



# Water and Wastewater Commission

FY 2020 Proposed Budget

August 14, 2019



# Presentation Outline

- **Proposed Budget Overview**
- **Sources of Funds**
- **Uses of Funds**
- **Significant Budget Changes**
- **Debt Management Strategies**
- **Average Residential Bills / CAP Customer Bills**
- **Affordability Metrics**
- **Capital Improvement Budget**
- **Fund Summary**

# Proposed Budget Overview

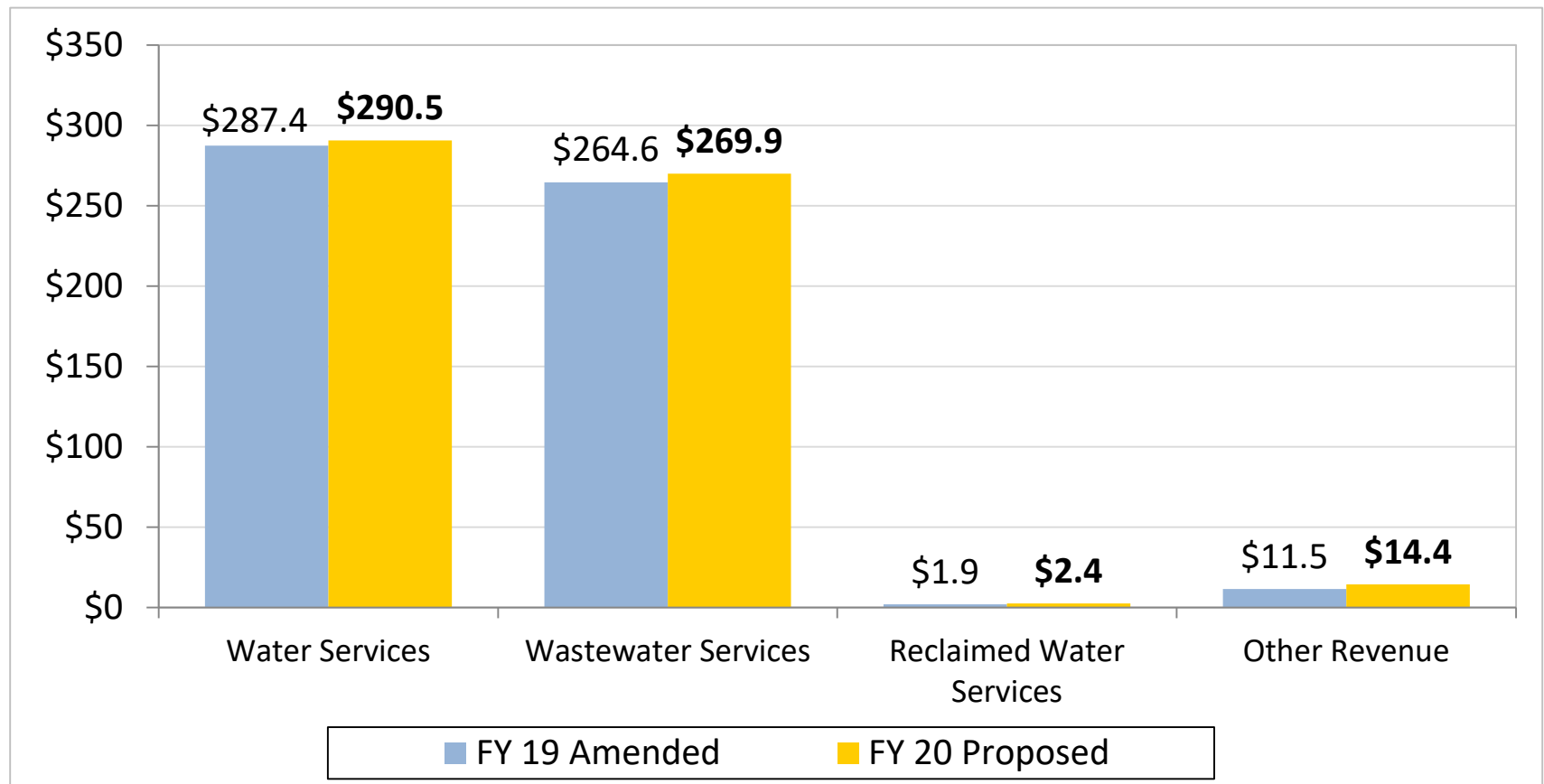
- **0% Rate Increase for 2020**
  - Continued improvements to affordability
  - CAP customer rate decrease of \$4.00 per month on average bill
- **Continued debt management strategies**
  - Debt defeasances and refinancing
  - \$45.2 million debt defeasance in 2019 resulting in \$48.4 million in debt savings through 2026
  - \$1.5 million decrease in FY 2020 debt service requirements
- **17 new full-time positions**
  - 3 operations positions, 6 engineering, environmental & water resources positions, 3 support services positions, 2 positions supporting AMI and 3 positions supporting Water Forward

