

Austin LAATER

Water and Wastewater Commission

Austin Water Proposed FY2021 Budget

July 15, 2020



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



O% Rate Revenue Increase for 2021

- Continued improvements to affordability
- CAP customer rate reduction for COVID-19 extended for all of 2021
 - \$4.38 average bill reduction

Continued debt management strategies

- Debt defeasances and refinancing
- \$40 million debt defeasance in FY 2020 resulting in \$40.2 million in debt savings
- \$46.5 million decrease in FY 2021 debt service requirements due to all previous defeasances and refundings since 2016

18 new full-time positions

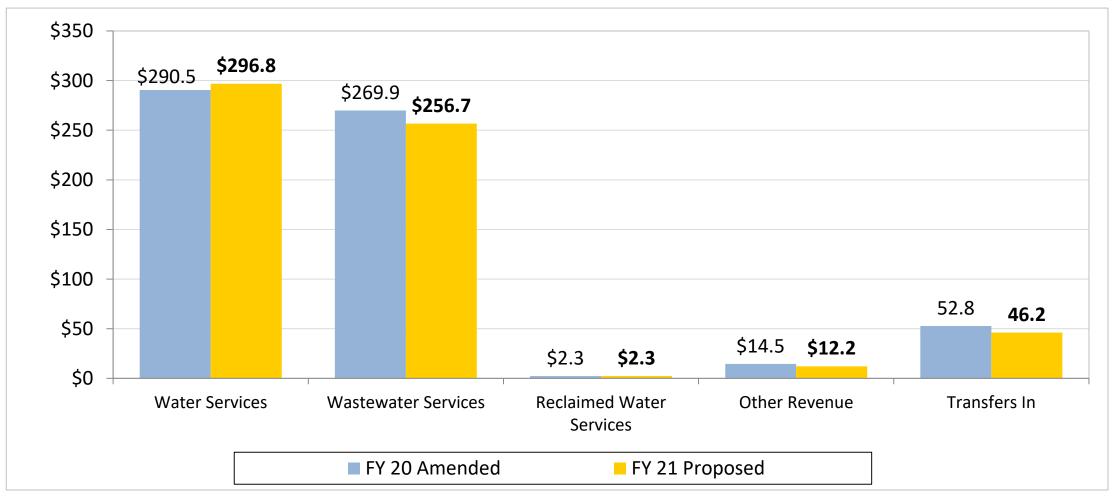
 4 operations positions, 1 engineering program position, 3 environmental planning & development program positions, 5 support services positions, 3 positions supporting AMI and 2 positions supporting Water Forward



Austin Water Revenue and Transfers In:

FY 20 Amended: \$ 630.0 million

FY 21 Proposed: \$614.2 million





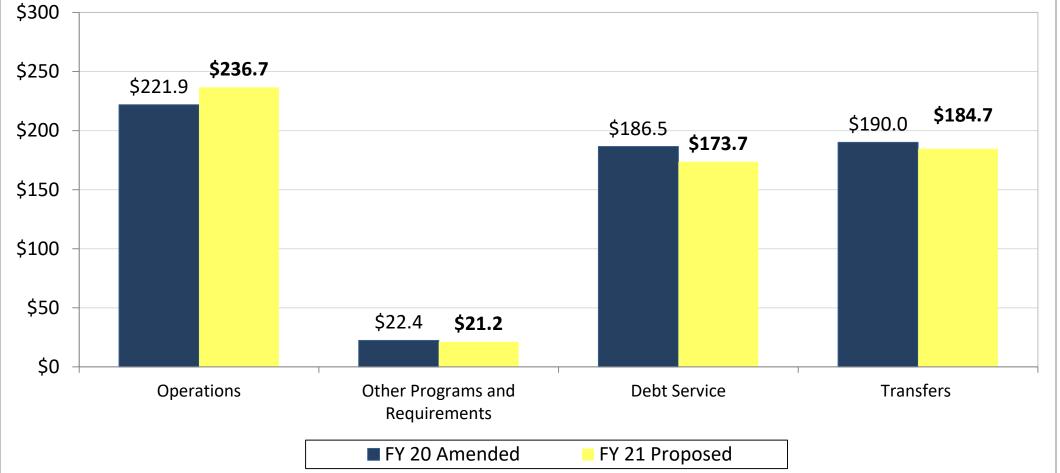
Austin Water Expenses and Transfers Out:

FY 20 Amended: \$620.8 million

FY 21 Proposed: \$616.3 million

FY 2021 Positions: 1,236

18.0





Significant Budget Changes

Description	Amount
Increase in cash transfers for pay-as-you-go CIP financing	\$10.0 million
Increase in Balcones Canyon Preserve and Longhorn Dam operating costs by decreasing in Expense Refunds from the General Fund	\$2.1 million
18 new full-time positions	\$2.0 million
Increase in employee wages enhancement (2%)	\$1.9 million
Increase in AMI metering contract warranty and annual maintenance costs	\$1.2 million
New On-site Reuse Incentive Grant	\$1.0 million
Increase in building inspections, maintenance and repairs	\$0.9 million
Increase in City Administrative Support Costs	\$0.9 million
Decrease in General Fund Transfer	(\$0.9 million)
Decrease in debt service requirements	(\$12.8 million)
Decrease in transfers for debt defeasance	(\$15.0 million)



• Capital Recovery Fees ("CRF")

- Projected CRF net revenues of \$32 million for FY20
- Proposed use of CRF revenues of \$35M to be used for FY21 debt defeasance

Debt Defeasance

- \$40.0 million of debt defeased in FY20 used to reduce future debt service requirements by \$40.2 million through 2023
- \$189.4 million in total debt defeasances since 2016 with \$199.5 million in debt service savings

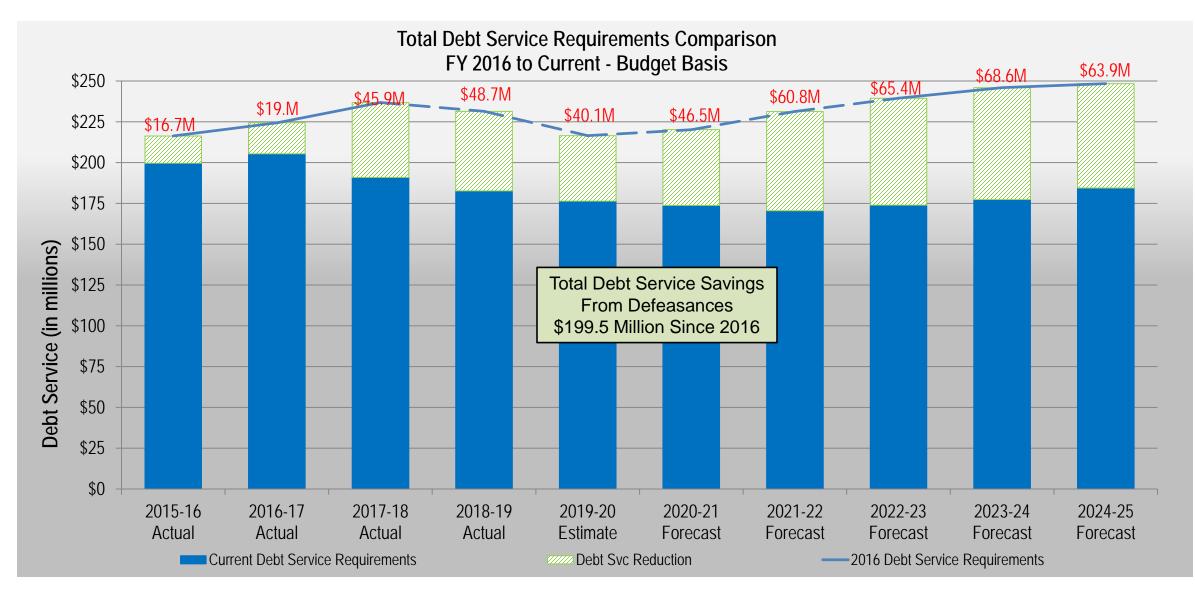
• TWDB Loans

- Continued use of TWDB low-interest loans for major CIP projects

Debt Management Impact

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Average Residential Customer

