

# Agenda



## Public Involvement Committee

February 5, 2024, | 3:00 – 5:00

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|      |  |
|------|--|
| 3:00 | <b>PIC Timeline</b> – Christina Romero, AW Financial Manager III   |
| 3:15 | <b>Speakup Austin</b> - Christina Romero, AW Financial Manager III   |
| 3:30 | <b>Revenue Requirements</b> – Grant Rabon, Project Manager, NewGen Strategies and Solutions                      |
| 4:00 | <b>Overview of AW locations &amp; Treatment Plants and Finances</b> - Christina Romero, AW Financial Manager III |
| 4:45 | <b>Next Steps</b> - Christina Romero, AW Financial Manager III   |

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## Notes:

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# Austin Water

## 2024 Public Involvement Committee

### Meeting 2: Revenue Requirements

**Christina Romero**  
Financial Manager III,  
Austin Water Financial Services

February 5, 2024

# Agenda

- 💧 Timelines
- 💧 Speakup Austin
- 💧 NEWGEN's Presentation
- 💧 AW locations & Treatment Plant Overview
- 💧 Financial Forecast and Budget Process
- 💧 Customer Classes
- 💧 Financial Fund Summaries
- 💧 Financial Policies, Targets, and Metrics



# Cost of Service Timeline

| Month/Year             | Focus  |
|------------------------|--|
| January – May 2024     | Cost of Service Public Involvement Committee Meetings                              |
| March 2024             | Austin Water FY 2025 – 2029 Forecast Submittal                                     |
| April 2024 - June 2024 | Austin Water Stakeholder Cost of Service Engagement Sessions                       |
| May 2024               | Austin Water FY 2025 Budget Submittal  |
| July 2024              | Presentation of Final Cost of Service Study Results within Proposed FY 2025 Budget |
| August 2024            | City Council Budget Adoption   |
| November 2024          | Rates Effective for FY 2025  |



# Public Involvement Committee Timeline

| Proposed Meeting Dates    | Focus  |
|---------------------------|--|
| Monday, January 22, 2024  | PIC Orientation                              |
| Monday, February 5, 2024  | Revenue Requirements                         |
| Monday, February 26, 2024 | Wastewater Cost of Service Allocation        |
| Monday, March 4, 2024     | Water Cost of Service Allocation             |
| Monday, March 18, 2024    | Rates and Customer Impacts                   |
| Monday, April 1, 2024     | Wrap Up and Cost of Service Study Results    |
| Monday, April 15, 2024    | Discussions on Cost of Service Study Results |
| Wednesday, May 1, 2024    | Discussions on Cost of Service Study Results |



# AUSTIN WATER: COST OF SERVICE RATE STUDY



 Translate

## Speakup Austin

- ◆ Austin Water has launched information about our Cost of Service Study and Rate Review process on the City of Austin's public engagement platform called Speak Up Austin:
  - [Cost of Service Rate Study - PublicInput \(speakupaustin.org\)](https://speakupaustin.org/CostofServiceRateStudy-PublicInput)
- ◆ We will post presentation materials there on the Friday prior to each meeting. Recordings of the meetings will also be available shortly after the meeting occurrence.
- ◆ Please submit any questions you have throughout this process to the resource account on the page ([AWCostofService@austintexas.gov](mailto:AWCostofService@austintexas.gov)). We'll respond as quickly as we can and post all responses under the Questions and Answers tab under the banner at the top of the page.

# NewGen





February 5, 2024

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# AUSTIN WATER PIC MEETING #2 – REVENUE REQUIREMENTS





# DISCUSSION TOPICS

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- Rate Setting Process
- Financial Policies
- Revenue Requirements
- Revenue Requirement Elements
- Review of Water and Wastewater FY 2023 Actuals and FY 2024 Budget
- Typical Known and Measurable Changes to Consider



# FINANCIAL POLICIES

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- Debt Service Coverage
  - Net Revenues Available for Debt Service Less O&M Expenses / Debt Service
  - City Policy 1.75x
  - Utility 1.85x
- Operating Cash Reserves – Minimum of 180 Days of Budgeted O&M Expense
- Capital Project Funding – 35% to 50% is Desirable
- General Fund Transfer – Shall Not Exceed 8.2% of Austin Water's 3 Year Average Revenues
- Water Revenue Stability Reserve Fund – 120 Days of Budgeted Water Operating Requirements (O&M Expense and Other Operating Transfers Excluding Debt Service and Other Transfers)
  - When Used, Replenishment to Target Level Within 5 Years

# RATE SETTING PROCESS

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# REVENUE REQUIREMENTS

- Revenue Requirements = Costs
  - Revenue is Generated from Utility Rates
  - Costs are paid through Revenues Generated by Rates



# REVENUE REQUIREMENTS

- Total Revenue Requirements are Adjusted by Subtracting Miscellaneous Sources of Non-Rate Revenues
  - Non-Rate Revenues include:
    - Interest and Investment Income
    - Miscellaneous Fees and Charges
- Results in a Net Revenue Requirement



# REVENUE REQUIREMENTS

- Methodology Used by Austin Water is the Cash Basis and Includes:
  - Operating Expenses (O&M Expenses)
  - Capital Costs
    - Debt Service
    - Cash Funded Capital Expenditures
  - Required Adjustment in Cash Reserve Balances
  - Transfers
  - Amounts Needed to Meet Financial Policies



## O&M EXPENSE

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- Operation and Maintenance (O&M) Expense includes the cost of operating and maintaining treatment, pumping, storage, conveyance, collection, and distribution system infrastructure
- Expenses also include costs incurred in submitting and collecting bills for utility service, providing planning and engineering services, and the general administration of the utility
- These costs are an ongoing normal obligation of the utility, and are met from operating revenue as they are incurred

# DEBT SERVICE

- Debt Service includes principal and interest payments associated with bonds (revenue and subordinate), loans, and other debt instruments
- Debt Service may also include debt service reserve requirements as required by the bond indenture authorizing the debt
- This revenue requirement element can take the form of a Transfer to the Debt Service Fund





# CAPITAL CASH FUNDING

- It is common practice to finance a portion of its capital improvement program (CIP) plan from annual operating revenues (referred to as Pay-As-You-Go or PAYGO, capital funding)
- Often, normal annual replacements, extensions, and improvements (meters, services, equipment and vehicles, smaller collection and water mains that occur on a regular basis annually) are funded in this way
- This revenue requirement element can also take the form of a Transfer to the CIP Fund



# TRANSFERS

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- It is common for the City's General Fund to provide services to its utilities in the form of shared services such as accounting, legal, purchasing, IT, and human resources
- This transfer is considered an Operating and/or Other Transfer
- The General Fund of the City can also require other Transfers or Payments as a proxy for Franchise Fees, Street Rental, Return, and/or Payment in Lieu of Taxes (PILOT)

# GENERAL FUND TRANSFER

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- Methodology Used is 8.2% of 3-Year Average of Total Revenues
- Total Revenues include:
  - Service Revenues
  - Reserve Fund Surcharge Revenues
  - Other Revenues
    - Miscellaneous Fees
    - Penalties
    - Interest
    - Compost/Sludge Revenues
- Does Not Include Restricted Revenues Such as the Capital Recovery Fund (CRF or Impact Fees)

# WATER REVENUE REQUIREMENTS

|   | <b>FY 2023</b>        | <b>FY 2024</b>        |
|---|-----------------------|-----------------------|
|   | <b>Actuals</b>        | <b>Budget</b>         |
| <b>Water Revenue Requirements</b>                 |                       |                       |
| <b>O&amp;M Expense</b>                            |                       |                       |
| Operations  | \$ 88,428,079         | \$ 96,149,964         |
| Support Services                                  | 20,773,695            | 23,807,314            |
| Environmental, Planning, and Development Services | 14,258,993            | 16,950,412            |
| Customer Experience                               | 11,199,132            | 12,346,571            |
| Engineering Services                              | 5,821,695             | 7,576,485             |
| Other Utility Program Requirements                | 3,944,809             | 6,509,285             |
| Other Requirements                                | 11,428,579            | 19,111,535            |
| <b>Total O&amp;M Expense</b>                      | <b>\$ 155,854,982</b> | <b>\$ 182,451,566</b> |
| <b>Debt Service</b>                               |                       |                       |
| All Principal & Interest                          | \$ 88,522,628         | \$ 95,837,489         |
| <b>Total Debt Service</b>                         | <b>\$ 88,522,628</b>  | <b>\$ 95,837,489</b>  |
| <b>Transfers</b>                                  |                       |                       |
| Trf to Water CIP Fund                             | \$ 34,000,000         | \$ 37,861,000         |
| TRF CRF to Debt Defeasance                        | 35,750,684            | 28,000,000            |
| Trf to General Fund                               | 24,713,163            | 25,717,262            |
| Administrative Support                            | 9,189,500             | 9,740,431             |
| Trf to Reclaimed Water Fund                       | 6,250,000             | 6,500,000             |
| Other Transfers                                   | 9,349,980             | 13,262,162            |
| <b>Total Transfers</b>                            | <b>\$ 119,253,327</b> | <b>\$ 121,080,855</b> |
| <b>Total Revenue Requirements</b>                 | <b>\$ 363,630,937</b> | <b>\$ 399,369,910</b> |