# Sources of Funds

## Austin Water Revenue:

FY 19 Amended: \$565.4 million

FY 20 Proposed: \$577.2 million



# Uses of Funds

## Austin Water Expenditures:

FY 19 Amended: \$620.4 million

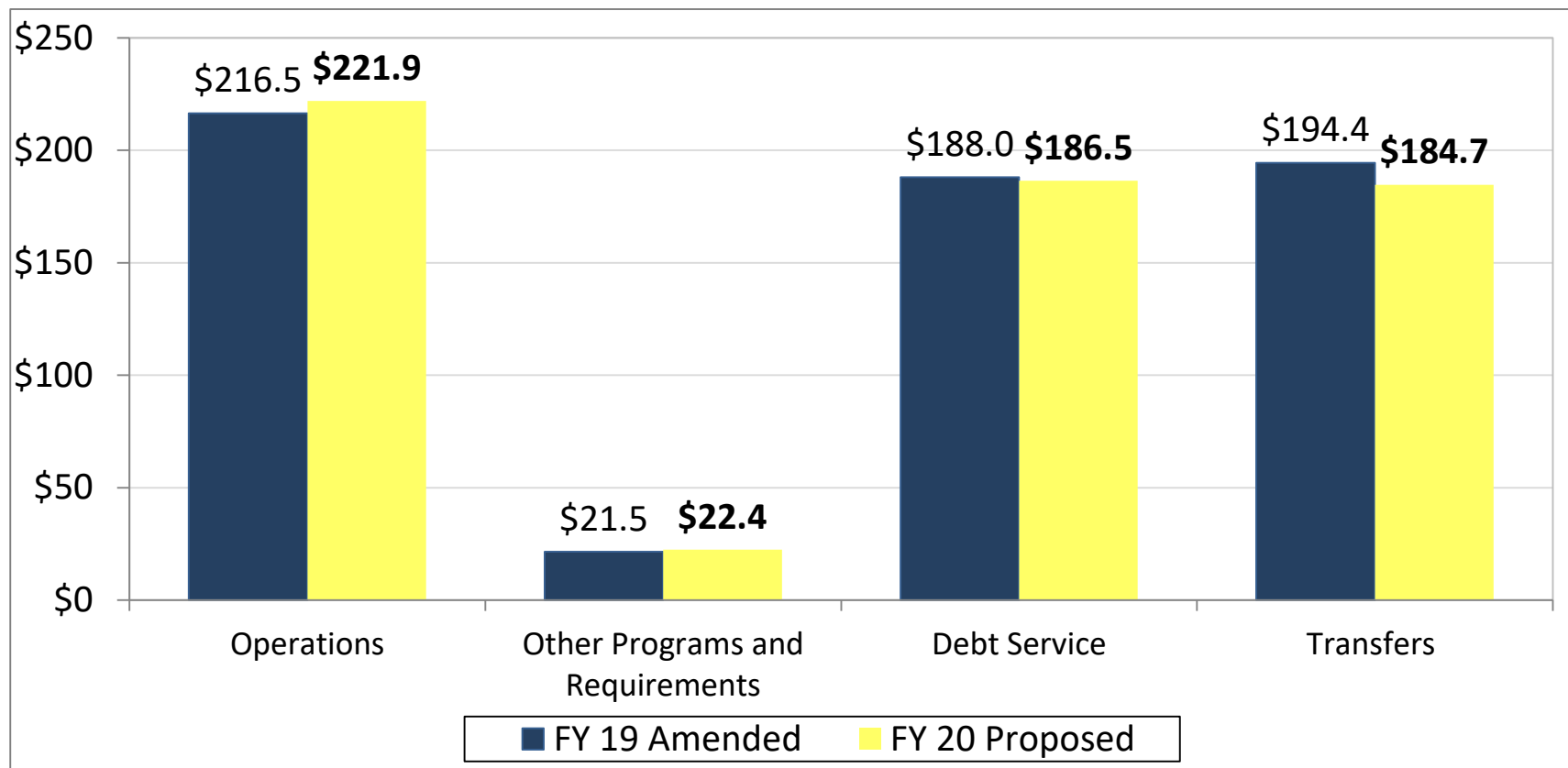
FY 20 Proposed: \$615.5 million

**FY 2019 Positions:**

**1,201**



**17.0**



# Significant Budget Changes

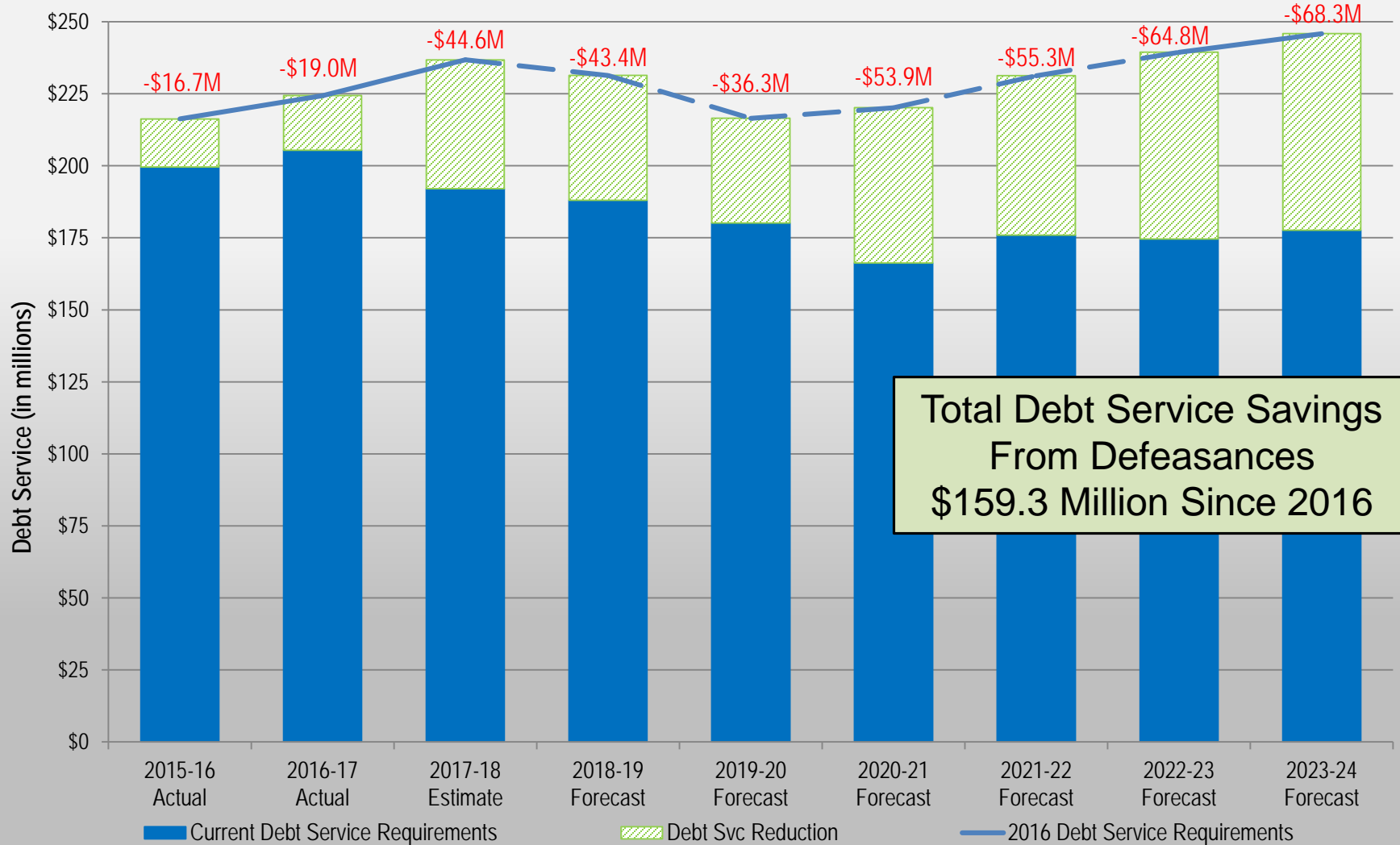
Description	Amount
Increase in chemical costs	\$2.8 million
Increase in Fleet Preventative Maintenance and Fuel	\$1.7 million
17 new full-time positions	\$1.9 million
Increased employee wages & market study adjustment	\$4.4 million
Increased cash transfers for pay-as-go CIP financing	\$0.8 million
Decrease to Interdepartmental Street Cut Repair	(\$2.5 million)
Decrease to Utility Billing Support	(\$0.9 million)
Decrease in debt service requirements	(\$1.5 million)
Decrease in transfers for debt defeasance	(\$10.5 million)

# Debt Management Strategies

- **Capital Recovery Fees (“CRF”)**
  - Significant fee increase in 2014 to have development pay for itself
  - 2019 projected net revenue of \$34.2 million
