



Water & Wastewater Commission Review and Recommendation

Commission Meeting Date:	November 17, 2020	COA Strategic Direction:	Government that Works for All; Economic Opportunity & Affordability
Council Meeting Date:	December 10, 2020		
Department:	Austin Water		
Client:	Christina Romero, Robert Rowan, David Anders		
Agenda Item			
Recommend approval of an ordinance to amend the Fiscal Year 2020-2021 Austin Water Community Benefit Charge (CBC) Fund Budget (Ordinance No. 20200812-001) to increase the transfers out to Austin Energy by \$4,000,000 for a net impact of \$4,000,000 to the ending balance.			
Amount and Source of Funding			
Funding is available in the Fiscal Year 2020-2021 Austin Water Community Benefit Charge Fund budget. A Fiscal Note is attached.			
Purchasing Language:	N/A		
Prior Council Action:	August 13, 2020 - Council approved an ordinance adopting the Austin Water Community Benefit Charge Fund Budget for Fiscal Year 2020-2021		
Boards and Commission Action:	November 17, 2020 — To be reviewed by the Water and Wastewater Commission.		
MBE/WBE:	N/A		

Council approved a Fiscal Year 2021 Budget rider directing Austin Water (AW) to develop a multifamily CAP discount program and should return to Council in the first quarter of Fiscal Year 2021 to describe the fiscal impacts of the program and seek approval of implementation including any necessary budget amendments.

Austin Water (AW) is recommending a \$17.00 monthly combined water and wastewater multifamily CAP credit, which will be included on all Austin Energy (AE) CAP customers that are not currently AW's CAP customers. This will be a \$11.00 water credit and a \$6.00 wastewater credit.

To implement this initial AW multifamily CAP discount, the Austin Water Community Benefit Charge Fund (CBC) fund will need to be amended to include the transfer of funds to AE for reimbursement of the CAP credit they will provide to AW multifamily CAP customers on the AE's electric bill. Implementation of the AW multifamily CAP credits on AE's electric bills is expected to begin during the first quarter of 2021. The CBC fund collects the community benefit surcharge revenues used to fund AW's CAP programs. Since AE will be providing this credit to Austin Water's multifamily CAP customers on AE CAP customer bills, AW's CBC fund will reimburse AE for the credit. This budget amendment is for the transfer of the CBC funds to AE.

Background

There have been historical challenges to providing a multifamily CAP discount to AW customers. These challenges center around the AW method of master metering the multifamily complex, instead of each individual unit. However, Austin Energy meters each individual unit and provides a CAP discount to those qualified customers. This provides an opportunity for Austin Water to provide its multifamily CAP customers through an Austin Energy bill discount. However, for those AW multifamily customers that are outside of Austin Energy's service area, additional challenges arise to provide these CAP customers a discount. Since they are not served by Austin Energy, any CAP discount must be paid directly to the customer or through some type of landlord participation program. Each of these options presents additional challenges of ensuring the customer receives the appropriate discount.

Over the last several months, a team of AW, AE and the Law Department staff have been analyzing data and discussing possible solutions to provide a CAP discount to qualified customers residing in AW's multifamily accounts. This team has recommended the following two-phase approach for the expansion of AW's CAP program to multifamily CAP customers. This action will authorize the implementation of Phase I. AW expects Phase II to be implemented by the end of the fiscal year.

Phase I: AW Credit to AE CAP Customers Not Currently an AW CAP Customer

Currently, AE has approximately 37,000 CAP customers who reside in single family homes as well as multifamily units. The number of AE CAP customers has risen by over 10,000 in recent months due to the impacts of COVID-19. AW has approximately 14,000 CAP customers that reside in residential homes. Phase I will provide a water CAP discount by issuing a credit to the AE CAP customers' electric bill for those customers who reside in multifamily units. Since AE is already providing an electric bill CAP discount to these customers, an additional combined water and

wastewater credit can be easily included on the electric portion of the bill. Then, AW can reimburse AE for the water credits included on the CAP customer's electric bill. Austin Water is recommending a \$17.00 monthly combined water and wastewater multifamily CAP credit, which will be included on all AE CAP customers that are not currently AW's CAP customers. This will be a \$11.00 water credit and a \$6.00 wastewater credit. This credit was developed through analysis of AW's bill discounts for our residential CAP customers. However, since the multifamily CAP customers would not pay the same residential fixed charges, an adjustment was made to estimate the multifamily fixed charges that would presumably be allocated to these customers through their complex management. Additionally, AW adjusted the recommended discount for water consumption differences between residential and multifamily. AW based the consumption adjustment on information contained in the Water Forward Disaggregated Demand Model. Water Forward showed residential gallons per capita per day (GPCD) as 72.8, while the GPCD for multifamily was 66.1. This data shows multifamily consumption at 9.2% below residential. The recommended discount was adjusted accordingly.