# WASTEWATER REVENUE REQUIREMENTS

## Wastewater Revenue Requirements

### O&M Expense

|   |               |               |
|---|---------------|---------------|
| Operations  | \$ 82,202,415 | \$ 87,936,768 |
| Support Services                                  | 20,250,634    | 22,120,498    |
| Environmental, Planning, and Development Services | 10,399,112    | 6,613,272     |
| Customer Experience                               | 6,237,836     | 4,994,105     |
| Engineering Services                              | 2,685,722     | 14,036,904    |
| Other Utility Program Req                         | 4,334,154     | 5,291,461     |
| Other Requirements                                | 8,198,576     | 13,741,399    |

### Total O&M Expense

\$ 134,308,449      \$ 154,734,407

### Debt Service

|                          |               |               |
|--------------------------|---------------|---------------|
| All Principal & Interest | \$ 77,161,029 | \$ 84,674,838 |
|--------------------------|---------------|---------------|

### Total Debt Service

\$ 77,161,029      \$ 84,674,838

### Transfers

|                            |               |               |
|----------------------------|---------------|---------------|
| Trf to Wastewater CIP Fund | \$ 43,778,001 | \$ 49,000,000 |
| TRF CRF to Debt Defeasance | 10,930,634    | 11,000,000    |
| Trf to General Fund        | 22,128,734    | 23,044,775    |
| Administrative Support     | 7,744,620     | 7,684,889     |
| Other Transfers            | 7,194,196     | 10,482,817    |

### Total Transfers

\$ 91,776,185      \$ 101,212,481

### Total Revenue Requirements

**\$ 303,245,663      \$ 340,621,726**

# TYPICAL KNOWN AND MEASURABLE CHANGES

- Salaries and Benefits
- Treatment Chemicals
- Electricity
- Contractual Services
- Debt Service
- Increase in Authorized Positions
- General and Specific Inflation





# QUESTIONS?

**NEWGEN STRATEGIES AND SOLUTIONS**  
**8140 NORTH MOPAC EXPY, SUITE 1-240**  
**AUSTIN, TX 78759**

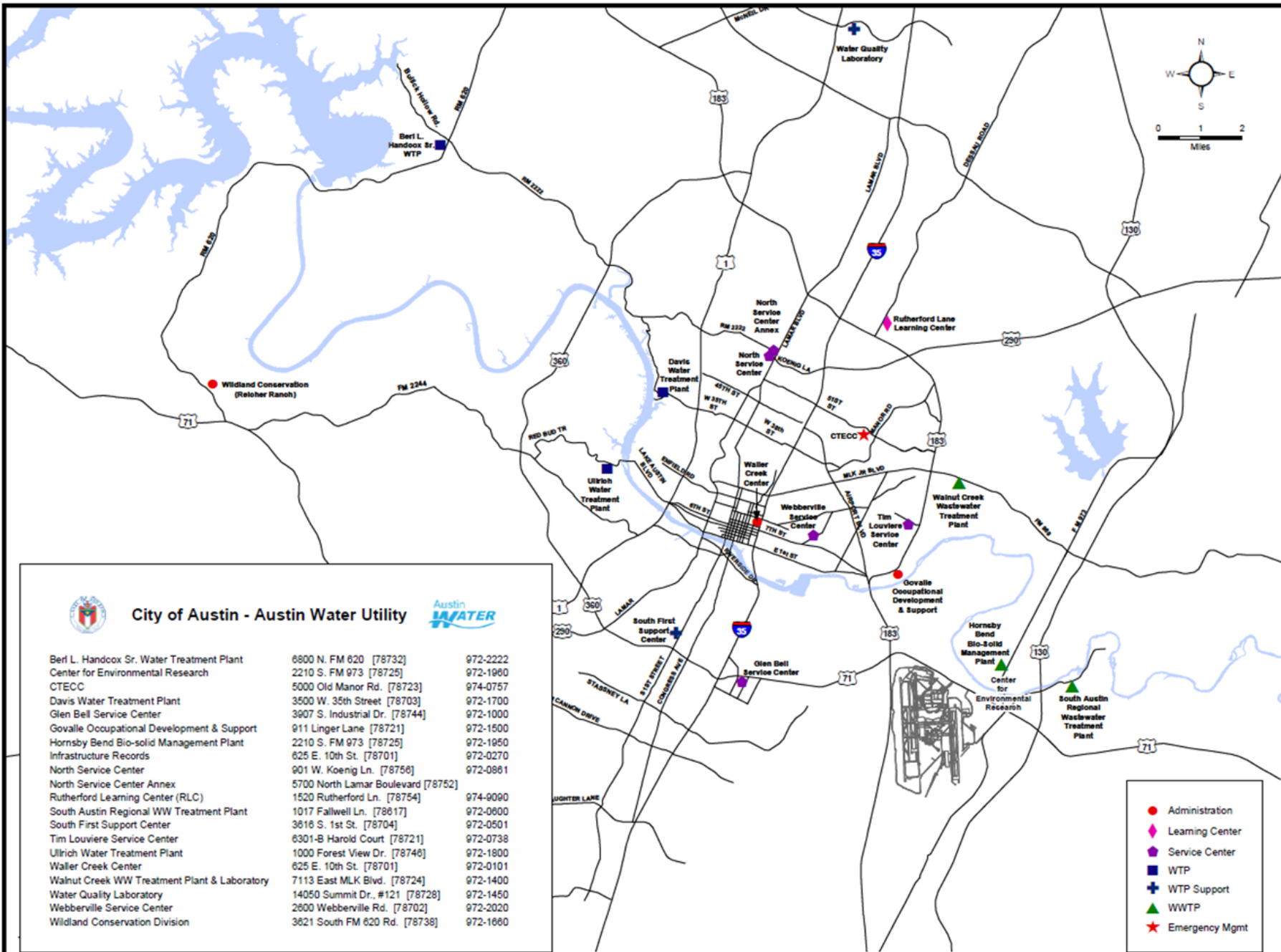
**ANDY MCCARTNEY**  
**ERIC CALLOCCHIA**  
**GRANT RABON**

# **AW Locations & Treatment Plant Overview**





# Austin Water Locations



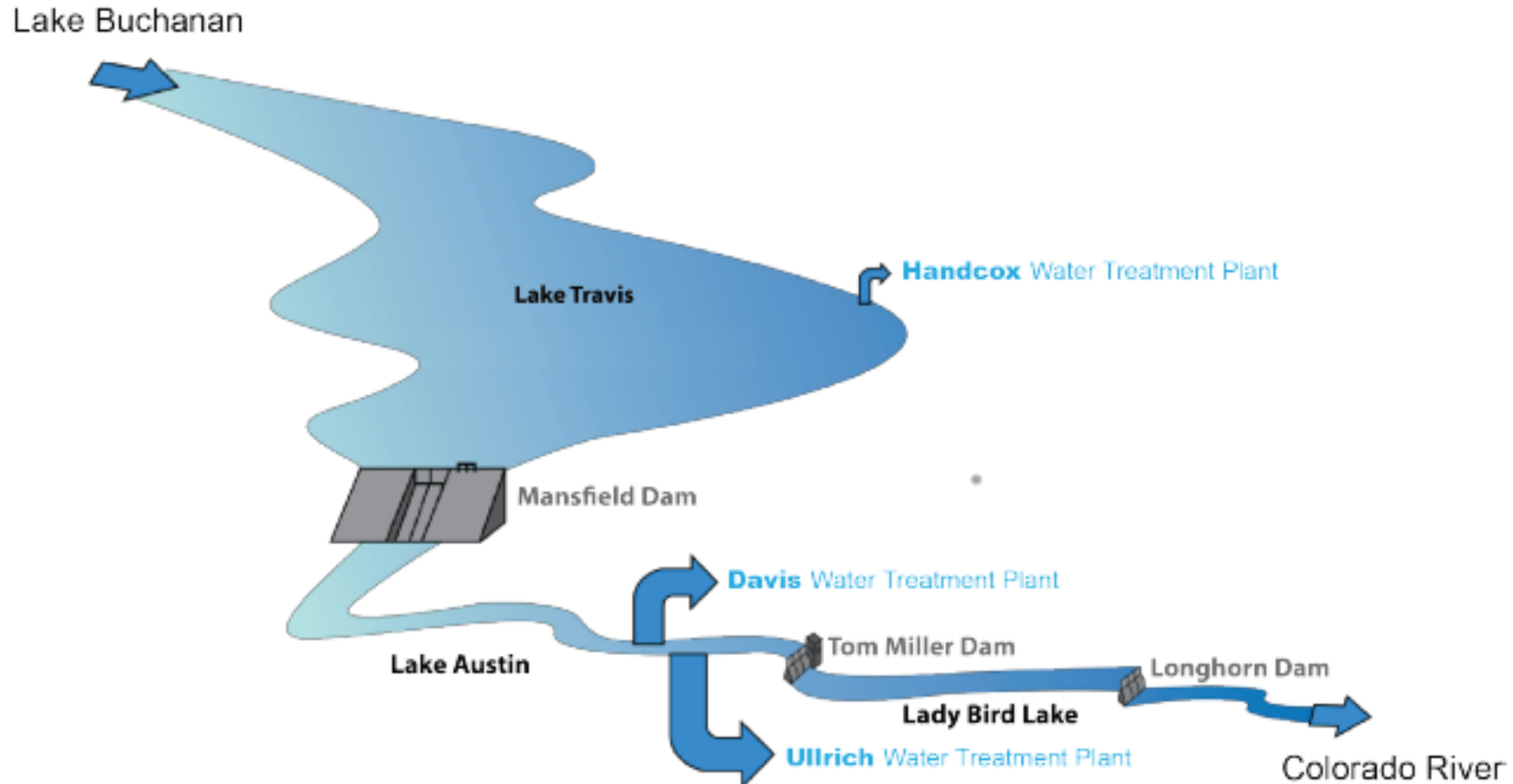
**City of Austin - Austin Water Utility**

