



Recommendation for Water & Wastewater Commission

Commission Meeting Date:	August 14, 2019
Council Meeting Date:	August 22, 2019
Department:	Austin Water
Client:	David Anders
SUBJECT	
Authorize approval of Austin Water's FY 2020 proposed \$615.5M Operating Budget, \$122M Capital Budget new appropriations, \$975.2M 5-Year CIP spending plan and 0% system-wide rate revenue increase (0 % water, 0 % wastewater, 8.3% reduction for CAP customers, and 14.7% reclaimed).	
AMOUNT AND SOURCE OF FUNDING	
N/A	
Purchasing Language:	N/A
Prior Council Action:	N/A
Boards and Commission Action:	August 14, 2019 - To be reviewed by the Water and Wastewater Commission.
MBE/WBE:	N/A

This action authorizes approval of Austin Water's FY 2020 Operating Budget, capital budget appropriations and 5-year spending plan, and the proposed 0% system-wide rate revenue increase (0 % water, 0 % wastewater and 14.7 % reclaimed). Council is scheduled to adopt the budget on September 10, 2019. The City Code in Section 15-9-3 specifically requires a public hearing prior to the City Council approving any changes in electric, water, wastewater, and garbage collection rates.

Austin Water will increase support for the Customer Assistance Program (CAP) customers by reducing the volumetric water and wastewater rates which will result in an additional \$4.00 or 8.3% decrease for the combined average monthly CAP bill.

Austin Water's proposed changes to the Fiscal Year 2019-20 Budget includes the following changes to the current water and wastewater rates for all retail Customer Assistance Program (CAP) customers:

CITY OF AUSTIN, TEXAS AUSTIN WATER

PROPOSED WATER & WASTEWATER RATES FY 2019-20

PROPOSED RATES EFFECTIVE NOVEMBER 1, 2019

WATER RATES

<u>CAP Residential Class Volumetric Charge:</u>	<u>Current Rates \$ / 1,000 Gallons</u>	<u>Proposed Rates \$ / 1,000 Gallons</u>
0 – 2,000 Gallons	\$ 2.37	\$ 1.37
2,001 – 6,000 Gallons	4.05	4.05
6,001 – 11,000 Gallons	6.67	6.67
11,001 – 20,000 Gallons	11.51	11.51
20,001 – over Gallons	14.21	14.21

WASTEWATER RATES

<u>CAP Residential Class Volumetric Charge:</u>	<u>Current Rates \$ / 1,000 Gallons</u>	<u>Proposed Rates \$ / 1,000 Gallons</u>
0 – 2,000 Gallons	\$ 4.46	\$ 3.46
2,001 – over Gallons	9.94	9.94

CITY OF AUSTIN, TEXAS AUSTIN WATER UTILITY

PROPOSED RECLAIMED WATER RATES FY 2019-20 PROPOSED RATES EFFECTIVE NOVEMBER 1, 2019

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

<u>Reclaimed System-wide Volume Charge</u>	<u>Current Rates</u>	<u>Proposed Rates</u>
All volumes (Unit Cost Per 1,000 Gallons)		
Non-Mandatory Connections	\$ 2.82	\$ 2.82
<i>Potable water conversions with reclaimed main extensions greater than 250 feet; customers with a site plan submitted prior to May 1, 2015.</i>		

<u>Reclaimed System-wide Volume Charge</u>	<u>Current Rates</u>	<u>Proposed Rates</u>
All volumes (Unit Cost Per 1,000 Gallons)		
Mandatory Connections	\$ 4.20	\$ 4.20
<i>New commercial developments or redevelopments within 250 feet of an existing reclaimed main.</i>		

<u>Parkland Reclaimed Water Rates</u>	<u>Current Rates</u>	<u>Proposed Rates</u>
All volumes (Unit Cost Per 1,000 Gallons)	\$ 1.32	\$ 1.39
<i>* Parkland Reclaimed Water rates are for reclaimed water use at City-owned parkland and golf courses,</i>		

<u>Austin Energy Sandhill Power Plant</u>	<u>Current Rates</u>	<u>Proposed Rates</u>
All volumes (Unit Cost Per 1,000 Gallons)	\$ 1.47	\$ 1.68
<i>* AE Sandhill reclaimed water volumetric rate is low because of a high monthly fixed charge of \$10,690.00 that will remain unchanged during the debt service period,</i>		

AUSTIN WATER

Austin Water provides water, wastewater, reclaimed water, conservation, and environmental protection services to over one million residential customers spanning more than 540 square miles of service area. Austin Water seeks to provide high-quality water and wastewater services that exceed federal and state quality standards while maintaining affordable customer bills compared to peer cities.

