

Budget Highlights

Positioning for the Future

- Austin Energy's adopted strategic plan gains momentum in FY 2005.
- Austin Clean Water Program has 70 projects underway; all are on or ahead of schedule.
- Essential expansion of treatment capacity is being completed.
- Reorganization of the City's Code Compliance and Enforcement functions.

Overview Proposed Budget

Department	Amended 2004	Proposed 2005	Change	%
	(millions)			
Austin Energy	\$890.7	\$904.6	\$14.0	1.6%
Austin Water Utility	\$276.4	\$296.9	\$20.5	7.4%
Solid Waste*	\$42.3	\$51.7	\$9.4	22.2%

* This includes the Solid Waste Services Fund and the Landfill Fund

Overview Proposed Budget FTE's

Department	Amended 2004	Proposed 2005	Change
Austin Energy	1,443.00	1,501.5	58.5
Austin Water Utility	1,004.85	1,019.85	15
Solid Waste	374	413	39

Citizen Survey Results

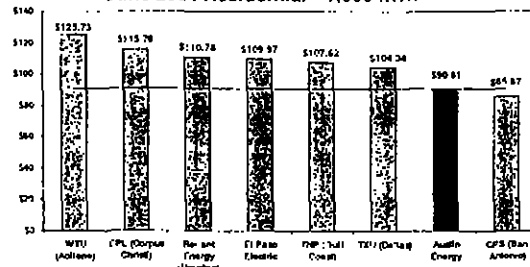
Measurement	Priority Rating	Satisfaction Rating
Austin Energy		
Electric Reliability	93%	92% (+1%)
Outage Response	89%	88% (+2%)
Austin Water Utility		
Clean and safe, quality drinking water	93%	86% (-1%)
Satisfaction with wastewater treatment system	87%	90% (0%)
Solid Waste Services		
Residential garbage collection	90%	87% (0%)
Recycling collection services	85%	85% (+1%)

Austin Energy

Juan Garza, General Manager

Responsible People. Responsive Government
Survey Results - Customer Focus Austin Energy

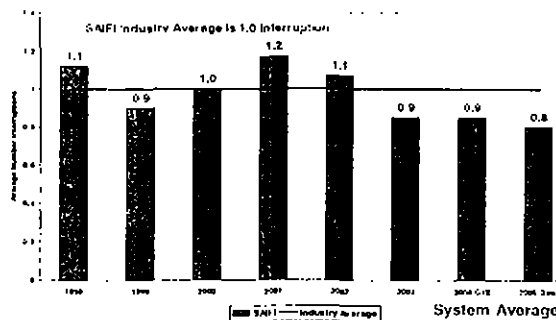
Monthly Bill Comparison - Residential
 June 2004 Residential - 1,000 kWh



Measure (in priority order)	Priority	Satisfaction	Satisfaction Change
Electric Service Reliability	93%	92%	+ 1%
Power Outage Timely Response	89%	88%	+ 2%
Cost of Electric Service	85%	59%	+ 1%
Utility Customer Service	83%	83%	+ 2%
Energy Conservation	81%	81%	+ 2%

7

Survey Results - Customer Focus Austin Energy
System Average Interruption Frequency Index (SAIFI)



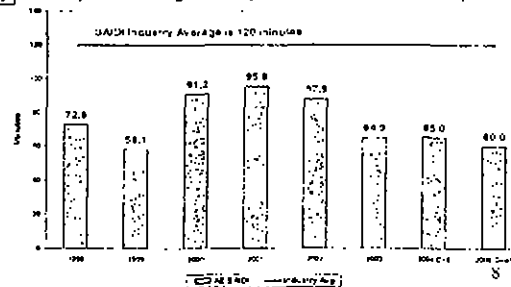
Electric Reliability

Year	Priority	Satisfaction
2003	94	92
2004	93	92

Outage Response

Year	Priority	Satisfaction
2003	90	87
2004	89	88

System Average Interruption Duration Index (SAIDI)



Austin Energy Budget Facts

- Proposed 2004-2005 Budget Summary
 - Available Funds \$ 907,423,443
 - Requirements \$ 904,602,409
 - Total FTEs 1,501.50
 - 53.5 New FTEs requested
 - 5.0 FTEs Transfers In