To implement the Phase I AW multifamily CAP discount, several steps will be needed. AW and AE have already initiated planning for billing system automation of this process. However, a FY21 budget amendment to AW's approved fee schedule will be required for approval by Council. Additionally, a public hearing will be required since service revenues will be impacted. Austin Water's Community Benefit Charge Fund (CBC) will need to be amended to include the transfer of funds to AE to reimburse for the CAP credit they provide for AW multifamily CAP discount. Austin Water anticipates these actions to occur in the December/January time frame. Implementation of the AW multifamily CAP credits on AE's electric bills is expected to begin during the first quarter of 2021.

With the recommended CAP multifamily monthly combined water and wastewater credit of \$17.00, the anticipated annual cost to AW is approximately \$4.7 million. Currently, the AW CBC Fund has sufficient cash balances to cover the anticipated costs through FY22, assuming the number of CAP accounts remain at the current higher levels. Austin Water would expect to propose an increase to the CBC Surcharge in FY23 from the current \$0.15 per 1,000 gallons to \$0.17 per 1,000 gallons. This would impact the average residential customer monthly bill by approximately \$0.20. If the number of multifamily CAP customers reduce after COVID impacts subside, this rate increase could potentially be lower than anticipated or delayed.

Phase II. AW MF Customers Outside of AE service area and AE Master Metered Accounts

While Phase I will provide credits to the majority of AW's multifamily CAP customers, there are approximately 100 multifamily accounts which are outside of AE's service area. Therefore, the ability to credit the AE account is not available for these customers. Additionally, there are approximately 18 AE accounts that have master metered electric meters instead of individually metered units. For these AW and AE customers, there is no current method to provide a CAP discount. The AW and AE team will continue to explore methods to provide a CAP discount which could be implemented as Phase II. To identify the potential CAP customers within these multifamily accounts, AE is negotiating with Solex, their third-party vendor for CAP qualification, to expand their current zip code search area to include the additional zip

codes within AW's service area. This would allow for identification of CAP customers in those multifamily units outside of AE's service area. Once the CAP customers are identified, methods can be considered to provide a CAP discount. These methods might include direct check payments or landlord participation programs. AW will work with the City's Controller's Office to determine whether direct payments to these customers could be achieved. These Phase II changes would continue to be developed and would be proposed for implementation later in Fiscal Year 2021.

OPERATING BUDGET FISCAL NOTE

DATE OF COUNCIL CONSIDERATION:

12/10/20

CONTACT(S):

Austin Water

FUND:

Austin Water Community Benefit Charge Fund

SUBJECT: Approve an ordinance amending the Fiscal Year 2020-2021 Austin Water Community Benefit Charge Fund Budget (Ordinance No. 20200812-001) to increase the transfers out to Austin Energy by \$4,000,000 for a net impact of \$4,000,000 to the ending balance.

CURRENT YEAR IMPACT:

	2020-21 Approved	This Action	2020-21 Amended
Beginning Balance	4,461,765	0	4,461,765
Other Utility Revenue	9,405,556	0	9,405,556
Interest	33,725	0	33,725
Total Revenue	9,439,281	0	9,439,281
Total Available Funds	9,439,281	0	9,439,281
Other Requirements			
Customer Assistance Prog Costs	925,000	0	925,000
Transfer Out			
Trf to Water Operating Fund	2,890,731	0	2,890,731
Trf to Wastewater Operating Fund	2,158,745	0	2,158,745
Trf to AE - Multifamily Discount	0	4,000,000	4,000,000
Total Transfers Out	5,049,476	4,000,000	9,049,476
Total Requirements	5,974,476	4,000,000	9,974,476
Excess (Deficiency) of Total Available Funds Over Total Requirements	3,464,805	(4,000,000)	(535,195)
Ending Balance	7,926,570	(4,000,000)	3,926,570

FIVE-YEAR IMPACT:

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Total Available Funds	0	0	0	0	0
Total Requirements	4,000,000	0	0	0	0
Net Budget Impact	(4,000,000)	0	0	0	0

ANALYSIS / ADDITIONAL INFORMATION: This item will amend the Austin Water Community Benefit Charge Fund to include the transfer of funds to Austin Energy (AE) for reimbursement of the Customer Assistance Program (CAP) credit they will provide to AW multifamily customers on AE's electric bills, which is expected to begin during the first quarter of FY 2021. The Austin Water Community Benefit Charge Fund collects the community benefit surcharge revenues used to fund AW's CAP programs.