



Water and Wastewater Commission

Austin Water Proposed FY2021 Budget

July 15, 2020

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- **Fund Summary**

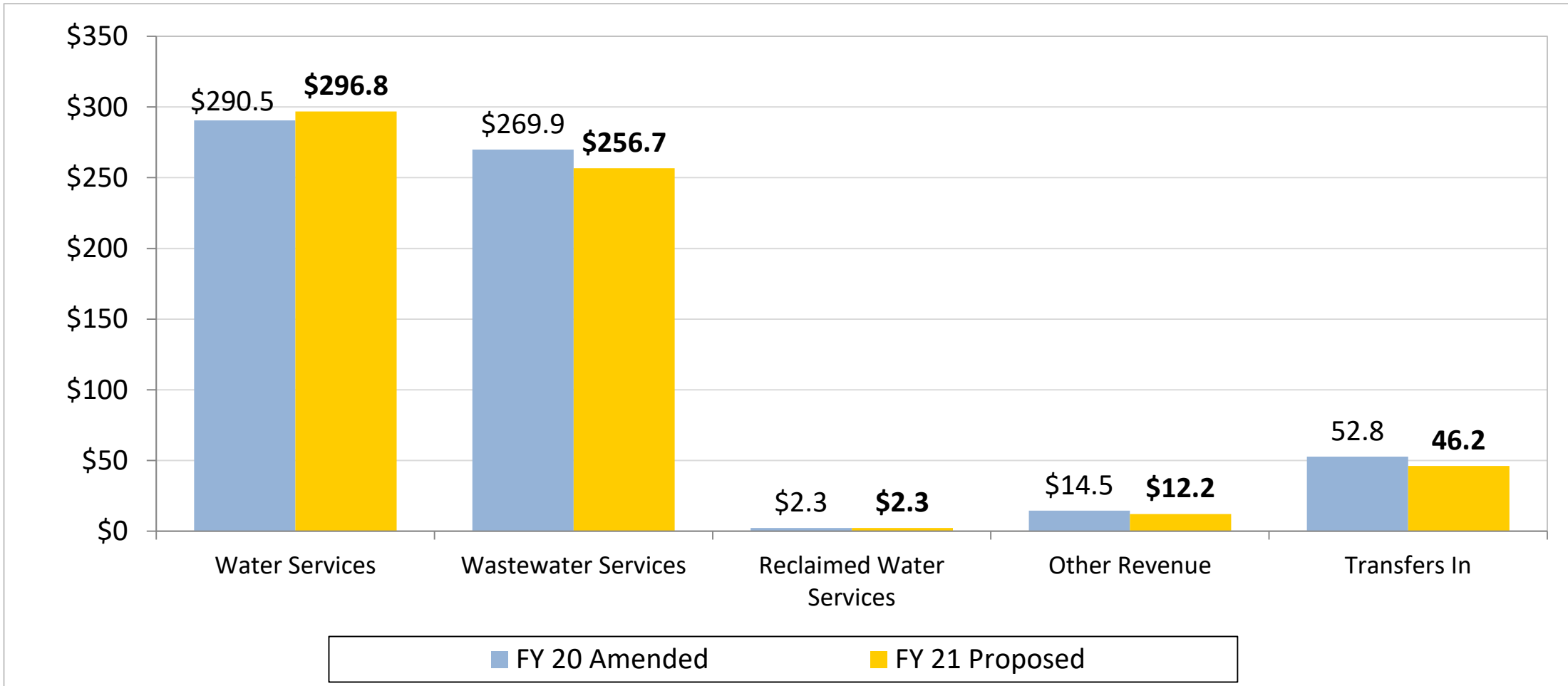
- **0% Rate Revenue Increase for 2021**
 - Continued improvements to affordability
 - CAP customer rate reduction for COVID-19 extended for all of 2021
 - \$4.38 average bill reduction
- **Continued debt management strategies**
 - Debt defeasances and refinancing
 - \$40 million debt defeasance in FY 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

Sources of Funds

Austin Water Revenue and Transfers In:

