

Water and Wastewater
Commission Budget Committee

AUSTIN WATER FY 2023 PROPOSED BUDGET

May 26, 2022



Agenda

💧 Proposed Budget Summary- Item B.1.

- Revenue Changes
- Rates and Bill Impacts
- Requirements Changes
- Budget Challenges

💧 Capital Spending Plan – Item B.2.



Budget Considerations-B.1.

💧 **Increase operational and infrastructure resiliency**

- AW Priority Since 2019

💧 **Maintain financial strength and stability**

- Financial condition significantly improved since drought from 2011 – 2015
- Stable bond ratings since 2016

💧 **Maintain rate affordability**

- 4.8% Retail Reduction in FY 2018
- No rate increase for 5 years (FY 2019 – FY 2023)

Forecast Fund Summary

	FY22 Estimated	FY23	FY24	FY25	FY26	FY27
Beginning Fund Balance	\$213.70	\$229.50	\$225.70	\$229.30	\$223.80	\$234.50
Revenue & Transfers In	\$670.00	\$668.10	\$702.60	\$702.20	\$734.80	\$748.10
Expenditures & Transfers Out	\$654.20	\$672.00	\$699.00	\$707.70	\$724.10	\$735.20
Change in Fund Balance	\$15.80	(\$3.80)	\$3.60	(\$5.50)	\$10.70	\$12.90
Ending Fund Balance	\$229.50	\$225.70	\$229.30	\$223.80	\$234.50	\$247.40
Average Monthly Bill (Typical Rate Payer)*	\$80.79	\$80.79	\$84.49	\$84.49	\$87.49	\$87.49
FTEs	1,298	1,343	1,384	1,399	1,414	1,429
Debt Service Coverage	1.85	1.75	1.78	1.75	1.86	1.82
Days Cash on Hand	276	256	252	239	242	248
Cash Financing % of Annual CIP Spending	-	38.14%	36.42%	33.32%	31.29%	31.77%

Forecast complies with all Council approved financial policies.



Significant Revenue Changes

Description	FY23 Significant Changes (In Millions)
Wastewater Service Revenue	\$15.8
Water Service Revenue	\$9.2
Transfers-In from Community Benefit Fund	\$1.7
Transfers-In to Reclaimed Water Operating Fund	\$0.7
Wastewater Miscellaneous Revenue	\$0.5
Water Miscellaneous Revenue	(\$0.6)
Transfers-In to Wastewater Operating	(\$5.4)
<u>Transfers-In to Water Operating</u>	<u>(\$7.6)</u>
Total Significant Revenue Changes	\$14.3

Projected Rate Revenue Increases

Fund	FY23	FY24	FY25	FY26	FY27
Water:	0.0%	4.7%	0.0%	2.0%	0.0%
Wastewater:	0.0%	4.7%	0.0%	4.6%	0.0%
Combined WWW:	0.0%	4.7%	0.0%	3.2%	0.0%
Reclaimed:	0.0%	4.7%	0.0%	2.0%	0.0%

- 💧 4.8% retail rate reduction in FY 2018
- 💧 No retail rate increases from FY 2019 through FY 2023
- 💧 Forecasted FY 24 rate increase would result in rates near 2018 levels

Significant Requirements Changes

Description	FY2023 Significant Changes (In millions)
Contractuals and Commodities	\$5.2
45 New FTEs	\$4.9
Enterprise Resiliency	\$2.7
Operational Optimization	\$2.5
Health Insurance	\$1.5
Fleet Fuel and Maintenance	\$1.1
Compensation adjustment	\$0.9
My ATX Water	\$0.4
Utility Billing System Support	(\$0.5)
Bad debt expense	(\$0.6)
<u>Other Transfers</u>	<u>(\$6.9)</u>
Total Significant Requirements Changes	\$11.2

Austin Water FY23 Proposed New FTEs

Initiative	Proposed FTEs
Operational Optimization	9
Customer Satisfaction	8
Enterprise Resiliency	6
Reducing contracted services	5
Employee Leadership and Development	5
My ATX Water	4
Infrastructure Strategy and Performance	3
Facility Improvements	2
Water Forward	1
Affordability	1
Expedited Development Review	1
Total	45