Operating Programs

Engineering Services provides effective engineering, project delivery, management, and technical support services for Austin Water's treatment facilities, water distribution, and wastewater collection infrastructure systems to deliver safe, reliable, high quality, sustainable and affordable water and wastewater services to our customers.

Environmental Affairs & Conservation leads the Utility in conserving water and land, protecting water quality, and providing the necessary managerial, administrative, regulatory, and technical support services for the Utility's programs to meet community needs and regulatory requirements for drinking water, wastewater effluent, and biosolids.

Operations provides reliable and sustainable operations, maintenance, and regulatory support of treatment, distribution, collection, and reclaimed water infrastructure, which together, delivers safe, high quality, and affordable community water services.

Other Utility Program Requirements properly accounts for the Utility's department-wide expenditures, such as debt administrative and commission charges, general liability, legal services, and bad debt to ensure the appropriate level of financial reporting.

Reclaimed Water Services provides effective planning, engineering, project delivery, management, administrative, regulatory, and technical support services for Austin Water's reclaimed water program to deliver safe, reliable, high quality, sustainable and affordable reclaimed water services to our customers and to increase reclaimed water usage.

Water Resources Management provides engineering, technical, management, enforcement and administrative services in order to reduce water leaks, and continuously deliver safe and adequate supplies of drinking water from the treatment plants to customers, to reduce wastewater overflows, and to safely convey wastewater from customers to the treatment plants.

Support Services provides administrative and managerial support to the Utility.

Transfers, Debt Service, and Other Requirements primarily comprises transfers and other departmental requirements at the fund or agency level.

Capital Programs

Buildings and Improvements includes improvements related to an expansion or renovation of existing facilities and all activities related to the construction of new facilities.

Information Technology includes desktop computers, servers, networks, IT security, radio and telephone systems, and software applications.

Lift Stations improves or constructs lift stations, which pump wastewater from a low to a high elevation.

Other includes capital improvement projects that do not fit into specific categories and may also include temporary accounts that hold appropriations prior to allocation of funds to capital projects.

Plans and Studies supports work on departmental and Citywide planning initiatives that enhance the ability to move forward with focused project direction that results in capital assets.

Pump Stations improves or constructs pump stations, which pump water from one place to another.

Reclaimed Water Network develops facilities to reclaim treated wastewater and distributes the reclaimed water for appropriate uses.

Reservoirs improve and construct reservoirs, which are used for water storage.

Vehicles and Equipment acquires new and replacement vehicles and equipment to support operations.

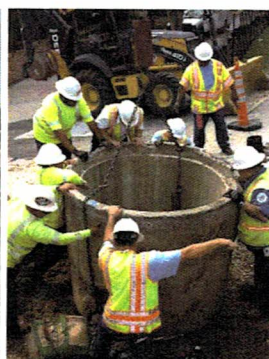
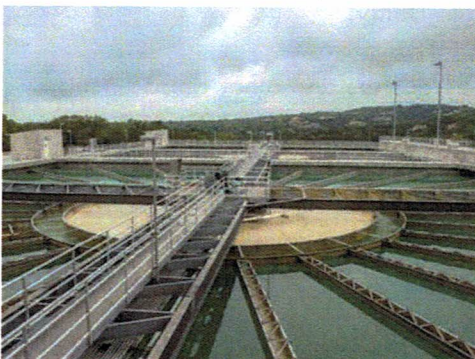
Wastewater Pipe Network improves and constructs the pipe network that transports wastewater to and from wastewater treatment facilities.

Wastewater Treatment Plants improves and constructs wastewater treatment facilities.

Water Pipe Network improves and constructs the pipe network that transports water to and from water treatment facilities.

Water Treatment Plants improves and constructs water treatment facilities.