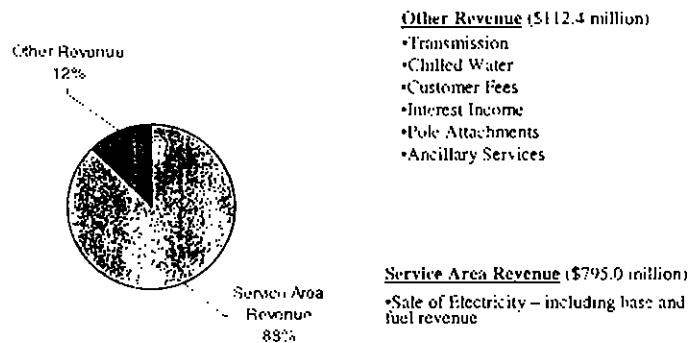
9

Austin Energy Revenue Facts

- No change in Electric Base Rates
- Service area revenue increase due to estimated customer growth
- Fees adjusted based upon cost of service study
 - Re-initiation Fee
 - Tampering Meters
 - Utility Diversion Fee
- New Fees (Commercial customers only)
 - Meter Totalization
 - Transformer Oil Testing

10

Austin Energy Revenue Facts



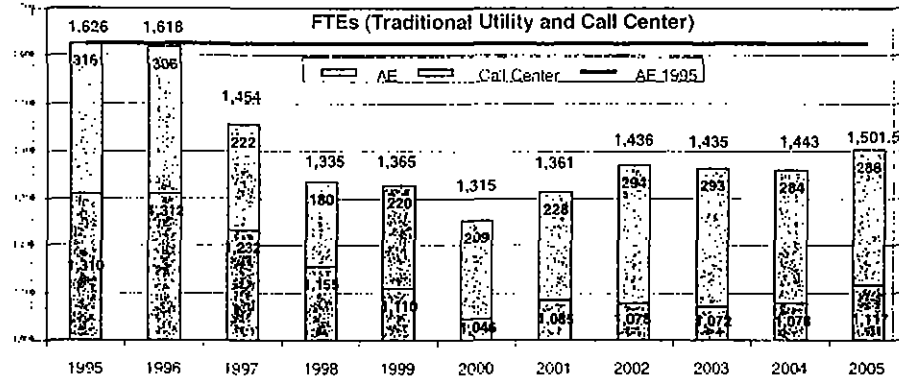
11

Austin Energy Requirements

- Energy Efficiency programs \$23.2 million – increase of \$6.0 million
 - \$2.5 million Solar Rebates
 - \$1.4 million Power Partner Residential Load Management
 - \$0.8 million Multi-family Duct Sealing
 - \$0.4 million Refrigerator Recycle
- Increase of \$3.9 million in transmission expense
- Increase of \$8.4 million for ERCOT administrative and congestion costs
- One time Transfer to General Government and Austin Water of \$5.5 million for capital projects
- Personnel costs - \$4.6 million
 - 53.5 New FTEs totaling \$4.1 million
 - Net Transfer in of 5 FTEs totaling \$ 0.5 million

12

Austin Energy FTEs



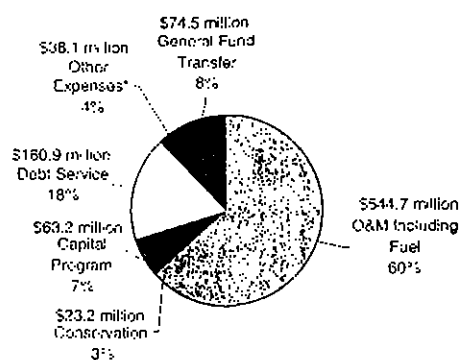
Proposed 2005 FTEs of 1,501.5 is
125 FTEs below 1995.