FY 20 Amended: \$ 630.0 million

FY 21 Proposed: \$ 614.2 million



Uses of Funds

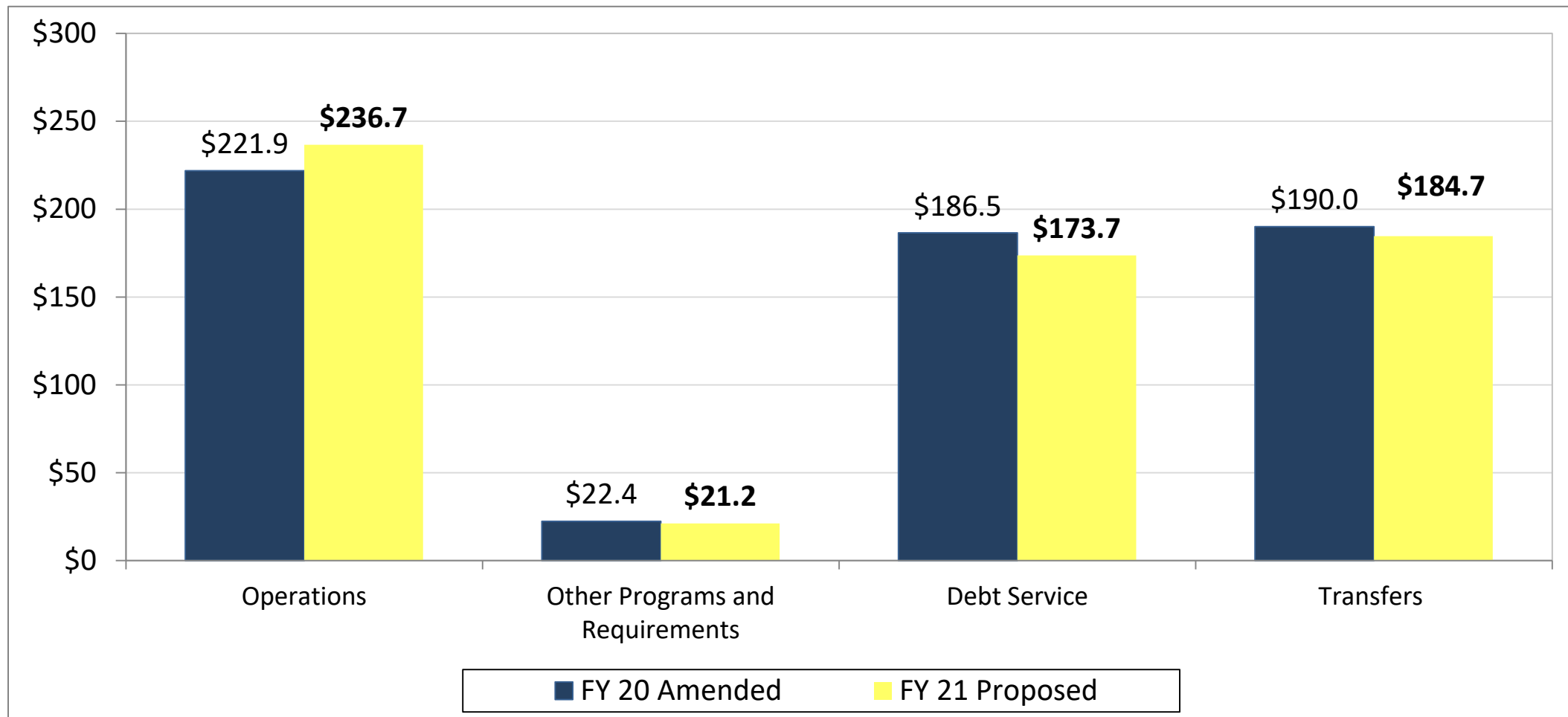
Austin Water Expenses and Transfers Out:

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

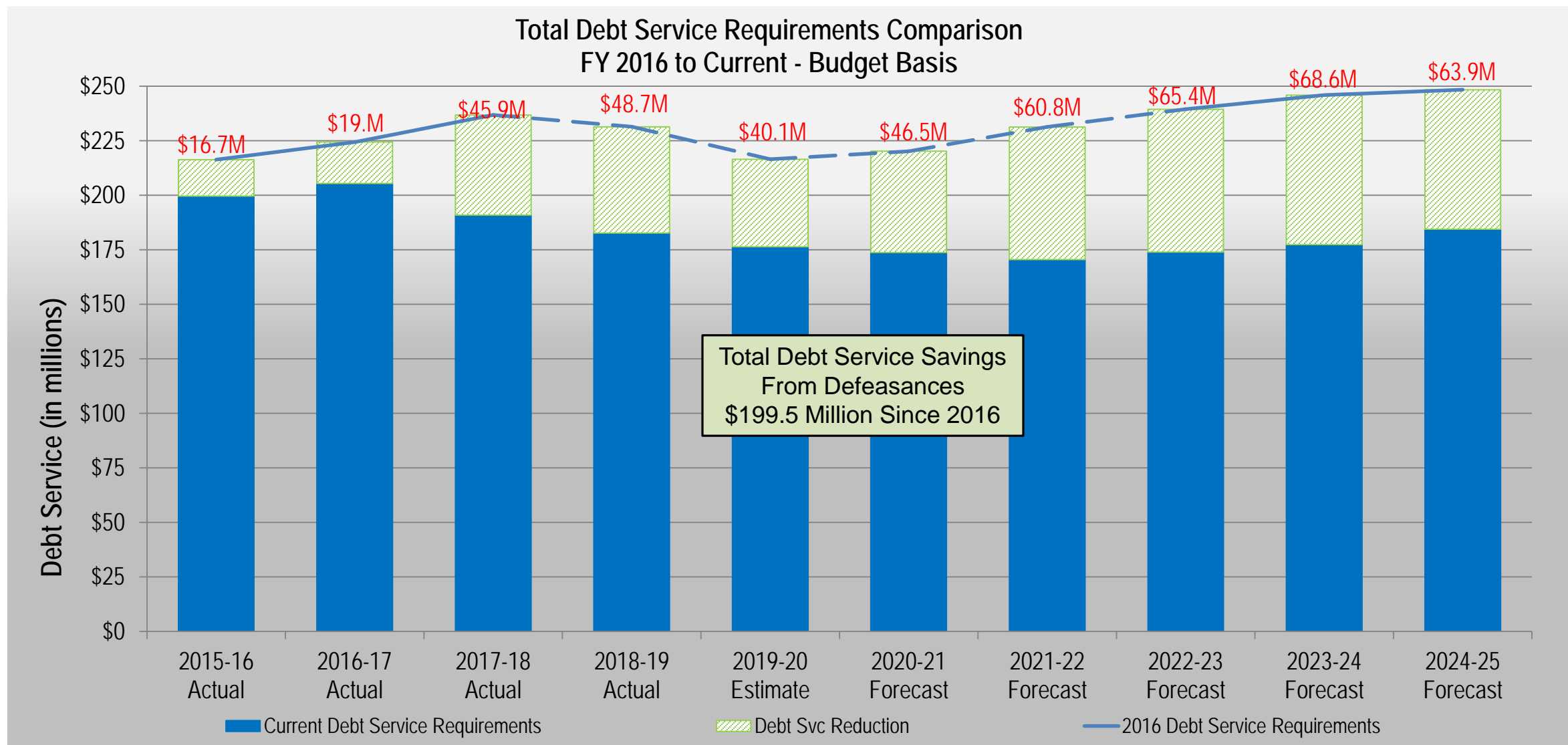
- **Debt Defeasance**

- \$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



Average Residential Customer Proposed Bill Impacts

Non-CAP Customers	Current 2020 Rates ¹	Proposed 2021 Rates ¹	\$ Variance	% Variance
Water Service ²	\$ 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>	<u>0.0%</u>

