




MEMORANDUM

TO: Mayor and Council

FROM: Greg Meszaros, Director, Austin Water 

DATE: December 3, 2020

SUBJECT: MMAC: Response to City Council Budget Rider 16 on Austin Water Multifamily Customer Assistance Program Expansion

This memo provides an overview of the work Austin Water (AW) has completed, working collaboratively with Austin Energy (AE) and Law, to implement the Council adopted FY2021 Budget Rider 16 directing Austin Water to develop a multifamily Customer Assistance Program (CAP) water and wastewater bill discount. The budget rider, proposed by Council Member Alter, specified the following:

Budget Rider 16: Direction to Austin Water to develop a more accessible multi-family discount program. Austin Water should return to Council in the first quarter of Fiscal Year 21 to describe the fiscal impacts of the program and seek approval of implementation including any necessary budget amendments.

To implement AW's proposed recommendations, an action has been included on the December 10, 2020 Council Agenda (Item #4). This action includes a budget amendment to AW's Community Benefit Charge (CBC) Fund. The amendment will authorize AW to reimburse AE for the CAP credit provided to AW multifamily CAP customers on AE's electric bill. An additional item on the agenda includes a public hearing to take testimony on the proposed action and to amend AW's fee schedule to authorize the recommended multifamily CAP discount.

Multi-Family Metering and CAP Considerations

AW serves 5,600 multifamily complexes with a single master meter. Under this configuration, water and wastewater bill discounts for qualifying CAP customers cannot be provided directly through an individual water bill. However, for most of these complexes, AE meters and bills each multifamily unit separately and provides a CAP discount to those qualified customers. This provides an opportunity for AW to extend its CAP program to multifamily customers by applying an AW discount to the AE electric bill and reimbursing AE for the costs of the AW discount and administrative costs. Implementing this approach will reach over 98% of the multifamily complexes served by AW. There are approximately 100 multifamily complexes served by an electric utility provider other than AE and an additional 18 multifamily complexes master metered by AE. AW will need to develop other mechanisms to provide discounts for eligible CAP customers residing in these complexes. We have additional work to do in this area before recommending solutions and will return to Council before the end of FY21 to address these phase II locations.

Recommended Multifamily Credit and Funding Analysis

Currently, AE has approximately 37,000 CAP customers who reside in single family homes or multifamily units. AW has approximately 14,000 CAP customers that reside in single family homes. The difference between these numbers (23,000), approximates the number of multifamily accounts that will receive an expanded AW funded credit. AW is

recommending a monthly credit of \$17.00 composed of an \$11.00 water credit and a \$6.00 wastewater credit. The recommended \$17.00 credit was determined through a detailed analysis of multifamily fixed fee allocations and water use patterns. As compared to single family residential, the multifamily customer class experiences lower fixed costs per unit. In addition, consumption analysis based on information contained in the Water Forward Disaggregated Demand Model determined multifamily per capita per day (GPCD) consumption was 9.2% below single family residential. These adjustment factors were used to determine the recommended monthly \$17.00 multifamily CAP credit.

At \$17.00 per month, 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 anticipates proposing 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 is reduced after COVID impacts subside, this rate increase could potentially be lower than anticipated or delayed.

Water and Wastewater Commission

On November 17, 2020, the Water and Wastewater Commission considered and recommended approval of the two budget amendments associated with implementing the multifamily CAP discount.

Implementation Schedule

AW and AE have already initiated planning for billing system automation of this process. Assuming approval of the requested December 10, 2020 actions, implementation of the AW multifamily CAP credits on AE's electric bills is expected to begin in March or April 2021. Please contact me if you have questions or need additional information.

xc: Spencer Cronk, City Manager
 Jackie Sargent, General Manager, Austin Energy
 David Anders, Assistant Director, Austin Water