- **\$45.2M debt defeasance in 2019 reduced future debt service requirements by \$48.4M through 2026**
- **\$149.4M in total debt defeasances since 2016 with \$159.3M in debt service savings**
- **Proposed use of Capital Recovery Fee revenues for \$34.7M debt defeasance in 2020**

# Debt Management Impact

## Total Debt Service Requirements Comparison 2016 to Current





# Average Residential Customer Proposed Bill Impacts

Non-CAP Customers	Current 2019 Rates <sup>1</sup>	Proposed 2020 Rates <sup>1</sup>	\$ Variance	% Variance
Water Service <sup>2</sup>	\$ 40.31	\$ 40.31	\$ -	0.0%
Wastewater Service	40.48	40.48	-	0.0%
Total Revenue	<u>\$ 80.79</u>	<u>\$ 80.79</u>	<u>\$ -</u>	0.0%

CAP Customers	Current 2019 Rates <sup>1</sup>	Proposed 2020 Rates <sup>1</sup>	\$ Variance	% Variance
Water Service <sup>2</sup>	\$ 21.49	\$ 19.49	\$ (2.00)	-9.3%
Wastewater Service	26.48	24.48	(2.00)	-7.6%
Total Revenue	<u>\$ 47.97</u>	<u>\$ 43.97</u>	<u>\$ (4.00)</u>	-8.3%

Notes:

1. Bills based on 5,800 gallons of water and 4,000 gallons of wastewater discharge
2. Water bills include the Reserve Fund Surcharge