Proposed Bill Impacts

Non-CAP Customers	С	Current		oposed			
	202	2020 Rates ¹		1 Rates ¹	\$ Va	riance	% Variance
Water Service ²	\$	40.31	\$	40.31	\$	-	0.0%
Wastewater Service		40.48		40.48		-	0.0%
Total Revenue	\$	80.79	\$	80.79	\$	-	0.0%

CAP Customers	Current		Proposed				
	202	2020 Rates ¹		1 Rates ¹	\$ Variance		% Variance
Water Service ²	\$	19.49	\$	17.57	\$	(1.92)	-9.9%
Wastewater Service		24.48		22.02		(2.46)	-10.0%
Total Revenue	\$	43.97	\$	39.59	\$	(4.38)	-10.0%

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 Overview

- \$0.15 per thousand gallon charge to all retail customers
- Approximately 13,180 CAP participants
- Waived fixed fees and discounted volume rates
- Proposed \$4.38 reduction in CAP average monthly bill
- Increase CAP discount from 45.6% to 51.0% of Non-CAP bill

		2021 Average Monthly Bill Comparison: Non-CAP vs. CAP								
	No	on-CAP		САР	\$ D	oiscount	% Discount			
Water	\$	40.31	\$	17.57	\$	22.74	56.4%			
Wastewater		40.48		22.02		18.46	45.6%			
Combined	\$	80.79	\$	39.59	\$	41.20	51.0%			
Combined \$ 80.79 \$ 39.59 \$ 41.20 \$ 51.0% Note: Bills based on 5,800 Gals water and 4,000 Gals. wastewater S 1.0% S 1.0%										



\$971.0 Million 5-year Capital Spending Plan

5-Year CIP Plan FY 2021-2025

\$ in millions

	2021	2022		2023		2024		2025		Total	
Water	\$ 87.3	\$	88.1	\$	60.6	\$	69.6	\$	71.9	\$	377.5
Wastewater	83.6		123.6		123.0		103.4		128.4		562.0
Reclaimed	5.3		6.7		8.7		7.7		3.1		31.5
Combined	\$ 176.2	\$	218.4	\$	192.3	\$	180.7	\$	203.4	\$	971.0



Proposed 5-Year CIP Spending Plan

Capital Spending Category	5-Year CIP Spending Plan
Wastewater Treatment Plants	\$343.8M
Water Pipe Network	\$181.5M
Wastewater Pipe Network	\$169.5M
Water Treatment Plants	\$75.0M
Reservoirs	\$57.8M
Reclaimed Water Network	\$31.6M
Pump Stations	\$28.6M
Buildings and Improvements	\$28.1M
Lift Stations	\$18.3M
Information Technology	\$17.7M
Vehicles and Equipment	\$16.5M
Other Projects	\$2.6M
Proposed 5-Year CIP Spending Plan Total	\$971.0M





Rate Changes

- FY18-4.8% rate reduction
- FY19-0% rate increase
- FY20 0% rate increase
- FY21 0% rate increase
- Projected FY22 0% rate increase