|  |                                    |          |
|--|------------------------------------|----------|
| Berl L. Handcox Sr. Water Treatment Plant    | 6800 N. FM 620 [78732]             | 972-2222 |
| Center for Environmental Research            | 2210 S. FM 973 [78725]             | 972-1980 |
| CTECC  | 5000 Old Manor Rd. [78723]         | 974-0757 |
| Davis Water Treatment Plant                  | 3500 W. 35th Street [78703]        | 972-1700 |
| Glen Bell Service Center                     | 3807 S. Industrial Dr. [78744]     | 972-1000 |
| Govalle Occupational Development & Support   | 911 Linger Lane [78721]            | 972-1500 |
| Hornsby Bend Bio-solid Management Plant      | 2210 S. FM 973 [78725]             | 972-1950 |
| Infrastructure Records                       | 625 E. 10th St. [78701]            | 972-0270 |
| North Service Center                         | 901 W. Koenig Ln. [78756]          | 972-0861 |
| North Service Center Annex                   | 5700 North Lamar Boulevard [78752] |          |
| Rutherford Learning Center (RLC)             | 1520 Rutherford Ln. [78754]        | 974-9090 |
| South Austin Regional WW Treatment Plant     | 1017 Fallwell Ln. [78617]          | 972-0600 |
| South First Support Center                   | 3816 S. 1st St. [78704]            | 972-0501 |
| Tim Louviere Service Center                  | 6301-B Harold Court [78721]        | 972-0738 |
| Ulrich Water Treatment Plant                 | 1000 Forest View Dr. [78746]       | 972-1800 |
| Walker Creek Center                          | 625 E. 10th St. [78701]            | 972-0101 |
| Walnut Creek WW Treatment Plant & Laboratory | 7113 East MLK Blvd. [78724]        | 972-1400 |
| Water Quality Laboratory                     | 14050 Summit Dr., #121 [78728]     | 972-1450 |
| Webberville Service Center                   | 2800 Webberville Rd. [78702]       | 972-2020 |
| Wildland Conservation Division               | 3821 South FM 620 Rd. [78738]      | 972-1660 |

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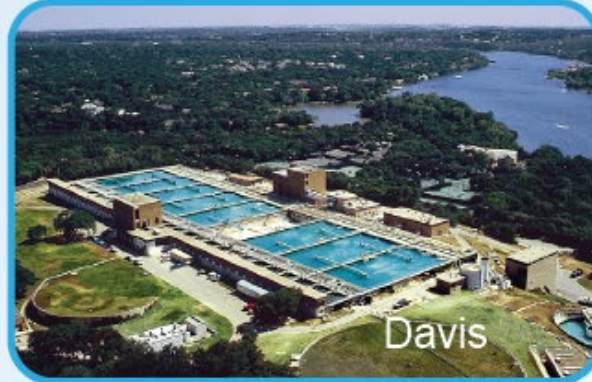
# Colorado River and Highland Lakes



Colorado River + Highland Lakes



# Water Treatment Plants



## Austin Water has 3 Water Treatment Plants

The **Handcox** WTP draws water from Lake Travis. It was brought on line in 2014 and has a max capacity of 50 MGD.

The other two plants draw from Lake Austin. **Davis** WTP, the oldest, has been in service since 1954 and has a max capacity of 118 MGD.

**Ullrich** WTP is the furthest downstream, located at the tail end of the lake near Tom Miller Dam. Since coming on line in 1969, it has been expanded several times to reach its current capacity of 167 MGD.

# Wastewater Treatment Plants



**WASTEWATER**  
Treatment Plants & Laboratories

## Austin Water 2 Wastewater Treatment Plants

The **Walnut Creek** Plant and **South Austin Regional** wastewater treatment plants can receive up to 150 million gallons per day of sewage to treat. More than a billion gallons of this high-quality effluent are reclaimed each year for outdoor irrigation, industrial cooling, manufacturing and other uses. This reclaimed water helps reduce demand for potable water.



# Financial Forecast & Budget Process



# Financial Forecast & Budget Process

## Forecasting Process

- January – March, Fiscal Year 2025 – 2029
- Normalized revenue forecasts
- 5-Year capital improvement projects (CIP) selection
- Operating and maintenance spending
- Estimated internal city transfers for work performed by other city departments

## Budget Process

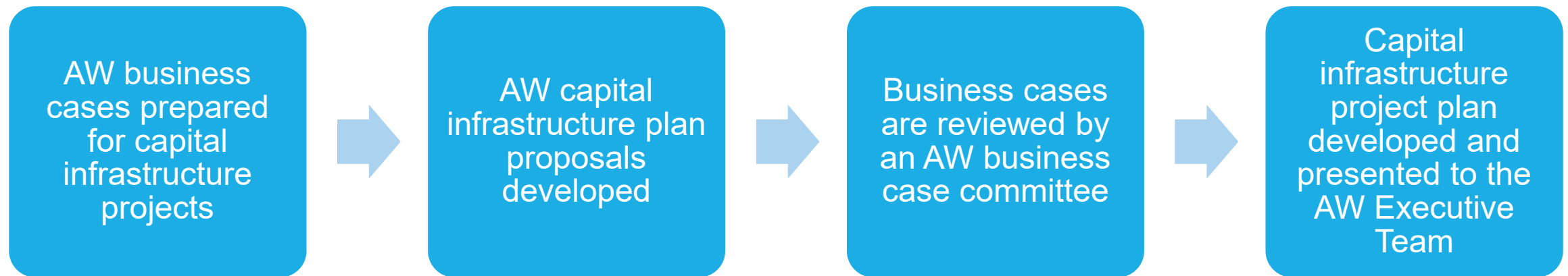
- March – May, Fiscal Year 2025
- Revenues based on forecasts
- Debt Service based on CIP Plan
- Operating and maintenance spending
- Updated internal city transfers for work performed by other city departments

## City Council Adoption

- City Manager presents the budget to Council in July
- July – August budget work sessions and public hearings
- August budget adoption



# Capital Project Selection Process



# Customer Classes





# Customer Classes

- ◆ **Residential Class:** single family home; four or fewer dwelling units with separate unit meters.
- ◆ **Multifamily Class:** property containing five or more dwelling units.
- ◆ **Commercial:** site with five or more dwelling units, or a municipal, business, or industrial building and the associated landscaping, but does not include the fairways, greens, or tees of a golf course.
- ◆ **Large Volume:** customer that maintains water usage of 85.0 million gallons or more per year.
- ◆ **Wholesale:** customer of the City's water and wastewater utility who purchases service for resale to a retail customer.



# Financial Fund Summaries



# Combined Fund Summary

## Combined Operating Budget Fund Summary

|                                | <b>Actuals<br/>2020-21</b> | <b>Actuals<br/>2021-22</b> | <b>Actuals<br/>2022-23</b> | <b>Budget<br/>2023-24</b> |
|--------------------------------|----------------------------|----------------------------|----------------------------|---------------------------|
| BEGINNING BALANCE:             | \$231,033,206              | \$213,724,254              | \$260,092,630              | \$294,973,139             |
| REVENUES:                      |                            |                            |                            |                           |
| Water Services                 | \$281,220,996              | \$319,538,489              | \$318,972,260              | \$324,676,136             |
| Wastewater Services            | \$263,032,001              | \$279,212,481              | \$292,541,747              | \$289,124,207             |
| Reclaimed Services             | \$2,220,590                | \$2,817,608                | \$2,871,523                | \$3,116,973               |
| Revenue Stability Fee          | \$0                        | \$0                        | \$0                        | \$0                       |
| Reserve Fund Surcharge         | \$2,042,421                | \$2,246,205                | \$2,269,039                | \$2,375,588               |
| Other Revenue                  | \$12,288,256               | \$11,869,012               | \$28,155,281               | \$21,307,724              |
| Transfers In                   | \$12,798,581               | \$76,241,001               | \$64,663,361               | \$57,549,972              |
| TOTAL REVENUES & TRANSFERS:    | \$573,602,844              | \$691,924,796              | \$709,473,211              | \$698,150,600             |
| REVENUE REQUIREMENTS           |                            |                            |                            |                           |
| Operating Requirements         | \$233,594,695              | \$251,042,142              | \$271,361,300              | \$305,093,028             |
| Other Requirements             | \$20,436,148               | \$19,998,724               | \$19,629,662               | \$32,892,827              |
| Debt Service                   | \$188,397,805              | \$152,997,051              | \$170,875,765              | \$186,639,039             |
| Transfers Out                  | \$154,712,456              | \$225,807,810              | \$212,725,975              | \$224,274,678             |
| TOTAL REVENUE REQUIREMENTS:    | \$597,141,104              | \$649,845,727              | \$674,592,702              | \$748,899,572             |
| NET REVENUES AND REQUIREMENTS: | (\$23,538,259)             | \$42,079,069               | \$34,880,509               | (\$50,748,972)            |
| ADJUSTMENT TO GAAP:            | \$6,229,307                | \$4,289,307                | \$0                        | \$0                       |
| ENDING BALANCE:                | \$213,724,254              | \$260,092,630              | \$294,973,139              | \$244,224,167             |