Budget Challenges

💧 **Supply Chain Challenges/Inflation**

- 17 contract price adjustments totaling \$3.1M

💧 **Staffing Plan Increase**

- Significant increase in budgeted FTEs despite high vacancy rate

💧 **Significant Increase in Inter-department Transfers**

- In FY 2022, transfers for CTECC, CTM, Regional Radio and CPM increases ranged from 12% to 42%

💧 **Growing Capital Plan**

- Several large strategic projects on the horizon
- Construction costs continue to rise

Hiring and Attrition

💧 **Vacancies – FY 22**

- Beginning of Year – 138 (includes 62 new FTEs for FY)
- Current – 151 (includes April budget amendment for 16 new FTEs)

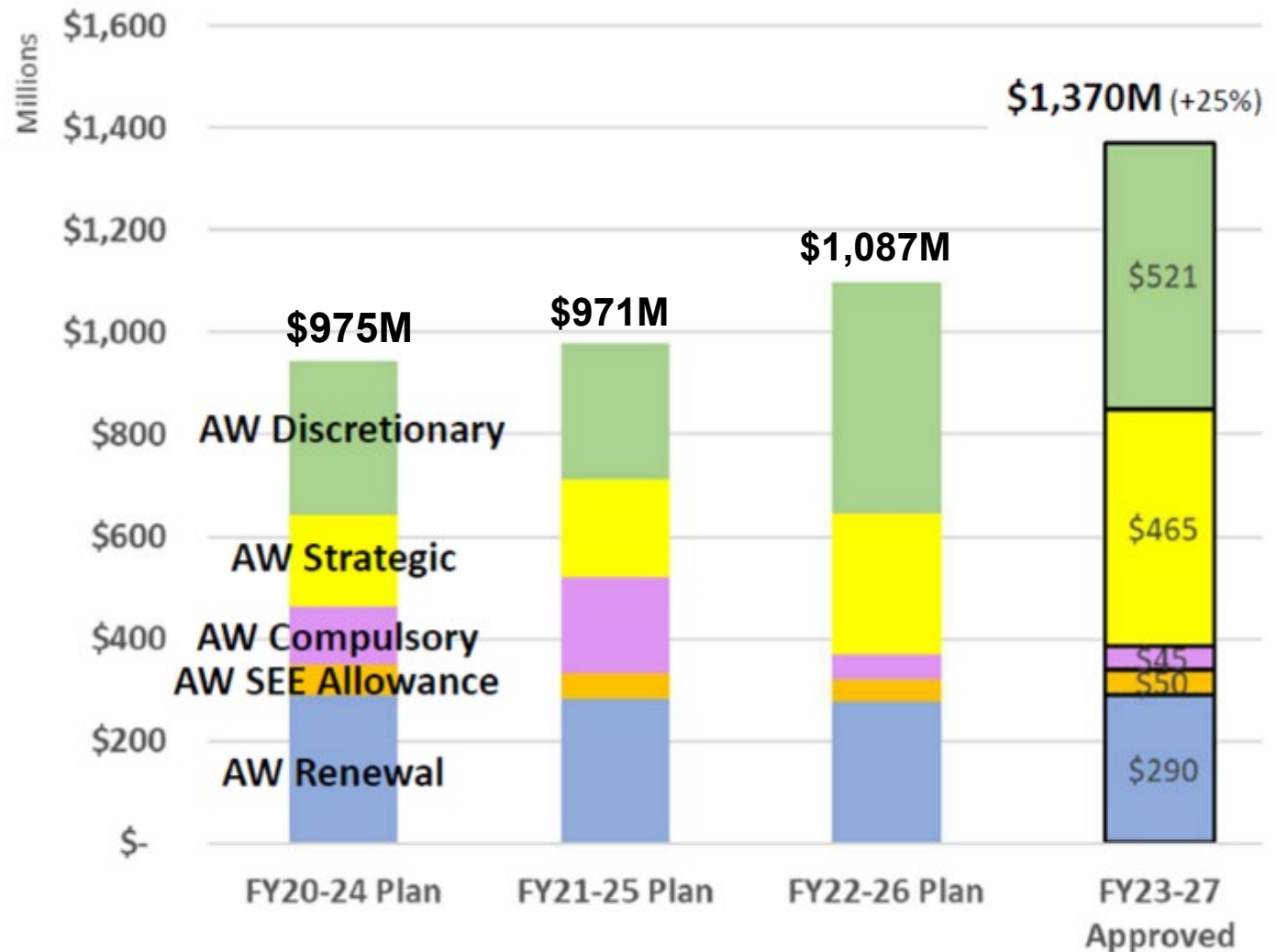
💧 **Hiring – 189 position filled year to date**

- 68 internal promotions (created 68 new vacancies)

💧 **Attrition – 119 Separations**

- Retirements – 30
- Internal transfers (other City departments) – 36
- Other separations – 53

CIP Plan Funding Overview- B.2.