	1995	2005	% Change
# Customers	296,707	381,866	29%
FTEs Traditional	1,626	1,403	-14%
Total FTEs	1,626	1,501.5	-9%

53.5 New FTEs	
Strategic Initiatives	17.0
Operations	2.0
Succession Planning	1.5
Information Technology	22.0
Energy Market Operations	3.0
Finance & Corp. Services	8.0

13

Austin Energy Requirements Summary by Area



* Other Expenses include Workers' Compensation, Liability Reserve, Administrative Support, Accrued Payroll, Trained Risk Transfer, Support Services, etc.

14

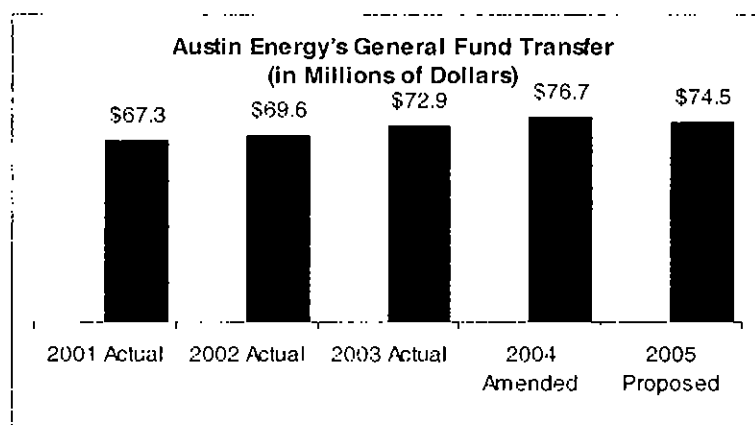
Austin Energy Proposed Reductions

- 3-1-1 City Wide Call Center reimbursement of \$0.5 million
- Austin Energy transfer to CIP reduced \$29.6 million due to slower growth and plant completion
- Debt Service decreased \$16.7 million due to defeasance and lower CIP Spending Plan requiring less debt financing

15

Budget Highlights Austin Energy

FY2005 General Fund Transfer



* Maintains All transfers at 9/14 in keeping with the City's Financial policies

16

Budget Highlights Austin Energy

AE Energy Efficiency & Load Management Programs

		<u>FY2002 Actual</u>	<u>FY2003 Actual</u>	<u>FY2004 Amended</u>	<u>FY2005 Proposed</u>
Program Administration	\$	7,735	7,622	7,559	8,731
Conserv. Rebates Programs		6,626	5,917	9,631	14,459
TOTAL		14,361	13,539	17,190	23,189
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Per KW	\$	383.78	332.73	443.95	478.92
Total MW Savings		37.42 MW	40.69 MW	38.72 MW	48.42 MW

* FY03 Funding includes transfer from AE operating fund of \$8.0 M and \$1.2 M from Conservation Rebates & Incentive Fund beginning balance.

17



Austin Water Utility

Chris Lippe, P.E.
Director

18

Austin Water Utility Business Plan Goals

- **Public Health, Safety, and Fire Protection**
 - Ensure the protection of public health, safety, and fire protection through optimizing water quality and operations of the system
- **Conservation and Environmental Protection**
 - Ensure protection of the environment through effective collection, treatment, reuse or releases of water, and land management
- **Customer Service**
 - Strengthen and maintain customer satisfaction
- **Growth and Service Extension**
 - Support City-wide land development policies

19

Responsible People, Responsive Government Survey Results - Customer Focus

Measure	Priority Rating	Satisfaction Rating / % Favorable (+/-%)
Clean and safe, quality drinking water	93%	86% / -1%
Satisfaction with the wastewater treatment system	87%	90% / 0%
Austin Water Utility response time to emergencies	80%	90% / 0%
The taste of your drinking water	89%	79% / -1%