# Customer Assistance Program

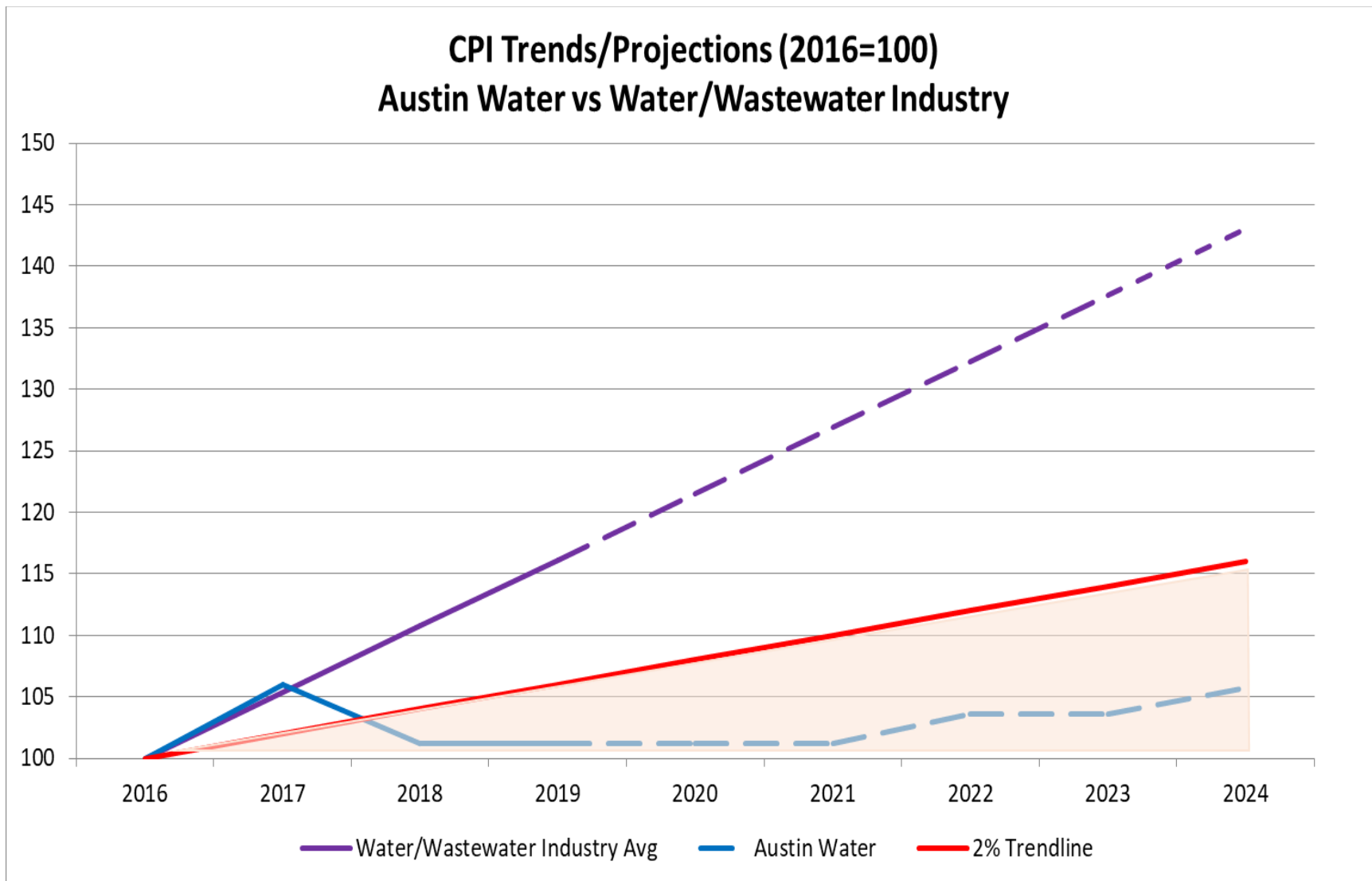
## Customer Assistance Program Overview

- \$0.15 per thousand gallon charge to all retail customers
- Approximately 12,100 CAP participants
- Waived fixed fees and discounted volume rates
- Proposed \$4.00 reduction in CAP average monthly bill
- Increase CAP discount from 40.6% to 45.6% of Non-CAP bill