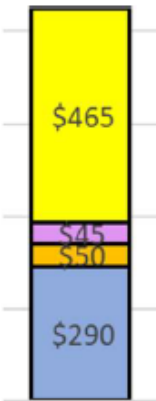


Strategic Projects

		<u>FY23-27 SP-PM</u>
3023.046	Walnut Creek WWTP 100 MGD Exp	\$ 284M
6935.057	Advanced Metering Infrastructure	\$ 66M
3257	Facility Improvements (Service Centers)	\$ 60M
5267	Reclaimed Water	\$ 29M
2127.036, .047	Aquifer Storage and Recovery	\$ 26M
3333.021	SAR WWTP 100 MGD Expansion	\$ -
TOTAL		\$465M




\$850M



FY23-27
Approved

Discretionary Projects

		<u>FY23-27 SP-PM</u>	
3333.017	SAR WWTP Trains A & B Impr	\$ 61M	
6943.031	Williamson Creek WW Interceptor	\$ 45M	
5335.008	Ullrich WTP On-site Chlorine Gen	\$ 37M	
3023.019	Walnut Creek WWTP Headworks Impr	\$ 32M	
4769.022,.011	Upper Harris Branch Wastewater Interceptor	\$ 32M	
7265.004	Wildhorse Ranch WWTP Expansion	\$ 23M	
3333.032	SAR WWTP Electrical Substation 1 Replcmnt	\$ 24M	
5335.016	Ullrich WTP Low Svc PS Elec Feed Renewal	\$ 20M	
6935.031	McNeil Road Water Transmission Main	\$ 17M	
2006.059	Center Street PS Replacement and Electrical	\$ 16M	
	<i>67 Others</i>	\$ 228M	
		TOTAL \$521M	

\$1,370M

\$521

\$465

\$25

\$50

\$290

FY23-27
Approved

QUESTIONS

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Austin Water

FY2023 Proposed New FTES and Significant Changes

Purpose/EUM/Initiative	Job Title	Job Description	Values	
			Sum of FTE	Sum of \$ Amount
Operational Optimization	IT Support Analyst Sr.	Hardware/software support	1	\$104,487
	IT Systems Consultant	Supports Virtual Desktop Infrastructure, mobile tech, cloud tech for mobile first and remote work capabilities.	1	\$143,764
	Project Coordinator	Water Forward	1	\$109,940
	Street & Bridge Ops Crew Lead	Cut Restoration - Street repairs Lead	1	\$86,942
	Street & Bridge Ops Tech III	Cut Restoration - Street repairs	4	\$320,480
	Supv, AW Pipeline Technician	Cut Restoration - Street repairs	1	\$104,487
	5860 - Services-other	Additional contract costs for wastewater emergency overflow, water loss metrics and strategies consultant services, water quality protection land restoration services, 3rd-party hearing process related services.		\$772,032
	5860 - Services-other	Additional contract costs for preparing, preventing, and responding to weather emergencies and power outages.		\$731,507
	7134 - Chemicals	Increase in chemical costs due to an increase in projected raw water pumpage, as well as an increase in chemical cost.		\$554,127
	5006 - Temporary employees	Increase in temporary employees due to additional staff needed for water conservation ordinance violations 3rd-party hearings, creek walking, manhole inspections, and smoke testing.		\$462,209
Operational Optimization Total			9	\$3,389,975
Customer Satisfaction	Business Process Consultant Sr	Oversee records mgmt. & PIR staff and processes	1	\$135,229
	Community Engagement Specialist	Responsible for content and communications strategy, website administration, user experience design, visual design and brand oversight.	1	\$109,940
	Marketing Commun Consultant	Reputation management and crisis communications.	1	\$121,848
	Mgr, Consumer Services	1st lever management dispatch which operations 24/7	1	\$135,229
	Mgr., AW Operations	Ops Mgr. level position for Dispatch & CX activity	1	\$173,058
	Pretreatment Compliance Specialist Sr.	DSD - Expedited Program	1	\$109,940
	Prgm Mgr, Public Info & Mktng	Oversee media, outreach, & customer relations.	1	\$128,353
	Water Quality Scientist Sr.	Support sampling requirements for the state and federal lead and copper rule	1	\$104,487
Customer Satisfaction Total			8	\$1,018,084
Enterprise Resiliency	AW Pipeline Tech Sr.	Water hauling support	2	\$173,884
	AW SCADA Analyst	Respond to SCADA maintenance, repair and replacements in the field.	1	\$121,848
	AW SCADA Analyst Sr.	Supports project delivery, asset management, and implementation standards.	1	\$135,229
	Engineer C	Support mobility projects and utility relocations	1	\$143,764
	Prgm Coord, Fleet	Support Austin Water's fleet of vehicles.	1	\$86,942
	5240 - Consultant financial	Increase in financial consultant service to procure consultants and Impartial Hearing Examiner for the upcoming rate filing.		\$1,600,000
	6327 - Insurance-fire/ec	Increase in fire and extended coverage insurance costs due to increased rates caused by Hard Insurance Market.		\$387,852
	6843 - Government permits and fees	Increase in government permits and fees for right-of-way permits fees.		\$369,942