# Water Fund Summary

## Water Operating Budget Fund Summary

|                                | <b>Actuals<br/>2020-21</b> | <b>Actuals<br/>2021-22</b> | <b>Actuals<br/>2022-23</b> | <b>Budget<br/>2023-24</b> |
|--------------------------------|----------------------------|----------------------------|----------------------------|---------------------------|
| BEGINNING BALANCE:             | \$121,731,184              | \$103,293,860              | \$129,436,055              | \$143,333,253             |
| REVENUES:                      |                            |                            |                            |                           |
| Water Services                 | \$281,220,996              | \$319,538,489              | \$318,972,260              | \$324,676,136             |
| Revenue Stability Fee          |                            |                            |                            |                           |
| Reserve Fund Surcharge         | \$2,042,421                | \$2,246,205                | \$2,269,039                | \$2,375,588               |
| Other Revenue                  | 5,115,883                  | 7,041,317                  | 14,563,427                 | 10,782,678                |
| Transfers In                   | 3,907,836                  | 49,192,889                 | 41,723,410                 | 34,185,017                |
| TOTAL REVENUES & TRANSFERS:    | \$292,287,136              | \$378,018,900              | \$377,528,136              | \$372,019,419             |
| REVENUE REQUIREMENTS           |                            |                            |                            |                           |
| Operating Requirements         | \$127,570,312              | \$134,649,978              | \$144,426,403              | \$163,340,031             |
| Other Requirements             | \$12,130,481               | \$11,790,022               | \$11,428,579               | \$19,111,535              |
| Debt Service                   | 96,906,220                 | 77,303,346                 | 88,522,628                 | 95,837,489                |
| Transfers Out                  | 77,183,699                 | 131,106,913                | 119,253,328                | 121,080,855               |
| TOTAL REVENUE REQUIREMENTS:    | \$313,790,711              | \$354,850,259              | \$363,630,938              | \$399,369,910             |
| NET REVENUES AND REQUIREMENTS: | (\$21,503,575)             | \$23,168,641               | \$13,897,198               | (\$27,350,491)            |
| ADJUSTMENT TO GAAP:            | \$3,066,251                | \$2,973,554                |                            |                           |
| ENDING BALANCE:                | \$103,293,860              | \$129,436,055              | \$143,333,253              | \$115,982,762             |

# Wastewater Fund Summary

## Wastewater Operating Budget Fund Summary

|                                | <b>Actuals<br/>2020-21</b> | <b>Actuals<br/>2021-22</b> | <b>Actuals<br/>2022-23</b> | <b>Budget<br/>2023-24</b> |
|--------------------------------|----------------------------|----------------------------|----------------------------|---------------------------|
| BEGINNING BALANCE:             | \$105,917,346              | \$106,934,622              | \$125,052,798              | \$144,248,212             |
| REVENUES:                      |                            |                            |                            |                           |
| Wastewater Services            | \$263,032,001              | \$279,212,481              | \$292,541,747              | \$289,124,207             |
| Other Revenue                  | 7,158,322                  | 4,779,944                  | 13,275,158                 | 10,114,032                |
| Transfers In                   | 3,185,745                  | 21,487,590                 | 16,624,172                 | 16,751,881                |
| TOTAL REVENUES & TRANSFERS:    | \$273,376,067              | \$305,480,014              | \$322,441,077              | \$315,990,120             |
| REVENUE REQUIREMENTS           |                            |                            |                            |                           |
| Operating Requirements         | \$105,442,223              | \$115,749,974              | \$126,109,874              | \$140,993,008             |
| Other Requirements             | \$8,304,830                | \$8,201,399                | \$8,198,576                | \$13,741,399              |
| Debt Service                   | 85,351,759                 | 71,479,155                 | 77,161,028                 | 84,674,838                |
| Transfers Out                  | 76,193,457                 | 93,246,496                 | 91,776,185                 | 101,212,481               |
| TOTAL REVENUE REQUIREMENTS:    | \$275,292,269              | \$288,677,024              | \$303,245,663              | \$340,621,726             |
| NET REVENUES AND REQUIREMENTS: | (\$1,916,202)              | \$16,802,990               | \$19,195,414               | (\$24,631,606)            |
| ADJUSTMENT TO GAAP:            | 2,933,478                  | 1,315,186                  | 0                          | 0                         |
| ENDING BALANCE:                | \$106,934,622              | \$125,052,798              | \$144,248,212              | \$119,616,606             |

# Reclaimed Water Fund Summary

## Reclaimed Operating Budget Fund Summary

|                                | Actuals<br>2020-21 | Actuals<br>2021-22 | Actuals<br>2022-23 | Budget<br>2023-24 |
|--------------------------------|--------------------|--------------------|--------------------|-------------------|
| BEGINNING BALANCE:             | \$3,384,676        | \$3,495,772        | \$5,603,776        | \$7,391,673       |
| REVENUES:                      |                    |                    |                    |                   |
| Reclaimed Services             | \$2,220,590        | \$2,817,608        | \$2,871,523        | \$3,116,973       |
| Other Revenue                  | 14,051             | 47,751             | 316,696            | 411,014           |
| Transfers In                   | 5,705,000          | 5,560,522          | 6,315,779          | 6,613,074         |
| TOTAL REVENUES & TRANSFERS:    | \$7,939,641        | \$8,425,881        | \$9,503,998        | \$10,141,061      |
| REVENUE REQUIREMENTS           |                    |                    |                    |                   |
| Operating Requirements         | \$582,160          | \$642,190          | \$825,023          | \$759,989         |
| Other Requirements             | \$837              | \$7,303            | \$2,507            | \$39,893          |
| Debt Service                   | 6,139,826          | 4,214,549          | 5,192,109          | 6,126,712         |
| Transfers Out                  | 1,335,300          | 1,454,401          | 1,696,462          | 1,981,342         |
| TOTAL REVENUE REQUIREMENTS:    | \$8,058,123        | \$6,318,443        | \$7,716,101        | \$8,907,936       |
| NET REVENUES AND REQUIREMENTS: | (\$118,482)        | \$2,107,437        | \$1,787,897        | \$1,233,125       |
| ADJUSTMENT TO GAAP:            | \$229,578          | \$567              |                    |                   |
| ENDING BALANCE:                | \$3,495,772        | \$5,603,776        | \$7,391,673        | \$8,624,798       |

# Budget Summary

- 💧 Reference Documents: Fund Summary
  - By Utility Fund
- 💧 Reference Documents: Line-Item Description