20

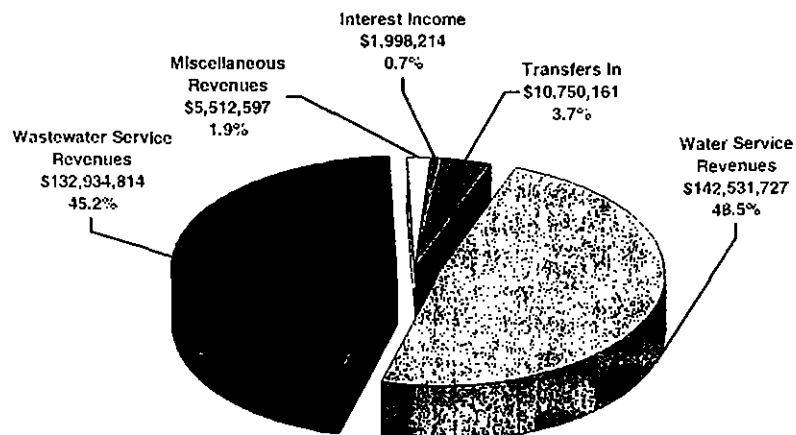
Austin Water Utility Budget Facts

	Amended Budget <u>2003-04</u>	Proposed Budget <u>2004-05</u>
Revenues/Transfers In	\$264.5 Mil	\$293.7 Mil
Operating Budget	\$276.4 Mil	\$296.9 Mil
CIP Spending	\$167.3 Mil	\$221.6 Mil
Full Time Positions	1,004.85	1,019.85
Combined Rate Increase	5.9%	11.8%

21

Austin Water Utility Revenue Facts

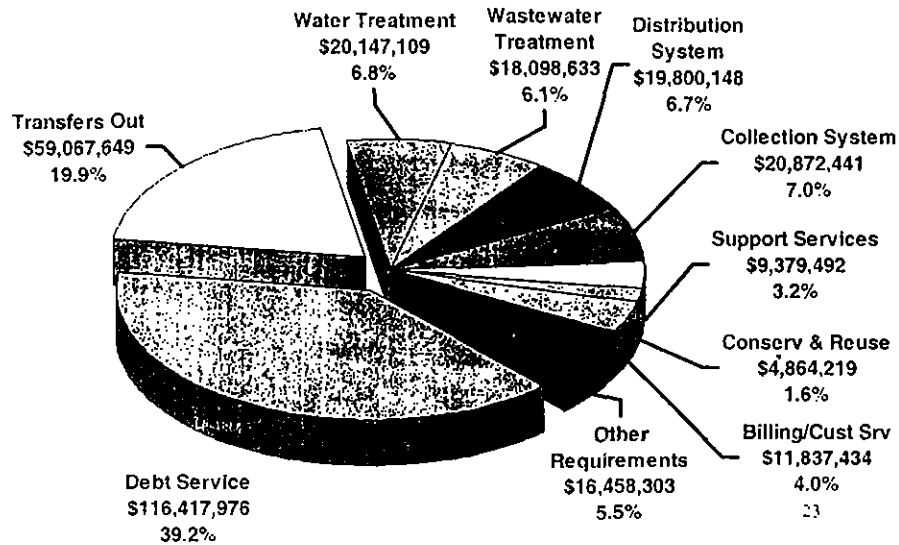
Total \$293.7 Million



22

Austin Water Utility Expenditure Facts - Operating

Total \$296.9 Million



Austin Water Utility Expenditure Facts - CIP

(\$ in Thousands)

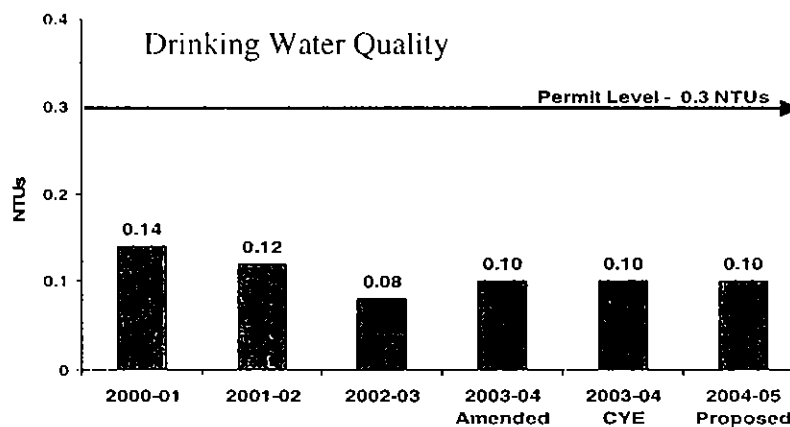
	2004-05	2005-06	2006-07	2007-08	2008-09	5-Year Total
Water	\$ 82,086	\$ 78,946	\$ 58,989	\$ 61,443	\$ 143,688	\$425,152
Wastewater	139,494	104,196	76,009	35,730	35,846	391,275
Combined	<u>\$ 221,580</u>	<u>\$183,142</u>	<u>\$ 134,998</u>	<u>\$ 97,173</u>	<u>\$ 179,534</u>	<u>\$816,427</u>