Water/Wastewater/Reclaimed includes temporary accounts that hold appropriations prior to allocation of funds to capital projects.



AUSTIN WATER

Operating Budget	2016-17 Actual	2017-18 Actual	2018-19 Estimated	2018-19 Amended	2019-20 Proposed
Expenditures by Strategic Outcome					
Culture and Lifelong Learning	0	66,584	66,935	66,858	0
Economic Opportunity and Affordability	0	3,040,994	3,353,574	3,599,759	1,567,042
Government that Works	0	125,047,584	138,071,037	138,846,279	101,740,830
Health and Environment	0	39,745,257	38,328,593	37,952,797	80,434,696
Mobility	0	68,354	125,093	124,856	0
Safety	0	52,362,611	57,600,937	57,366,776	60,585,075
Transfers and Debt Service	0	406,349,316	377,475,001	382,443,629	371,194,889
Total by Strategic Outcome	0	626,680,701	615,021,169	620,400,953	615,522,532
Expenditure by Program					
Engineering Services	12,002,492	12,452,254	12,920,970	13,089,466	13,680,169
Environmental Affairs & Conservation	10,297,731	11,134,431	11,824,744	12,187,709	12,476,913
One Stop Shop	729,773	0	0	0	0
Operations	0	131,831,912	141,622,656	140,646,769	144,851,520
Other Utility Program Requirements	9,167,507	6,708,942	9,307,162	9,432,966	7,511,930
Pipeline Operations	45,793,322	0	0	0	0
Reclaimed Water Services	328,429	529,554	567,688	571,388	578,612
Support Services	26,409,333	28,252,117	31,091,377	31,183,106	32,862,168
Transfers, Debt Service, and Other Requirements	377,473,337	427,326,381	398,254,324	403,918,993	393,604,384
Treatment	78,325,219	0	0	0	0
Water Resources Management	7,851,932	8,445,109	9,432,248	9,370,556	9,956,836
Total by Program	568,379,076	626,680,701	615,021,169	620,400,953	615,522,532
Funding Sources					
Austin Water Reclaimed Water Utility Operating Fund	4,944,520	9,384,012	6,935,679	6,897,877	7,881,610
Austin Water Wastewater Utility Operating Fund	285,769,548	285,033,962	280,630,691	283,503,113	288,614,965
Austin Water Water Utility Operating Fund	349,583,999	329,659,896	309,581,365	323,735,528	328,063,104
Total Revenue	640,298,067	624,077,871	597,147,735	614,136,518	624,559,679
Civilian FTEs	1,170.00	1,185.00	1,201.00	1,201.00	1,218.00

AUSTIN WATER

Capital Budget	Appropriation Through 2018-19	2019-20 Appropriation	Total Appropriation	Expenditures Through 2018-19	2019-20 Spending Plan	2021-24 Spending Plan
Strategic Outcome						
Safety	148,992,049	0	148,992,049	122,971,332	51,135,895	123,580,561
Health and Environment	1,342,400,023	122,000,000	1,464,400,023	392,951,542	112,523,465	640,791,236
Government that Works	81,156,261	0	81,156,261	80,690,890	11,730,742	35,477,900
Total	1,572,548,333	122,000,000	1,694,548,333	596,613,763	175,390,102	799,849,697
Category						
Buildings and Improvements	4,209,764	0	4,209,764	2,944,722	4,310,742	11,307,900
Information Technology	22,912,213	0	22,912,213	24,510,567	4,420,000	12,170,000
Lift Stations	7,715,969	0	7,715,969	6,629,800	3,488,800	15,467,378
Other	778,612	0	778,612	855,331	1,025,000	1,600,000
Plans and Studies	1,503,812	0	1,503,812	1,503,811	0	0
Pump Stations	9,079,186	0	9,079,186	9,519,130	3,572,064	23,002,415
Reclaimed Water Network	28,422,649	0	28,422,649	24,004,614	5,468,835	35,832,100
Reservoirs	11,101,056	0	11,101,056	11,154,866	7,715,990	40,252,605
Vehicles and Equipment	52,530,472	0	52,530,472	51,731,790	3,000,000	12,000,000
Wastewater Pipe Network	155,582,094	0	155,582,094	108,553,569	26,561,142	127,897,296
Wastewater Treatment Plants	243,457,235	0	243,457,235	148,750,228	48,841,920	273,327,583
Water Pipe Network	131,275,622	0	131,275,622	104,158,001	27,137,768	186,666,879
Water Treatment Plants	128,811,807	0	128,811,807	102,297,336	39,847,841	60,325,541
Water/Wastewater/Reclaimed	775,167,842	122,000,000	897,167,842	0	0	0
Total	1,572,548,333	122,000,000	1,694,548,333	596,613,763	175,390,102	799,849,697
Funding Source						
Commercial Paper	861,561,279	0	861,561,279	294,708,711	83,744,757	354,807,702
Current Revenue	476,510,064	12,000,000	488,510,064	199,119,466	67,566,471	290,723,716
Non-Voter Approved Debt	172,230,829	110,000,000	282,230,829	57,973,500	22,268,874	153,568,279
Non-Voter Approved General Obligation Bonds	45,880,053	0	45,880,053	43,278,045	1,810,000	750,000
Revenue Bonds	16,366,108	0	16,366,108	1,534,042	0	0
Total	1,572,548,333	122,000,000	1,694,548,333	596,613,763	175,390,102	799,849,697