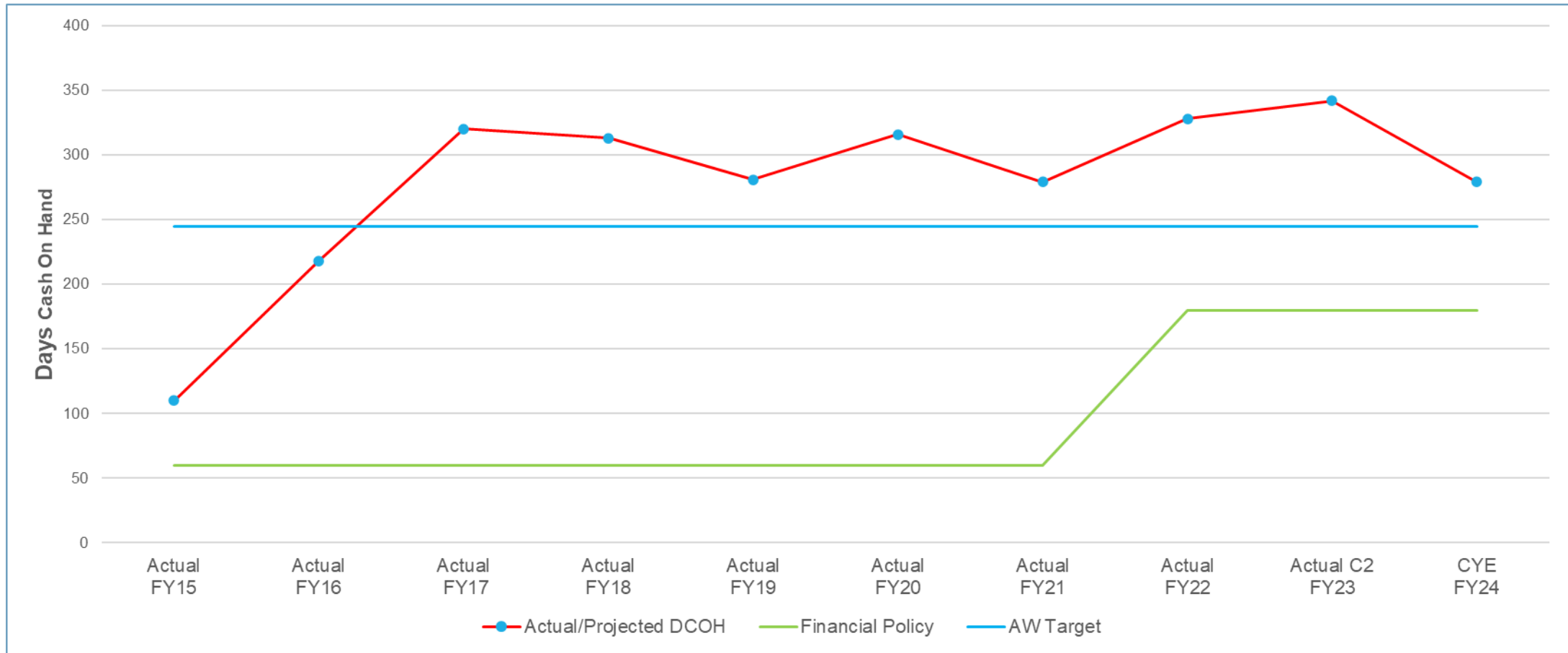


# Financial Policies, Targets & Metrics





# Operating Days Cash on Hand

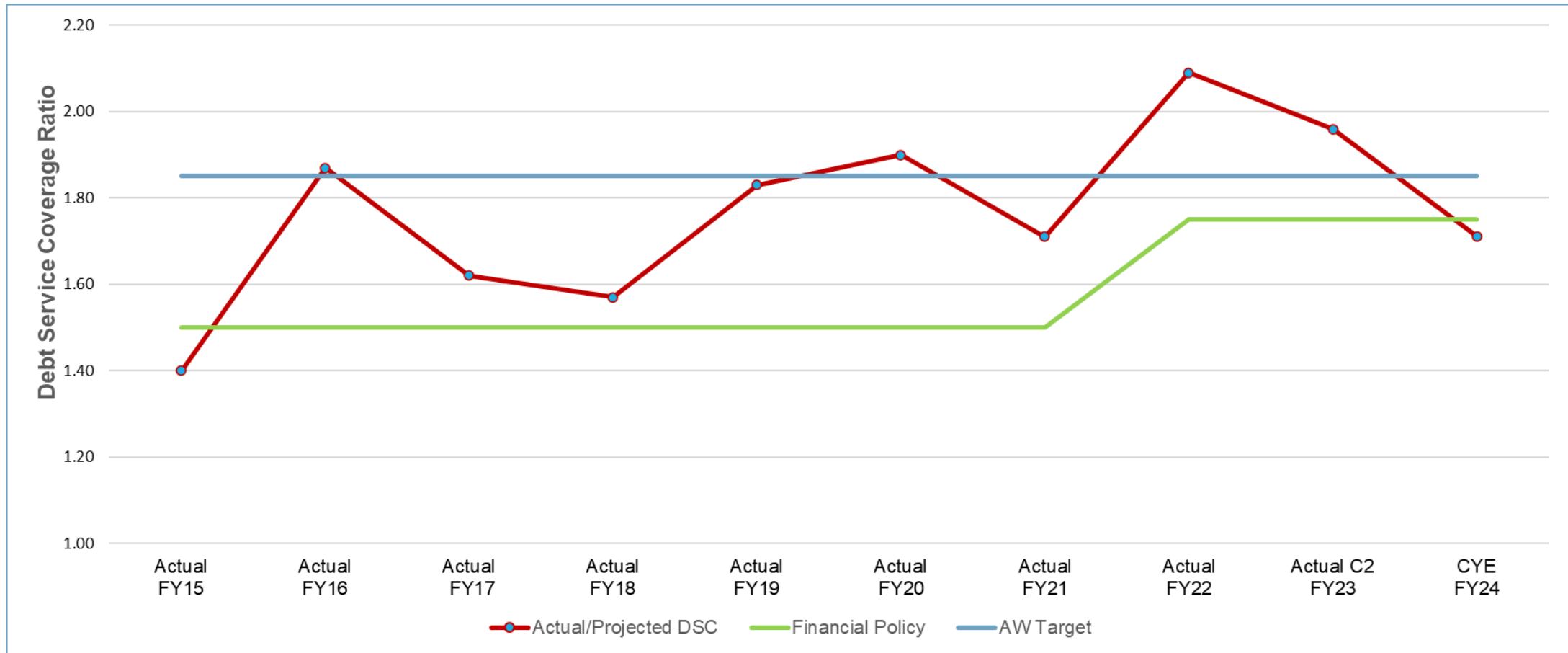


## AW Financial Policy and Goal

- 💧 Financial Policy: 180 Days
- 💧 AW Planning Target: 245 Days



# Debt Service Coverage

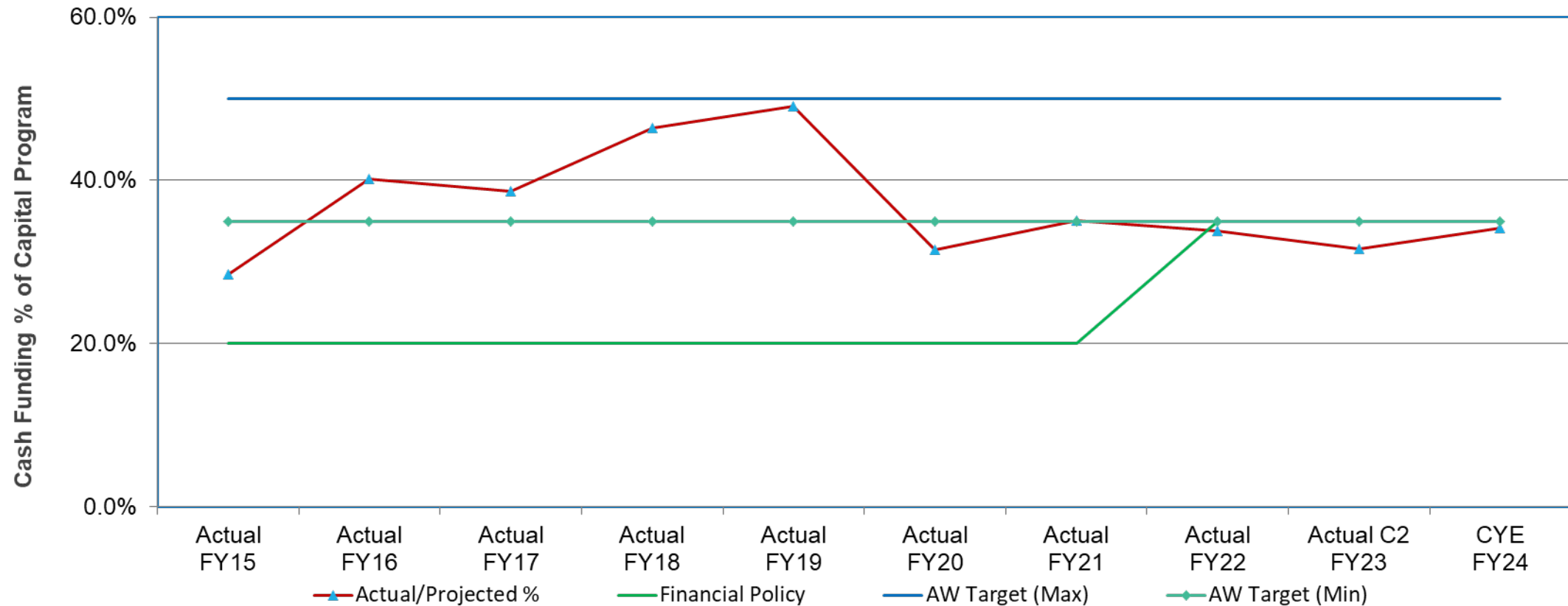


## AW Financial Policy and Goal:

- Financial Policy: 1.75x
