



## Water & Wastewater Commission Review and Recommendation

<b>Commission Meeting Date:</b>	August 8, 2018
<b>Council Meeting Date:</b>	August 23, 2018
<b>Department:</b>	Austin Water
<b>Client:</b>	Joseph Gonzales and David Anders
<b>Agenda Item</b>	
Authorize approval of Austin Water's FY 2019 proposed \$609.4M Operating Budget, \$23.2M Capital Budget new appropriations, \$910.4M 5-Year CIP spending plan and 0% system-wide rate revenue increase ( 0 % water, 0 % wastewater and 0 % reclaimed).	
<b>Amount and Source of Funding</b>	
N/A	
<b>Purchasing Language:</b>	N/A
<b>Prior Council Action:</b>	N/A
<b>Boards and Commission Action:</b>	August 8, 2018 - To be reviewed by the Water and Wastewater Commission.
<b>MBE/WBE:</b>	N/A

This action requests City Council to conduct a public hearing to hear public comments on the water, wastewater, and reclaimed rate changes proposed in the Fiscal Year 2018-2019 Operating Budget. Council is scheduled to adopt the budget on September 11, 12, and 13, 2018. The City Code in Section 2-5-45 specifically requires a public hearing prior to the City Council approving any changes in electric, water, wastewater, and garbage collection rates.

Austin Water's Proposed Fiscal Year 2018-19 Budget includes the following changes to the current water and wastewater rates:

	<b>Water Rates</b> <b>(Revenue Impact) (1)</b>	<b>Wastewater Rates</b> <b>(Revenue Impact)</b>
<b><u>Retail Customers:</u></b>		
Single Family (Non-CAP)	0.0% Increase	0.0% Increase
Single Family (CAP)	0.0% Increase	0.0% Increase
Multifamily	0.0% Increase	0.0% Increase
Commercial	0.0% Increase	0.0% Increase
Large Volume (2)	0.0% Increase	0.0% Increase
<b><u>Wholesale Customers:</u> (2)</b>	0.0% Increase	0.0% Increase
<b>Systemwide without Water Revenue Reserve Fund:</b>	0.0% Increase	0.0% Increase
<b>Systemwide Including Water Revenue Reserve Fund:</b>	0.0% Increase	0.0% Increase

*(1) Water Rate percentage impacts shown for all customer classes include Revenue Stability Reserve Fund*

*(2) Large Volume and Wholesale customers each have individual rates*

The attached schedules provide detailed current and proposed water, and reclaimed rates for all retail and wholesale customer classes.

**CITY OF AUSTIN, TEXAS  
AUSTIN WATER  
PROPOSED RECLAIMED WATER RATES**

**FY 2018-19**

**PROPOSED RATES EFFECTIVE NOVEMBER 1, 2018**

<b>Reclaimed Monthly Customer Charge:</b>	<b><u>Current Rates</u></b>	<b><u>Proposed Rates</u></b>
Meter Size:		

5/8"	\$ 8.00	\$ 8.00
3/4"	9.00	9.00
1"	10.00	10.00
1 1/2"	14.00	14.00
2"	19.00	19.00
3"	31.00	31.00
4"	45.00	45.00
6"	84.00	84.00
8"	131.00	131.00
10"	186.00	186.00
12"	271.00	271.00

<b><u>Reclaimed System-wide Volume Charge</u></b>	<b><u>Current Rates</u></b>	<b><u>Proposed Rates</u></b>
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All volumes (Unit Cost Per 1,000 Gallons)

<b>Non-Mandatory Connections</b>	\$ 2.59	\$ 2.82
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*Potable water conversions with main extensions greater than 250 feet; customers with a site plan submitted prior to May 1, 2015.*

<b><u>Reclaimed System-wide Volume Charge</u></b>	<b><u>Current Rates</u></b>	<b><u>Proposed Rates</u></b>
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All volumes (Unit Cost Per 1,000 Gallons)

<b>Mandatory Connections</b>	\$ 4.20	\$ 4.20
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*New commercial developments or redevelopments within 250 feet of an existing main.*

<b><u>Parkland Reclaimed Water Rates</u></b>	<b><u>Current Rates</u></b>	<b><u>Proposed Rates</u></b>
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All volumes (Unit Cost Per 1,000 Gallons)	\$ 1.24	\$ 1.32
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*\* Parkland Reclaimed Water rates are for reclaimed water use at City-owned parkland and golf courses.*

<b><u>Austin Energy Sandhill Power Plant</u></b>	<b><u>Current Rates</u></b>	<b><u>Proposed Rates</u></b>
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All volumes (Unit Cost Per 1,000 Gallons)	\$ 1.31	\$ 1.47
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*\* AE Sandhill reclaimed water volumetric rate is low because of a high monthly fixed charge of \$10,690.00 that unchanged during the debt service period.*