Austin Water Utility Budget Highlights

- Major Accomplishments in FY 2003-04
 - Improved job planning, crew sizing & deployment, and reduced overtime costs
 - Austin Clean Water Program has 70 projects underway; all are on or ahead of schedule
 - Completed Walnut Creek Wastewater Treatment Plant Expansion
 - Implemented \$3.9 million of the total \$5.1 million in cost reductions recommended in the PFM Management Evaluation Study
 - S&P upgraded bond rating from A- to A for utility revenue bonds

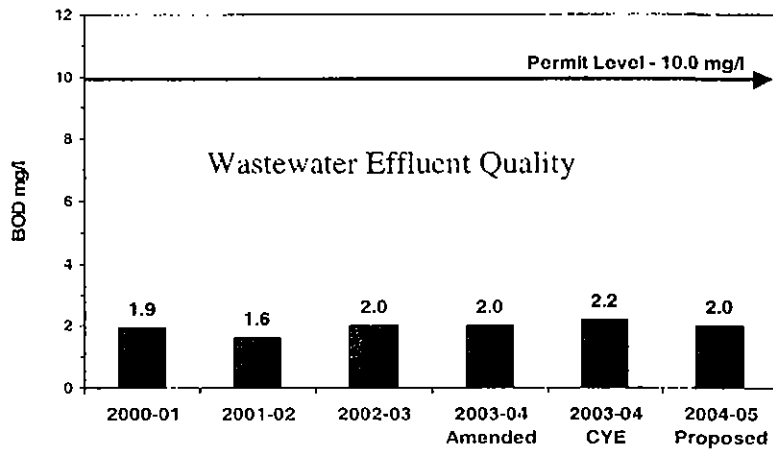
25

Austin Water Utility Budget Highlights



26

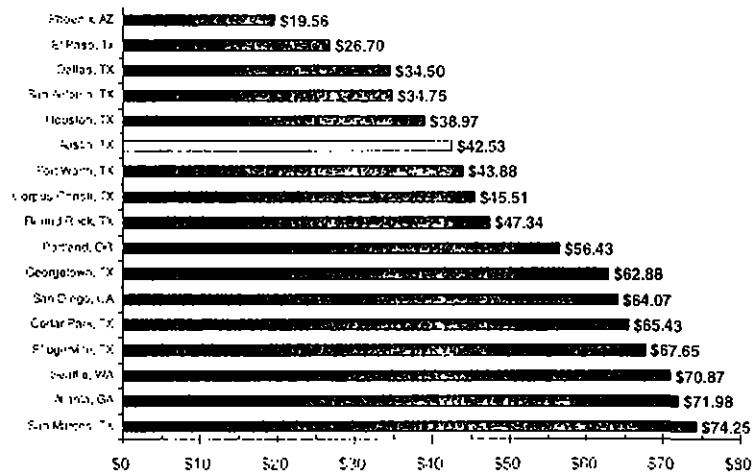
Austin Water Utility Budget Highlights



27

Austin Water Utility Budget Highlights

Monthly Bill Comparison: In-City Residential
(Water 8,500 Gallons & Wastewater 5,000 Gallons)



28

Austin Water Utility Positioning for the Future

- Major Accomplishments Planned for FY 2004-05:
 - Major Infrastructure Investments to Enhance Capacity and Reliability of Utility Services
 - New Treatment Plant Capacity Additions for Water and Wastewater System
 - Implement Industry Best Practices for Operating & Managing Wastewater System (CMOM)
 - Centralize Utility Development Process as Part of the Citywide “One-Stop-Shop” Initiatives
 - Integrate Water Conservation Program within the Utility’s Strategic Business Plan