- AW Planning Target: 1.85x



# Cash Financing of Capital Program

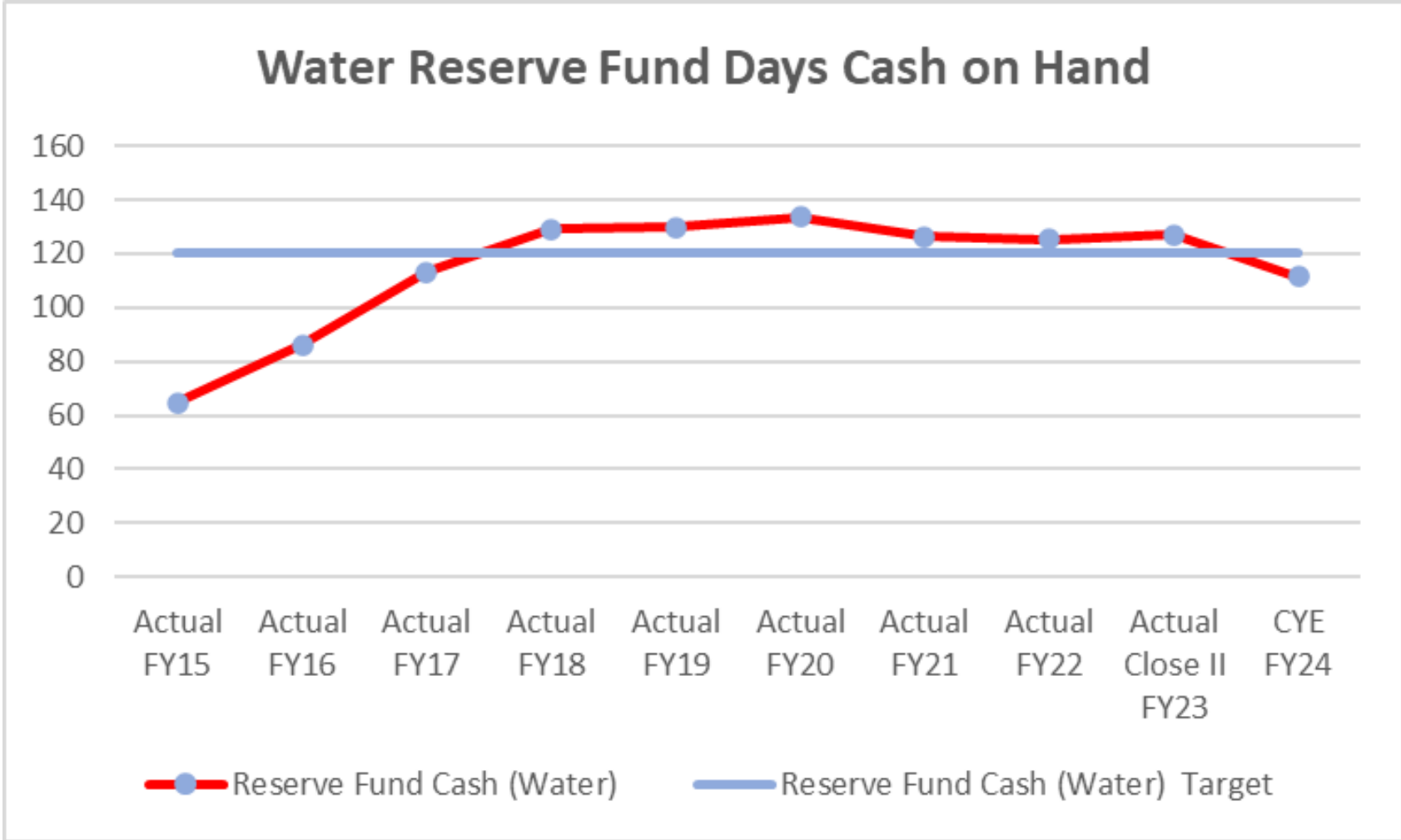


## AW Financial Policy and Goal:

- Financial Policy: 35%
- AW Planning Target: 35% min – 50% max



# Water Reserve Fund



AW Financial Policy and Goal:

- ◆ Financial Policy: 120 Days
- ◆ AW Planning Target: 120 Days





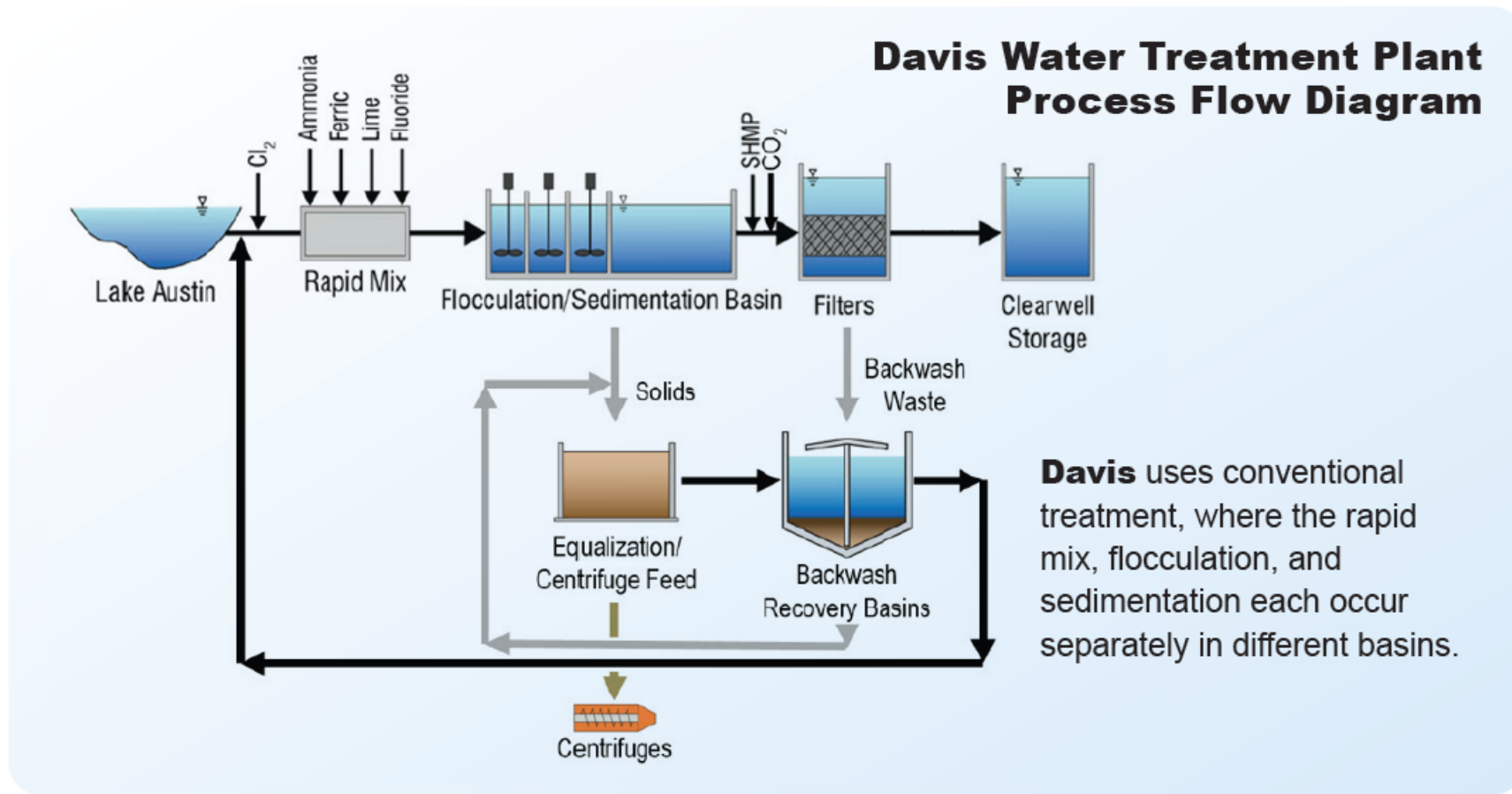
# Questions?