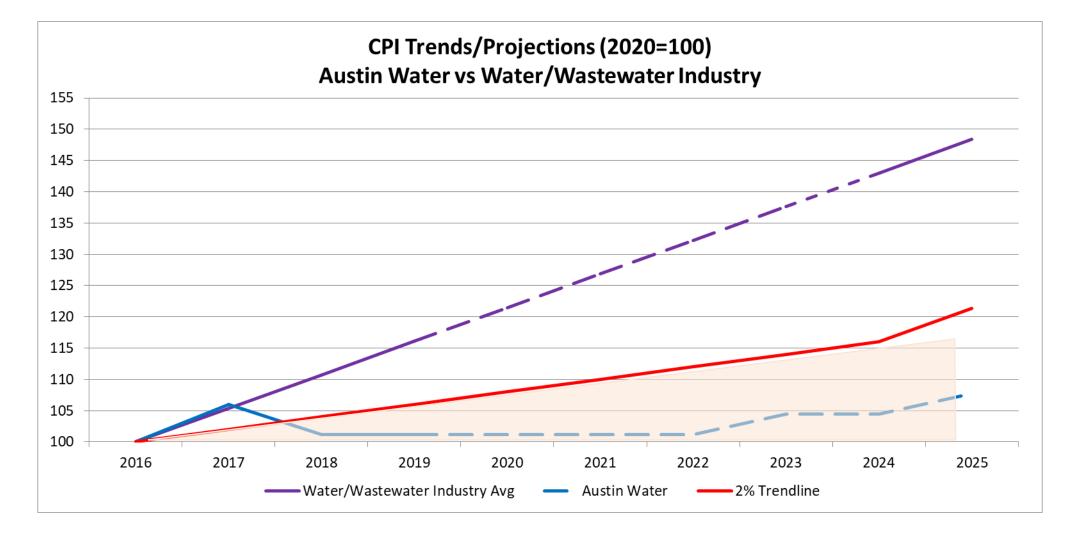
Continued focus on CAP Customer Affordability

- FY18 11.4% rate reduction
- FY19 0% rate increase
- FY20 8.3 % rate reduction
- FY21 10% rate reduction for maintaining COVID discounts

COVID Bill Relief

- 10% rate reduction for CAP and Non-CAP on Water blocks 1, 2, & 3 and Wastewater blocks 1 & 2
- CAP Customer 10% rate reduction extension for FY21
- \$5 million in additional funds to Plus 1 Assistance Program rom both AW and AE







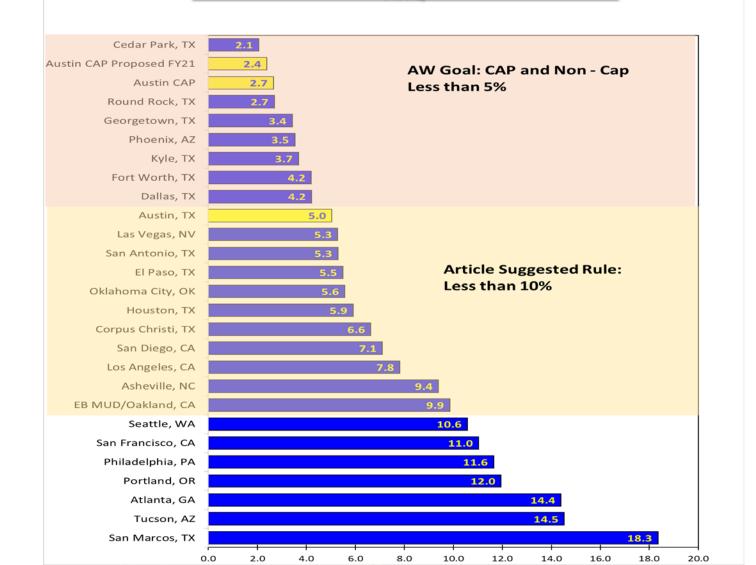
Austin CAP Proposed FY21 Austin CAP Phoenix, AZ Memphis, TN Houston, TX	\$12.49 \$13.86 \$20.36 \$25.41 AW CAP Goal: \$25.76 Below 20th Percentile of all	CAP Customers lowest of all cities
Dallas, TX Salt Lake City, UT Milwaukee, WI	\$26.41 cities surveyed \$28.38 \$28.95	
Amarillo, TX Albuquerque, NM El Paso, TX San Antonio, TX Arlington, TX Los Angeles, CA Oklahoma City, OK	\$32.69 \$34.81 \$34.86 \$37.20 \$37.69 \$37.69 \$37.86 AW Non - Cap Goal: \$38.22 Below 50th Percentile of \$38.27 All Cities Surveyed	Average Monthly Bill Comparison
Fort Worth, TX Charlotte, NC Philadelphia, PA Abilene, TX	\$38.95 \$39.49 \$41.15	Combined Bill Residential
Austin, TX Cedar Park, TX Round Rock, TX Asheville, NC	\$42.29 \$43.10 \$44.25 \$47.75	Low Volume
Atlanta, GA Las Vegas, NV Lubbock, TX	\$48.01 \$49.08 \$49.98	Existing Rates 3,000 gallons
Pflugerville, TX Georgetown, TX Corpus Christi, TX Louisville, KY Tucson, AZ	\$53.80 \$54.50 \$54.63 \$56.94 \$60.85	water and 2,000 gallons
San Marcos, TX Portland, OR San Diego, CA EB MUD/Oakland, CA	\$66.81 \$69.53 \$71.17	wastewater
Kyle, TX San Francisco, CA Seattle, WA	\$75.76 \$76.70 \$82.44 \$- \$10.00 \$20.00 \$30.00 \$40.00 \$50.00 \$60.00 \$70.00 \$80.00 \$90	00