CAP Customers	Current 2020 Rates ¹	Proposed 2021 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	<u>\$ 43.97</u>	<u>\$ 39.59</u>	<u>\$ (4.38)</u>	<u>-10.0%</u>

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			
	Non-CAP	CAP	\$ Discount	% Discount
Water	\$ 40.31	\$ 17.57	\$ 22.74	56.4%
Wastewater	40.48	22.02	18.46	45.6%
Combined	<u>\$ 80.79</u>	<u>\$ 39.59</u>	<u>\$ 41.20</u>	<u>51.0%</u>

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

Capital Improvement Spending Plan

\$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

Affordability Metrics

- **Rate Changes**

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

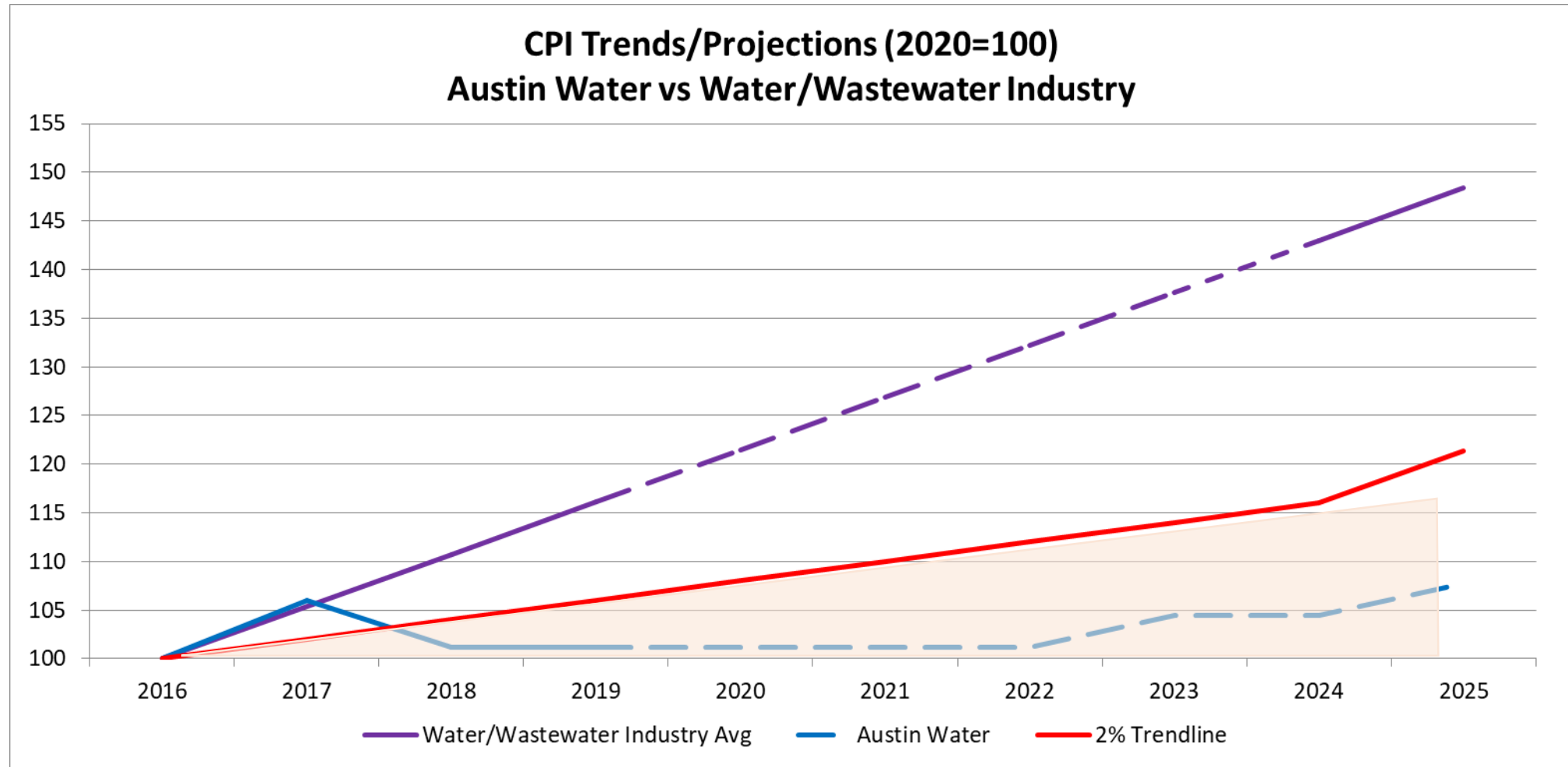
- **Continued focus on CAP Customer Affordability**