29

Austin Water Utility Budget Summary

- Major Cost Reduction Strategies Implemented
 - PFM Management Study Recommendations
 - Reprioritization of CIP Spending
 - Operating Risks Managed to the Extent Feasible Without Impacting System Reliability, Service Delivery, and Regulatory Compliance
- A System-wide Rate Increase of 11.8% is Required
 - Water 9.2%
 - Wastewater 14.7%
- Water and Wastewater Commission Recommended Approval of Proposed Budget and Rate Increase

30

Solid Waste Services

William E. Rhodes P.E., Director

31

Solid Waste Services Budget Summary

- Stable Rates
- No Change In Service Delivery
- Expenditures and Revenue Increases
- Consolidation of Code Compliance

32

Solid Waste Services Budget Facts

TOTAL PROPOSED FTE's – 413.00

- 19.0 Transfers In
- 20.0 New FTE's
 - 8 - Code Compliance FTE's for investigations
 - 6 - Litter Abatement FTE's for growth and CDB
 - 5 - Pay-As-You-Throw FTE's for customer growth and annexations
 - 1 – Administrative Support FTE

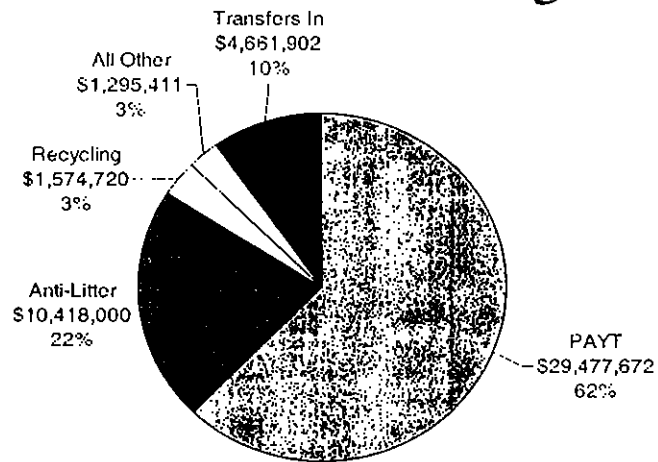
33

Solid Waste Services Revenue Facts

- Revenue increases due to projected customer growth
- Proposed Fee Changes
 - Hotel, Motel, Boarding and Rooming House License
 - Special Collections Hauling Service and Out-of Cycle Brush Collection
 - Landfill – All other uncompacted loads
 - Commercial Hazardous Waste
 - Commercial Hazardous Waste Pick-up Fee (new)
 - Landfill - Tires 20" or larger (new)

34

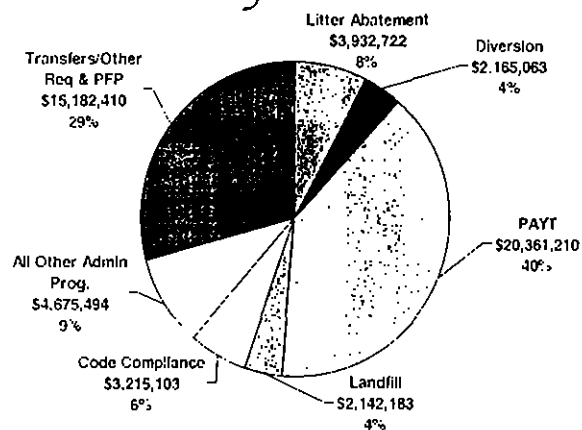
Solid Waste Services Funding Sources



TOTAL PROPOSED FUNDING SOURCES - \$47,427,705

35

Solid Waste Services Uses of Funds



TOTAL PROPOSED USES OF FUNDS \$51,674,185

36

Solid Waste Services Budget Highlights

Key Accomplishments FY 2004

- Austin Chronicle's Reader's Choice Award - Best City Service – Recycling
- "Right Size Your Cart" campaign
- Two pilot programs 'On-Call' Large Brush and 'All in One' Recycling
- Dedicated Personnel for Low-Hanging Tree Limbs