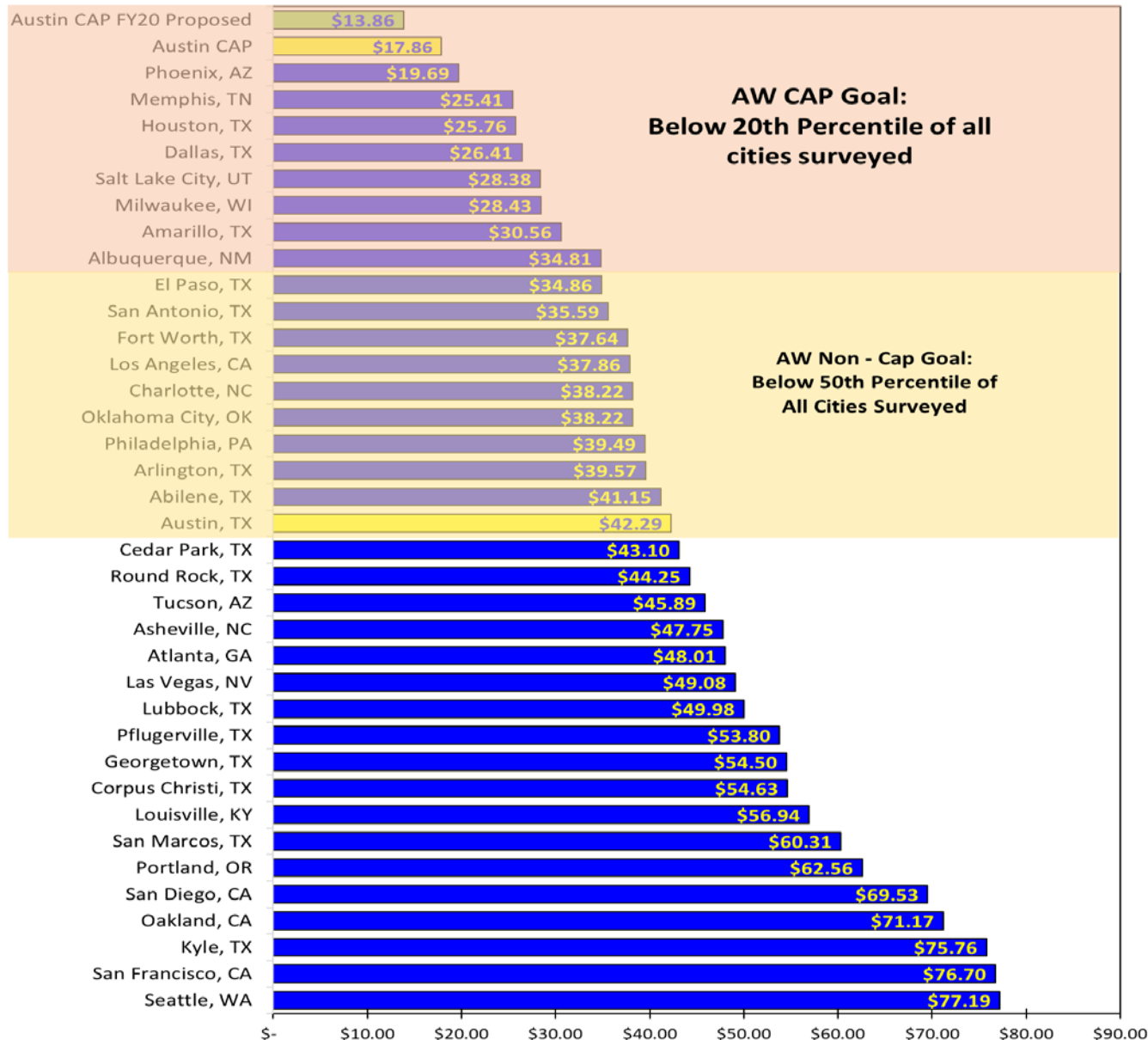
	2020 Average Monthly Bill Comparison: Non-CAP vs. CAP			
	Non-CAP	CAP	\$ Discount	% Discount
Water	\$ 40.31	\$ 19.49	\$ 20.82	51.6%
Wastewater	40.48	24.48	16.00	39.5%
Combined	<u>\$ 80.79</u>	<u>\$ 43.97</u>	<u>\$ 36.82</u>	<u>45.6%</u>