AUSTIN WATER

Tracked Since	Key Performance Indicators	2016-17 Actual	2017-18 Actual	2018-19 Estimated	2019-20 Projected	Goal
2002	Drinking Water Quality: Turbidity	0.08	0.06	0.1	0.1	0.1
2004	Wastewater Quality: Carbonaceous Biochemical Oxygen Demand (CBOD)	2.21	2.2	3	3	3
2007	Percent Invested in Capital Improvements Program (CIP) Projects compared to Planned Spending via the CIP Budget	94.6	83.95	80	80	80
2011	Percent of priority 1 leaks responded to within 3 hours	93.91	92.02	90	90	90
2011	Percent of Average Annual Residential Bill to Median Household Income	1.57	1.48	1.47	1.5	1.5
2012	Number of reportable wastewater overflows per 100 miles of wastewater lines per year	1.77	2.37	2.6	3	3
2012	Credit rating for separate-lien water utility revenue bonds	AA	AA	AA	AA	AA

Austin Water Community Benefit Charge Fund

	2016-17	2017-18	2018-19	2018-19	2019-20
	Actual	Actual	Estimated	Amended	Proposed
Beginning Balance	0	0	2,654,098	737,814	5,486,120
Revenue					
Other Utility Revenue	0	7,204,760	9,364,259	10,147,026	10,248,497
Interest	0	20,008	62,947	26,400	66,100
Total Revenue	0	7,224,768	9,427,206	10,173,426	10,314,597
Total Available Funds	0	7,224,768	9,427,206	10,173,426	10,314,597
Other Requirements					
Customer Assistance Prog Costs	0	25,687	865,632	775,000	925,000
Total Other Requirements	0	25,687	865,632	775,000	925,000
Transfers Out					
Trf to Water Operating Fund	0	2,601,918	3,517,276	5,321,483	4,162,493
Trf to Wastewater Operating Fund	0	1,943,065	2,212,276	3,810,840	2,754,820
Total Transfers Out	0	4,544,983	5,729,552	9,132,323	6,917,313
Total Requirements	0	4,570,670	6,595,184	9,907,323	7,842,313
Excess (Deficiency) of Total Available Funds Over Total Requirements	0	2,654,098	2,832,022	266,103	2,472,284
Adjustment to GAAP	0	0	0	0	0
Ending Balance	0	2,654,098	5,486,120	1,003,917	7,958,404

Note: Numbers may not add due to rounding.