Key Performance Measures FY 2004

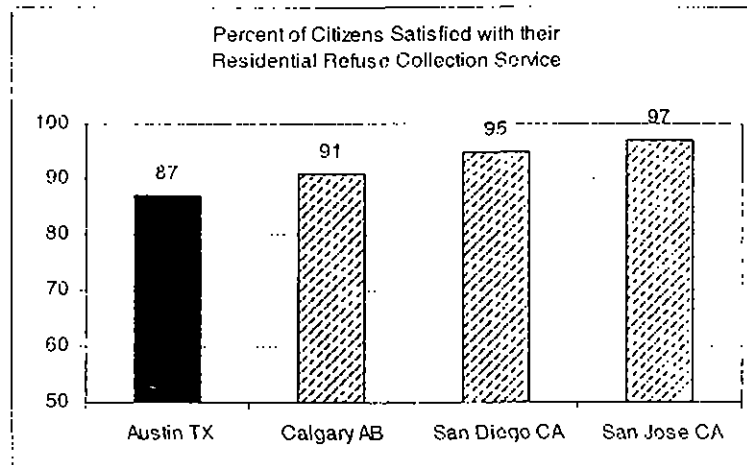
- Cost per household-direct-residential garbage collection (\$49.50)
- Total tons of garbage collected (127,756)

Key Goals FY 2005

- Maintain stable PAYT rates
- Increase diversion through PAYT by reducing average weekly household garbage
Reduce garbage from 32 to 31 lbs. | Maintain recycling of 10 lbs. | Decrease yard trimmings from 5 to 4.8 lbs.
- Increase customer satisfaction in Garbage Collection, Recycling Collection and Street Cleaning by 3%

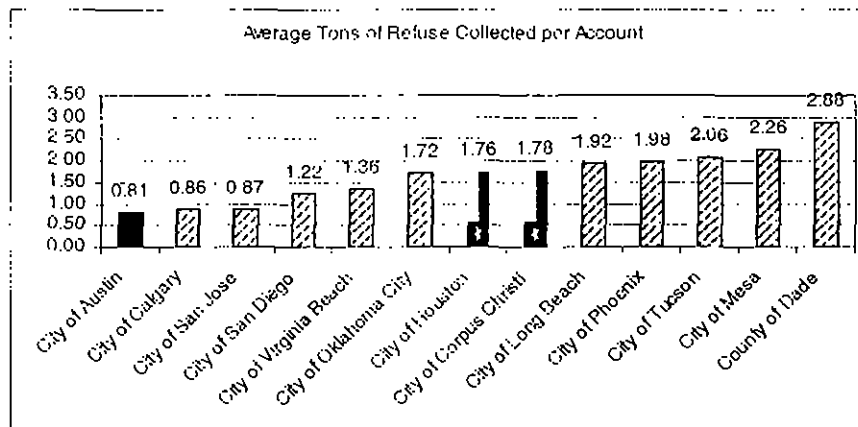
37

Responsible People, Responsive Government ICMA Survey Results – Customer Focus



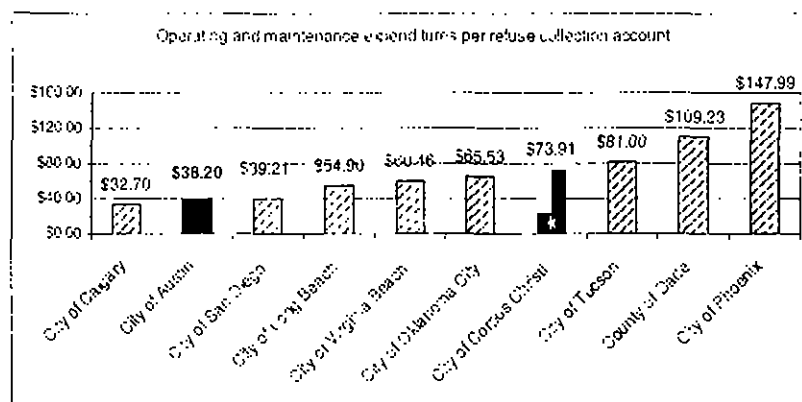
38

Responsible People, Responsive Government ICMA Survey Results – Customer Focus



39

Responsible People, Responsive Government ICMA Survey Results – Customer Focus



40