Note: Bills based on 5,800 Gals water and 4,000 Gals. wastewater

# Affordability Metrics



# Affordability Metrics

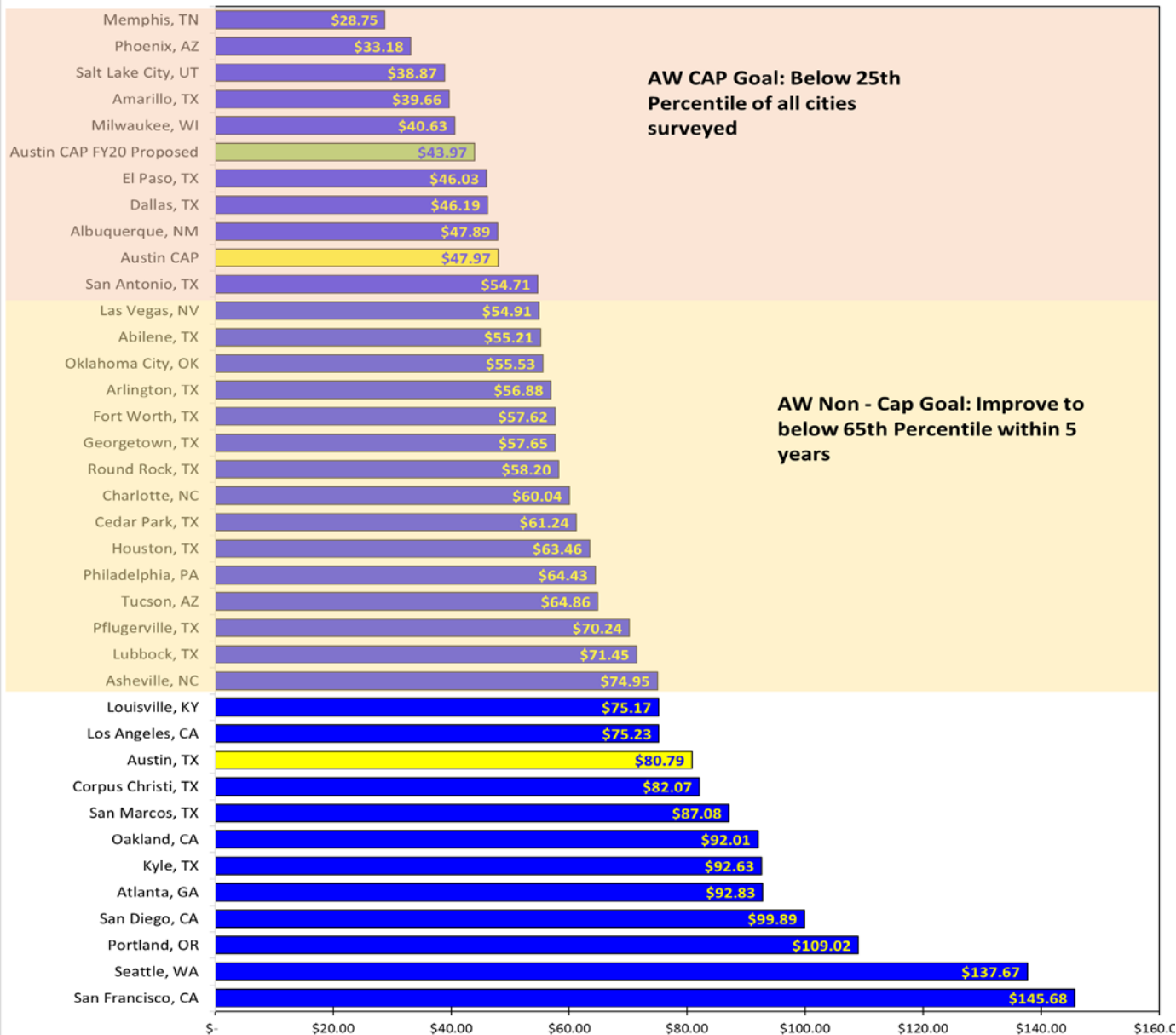


**Average Monthly  
Bill Comparison**

**Combined Bill  
Residential  
Low Volume**

Existing Rates  
3,000 gallons water  
and 2,000 gallons  
wastewater

# Affordability Metrics

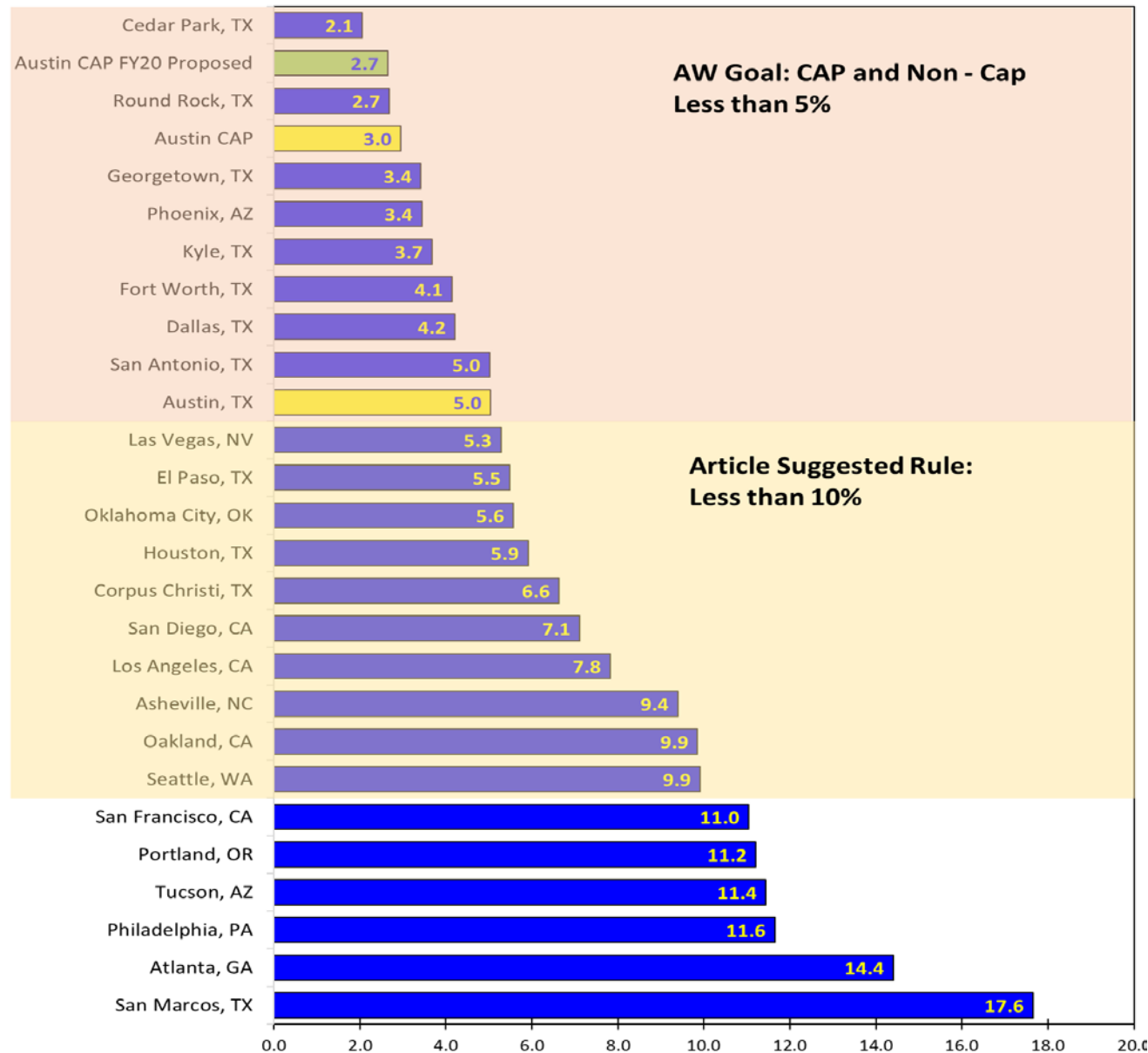