Austin Water Operating Funds

	2016-17 Actual	2017-18 Actual	2018-19 Estimated	2018-19 Amended	2019-20 Proposed
Beginning Balance	139,388,666	214,760,138	215,782,052	191,715,190	197,908,618
Revenue					
Water/Wastewater Revenue	592,042,004	568,428,553	537,547,552	553,975,431	562,715,917
Interest	2,550,344	5,215,685	6,582,483	3,647,168	6,651,842
Other Revenue	5,621,753	4,922,101	4,654,143	4,993,080	4,781,516
Development Fees	1,325,986	1,321,192	1,267,098	1,298,300	1,292,400
Public Health Licenses, Permits, Inspections	649,030	694,415	741,740	710,600	756,600
Other Fines	706,700	638,250	755,875	589,200	700,275
Scrap Sales	58,550	76,791	131,490	46,800	134,100
Building Rental/Lease	121,870	120,670	120,336	117,600	120,300
Land & Infrastructure Rental/Lease	60,500	71,500	63,500	72,000	63,500
Miscellaneous Franchise Fees	502,391	287,491	0	0	0
Parking Fees	4,105	1,390	50	100	0
Total Revenue	603,643,232	581,778,040	551,864,267	565,450,279	577,216,450
Transfers In					
CIP	32,954,253	30,000,932	34,200,000	34,200,000	34,572,000
Austin Water Utility	3,400,000	11,944,983	10,729,552	14,132,323	12,417,313
Support Services/Infrastructure Funds	300,582	300,582	300,582	300,582	300,582
Austin Resource Recovery Fund	0	53,334	53,334	53,334	53,334
Total Transfers In	36,654,835	42,299,831	45,283,468	48,686,239	47,343,229
Total Available Funds	640,298,067	624,077,871	597,147,735	614,136,518	624,559,679
Program Requirements					
Operations	0	131,831,912	141,622,656	140,646,769	144,851,520
Support Services	26,409,333	28,252,117	31,091,377	31,183,106	32,862,168
Engineering Services	12,002,492	12,452,254	12,920,970	13,089,466	13,680,169
Environmental Affairs & Conservation	10,297,731	11,134,431	11,824,744	12,187,709	12,476,913
Water Resources Management	7,851,932	8,445,109	9,432,248	9,370,556	9,956,836
Other Utility Program Requirements	9,167,507	6,708,942	9,307,162	9,432,966	7,511,930
Reclaimed Water Services	328,429	529,554	567,688	571,388	578,612
One Stop Shop	729,773	0	0	0	0
Pipeline Operations	45,793,322	0	0	0	0
Treatment	78,325,219	0	0	0	0
Total Program Requirements	190,905,738	199,354,319	216,766,845	216,481,960	221,918,148
Other Requirements					
Utility Billing System Support	18,814,781	20,566,947	19,866,301	20,562,342	19,629,848
Market Study Adjustment	0	0	0	0	2,194,650
Accrued Payroll	326,020	222,358	764,067	764,067	313,784
Interdepartmental Charges	169,190	112,760	73,955	73,955	196,213
Trf to PID Fund	75,000	75,000	75,000	75,000	75,000
Total Other Requirements	19,384,992	20,977,065	20,779,323	21,475,364	22,409,495
Debt Service Requirements					
Trf to Util D/S Separate Lien	153,009,361	120,791,876	141,294,300	147,149,281	170,999,200

Note: Numbers may not add due to rounding.

