\$2,205,378	\$2,500,000	\$2,500,000
Water Resources Management	Number of reportable wastewater overflows per 100 miles of wastewater lines per year	3.03	3.00	3.00
One Stop Shop	Percent of priority 1 leaks responded to within 3 hours	89.78%	90%	90%
Reclaimed Water Services				

Sources of Funds

Department Revenue:

FY 15 Estimated: \$537.6

FY 16 Proposed: \$568.8



Uses of Funds

Department Expenditures:

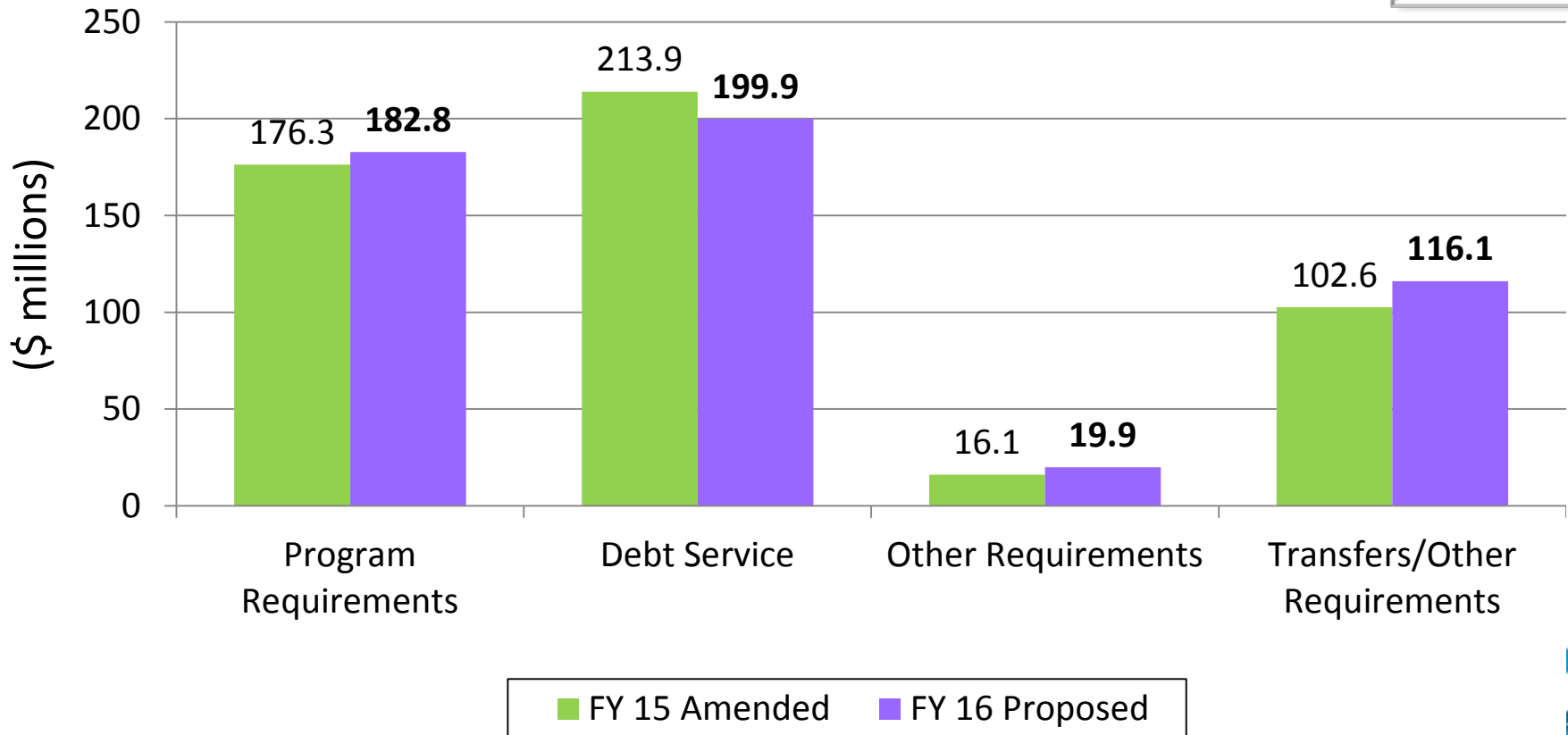
FY 15 Amended: \$508.9

FY 16 Proposed: \$518.7

FY 2016 FTEs:

1,148.50

 1.15



Proposed Budget Highlights (in millions)

Increased operating fund cash transfer to CIP	\$ 8.4
Increased Utility Billing System support	\$ 2.6
Increased Bad Debt expense	\$ 2.1
Increased General Fund transfer	\$ 2.0
Increased Water Revenue Stability Reserve Fund transfer	\$ 1.9
Increased Reclaimed Water Fund transfer	\$ 1.3
Reduced Debt Service requirements	(\$14.1)

Requirements Summary

Cost Containment Efforts

FY 2015 Budget

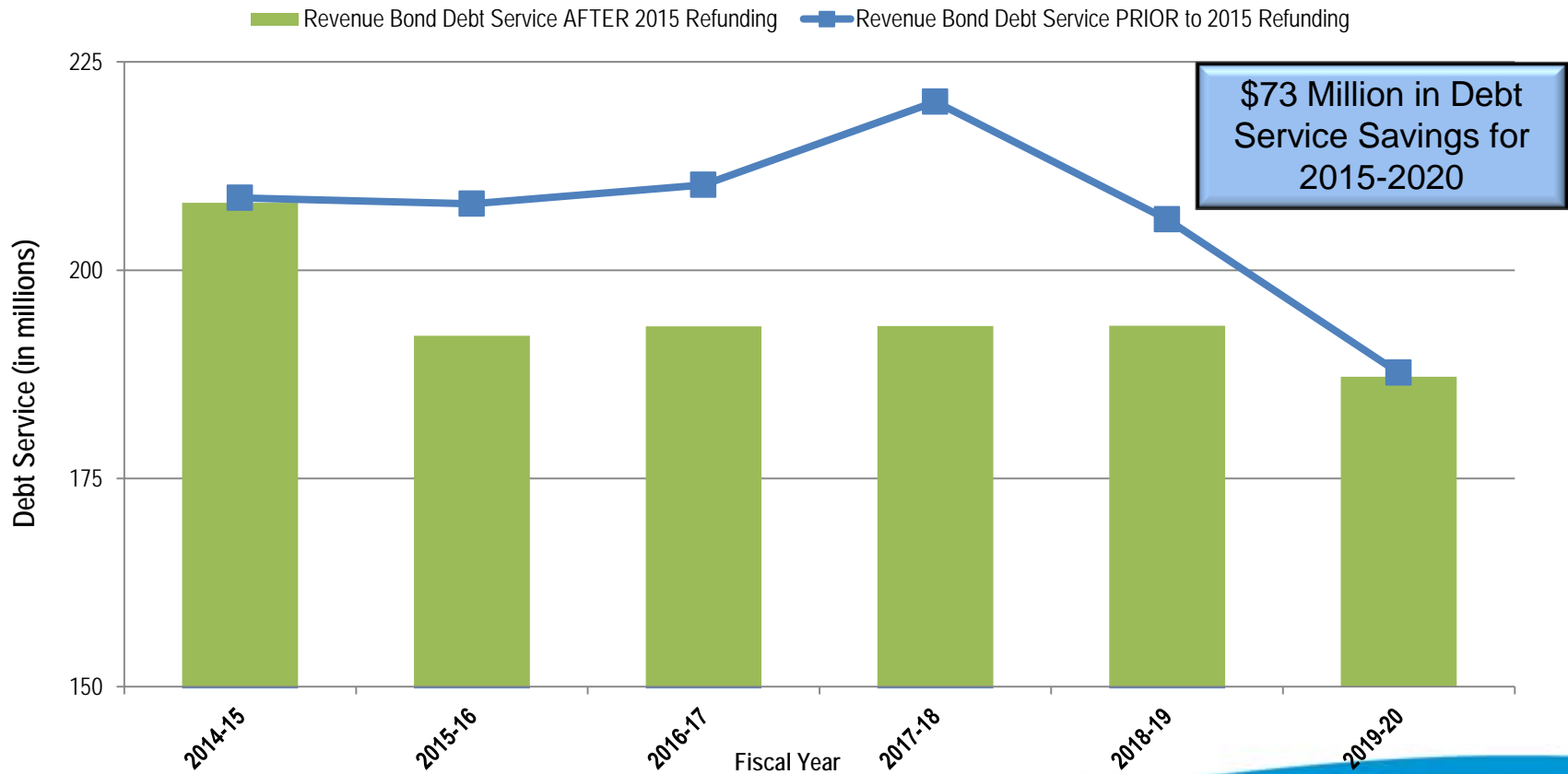
- \$30.0 million in cost reductions from FY 2014 Budget
 - Decrease in budgeted staff positions and temporaries
 - Reductions of transfers to General Fund departments & other funds
 - Reductions to AE Customer Care and Billing transfers
 - 5% operations & maintenance budget reductions implemented in 2014 and carried over to 2015
 - Delaying infrastructure upgrades and rehabilitation