Memphis, TN Phoenix, AZ Salt Lake City, UT Austin CAP Proposed FY21 Milwaukee, WI Amarillo, TX	\$28.75 \$34.25 \$38.87 \$39.59 \$41.38 \$42.43	FY21 CAP Increased Ranking 6 th 4 th .
Austin CAP El Paso, TX Dallas, TX	\$43.97 \$46.03 \$46.19	Average Monthly
Albuquerque, NM Las Vegas, NV Abilene, TX	\$47.89 \$54.91 \$55.21	Bill Comparison
Oklahoma City, OK Arlington, TX Georgetown, TX Round Rock, TX	\$55.53 \$55.76 \$57.65 \$58.20	Combined Bill Residential
Fort Worth, TX San Antonio, TX Cedar Park, TX	\$58.20 \$58.56 \$59.45 \$61.24	Average Volume
Ceuai Park, TA Charlotte, NC Houston, TX Philadelphia, PA	AW Non - Cap Goal: Improve to \$63.46 below 65th Percentile within 5 years	Existing Rates
Pflugerville, TX Lubbock, TX Asheville, NC	\$70.24 \$71.45 \$74.95	5,800 gallons water and
Louisville, KY Los Angeles, CA	\$75.17 \$75.23	4,000 gallons
Tucson, AZ Austin, TX Corpus Christi, TX	\$78.84 \$80.79 \$82.07	wastewater
San Marcos, TX EB MUD/Oakland, CA Kyle, TX	\$90.62 \$92.01 \$92.63	
Atlanta, GA San Diego, CA	\$92.83 \$99.89	
Portland, OR San Francisco, CA Seattle, WA	\$116.34 \$145.68 \$146.32	. 17
	\$- \$20.00 \$40.00 \$60.00 \$80.00 \$100.00 \$120.00 \$140.00 \$16	0.00



Basic Water and Wastewater Services Affordability Ratio 20 (AR₂₀) Existing Rates - (4,000 Gallons Consumption and 4,000 Gallons Flows)