## Average Monthly Bill Comparison

## Combined Bill Residential Average Volume

Existing Rates  
5,800 gallons water  
and 4,000 gallons  
wastewater

# Affordability Metrics



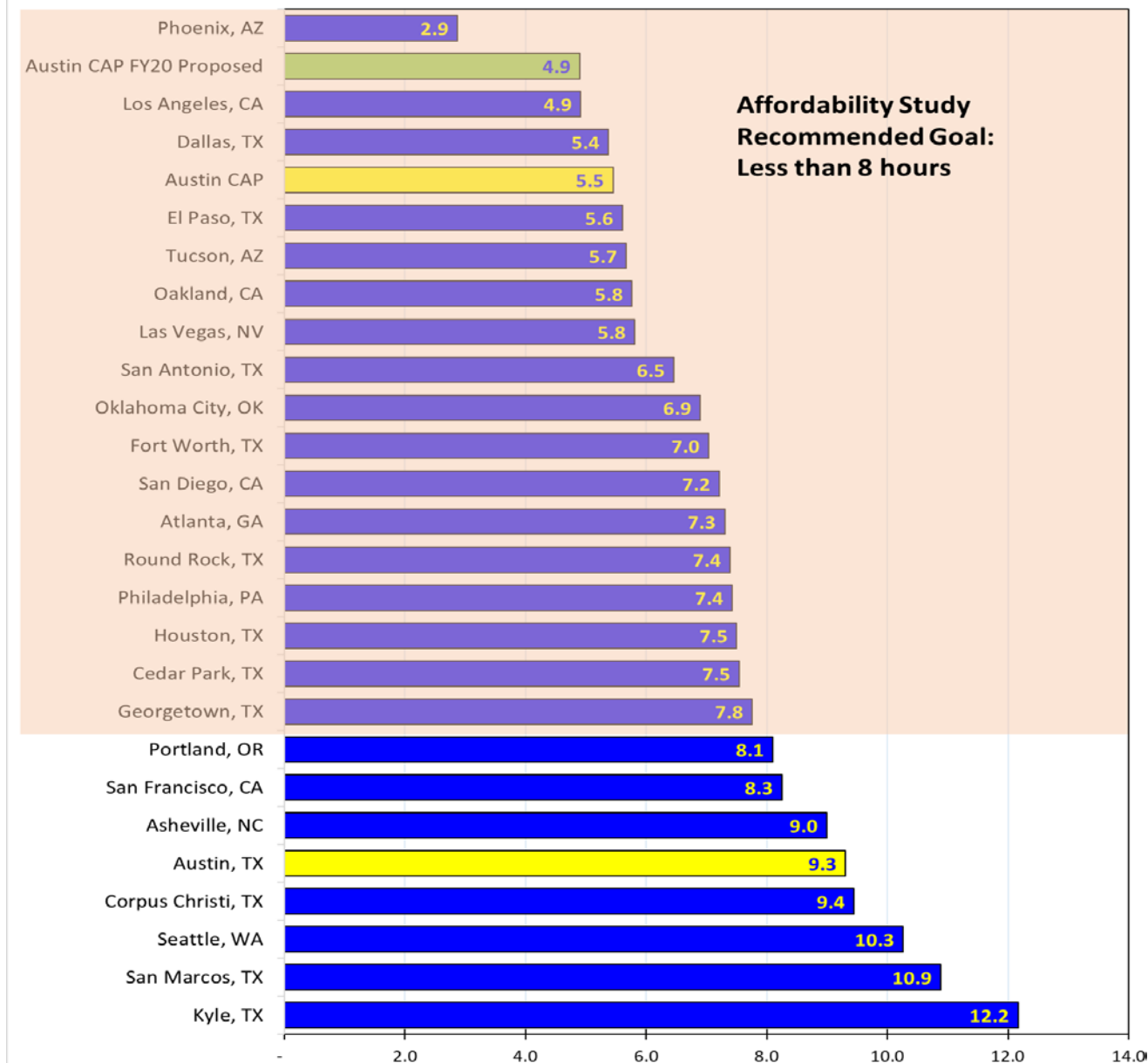
**Affordability Ratio  
(AR<sub>20</sub>)**

Combined Bill  
Residential

20<sup>th</sup> Percentile  
Household Income  
% Income after  
paying for essential  
needs