Austin Water
FY2023 Proposed New FTES and Significant Changes

Purpose/EUM/Initiative	Job Title	Job Description	Values	
			Sum of FTE	Sum of \$ Amount
	6843 - Government permits and fees	Increase in government permits and fees for Austin Water's general permit fees from Development Services Department and public Capital Improvement Project review team.		\$352,600
Enterprise Resiliency				
Enterprise Resiliency Total			6	\$3,372,061
Reducing contracted services	Ofcr, Security Ops Ctr	Lobby and foot patrol for Waller Creek.	4	\$333,860
	Supv, Security Ops	Lead at lobby Waller Creek Lobby desk.	1	\$104,487
Reducing contracted services Total			5	\$438,347
Employee Leadership & Development	Coord, Occupational Health & Safety	Address span of control issues, increase the capacity to support operations, and develop safety culture.	1	\$115,709
	IT Business Systems Analyst Sr	Develop online training	1	\$128,353
	Occupational Health & Safety Specialist Sr	This replaces a temp employee	1	\$109,940
	Performance Advisor	Develop & engagement team	1	\$109,940
	Prgm Mgr II, Equity and Inclusion	Expand Austin Water's equity program	1	\$152,879
Employee Leadership & Development Total			5	\$616,821
My ATX Water	IT Business Systems Analyst Sr	My ATX Water analytics and system data updates.	1	\$128,353
	IT Business Systems Analyst Sr	My ATX WaterScrum master, requirements, testing, interfaces	1	\$128,353
	Water Meter Technician Sr.	Lead services inspections	2	\$173,884
	5006 - Temporary employees	Increase in temporary employees to support AMI installation and quality control activities.		\$361,187
My ATX Water Total			4	\$791,777
Infrastructure Strategy & Performance	Engineer C	Wastewater CIP, Find it Fix it - IDIQ	1	\$143,764
	Engineer, Consulting	Technical expertise - Consulting	1	\$162,626
	Prgm Mgr, Capital Improvement	Responsible for data analysis and reporting for Austin Water's CIP and IDIQ programs	1	\$143,764
Infrastructure Strategy & Performance Total			3	\$450,154
Facility Improvements	Maintenance Worker III	Will develop manufactory preventative maintenance schedule for elevators and fire alarms.	1	\$71,663
	Mgr., General Maintenance	Manage HVAC Supervisor, Facilities Supervisor, and Master Electrician	1	\$115,709
Facility Improvements Total			2	\$187,372
Water Forward	Engineer C	Water Forward	1	\$143,764
Water Forward Total			1	\$143,764
Affordability	Financial Analyst IV	Responsible for planning and supporting the current and future Texas Water Development Board Loans.	1	\$128,353
Affordability Total			1	\$128,353
Other	Administrative Specialist	DSD - Expedited Program	1	\$80,120
	9747 - Trf to Wastewater CIP fund	Increase in the operating fund cash transfers for pay-as-you-go cash financing for Wastewater capital projects.		\$8,000,000