# Austin Water Combined Operating Fund Summary

	2017-18 Amended	2017-18 Estimated	2018-19 Proposed
<b>Beginning Balance</b>	<b>\$ 200,254,074</b>	<b>\$ 214,760,138</b>	<b>\$ 191,715,190</b>
<b>Revenue</b>			
Water/Wastewater Revenue	\$ 564,239,558	\$ 558,982,586	\$ 553,975,431
Other Revenue	6,043,360	4,802,081	4,926,280
Interest	1,127,380	4,676,247	3,647,168
Development Fees	1,257,100	1,272,863	1,298,300
Public Health Licenses, Permits, Inspections	642,400	696,633	710,600
Other Fines	616,800	577,675	589,200
Building Rental/Lease	114,500	117,586	117,600
Land & Infrastructure Rental/Lease	67,000	72,000	72,000
Miscellaneous Franchise Fees	93,000	65,592	66,800
Scrap Sales	42,700	45,834	46,800
Parking Fees	-	129	100
<b>Total Revenue</b>	<b>\$ 574,243,798</b>	<b>\$ 571,309,226</b>	<b>\$ 565,450,279</b>
<b>Transfers In</b>			
CIP	\$ 30,000,000	\$ 30,000,000	\$ 34,200,000
Austin Water Utility	14,250,511	14,083,531	13,132,323
Support Services/Infrastructure Funds	300,582	300,582	300,582
Austin Resource Recovery Fund	53,334	53,334	53,334
<b>Total Transfers In</b>	<b>\$ 44,604,427</b>	<b>\$ 44,437,447</b>	<b>\$ 47,686,239</b>
<b>Total Available Funds</b>	<b>\$ 618,848,225</b>	<b>\$ 615,746,673</b>	<b>\$ 613,136,518</b>
<b>Program Requirements</b>			
Operations	\$ 134,745,105	\$ 138,467,326	\$ 140,449,135
Support Services	29,272,434	29,908,745	31,117,783
Engineering Services	12,943,002	12,904,615	13,089,466
Environmental Affairs & Conservation	12,392,708	11,988,840	12,395,666
Other Utility Program Requirements	11,184,618	7,137,412	9,487,966
Water Resources Management	9,129,340	8,866,500	9,370,556
Reclaimed Water Services	591,699	600,494	571,388
<b>Total Program Requirements</b>	<b>\$ 210,258,906</b>	<b>\$ 209,873,932</b>	<b>\$ 216,481,960</b>
<b>Other Requirements</b>			
Utility Billing System Support	\$ 20,566,947	\$ 21,824,227	\$ 20,562,342
Accrued Payroll	297,236	291,207	764,067
Trf to PID Fund	75,000	75,000	75,000
Interdepartmental Charges	112,760	112,760	73,955
<b>Total Other Requirements</b>	<b>\$ 21,051,943</b>	<b>\$ 22,303,194</b>	<b>\$ 21,475,364</b>

# Austin Water Combined Operating Fund Summary

	2017-18 Amended	2017-18 Estimated	2018-19 Proposed
<b>Debt Service Requirements</b>			
Trf to Util D/S Separate Lien	\$ 129,525,425	\$ 122,356,800	\$ 147,149,281
Tfr to Utility D/S Prior Lien	56,658,374	56,513,700	27,963,926
Tfr to Utility D/S Sub Lien	9,076,100	9,054,100	9,294,800
Trf to GO Debt Service	2,868,844	2,868,844	2,042,881
Tfr to Util D/S Tax/Rev Bonds	648,483	1,159,476	976,802
Commercial paper interest	125,355	141,366	572,064
<b>Total Debt Service Requirements</b>	<b>\$ 198,902,581</b>	<b>\$ 192,094,286</b>	<b>\$ 187,999,754</b>
<b>Transfers Out</b>			
Trf to General Fund	\$ 45,914,379	\$ 45,914,379	\$ 47,585,534
Trf to Wastewater CIP Fund	42,000,000	42,000,000	41,000,000
TRF CRF to Debt Defeasance	30,000,000	30,000,000	34,200,000
Trf to Water CIP Fund	29,000,000	29,000,000	27,000,000
Administrative Support	12,122,210	12,122,210	13,446,037
CTM Support	4,029,576	4,029,576	4,811,624
Trf to Reclaimed Water Fund	3,400,000	3,400,000	4,000,000
Trf to Economic Development	3,233,332	3,233,332	3,867,071
Trf to CIP Mgm - CPM	2,407,858	2,407,858	2,943,935
Trf to Water Revenue Stab Rsv	9,385,497	5,853,297	1,986,876
Workers' Compensation	1,254,566	1,254,566	1,135,888
Trf to Reclaimed Water CIP Fnd	1,000,000	1,000,000	1,000,000
Regional Radio System	293,217	293,217	454,320
CTECC Support	11,774	11,774	12,590
TRF Operating to Debt Defeasance	34,000,000	34,000,000	-
<b>Total Transfers Out</b>	<b>\$ 218,052,409</b>	<b>\$ 214,520,209</b>	<b>\$ 183,443,875</b>
<b>Total Requirements</b>	<b>\$ 648,265,839</b>	<b>\$ 638,791,621</b>	<b>\$ 609,400,953</b>
<b>Excess (Deficiency) of Total Available Funds Over Total Requirements</b>	<b>\$ (29,417,614)</b>	<b>\$ (23,044,948)</b>	<b>\$ 3,735,565</b>
<b>Adjustment to GAAP</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Ending Balance</b>	<b>\$ 170,836,460</b>	<b>\$ 191,715,190</b>	<b>\$ 195,450,755</b>
<i>Note: Numbers may not add due to rounding.</i>			
Debt Service Coverage Ratio	1.67	1.71	1.72