FY21 CAP is 2nd Lowest in Ranking

Affordability Ratio (AR₂₀) Preliminary Numbers

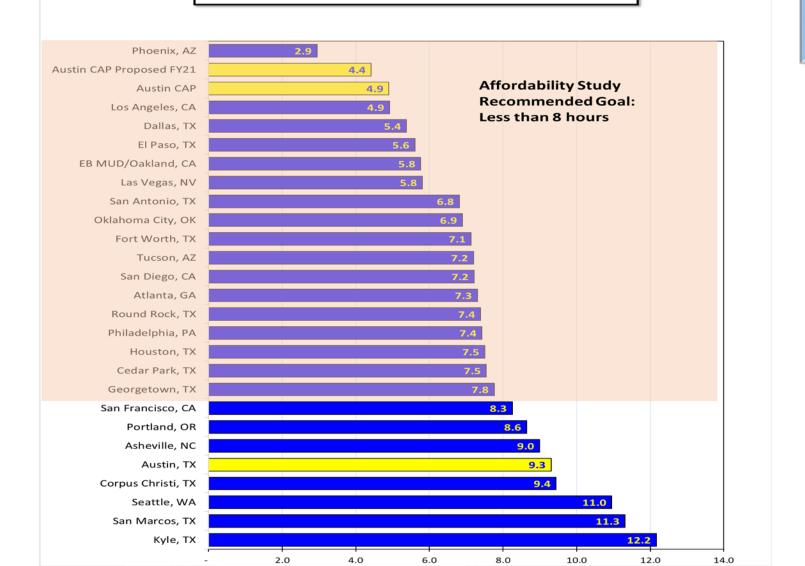
Combined Bill Residential

20th Percentile Household Income % Income after paying for essential needs

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



Hours Minimum Wage to Pay for Basic Water and Wastewater Services Existing Rates - (4,000 Gallons Consumption and 4,000 Flows)



FY21 CAP is 2nd Lowest in Ranking

> Hours Minimum Wage Preliminary Numbers

Combined Bill Residential

Number of Hours at Minimum Wage to Pay for Basic Services

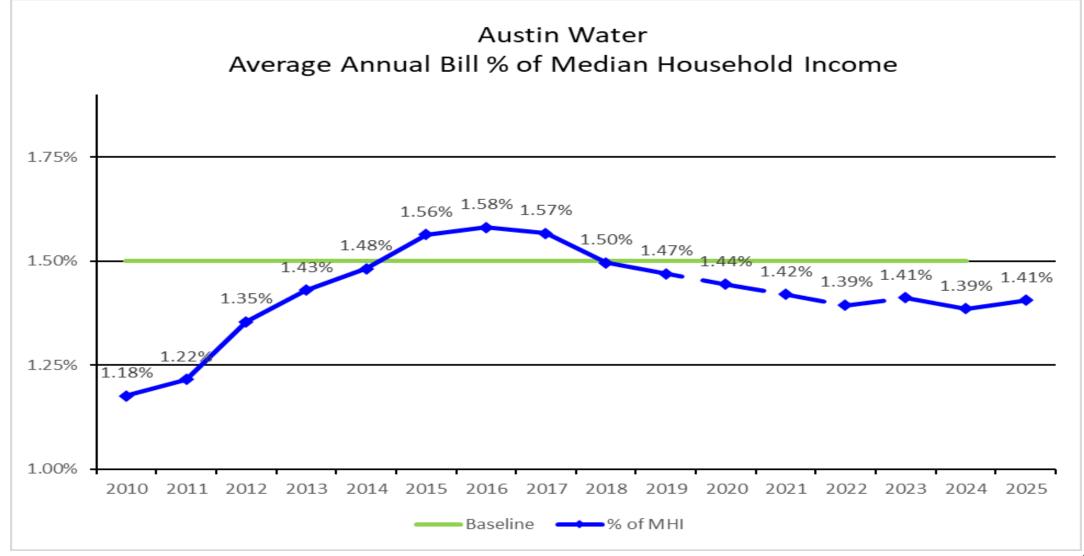
Existing Rates 4,000 gallons water and 4,000 gallons wastewater