FY 2016 Proposed

- Continue cost containment reductions in 2016
- Refinancing of existing revenue bond debt
- Decrease in commercial paper administrative costs
- Only 1 new position for 2016, funded 50% by Travis County
- Decrease in City Administrative Support Cost
- Decrease in Fleet Fuel and Maintenance Cost

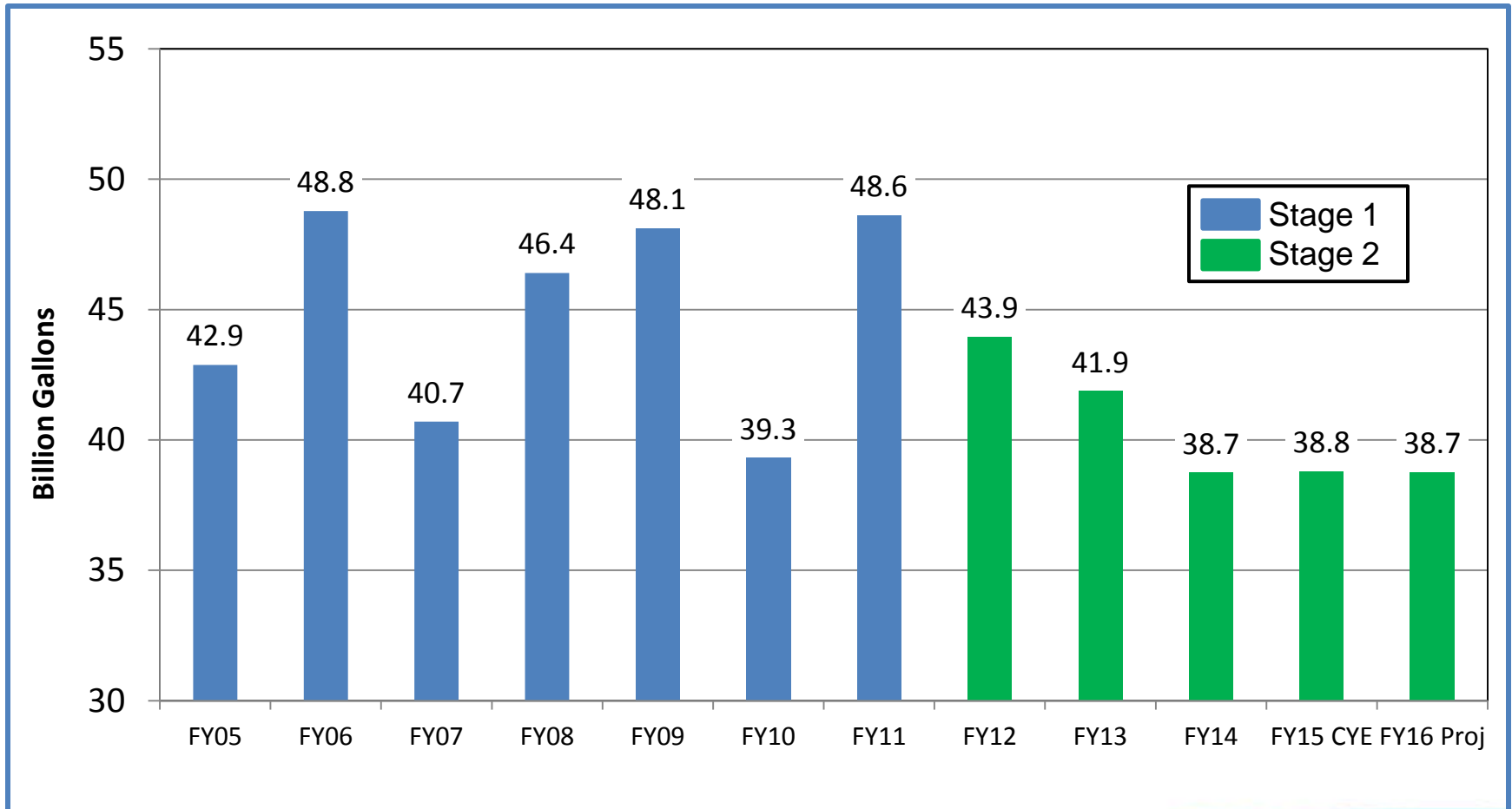
2015 Debt Refinancing Savings

Revenue Bond Debt Service, After and Prior to 2015 Refunding
(existing debt only)