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

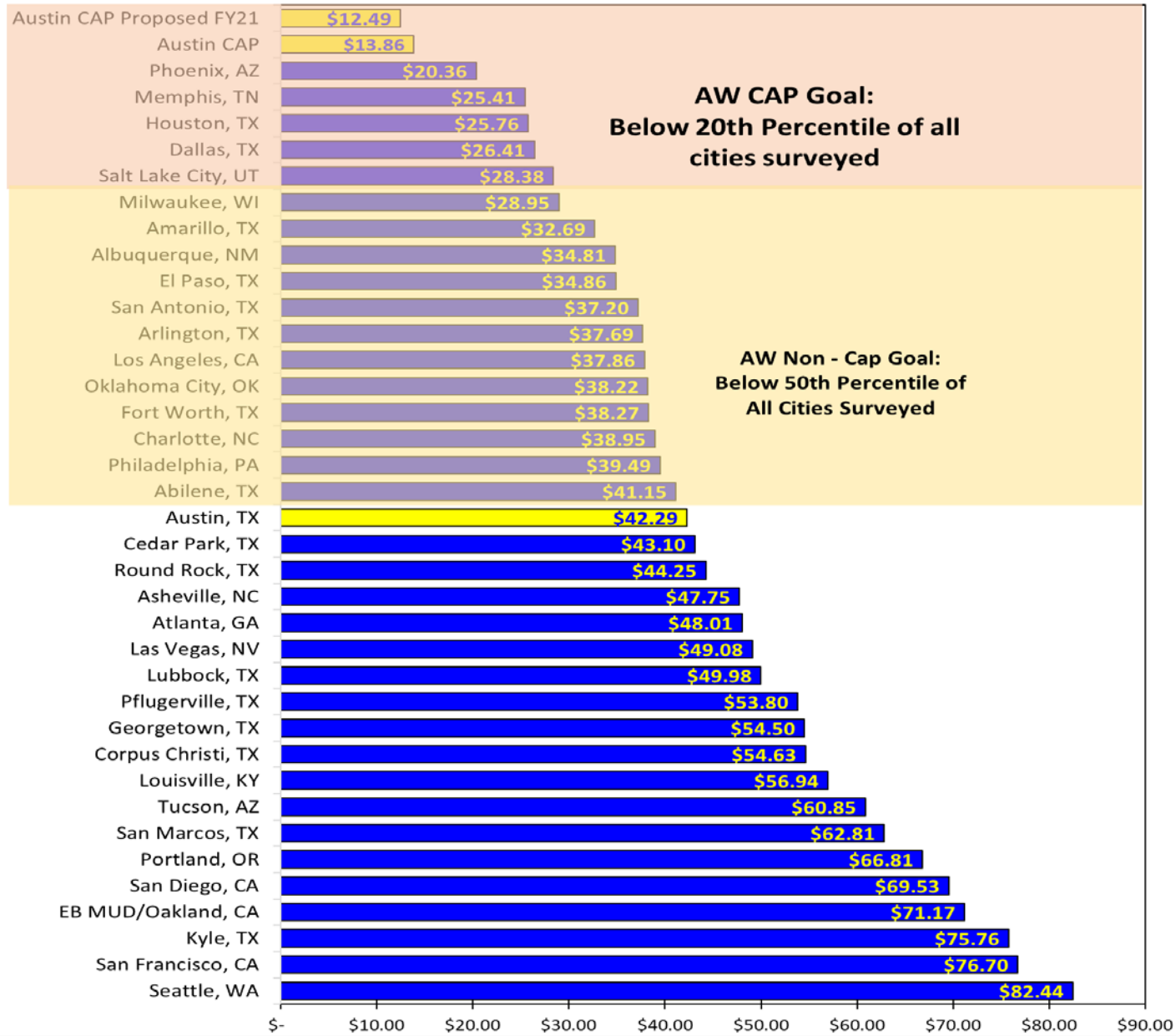
- **COVID Bill Relief**

- 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 from both AW and AE

Affordability Metrics



Affordability Metrics



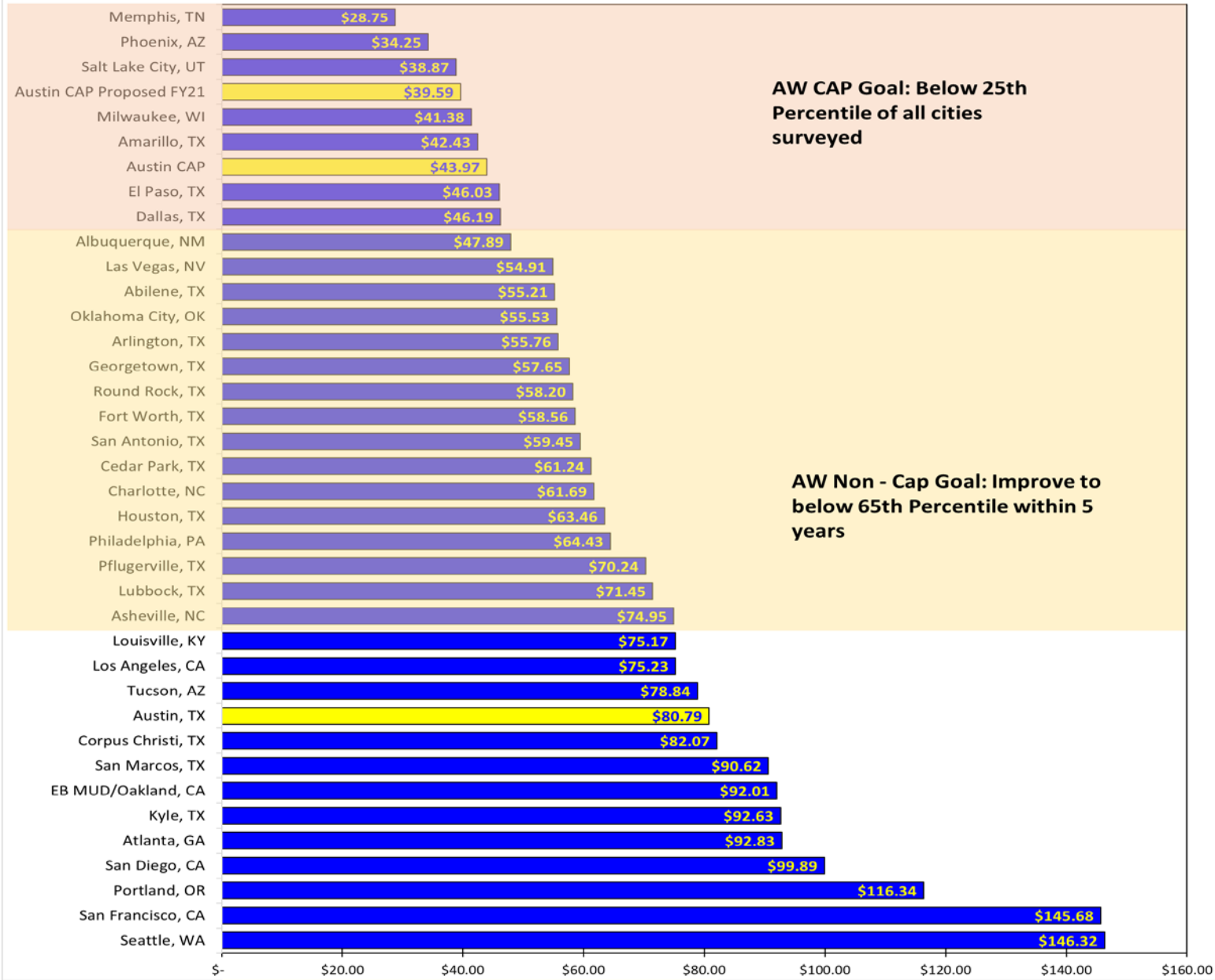