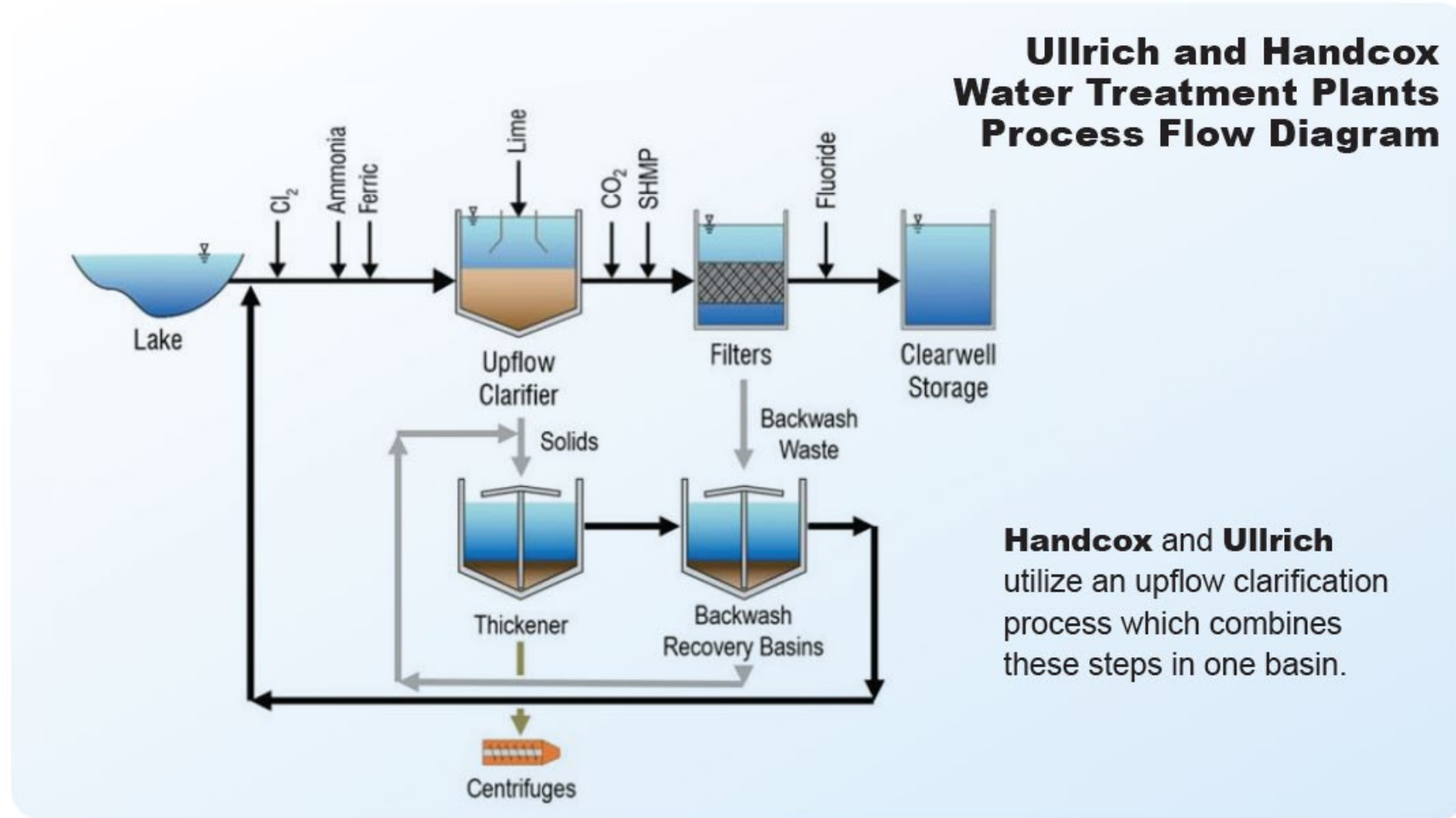
Austin  
**IN WATER**



# Davis Water Treatment Plant Process Flow Diagram



# Ullrich and Handcox Water Treatment Plant Process Flow Diagram



# **Public Involvement Committee**

Fund Summaries



**February 5, 2024**

Presented by: Christina Romero, Financial Manager III



# Combined Fund Summary

|   | 2020-21            | 2021-22            | 2022-23                           | 2023-24            |
|---|--------------------|--------------------|-----------------------------------|--------------------|
|   | Actual             | Actual             | Actual<br>(Close II<br>Unaudited) | Approved           |
| <b>Beginning Balance</b>                          | <b>231,033,206</b> | <b>213,724,254</b> | <b>260,092,630</b>                | <b>267,109,409</b> |
| <b>Revenue</b>                                    |                    |                    |                                   |                    |
| Water/Wastewater Revenue                          | 548,516,008        | 603,814,783        | 618,923,608                       | 619,292,904        |
| Interest  | 679,701            | 2,317,367          | 14,828,620                        | 11,467,076         |
| Other Revenue                                     | 7,811,994          | 6,149,063          | 8,266,879                         | 5,916,136          |
| Development Fees                                  | 1,690,160          | 1,603,678          | 1,285,798                         | 1,311,100          |
| Public Health Licenses, Permits, Inspections      | 773,715            | 796,272            | 1,133,758                         | 1,300,100          |
| Other Fines                                       | 323,895            | 50                 | 3,922                             | 1,007,612          |
| Scrap Sales                                       | 117,864            | 502,219            | 271,265                           | 238,100            |
| Land & Infrastructure Rental/Lease                | 60,500             | 94,000             | 96,000                            | 67,600             |
| Building Rental/Lease                             | 0                  | 0                  | 0                                 | 0                  |
| Miscellaneous Franchise Fees                      | 0                  | 5,320              | 0                                 | 0                  |
| Other Federal Revenue                             | 830,426            | 400,997            | 0                                 | 0                  |
| Parking Fees                                      | 0                  | 46                 | 0                                 | 0                  |
| <b>Total Revenue</b>                              | <b>560,804,263</b> | <b>615,683,795</b> | <b>644,809,850</b>                | <b>640,600,628</b> |
| <b>Transfers In</b>                               |                    |                    |                                   |                    |
| CIP   | 0                  | 60,000,000         | 46,681,318                        | 39,000,000         |
| Austin Water Utility                              | 12,423,115         | 12,099,135         | 13,530,486                        | 13,630,828         |
| AW CIP - CPM                                      | 0                  | 3,766,400          | 4,076,091                         | 4,543,678          |
| Support Services/Infrastructure Funds             | 300,582            | 300,582            | 300,582                           | 300,582            |
| Austin Resource Recovery Fund                     | 74,884             | 74,884             | 74,884                            | 74,884             |
| <b>Total Transfers In</b>                         | <b>12,798,581</b>  | <b>76,241,001</b>  | <b>64,663,361</b>                 | <b>57,549,972</b>  |
| <b>Total Available Funds</b>                      | <b>573,602,844</b> | <b>691,924,796</b> | <b>709,473,211</b>                | <b>698,150,600</b> |
| <b>Program Requirements</b>                       |                    |                    |                                   |                    |
| Operations  | 145,051,651        | 157,703,507        | 170,630,494                       | 184,086,732        |
| Support Services                                  | 44,842,246         | 36,176,287         | 41,024,329                        | 45,927,812         |
| Environmental, Planning, and Development Services | 17,641,511         | 18,459,713         | 20,496,830                        | 23,563,684         |
| Engineering Services                              | 15,292,008         | 17,277,682         | 16,220,806                        | 21,613,389         |
| Customer Experience                               | 0                  | 10,981,401         | 15,533,286                        | 17,340,676         |
| Other Utility Program Requirements                | 10,222,008         | 9,832,552          | 6,646,683                         | 11,825,397         |
| Reclaimed Water Services                          | 545,272            | 611,000            | 808,871                           | 735,338            |
| <b>Total Program Requirements</b>                 | <b>233,594,695</b> | <b>251,042,142</b> | <b>271,361,299</b>                | <b>305,093,028</b> |
| <b>Other Requirements</b>                         |                    |                    |                                   |                    |
| Utility Billing System Support                    | 19,825,622         | 19,307,652         | 18,787,070                        | 22,951,465         |
| Contribution to employees ret                     | 0                  | 0                  | 0                                 | 8,175,399          |
| Supplemental Retirement Contribution              | 0                  | 0                  | 0                                 | 841,322            |
| Accrued Payroll                                   | 294,467            | 482,587            | 512,858                           | 555,852            |
| Interdepartmental Charges                         | 241,059            | 207,208            | 254,734                           | 246,159            |
| Trf to PID Fund                                   | 75,000             | 75,000             | 75,000                            | 75,000             |
| Compensation Adjustment                           | 0                  | 0                  | 0                                 | 47,630             |

|   |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
| Temporary employees   | 0                  | 0                  | 0                  | 0                  |
| 27th payroll-expense-FSD only   | 0                  | 4,271,420          | 0                  | 0                  |
| 27th payroll-funding-FSD only   | 0                  | (4,345,143)        | 0                  | 0                  |
| <b>Total Other Requirements</b>   | <b>20,436,148</b>  | <b>19,998,724</b>  | <b>19,629,662</b>  | <b>32,892,827</b>  |
| <b>Debt Service Requirements</b>  |                    |                    |                    |                    |
| Trf to Util D/S Separate Lien   | 182,560,185        | 145,837,574        | 163,661,378        | 178,930,508        |
| Tfr to Utility D/S Sub Lien   | 3,801,956          | 5,315,342          | 5,054,415          | 4,958,822          |
| Commercial paper interest   | 77,247             | 322,183            | 1,006,405          | 1,750,000          |
| Tfr to Util D/S Tax/Rev Bonds   | 669,724            | 663,681            | 666,568            | 664,895            |
| Trf to GO Debt Service  | 1,288,692          | 858,272            | 486,998            | 334,814            |
| <b>Total Debt Service Requirements</b>                                      | <b>188,397,805</b> | <b>152,997,051</b> | <b>170,875,764</b> | <b>186,639,039</b> |
| <b>Transfers Out</b>  |                    |                    |                    |                    |
| Trf to Wastewater CIP Fund  | 40,000,000         | 38,000,000         | 43,778,001         | 49,000,000         |
| Trf to General Fund   | 46,544,409         | 46,431,007         | 47,037,115         | 48,981,548         |
| TRF CRF to Debt Defeasance  | 0                  | 60,000,000         | 46,681,318         | 39,000,000         |
| Trf to Water CIP Fund   | 29,000,000         | 38,500,000         | 34,000,000         | 37,861,000         |
| Administrative Support  | 13,984,357         | 15,238,424         | 17,028,293         | 17,515,985         |
| Trf to Reclaimed Water Fund   | 5,705,000          | 5,500,000          | 6,250,000          | 6,500,000          |
| CTM Support   | 3,816,719          | 4,397,846          | 4,089,765          | 5,932,599          |
| TRF Operating to Debt Defeasance  | 0                  | 4,712,326          | 0                  | 5,000,000          |
| Trf to CIP Mgm - CPM  | 2,656,300          | 3,766,400          | 4,076,091          | 4,543,678          |
| Trf to Economic Development   | 3,726,094          | 4,347,643          | 4,313,062          | 3,975,198          |
| Trf to Water Revenue Stab Rsv   | 2,042,421          | 2,246,205          | 2,269,039          | 2,375,588          |
| Trf to Reclaimed Water CIP Fnd  | 750,000            | 1,000,000          | 1,285,001          | 1,500,000          |
| Workers' Compensation   | 966,723            | 1,009,108          | 1,105,203          | 1,233,456          |
| Regional Radio System   | 500,599            | 636,675            | 786,904            | 793,554            |
| CTECC Support   | 19,834             | 22,176             | 26,182             | 62,072             |
| Trf to Community Benefit Charge   | 5,000,000          | 0                  | 0                  | 0                  |
| <b>Total Transfers Out</b>  | <b>154,712,456</b> | <b>225,807,810</b> | <b>212,725,974</b> | <b>224,274,678</b> |
| <b>Total Requirements</b>   | <b>597,141,104</b> | <b>649,845,727</b> | <b>674,592,699</b> | <b>748,899,572</b> |
| <b>Excess (Deficiency) of Total Available Funds Over Total Requirements</b> | (23,538,259)       | 42,079,069         | 34,880,512         | (50,748,972)       |
| <b>Adjustment to GAAP</b>   | 6,229,307          | 4,289,307          | 0                  | 0                  |
| <b>Ending Balance</b>   | <b>213,724,254</b> | <b>260,092,630</b> | <b>294,973,142</b> | <b>216,360,437</b> |