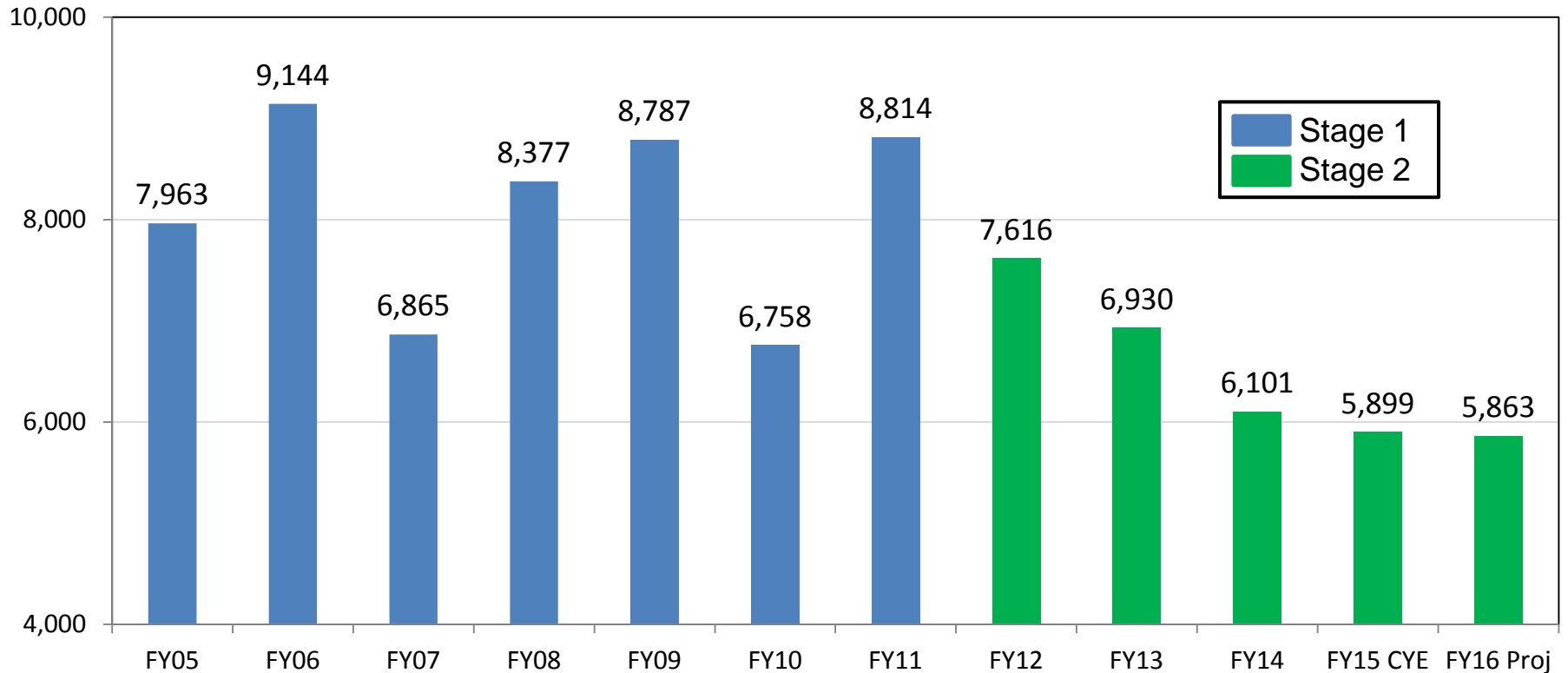


Revenue and Rates

Billed Water Consumption



Residential Average Gallons Per Account - Water



Rates and Revenue Highlights

Total Revenue is increasing by \$19.3 million over FY 2015 Amended Budget:

- Water Services
 - 4.8% rate revenue increase
 - Continued Stage 2 water restrictions
 - Reductions in consumption demand
- Wastewater Services
 - 4.8% rate revenue increase
 - Revised wastewater averages
- Reclaimed Water Services
 - 15.0% system-wide rate increase
 - In 2013, Austin Water established a 5-year goal to increase reclaimed rates to 40% potable water rates by 2018

Proposed Residential Water Rates

	Non-CAP		CAP Customers	
	Approved FY 2015	Proposed FY 2016	Approved FY 2015	Proposed FY 2016
Meter Charge:	\$7.10	\$7.10	\$0.00	\$0.00
Tiered Fee Block 1	\$1.05	\$1.20	\$0.00	\$0.00
Tiered Fee Block 2	3.00	3.45	0.00	0.00
Tiered Fee Block 3	7.60	8.75	0.00	0.00
Tiered Fee Block 4	23.75	27.35	0.00	0.00
Tiered Fee Block 5	23.75	27.35	0.00	0.00
Volumetric Block 1	\$2.93	\$3.16	\$2.16	\$2.47
Volumetric Block 2	4.49	4.84	3.40	3.89
Volumetric Block 3	7.29	7.88	5.03	5.76
Volumetric Block 4	11.03	11.90	8.65	9.90
Volumetric Block 5	13.93	14.16	13.93	14.16

Proposed Residential Wastewater Rates

	Approved FY 2015	Non-CAP Proposed FY 2016	CAP Proposed FY 2016
Customer Charge:	\$10.30	\$10.30	\$0.00
Volumetric Block 1	\$4.51	\$4.90	\$4.90
Volumetric Block 2	9.13	9.94	9.94

Average Residential Customer Bills

5,700 Gals. Water and 4,000 Gals. Wastewater

	<u>Existing 2015</u>	<u>Forecast 2016</u>	<u>Proposed 2016</u>
Water	\$ 36.20	\$ 39.76	\$ 38.74
Wastewater	<u>37.58</u>	<u>39.94</u>	<u>39.98</u>
Total	<u>\$ 73.78</u>	<u>\$ 79.70</u>	<u>\$ 78.72</u>
\$ Variance	-	\$ 5.92	\$ 4.94
% Variance	-	8.0%	6.7%

Residential Water Bill Comparison

Approved 2015 vs. Proposed 2016

Non-CAP Customers

Monthly Usage Gallons 5/8" Meter	Approved FY 2015	Proposed FY 2016	Variance 2015 vs Proposed		Subsidy Percent of COS Rate
			\$ Var	% Var	
0	\$8.15	\$8.30	\$0.15	1.8%	-
1,000	11.27	11.65	0.38	3.4%	-17.4%
2,000	14.39	15.00	0.61	4.2%	-24.7%
5,000	30.38	32.34	1.96	6.5%	-18.3%
5,700 Annual Avg	36.20	38.74	2.54	7.0%	-14.7%
6,000	35.06	37.37	2.31	6.6%	-17.7%
9,000	62.10	66.88	4.78	7.7%	-1.8%
15,000	138.09	149.98	11.89	8.6%	23.4%
25,000	264.79	282.18	17.39	6.6%	57.1%
30,000	335.39	353.93	18.54	5.5%	69.6%
60,000	758.99	784.43	25.44	3.4%	104.8%

