



**Budget Amendment
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 2
AGENDA DATE: Thu 03/25/2004
PAGE: 1 of 2**

SUBJECT: Amend Ordinance No. 030909-1, the Fiscal Year 2003-2004 Operating Budget to: (1) transfer a total amount of \$7,650,000 from the Austin Energy Repair and Replacement Fund to the Austin Energy Operating Fund, and reduce the Austin Energy Repair and Replacement Fund's budgeted ending balance by the same amount to fund the first two years of Holly Power Plant decommissioning costs; (2) amend the operating requirements of the Electric Utility Operating Fund in a total amount of \$5,694,284 to increase the Conservation Rebates and Incentives Fund by \$1,788,000 to implement the Austin Energy Strategic Plan approved by City Council, increase energy conservation expenses by \$77,000, and add one full time equivalent (FTE) to support the new solar rebate program; (3) increase the Operations and Maintenance expense by \$3,829,284 for Fiscal Year 2003-2004 Holly Street Power Plant decommissioning costs; and (4) increase the budgeted Ending Balance of the Electric Utility Fund by \$1,955,716.

AMOUNT & SOURCE OF FUNDING: Funding is available in the 2003-2004 Approved Operating Budget of the Electric Utility Department, Repair and Replacement Fund.

FISCAL NOTE: A fiscal note is attached.

REQUESTING Austin Energy
DEPARTMENT:

DIRECTOR'S
AUTHORIZATION: Juan Garza

FOR MORE INFORMATION CONTACT: Jaycie Pokorny, Director, Long Range Planning and Budget, 322-6296

PRIOR COUNCIL ACTION: City Council approval of Austin Energy Strategic Plan, December 4, 2003.

BOARD AND COMMISSION ACTION: Recommended by the Electric Utility Commission.

Amend Ordinance 030909-01 for the Electric Utility Department, the Fiscal Year 2003-2004 Approved Operating Budget for the Electric Utility Department, to appropriate funding to start up the solar rebate program and to increase the budgets for the Commercial and Residential Efficiency Programs.

Austin Energy's Strategic Plan, adopted by the City Council on December 4, 2003, included a new program offering solar rebates for both residential and commercial customers. This budget amendment includes \$923,000 for the solar program, \$36,000 to fund one FTE for the remaining six months of the current fiscal year, and \$41,000 for marketing and web site development to support the program. Additionally, the amendment includes \$40,000 for additional Commercial Energy Efficiency rebates and \$150,000 to support the Vending Mizer program.

\$675,000 in this amendment will provide an additional \$400,000 for the Multi-Family Duct Sealing Program, \$200,000 for rebates on energy efficiency equipment for existing homes, and \$75,000 for the Energy Efficiency Loan Program for residential properties.

The Repair and Replacement Fund can be used for extensions, additions, and improvements to the



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Electric System. Transfer of \$7,650,000 is requested from the Repair and Replacement Fund for Holly Power Plant Decommissioning costs in accordance with City of Austin financial policies and Holly closure resolution. Financial policies require funding be appropriated over a four year period prior to plant closure. A resolution to close Holly Power Plant by December 2007 was approved by Council subsequent to the Approved 2004 Budget. This amendment will fund the first two years requirement (FY 2003 and FY 2004). The FY 2004 expense for Decommissioning of Holly Power Plant is \$3,829,284. This amendment meets the requirements of the Council Resolution for Holly closure and the Financial Policies for funding of decommissioning activities.

OPERATING BUDGET FISCAL NOTE

DATE OF COUNCIL CONSIDERATION:
WHERE ON AGENDA:
DEPARTMENT:

3/25/2004
Ordinance
Electric Utility Operating Fund

Description: Amend Ordinance No. 030909-1, the Fiscal Year 2003-2004 Operating Budget to:
(1) transfer a total amount of \$7,650,000 from the Austin Energy Repair and Replacement Fund to the Austin Energy Operating Fund, and reduce the Austin Energy Repair and Replacement Fund's budgeted ending balance by the same amount to fund the first two years of Holly Power Plant decommissioning costs;
(2) amend the operating requirements of the Electric Utility Operating Fund in a total amount of \$5,694,284 to increase the Conservation Rebates and Incentives Fund by \$1,788,000 to implement the Austin Energy Strategic Plan approved by City Council, increase energy conservation expenses by \$77,000, and add one full time equivalent (FTE) to support the new Solar Program;
(3) increase the Operations and Maintenance expense by \$3,829,284 for Fiscal Year 2003-2004 Holly decommissioning costs; and
(4) increase the budgeted Ending Balance of the Electric Utility Fund by \$1,955,716.