**CAP Customers
lowest of all cities**

**Average
Monthly
Bill Comparison**

**Combined Bill
Residential
Low Volume**

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

Affordability Metrics



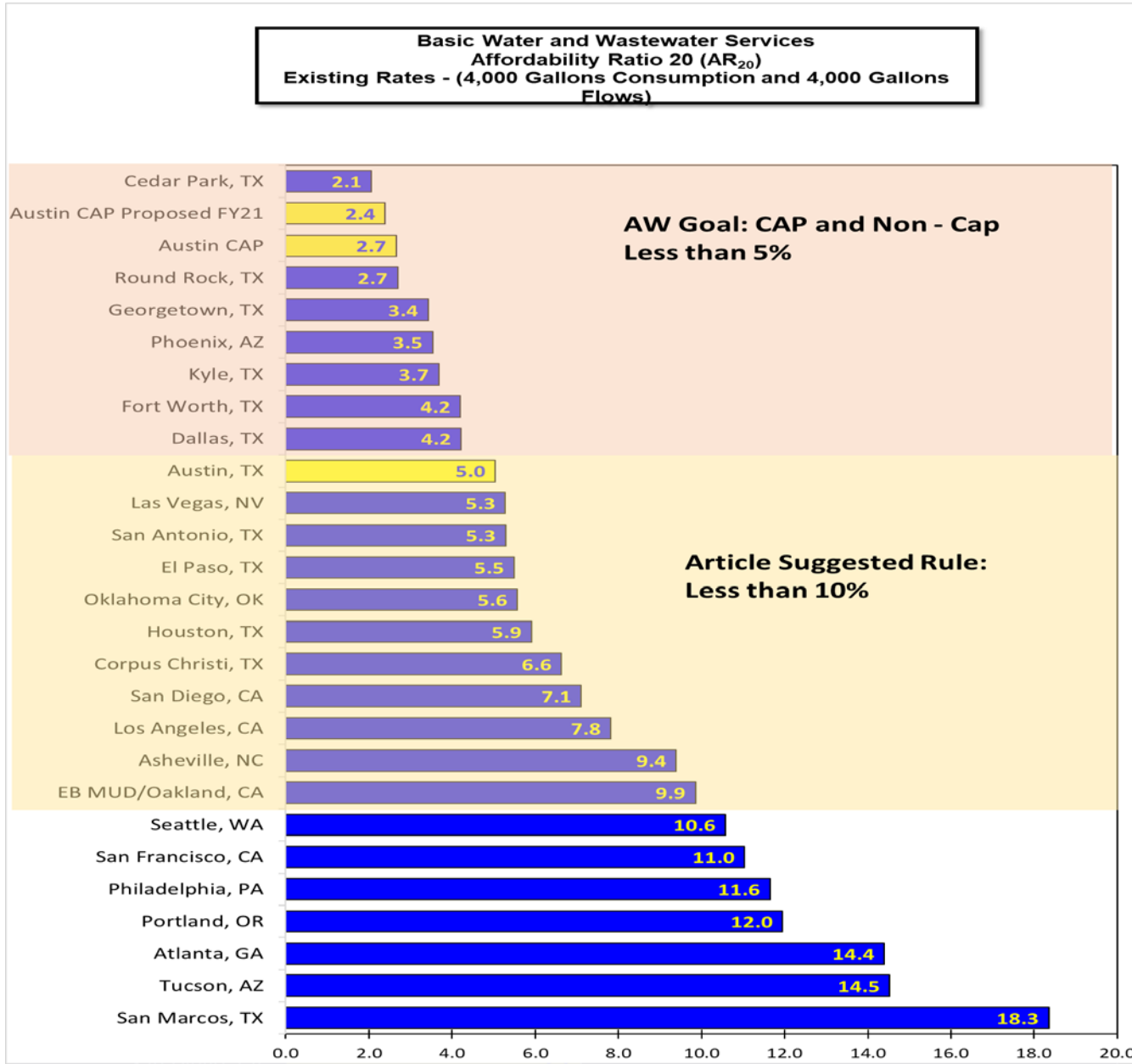
FY21 CAP Increased Ranking 6th ↑ 4th.