Residential Wastewater Bill Comparison

Approved 2015 vs. Proposed 2016

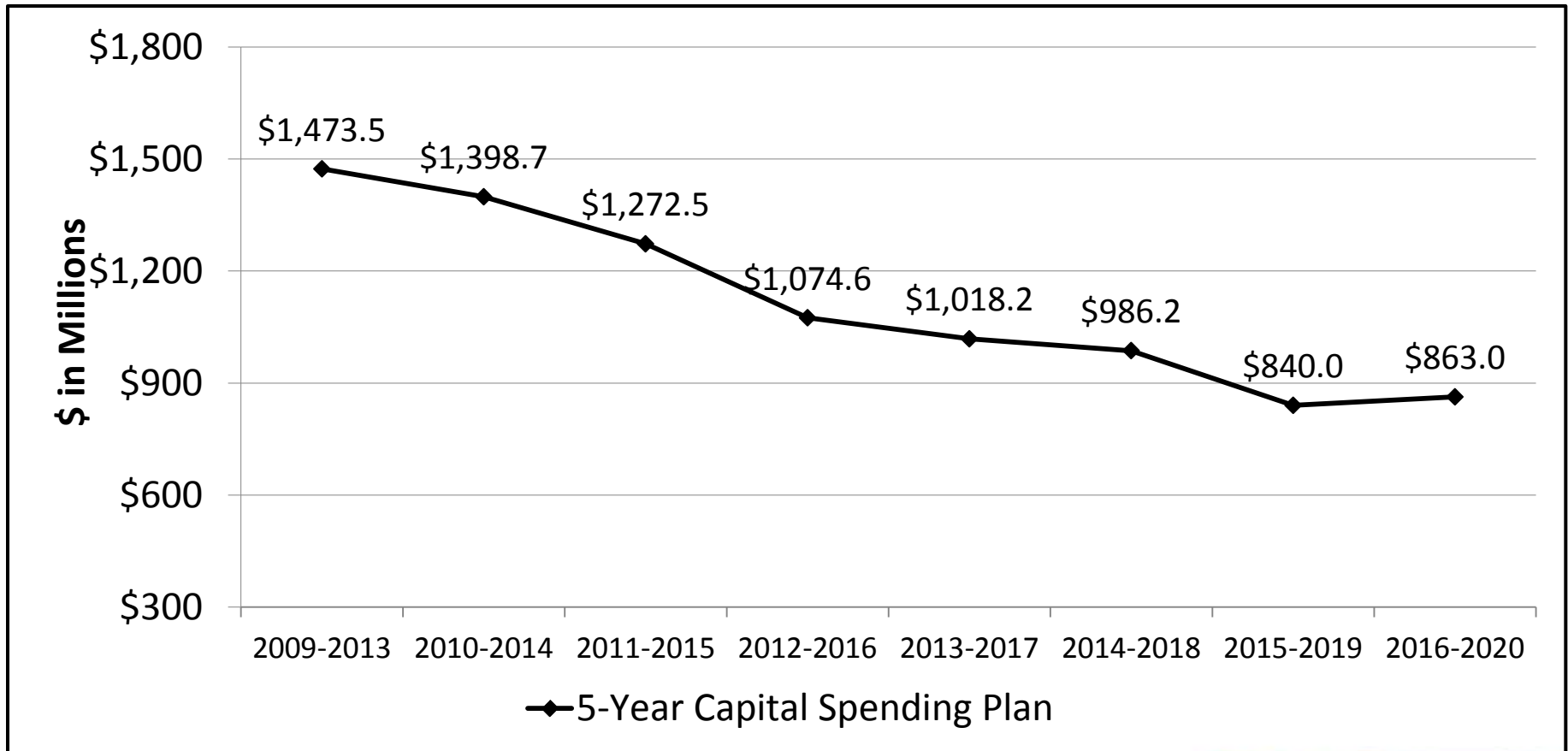
Non-CAP Customers

Monthly Usage Gallons 5/8" Meter	Approved FY 2015	Proposed FY 2016	Variance	
			2015 vs Proposed \$ Var	% Var
0	\$10.30	\$10.30	\$0.00	0.0%
1,000	14.81	15.20	0.39	2.6%
2,000	19.32	20.10	0.78	4.0%
4,000 Annual Avg	37.58	39.98	2.40	6.4%
5,000	46.71	49.92	3.21	6.9%
6,000	55.84	59.86	4.02	7.2%
9,000	83.23	89.68	6.45	7.7%
15,000	138.01	149.32	11.31	8.2%

Capital Spending

5-Year Capital Spending Plan

Historical Comparison



CIP Highlights

FY 2016 Appropriation – \$40.9 million

FY 2016 Spending Plan – \$154.4 million

Category	Spending Plan
Treatment Plant	\$44.4 million
Rehabilitation and Relocation of Pipeline Infrastructure	\$36.9 million
Wastewater Collection	\$16.7 million
Reservoir, Pump Station and Lift Station	\$12.2 million
Vehicles, Annexed Area, SER Reimbursements and Other	\$22.4 million
Water Reclamation Initiative and Water Task Force Initiative	\$11.6 million
Transmission /Distribution	\$10.2 million

Budget Schedule

July 30 th	City Manager Presented Proposed 2016 Budget
August 12 th	City Council Work Session
August 12 th	Commission Meeting – Budget Recommendation
August 19 th	Commission Optional Meeting - Budget
August 10 th – September 1st	Council Budget Work Sessions
September 8-10 th	Council Adoption of Budget

Questions?