Austin Water Operating Funds

	2016-17	2017-18	2018-19	2018-19	2019-20
	Actual	Actual	Estimated	Amended	Proposed
Debt Service Requirements					
Tfr to Utility D/S Sub Lien	8,807,521	9,081,928	9,265,850	9,294,800	9,961,200
Commercial paper interest	511,760	207,023	1,657,101	572,064	3,159,153
Trf to GO Debt Service	3,620,144	2,868,844	2,042,884	2,042,881	1,694,724
Tfr to Util D/S Tax/Rev Bonds	645,526	1,159,477	976,802	976,802	661,646
Tfr to Utility D/S Prior Lien	38,802,974	56,722,990	27,831,139	27,963,926	0
Total Debt Service Requirements	205,397,286	190,832,138	183,068,076	187,999,754	186,475,923
Transfers Out					
Trf to General Fund	42,876,568	45,914,379	47,585,534	47,585,534	47,485,805
Trf to Wastewater CIP Fund	29,200,000	42,000,000	41,000,000	41,000,000	40,000,000
TRF CRF to Debt Defeasance	22,000,000	30,000,000	34,200,000	34,200,000	34,713,000
Trf to Water CIP Fund	22,000,000	29,000,000	27,000,000	27,000,000	29,000,000
Administrative Support	12,485,620	12,122,210	13,446,037	13,446,037	13,125,973
Trf to Reclaimed Water Fund	3,400,000	3,400,000	4,000,000	4,000,000	5,500,000
CTM Support	4,127,580	4,029,576	4,811,624	4,811,624	4,438,823
Trf to Economic Development	2,928,899	3,233,332	3,867,071	3,867,071	4,000,466
Trf to CIP Mgm - CPM	1,813,549	2,407,858	2,943,935	2,943,935	2,130,021
Trf to Water Revenue Stab Rsv	9,381,380	6,850,265	1,949,926	1,986,876	2,091,302
Workers' Compensation	1,213,237	1,254,566	1,135,888	1,135,888	1,025,506
Trf to Reclaimed Water CIP Fnd	1,000,000	1,000,000	1,000,000	1,000,000	750,000
Regional Radio System	253,605	293,218	454,320	454,320	449,218
CTECC Support	10,622	11,774	12,590	12,590	8,852
TRF Operating to Debt Defeasance	0	34,000,000	11,000,000	11,000,000	0
Total Transfers Out	152,691,060	215,517,178	194,406,925	194,443,875	184,718,966
Total Requirements	568,379,076	626,680,701	615,021,169	620,400,953	615,522,532
Excess (Deficiency) of Total Available Funds Over Total Requirements	71,918,992	(2,602,830)	(17,873,434)	(6,264,435)	9,037,147
Adjustment to GAAP	3,452,481	3,624,744	0	0	0
Ending Balance	214,760,139	215,782,052	197,908,618	185,450,755	206,945,765

Note: Numbers may not add due to rounding.

Austin Water Revenue Stability Reserve Fund

	2016-17 Actual	2017-18 Actual	2018-19 Estimated	2018-19 Amended	2019-20 Proposed
Beginning Balance	28,018,357	37,650,641	45,088,715	44,068,153	47,949,414
Revenue					
Interest	250,904	587,809	910,773	366,740	928,989
Total Revenue	250,904	587,809	910,773	366,740	928,989
Transfers In					
Austin Water Utility	9,381,380	6,850,265	1,949,926	1,986,876	2,091,302
Total Transfers In	9,381,380	6,850,265	1,949,926	1,986,876	2,091,302
Total Available Funds	9,632,284	7,438,074	2,860,699	2,353,616	3,020,291
Total Requirements	0	0	0	0	0
Excess (Deficiency) of Total Available Funds Over Total Requirements	9,632,284	7,438,074	2,860,699	2,353,616	3,020,291
Adjustment to GAAP	0	0	0	0	0
Ending Balance	37,650,641	45,088,715	47,949,414	46,421,769	50,969,705

Note: Numbers may not add due to rounding.

Austin Water Wildland Conservation Fund

	2016-17	2017-18	2018-19	2018-19	2019-20
	Actual	Actual	Estimated	Amended	Proposed
Beginning Balance	1,254,332	1,324,380	1,716,536	936,453	1,437,341
Revenue					
Other Revenue	397,494	634,844	350,000	250,000	350,000
Interest	10,576	20,063	25,000	10,000	25,000
Total Revenue	408,069	654,907	375,000	260,000	375,000
Total Available Funds	408,069	654,907	375,000	260,000	375,000
Requirements					
Capital	182,515	1,050	300,000	90,000	220,000
Commodities	51,723	15,397	28,400	38,400	20,000
Contractuals	11,845	86,045	150,000	350,000	238,000
Expense Refunds	(2,800)	0	0	0	0
Personnel	94,738	160,161	170,067	170,067	193,908
Total Requirements	338,020	262,653	648,467	648,467	671,908
Other Requirements					
Accrued Payroll	0	315	5,728	5,728	(5,445)
Total Other Requirements	0	315	5,728	5,728	(5,445)
Total Requirements	338,020	262,968	654,195	654,195	666,463
Excess (Deficiency) of Total Available Funds Over Total Requirements	70,049	391,939	(279,195)	(394,195)	(291,463)
Adjustment to GAAP	(1)	217	0	0	0
Ending Balance	1,324,380	1,716,536	1,437,341	542,258	1,145,878

Note: Numbers may not add due to rounding.