Austin Water

FY2023 Proposed New FTES and Significant Changes

Purpose/EUM/Initiative	Job Title	Job Description	Values	
			Sum of FTE	Sum of \$ Amount
Other	9700 - Trf to General Fund			
	9752 - Trf to Reclaimed Water CIP (D2107)			
	6242 - Interdeptl-Admin.Support	Increase in the transfers to the General Fund, Reclaimed Water Fund,		\$2,867,504
	6240 - Interdeptl data systems	Administration Support, Interdepartmental Data Systems, and Capital		
	9728 - Trf to CIP Mgm - CPM (5460)	Project Management Fund.		
	6250 - Fleet-equip.preventative maint			
	6255 - Transportation-city veh fuel	Increase in fleet fuel charges and fleet preventative maintenance costs.		\$1,053,248
	5115 - Compensation adjustment	Additional funding to cover the cost of a 2.0% wage increase in FY2022-23.		\$896,824
	6241 - Interdeptl-Utility billing	Decrease in the transfer to Austin Energy for utility billing system support.		(\$520,582)
	6898 - Bad debt expense	Decrease in bad debt expense based on revenue collection trends.		(\$607,883)
	9893 - TRF Operating to Debt Defeasance	Decrease in the transfer from Operating to Debt Defeasance for one-time transfer in FY2022.		(\$4,826,000)
	9892 - TRF CFR to Debt Defeasance	Decrease in Debt Service CRF Defeasance transfer to reduce Austin Water debt using impact fee/capital recover fee collections.		(\$13,000,000)
Other Total			1	(\$6,056,769)

Austin Water**FY22 Contract Price Adjustment Log**

Contract	Vendor	Description	Commodity Type	Date of Price increase	% of Increase	Contract Increase Amount	Contract Extend Exp. Date
GA190000058	Shrieve	Anhydrous Ammonia	Chemical	3/1/2022	14.00%	\$58,800	8/22/2024
GA180000031	Brentag	Liquid Ammonium Sulfate	Chemical	3/22/2022	83.98%	\$51,150	3/7/2023
GA190000060	Carus	Liquid Phosphate	Chemical	3/22/2022	38.20%	\$230,189	8/18/2024
GA190000044	USALCO	Liquid Ferric Sulfate	Chemical	3/22/2022	13.50%	\$78,900	5/27/2024
NA190000126	Premier Magnesia	Magnesium Hydroxide Slurry & Equipment	Chemical	4/22/2022	9.78%	\$658,316	4/29/2024
GA180000034	DPC	Sodium Hypochlorite	Chemical	5/22/2022	86.95%	\$910,000	4/26/2023
GA190000042	DPC	Chlorine, Bulk	Chemical	5/22/2022	47.67%	\$262,500	4/28/2025
GA190000058	Shrieve	Anhydrous Ammonia	Chemical	5/22/2022	26.30%	\$134,400	8/22/2024
GA190000042	DXI	Chlorine, 1-ton cylinders	Chemical	5/23/2022	68.67%	\$538,125	4/28/2025
GA190000042	DXI	Chlorine, 150 lb. cylinders	Chemical	5/24/2022	37.81%	\$1,575	4/28/2025
GA200000018	Core & Main	Pipe -HDPE	Other	1/22/2022	10.00%	\$3,874	Expired
GA180000023	Core & Main	Ball and Gate Valves	Other	2/1/2022	20.00%	\$21,744	2/4/2023
GA180000022	Badger Meter	Reclaimed and Cold Water Meters	Other	3/22/2022	5.52%	\$6,102	2/7/2023
GA200000013	Iconix Waterworks	Gate Valves	Other	3/22/2022	25.00%	\$5,174	1/29/2023
GA210000045	Techline	Brass Fittings	Other	3/22/2022	29.50%	\$34,975	6/1/2026
GA160000043	Allied Sales	Industrial Lubricants	Other	4/22/2022	56.64%	\$172,822	9/30/2022
NA180000109	Underwater	Diving Services	Other	4/22/2022	7.21%	\$2,913	5/27/2023