Average Monthly Bill Comparison

Combined Bill Residential Average Volume

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

Affordability Metrics



**FY21 CAP is 2nd
Lowest in Ranking**

**Affordability Ratio
(AR₂₀)**

Preliminary Numbers

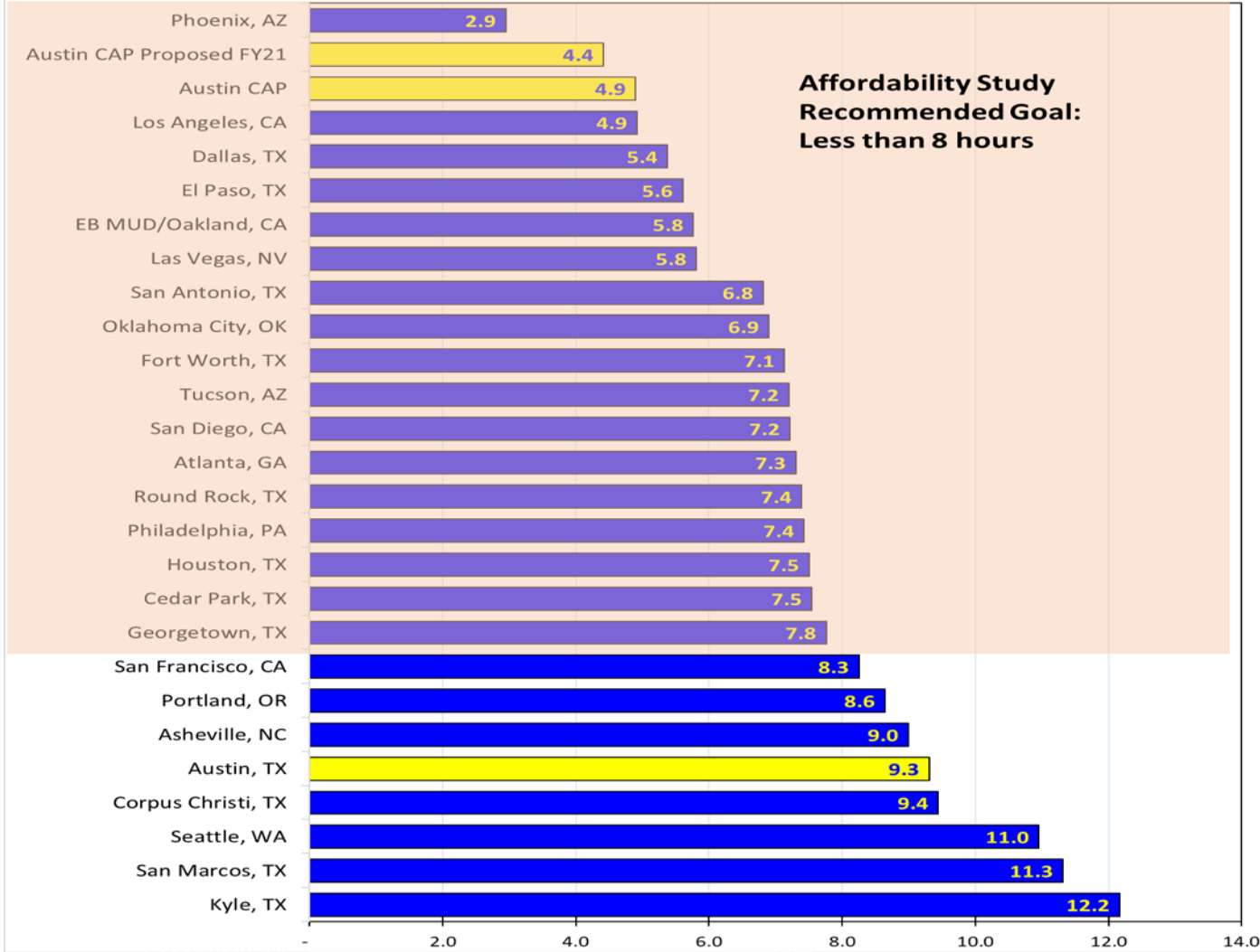
Combined Bill
Residential

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