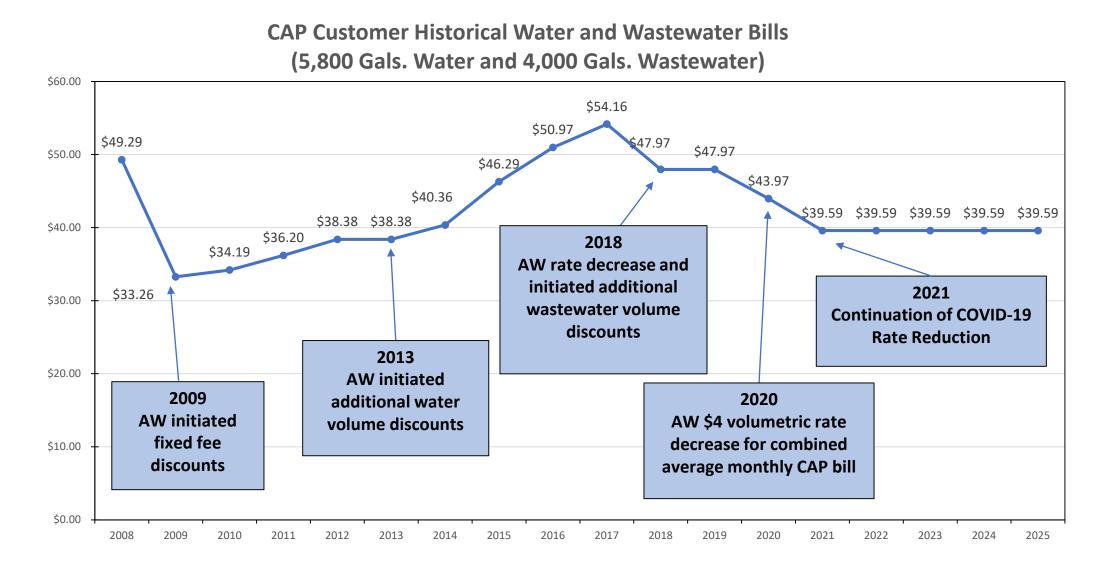
Salt Lake City, UT Memphis, TN Milwaukee, WI	\$52.05 \$52.46 \$55.60		FY21 CAP
Amarillo, TX	\$56.01		
Phoenix, AZ	\$62.57		Increased Ranking
Albuquerque, NM	\$62.83		increased nativity
El Paso, TX	\$65.49		14 th 9 th .
Las Vegas, NV	\$66.18	AW CAP Goal:	14 9
Austin CAP Proposed FY21	\$66.28	Below 50th Percentile of all	r
Georgetown, TX	\$67.40	cities surveyed	AVERAGE
Dallas, TX	\$68.35		_
Round Rock, TX	\$72.34		MONTHLY BILL
Arlington, TX	\$72.61		
Oklahoma City, OK	\$72.75		COMPARISON
Austin CAP	\$79.38		
Abilene, TX	\$79.60		Combined Dill
Cedar Park, TX	\$80.48		Combined Bill
Fort Worth, TX	\$81.05		Residential
Pflugerville, TX	\$90.50		Residential
Houston, TX	\$90.54		
Philadelphia, PA	\$93.34		
Charlotte, NC	\$93.39		Existing Rates
Louisville, KY	\$93.92	AW Non CAP Goal:	0
San Antonio, TX	\$94.52	Below 75th Percentile of all	10,000 gallons water
Asheville, NC	\$103.70	cities surveyed	and
Tucson, AZ	\$103.93		anu
Lubbock, TX	\$104.02		5,000 gallons
Corpus Christi, TX	\$119.57		-
EB MUD/Oakland, CA	\$124.99		wastewater
San Marcos, TX	\$127.31		
Austin, TX	\$127.45		
Kyle, TX	\$128.00		
Los Angeles, CA	\$129.28		
San Diego, CA	\$139.06		
Atlanta, GA	\$139.91		
Portland, OR	\$1	60.76	
Seattle, WA		\$199.46	
San Francisco, CA	· · · · ·	\$214.24	20
	- \$50.00 \$100.00 \$1	50.00 \$200.00 \$25	0.00



AW Goal: 1.5% or less



Austin Historical CAP Customer Water and Wastewater Bills





Fund Summary

(In Millions)	A	mended 2020	E	stimated 2020	Proposed 2021
Beginning Balance	\$	197.9	\$	201.8	\$ 206.4
Revenue		577.2		557.0	568.0
Transfers In		52.8		50.8	46.2
Available Funds*	\$	630.0	\$	607.8	\$ 614.2
Operating Requirements		244.3		246.9	257.9
Debt Service		186.5		176.3	173.7
Transfers Out		190.0		180.0	184.7
Total Requirements*	\$	620.8	\$	603.2	\$ 616.3
Excess (Deficiency)		9.2		4.6	(2.1)
Ending Balance	\$	207.1	\$	206.4	\$ 204.3
Debt Coverage		1.75		1.71	1.74
Days Cash on Hand		244		258	246
% Cash for CIP Spending		44.0%		39.8%	47.2%

FY2021 Proposed Budget complies with all Council approved financial policies.