FINANCIAL INFORMATION:

Electric Utility Operating Fund

	2003-2004 Amended Budget	This Action	2003-2004 Amended Budget
Beginning Balance	<u>\$93,326,196</u>	<u>\$0</u>	<u>\$93,326,196</u>
Revenue			
Service Area Revenue	\$774,451,699	\$0	\$774,451,699
Other Revenue	\$110,527,793	\$0	\$110,527,793
Total Revenue	<u>\$884,979,492</u>	<u>\$0</u>	<u>\$884,979,492</u>
Transfers In	<u>\$0</u>	<u>\$7,650,000</u>	<u>\$7,650,000</u>
Total Available Funds	<u>\$884,979,492</u>	<u>\$7,650,000</u>	<u>\$892,629,492</u>
Operating Requirements			
Operations and Maintenance	\$455,580,679	\$3,829,284	\$459,409,963
Conservation - Energy	\$5,079,450	\$77,000	\$5,156,450
Conservation - Load Management	\$2,905,500	\$0	\$2,905,500
Conservation - Rebates and Incer	\$7,842,526	\$1,788,000	\$9,630,526
Conservation - Chillers	\$7,247,562	\$0	\$7,247,562
Other Operating Expenses	\$47,010,110	\$0	\$47,010,110
Total Operating Requirements	<u>\$525,665,827</u>	<u>\$5,694,284</u>	<u>\$531,360,111</u>
Total Other Requirements	<u>\$12,072,359</u>	<u>\$0</u>	<u>\$12,072,359</u>
Total Transfers Out	<u>\$347,228,767</u>	<u>\$0</u>	<u>\$347,228,767</u>
Total Requirements	<u>\$884,966,953</u>	<u>\$5,694,284</u>	<u>\$890,661,237</u>
Excess/(Deficit) of Available Funds Over Requirements	<u>\$12,539</u>	<u>\$1,955,716</u>	<u>\$1,968,255</u>
Ending Balance	<u>\$93,338,735</u>	<u>\$1,955,716</u>	<u>\$95,294,451</u>
Full Time Equivalents (FTE)	1470.00	1.00	1471.00

Director of Finance, Austin Energy

Date:

3/18/04

OPERATING BUDGET FISCAL NOTE

DATE OF COUNCIL CONSIDERATION:

3/25/2004

WHERE ON AGENDA:

Ordinance

DEPARTMENT:

Conservation Rebates and Incentives Fund

Description: Amend Ordinance No. 030909-1, the Fiscal Year 2003-2004 Operating Budget to:

(1) transfer a total amount of \$7,650,000 from the Austin Energy Repair and Replacement Fund to the Austin Energy Operating Fund, and reduce the Austin Energy Repair and Replacement Fund's budgeted ending balance by the same amount to fund the first two years of Holly Power Plant decommissioning costs;

(2) amend the operating requirements of the Electric Utility Operating Fund in a total amount of \$5,694,284 to increase the Conservation Rebates and Incentives Fund by \$1,788,000 to implement the Austin Energy Strategic Plan approved by City Council, increase energy conservation expenses by \$77,000, and add one full time equivalent (FTE) to support the new Solar Program;

(3) increase the Operations and Maintenance expense by \$3,829,284 for Fiscal Year 2003-2004 Holly decommissioning costs; and

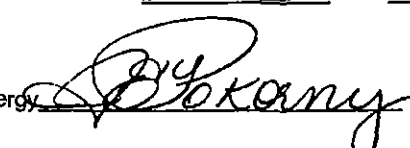
(4) increase the budgeted Ending Balance of the Electric Utility Fund by \$1,955,716.

FINANCIAL INFORMATION:

Conservation Rebates and Incentives Fund

	2003-2004 Approved Budget	This Action	2003-2004 Amended Budget
Beginning Balance	<u>\$1,204,175</u>	<u>\$0</u>	<u>\$1,204,175</u>
Revenue			
Transfer from Austin Energy	\$7,842,526	\$1,788,000	\$9,630,526
Transfer from Austin Water	<u>\$1,007,728</u>	<u>\$0</u>	<u>\$1,007,728</u>
Total Revenue	<u>\$8,850,254</u>	<u>\$1,788,000</u>	<u>\$10,638,254</u>
Requirements			
Electric Rebates and Incentives	\$7,842,526	\$1,788,000	\$9,630,526
Water Conservation Rebates	\$1,212,083	\$0	\$1,212,083
Swimming Pool Repair and Renovation	<u>\$161,500</u>	<u>\$0</u>	<u>\$161,500</u>
Total Requirements	<u>\$9,216,109</u>	<u>\$1,788,000</u>	<u>\$11,004,109</u>
Excess/(Deficit) of Available Funds Over Requirements	<u>(\$365,855)</u>	<u>\$0</u>	<u>(\$365,855)</u>
Ending Balance	<u>\$838,320</u>	<u>\$0</u>	<u>\$838,320</u>

Director of Finance, Austin Energy



Date:

3/18/04

OPERATING BUDGET FISCAL NOTE

DATE OF COUNCIL CONSIDERATION:
WHERE ON AGENDA:
DEPARTMENT:

3/25/2004
Ordinance

Austin Energy Repair and Replacement Fund

Description: Amend Ordinance No. 030909-1, the Fiscal Year 2003-2004 Operating Budget to:

- (1) transfer a total amount of \$7,650,000 from the Austin Energy Repair and Replacement Fund to the Austin Energy Operating Fund, and reduce the Austin Energy Repair and Replacement Fund's budgeted ending balance by the same amount to fund the first two years of Holly Power Plant decommissioning costs;
- (2) amend the operating requirements of the Electric Utility Operating Fund in a total amount of \$5,694,284 to increase the Conservation Rebates and Incentives Fund by \$1,788,000 to implement the Austin Energy Strategic Plan approved by City Council, increase energy conservation expenses by \$77,000, and add one full time equivalent (FTE) to support the new Solar Program;
- (3) increase the Operations and Maintenance expense by \$3,829,284 for Fiscal Year 2003-2004 Holly decommissioning costs; and
- (4) increase the budgeted Ending Balance of the Electric Utility Fund by \$1,955,716.

FINANCIAL INFORMATION:

Repair and Replacement Fund

	2003-2004 Approved Budget	This Action	2003-2004 Amended Budget
Beginning Balance	\$20,000,000	\$0	\$20,000,000
Revenue			
Transfer from Austin Energy Operating Fund	\$0	\$0	\$0
Total Revenue	\$0	\$0	\$0
Requirements			
Transfer to Austin Energy Operating Fund	\$0	\$7,650,000	\$7,650,000
Total Requirements	\$0	\$7,650,000	\$7,650,000
Excess/(Deficit) of Available Funds Over Requirements	\$0	(\$7,650,000)	(\$7,650,000)
Ending Balance	\$20,000,000	(\$7,650,000)	\$12,350,000

Director of Finance, Austin Energy

Date

3/18/04



Electric Utility Commission
December 15, 2003
Meeting

Amend Ordinance No. 030909-1, the Fiscal Year 2003-2004 Operating Budget of the Electric Utility Fund by Increasing the Transfers In and Total Available Funds by \$7,650,000, increasing the Conservation Rebates and Incentives by \$1,788,000, increasing Energy Conservation expenses by \$77,000, adding one Full Time Equivalent (FTE) to support the new Solar Program, increasing the Operations and Maintenance expense by \$3,829,284 for FY 2003-2004 Holly decommissioning costs and increasing the budgeted Ending Balance of the Electric Utility Fund by \$1,955,716. Amend the Fiscal Year 2003-2004 Operating Budget of the Conservation Rebates and Incentives Fund by increasing the transfers from the Electric Utility Fund by \$1,788,000 and increasing the Electric Rebates and Incentives by \$1,788,000 to implement the Austin Energy Strategic Plan approved by City Council. Amend the Fiscal Year 2003-2004 Operating Budget of the Austin Energy Repair and Replacement Fund by increasing the Transfers Out to the Austin Energy Operating Fund by \$7,650,000 and reducing the budgeted Ending Balance by the same amount to fund the first two years of Holly Power Plant Decommissioning costs.

Motion by: Fath

Seconded by: Fernandez

Ayes: Fath, Fernandez, Kocurek, LeGette, Owens, Sarma, Shaw, and Skeith

Nays: NONE

Abstaining: NONE

Off the dais: NONE

Absent: NONE

The motion passed on a 8 – 0 vote.

ORDINANCE NO.

AN ORDINANCE AMENDING THE FISCAL YEAR 2003-2004 AUSTIN ENERGY OPERATING BUDGET OF ORDINANCE NO. 030909-1 to fund the first two years of THE holly power plant decommissioning costs and to implement the austin energy strategic plan approved by city council.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

PART 1. Council amends the Fiscal Year 2003-2004 Austin Energy Operating Budget of Ordinance No. 030909-1 to:

- (1) Decrease the Repair and Replacement Fund by an amount of \$7,650,000 and increase the Austin Energy Operating Fund an amount of \$7,650,000 to fund the first two years of Holly Street Power Plant decommissioning costs;
- (2) Increase the Austin Energy Operations Requirements by a total of \$5,694,284 as follows: increase the Conservation Rebates and Incentives Fund by \$1,788,000 to implement the Austin Energy Strategic Plan approved by City Council; increase energy conservation expenses by \$77,000; and add one full time equivalent to support the solar rebate program;
- (3) Increase Austin Energy Operations and Maintenance expense by an amount of \$3,829,284 for Fiscal Year 2003-2004 Holly Street Power Plant decommissioning costs; and
- (4) Increase the budgeted Ending Balance of the Austin Energy Operating Fund by an amount of \$1,955,716.

PART 2. This ordinance takes effect on _____, 2004.

PASSED AND APPROVED

_____, 2004

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Will Wynn
Mayor

APPROVED: _____
David Allan Smith
City Attorney

ATTEST: _____
Shirley A. Brown
City Clerk