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

Affordability Metrics

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**

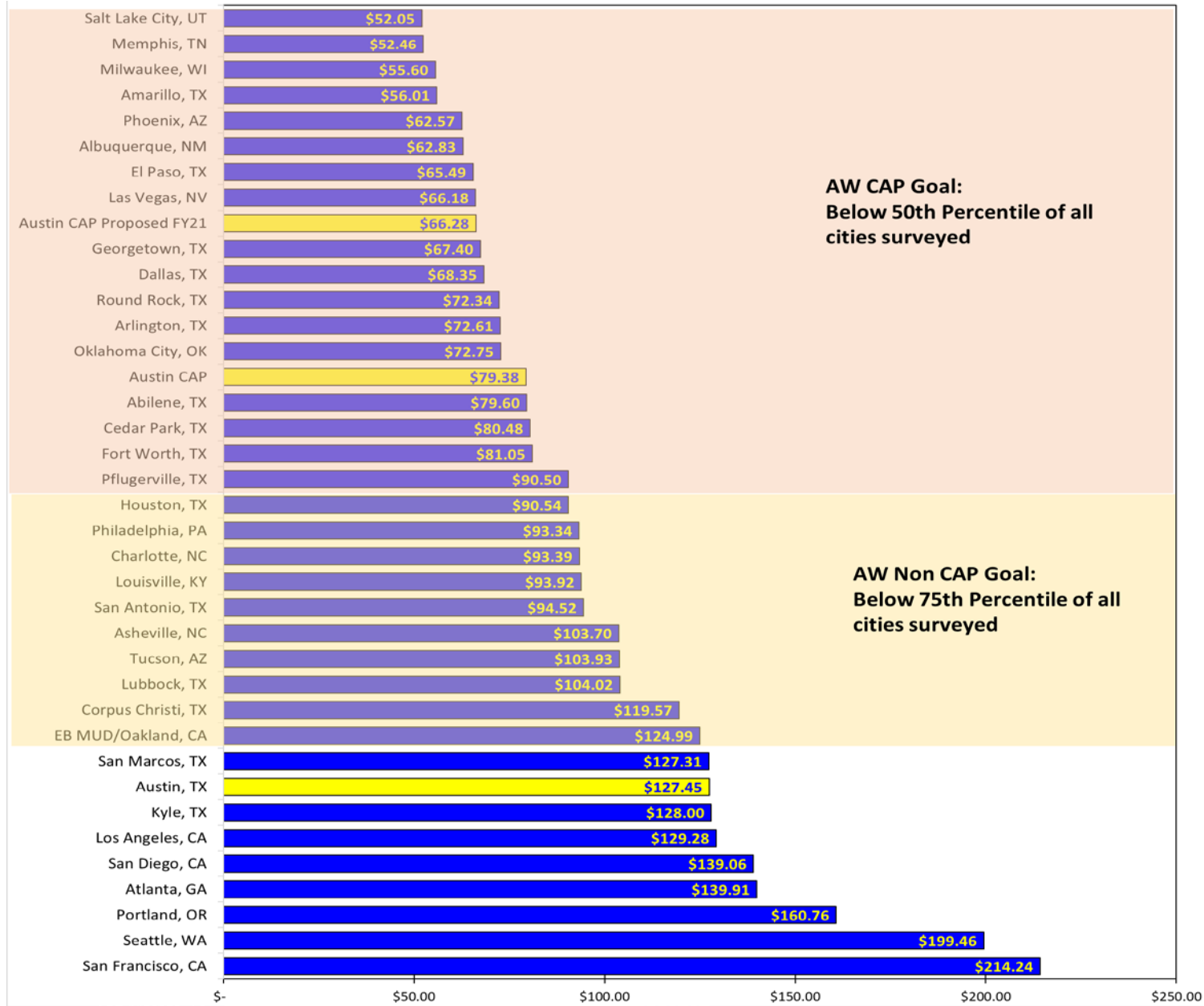
Preliminary Numbers

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

Affordability Metrics



FY21 CAP
Increased Ranking
14th ↑ 9th.