Existing Rates  
4,000 gallons water  
and 4,000 gallons  
wastewater

# Affordability Metrics



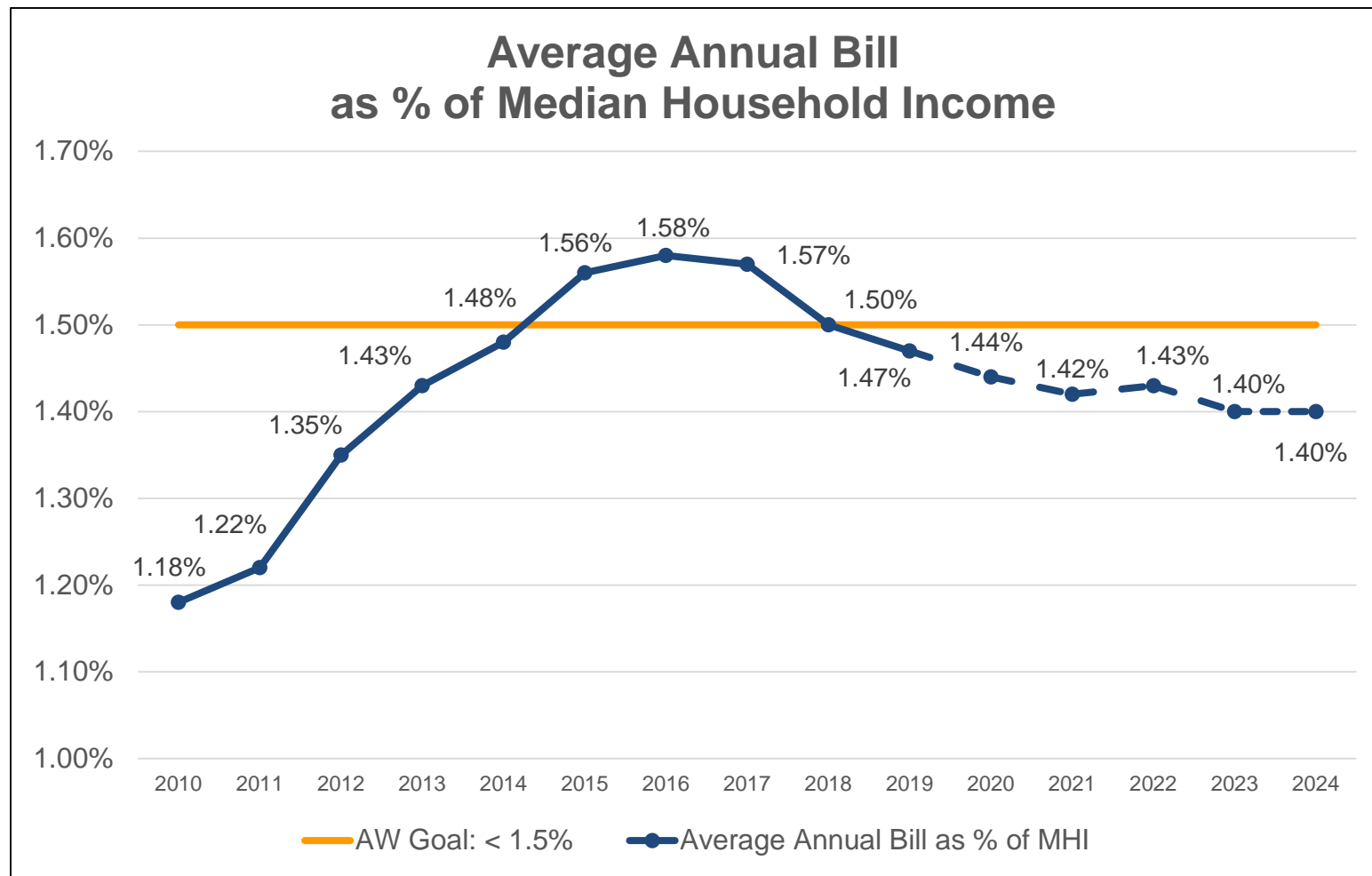
**Hours Minimum Wage**

Combined Bill Residential

Number of Hours at Minimum Wage to Pay for Basic Services

Existing Rates  
4,000 gallons water and 4,000 gallons wastewater

# Affordability Metrics



**AW Goal: 1.5% or less**



# Capital Improvement Spending Plan

## \$975.2 Million 5-year Capital Spending Plan

\$ in millions	5-Year CIP Plan FY 2020-2024					
	2020	2021	2022	2023	2024	Total
Water	\$ 85.4	\$ 87.9	\$ 76.4	\$ 72.6	\$ 93.3	\$ 415.6
Wastewater	84.5	120.0	119.1	101.2	93.5	518.3
Reclaimed	5.5	9.4	10.7	9.6	6.1	41.3
Combined	<u>\$ 175.4</u>	<u>\$ 217.3</u>	<u>\$ 206.2</u>	<u>\$ 183.4</u>	<u>\$ 192.9</u>	<u>\$ 975.2</u>

# Proposed 5-Year CIP Spending Plan

Capital Spending Category	5-Year CIP Spending Plan
Wastewater Treatment Plants	\$322.2M
Water Pipe System	\$213.8M
Wastewater Pipe System	\$154.5M
Water Treatment Plants	\$100.2M
Reservoirs	\$47.9M
Reclaimed Water System	\$41.3M
Pump Stations	\$26.6M
Lift Stations	\$18.9M
Information Technology	\$16.6M
Buildings and Improvements	\$15.6M
Vehicles and Equipment	\$15.0M
Other Projects	\$2.6M
<b>Proposed 5-Year CIP Spending Plan Total</b>	<b>\$975.2M</b>

# Fund Summary

(In Millions)	Estimated 2019	Amended 2019	Proposed 2020
<b>Beginning Balance</b>	<b>\$ 215.8</b>	<b>\$ 191.7</b>	<b>\$ 197.9</b>
Revenue	551.9	565.4	577.2
Transfers In	45.3	48.7	47.3
<b>Available Funds*</b>	<b>\$ 597.2</b>	<b>\$ 614.1</b>	<b>\$ 624.5</b>
Operating Requirements	237.6	238.0	244.3
Debt Service	183.1	188.0	186.5
Transfers Out	194.4	194.4	184.7
<b>Total Requirements*</b>	<b>\$ 615.1</b>	<b>\$ 620.4</b>	<b>\$ 615.5</b>
<b>Excess (Deficiency)</b>	<b>(17.9)</b>	<b>(6.3)</b>	<b>9.0</b>
<b>Ending Balance</b>	<b>\$ 197.9</b>	<b>\$ 185.4</b>	<b>\$ 206.9</b>

Debt Coverage	1.66	1.68	1.75
Days Cash on Hand	239	274	244
% Cash for CIP Spending	37.1%	35.0%	44.0%

**FY2020 Proposed Budget complies with all Council approved financial policies.**

# Questions?