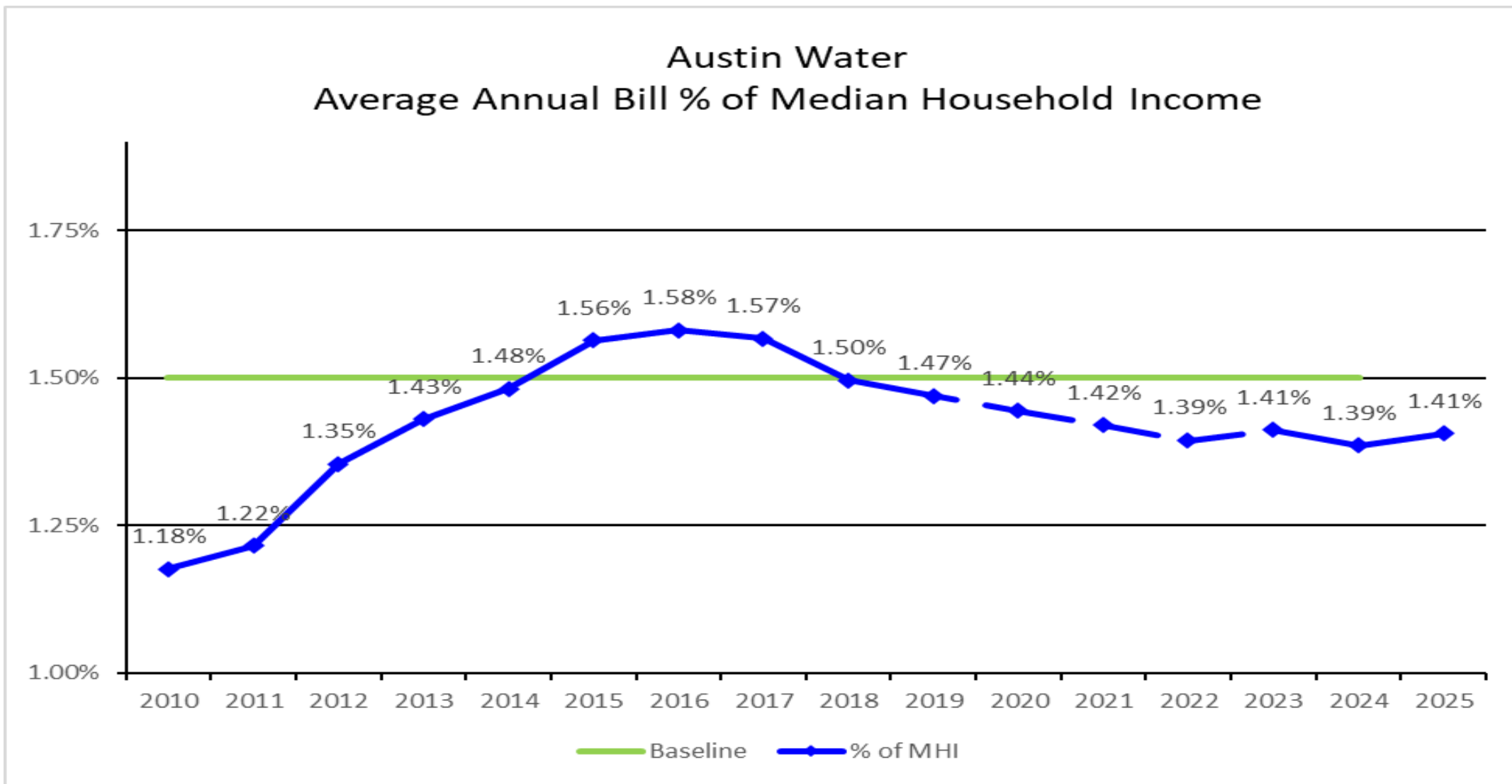
AVERAGE MONTHLY BILL COMPARISON

Combined Bill
Residential

Existing Rates
10,000 gallons water
and
5,000 gallons
wastewater

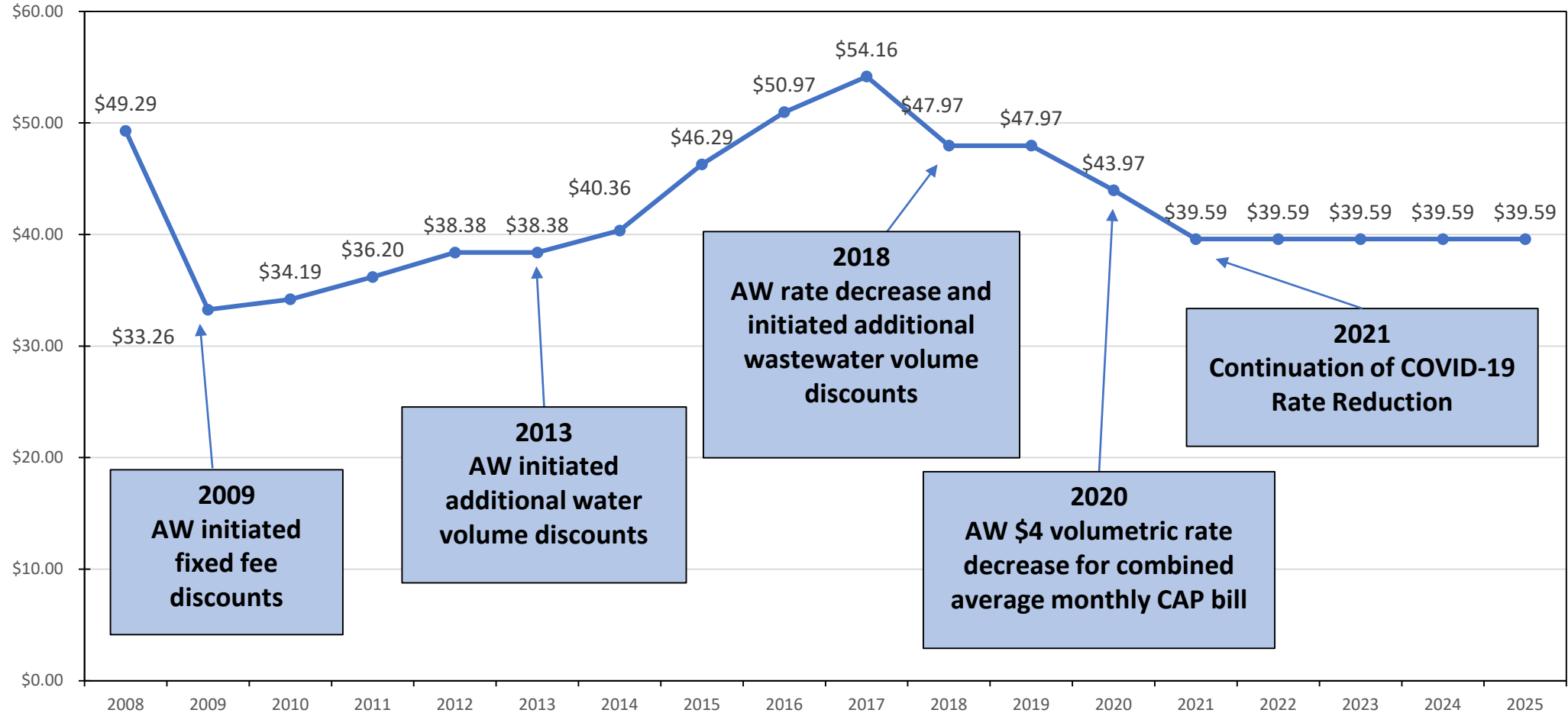
Affordability Metrics

AW Goal: 1.5% or less



Historical CAP Customer Water and Wastewater Bills

**CAP Customer Historical Water and Wastewater Bills
(5,800 Gals. Water and 4,000 Gals. Wastewater)**



Fund Summary

(In Millions)	Amended 2020	Estimated 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.