Note: Numbers may not add due to rounding.

# Water Fund Summary

|   | 2020-21            | 2021-22            | 2022-23                           | 2023-24            |
|---|--------------------|--------------------|-----------------------------------|--------------------|
|   | Actual             | Actual             | Actual<br>(Close II<br>Unaudited) | Approved           |
| <b>Beginning Balance</b>                          | <b>121,731,184</b> | <b>103,293,860</b> | <b>129,436,056</b>                | <b>128,675,905</b> |
| <b>Revenue</b>                                    |                    |                    |                                   |                    |
| Water/Wastewater Revenue                          | 283,263,417        | 321,784,695        | 323,510,338                       | 327,051,724        |
| Interest  | 344,292            | 1,137,845          | 7,123,547                         | 5,691,666          |
| Other Revenue                                     | 1,731,106          | 3,250,159          | 3,462,056                         | 2,442,200          |
| Development Fees                                  | 1,688,587          | 1,602,952          | 1,285,314                         | 1,309,600          |
| Other Fines                                       | 323,895            | 50                 | 3,922                             | 1,007,612          |
| Scrap Sales                                       | 58,932             | 469,442            | 239,729                           | 183,000            |
| Public Health Licenses, Permits, Inspections      | 78,145             | 80,610             | 83,821                            | 81,000             |
| Land & Infrastructure Rental/Lease                | 60,500             | 94,000             | 96,000                            | 67,600             |
| Building Rental/Lease                             | 0                  | 0                  | 0                                 | 0                  |
| Miscellaneous Franchise Fees                      | 0                  | 5,320              | 0                                 | 0                  |
| Other Federal Revenue                             | 830,426            | 400,894            | 0                                 | 0                  |
| Parking Fees                                      | 0                  | 46                 | 0                                 | 0                  |
| <b>Total Revenue</b>                              | <b>288,379,300</b> | <b>328,826,012</b> | <b>335,804,727</b>                | <b>337,834,402</b> |
| <b>Transfers In</b>                               |                    |                    |                                   |                    |
| CIP   | 0                  | 43,600,000         | 35,750,684                        | 28,000,000         |
| Austin Water Utility                              | 3,757,545          | 3,694,412          | 4,103,931                         | 4,025,917          |
| AW CIP - CPM                                      | 0                  | 1,748,186          | 1,718,504                         | 2,008,809          |
| Support Services/Infrastructure Funds             | 150,291            | 150,291            | 150,291                           | 150,291            |
| <b>Total Transfers In</b>                         | <b>3,907,836</b>   | <b>49,192,889</b>  | <b>41,723,410</b>                 | <b>34,185,017</b>  |
| <b>Total Available Funds</b>                      | <b>292,287,136</b> | <b>378,018,900</b> | <b>377,528,137</b>                | <b>372,019,419</b> |
| <b>Program Requirements</b>                       |                    |                    |                                   |                    |
| Operations  | 75,500,053         | 83,729,157         | 88,428,079                        | 96,149,964         |
| Support Services                                  | 26,620,366         | 18,578,977         | 20,773,695                        | 23,807,314         |
| Environmental, Planning, and Development Services | 12,076,711         | 12,614,687         | 14,258,993                        | 16,950,412         |
| Customer Experience                               | 0                  | 7,918,536          | 11,199,132                        | 12,346,571         |
| Engineering Services                              | 6,353,613          | 5,657,773          | 5,821,695                         | 7,576,485          |
| Other Utility Program Requirements                | 7,019,570          | 6,150,848          | 3,944,809                         | 6,509,285          |
| <b>Total Program Requirements</b>                 | <b>127,570,312</b> | <b>134,649,978</b> | <b>144,426,403</b>                | <b>163,340,031</b> |
| <b>Other Requirements</b>                         |                    |                    |                                   |                    |
| Utility Billing System Support                    | 11,799,072         | 11,481,826         | 11,000,957                        | 13,890,694         |
| Contribution to employees ret                     | 0                  | 0                  | 0                                 | 4,307,673          |
| Supplemental Retirement Contribution              | 0                  | 0                  | 0                                 | 443,796            |
| Accrued Payroll                                   | 173,379            | 245,446            | 262,755                           | 284,977            |
| Interdepartmental Charges                         | 120,530            | 103,604            | 127,367                           | 123,080            |
| Trf to PID Fund                                   | 37,500             | 37,500             | 37,500                            | 37,500             |
| Compensation Adjustment                           | 0                  | 0                  | 0                                 | 23,815             |
| Temporary employees                               | 0                  | 0                  | 0                                 | 0                  |

|   |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
| 27th payroll-expense-FSD only   | 0                  | 2,190,775          | 0                  | 0                  |
| 27th payroll-funding-FSD only   | 0                  | (2,269,129)        | 0                  | 0                  |
| <b>Total Other Requirements</b>   | <b>12,130,481</b>  | <b>11,790,022</b>  | <b>11,428,579</b>  | <b>19,111,535</b>  |
| <b>Debt Service Requirements</b>  |                    |                    |                    |                    |
| Trf to Util D/S Separate Lien   | 94,186,678         | 73,976,833         | 85,257,944         | 92,413,181         |
| Tfr to Utility D/S Sub Lien   | 1,838,847          | 2,570,784          | 2,444,624          | 2,398,363          |
| Commercial paper interest   | 34,854             | 96,288             | 329,523            | 612,500            |
| Tfr to Util D/S Tax/Rev Bonds   | 247,825            | 245,589            | 246,657            | 246,038            |
| Trf to GO Debt Service  | 598,016            | 413,852            | 243,880            | 167,407            |
| <b>Total Debt Service Requirements</b>                                      | <b>96,906,220</b>  | <b>77,303,346</b>  | <b>88,522,628</b>  | <b>95,837,489</b>  |
| <b>Transfers Out</b>  |                    |                    |                    |                    |
| Trf to Water CIP Fund   | 29,000,000         | 38,500,000         | 34,000,000         | 37,861,000         |
| TRF CRF to Debt Defeasance  | 0                  | 43,600,000         | 35,750,684         | 28,000,000         |
| Trf to General Fund   | 24,419,493         | 24,397,651         | 24,713,163         | 25,717,262         |
| Administrative Support  | 7,910,413          | 8,875,050          | 9,189,500          | 9,740,431          |
| Trf to Reclaimed Water Fund   | 5,705,000          | 5,500,000          | 6,250,000          | 6,500,000          |
| CTM Support   | 1,924,875          | 2,226,870          | 2,043,244          | 2,993,885          |
| TRF Operating to Debt Defeasance  | 0                  | 800,000            | 0                  | 2,700,000          |
| Trf to Water Revenue Stab Rsv   | 2,042,421          | 2,246,205          | 2,269,039          | 2,375,588          |
| Trf to Economic Development   | 1,974,816          | 2,378,971          | 2,360,049          | 2,139,339          |
| Trf to CIP Mgm - CPM  | 963,102            | 1,748,186          | 1,718,504          | 2,008,809          |
| Workers' Compensation   | 483,362            | 504,554            | 552,601            | 616,728            |
| Regional Radio System   | 250,300            | 318,338            | 393,452            | 396,777            |
| CTECC Support   | 9,917              | 11,088             | 13,091             | 31,036             |
| Trf to Community Benefit Charge   | 2,500,000          | 0                  | 0                  | 0                  |
| <b>Total Transfers Out</b>  | <b>77,183,699</b>  | <b>131,106,913</b> | <b>119,253,327</b> | <b>121,080,855</b> |
| <b>Total Requirements</b>   | <b>313,790,711</b> | <b>354,850,259</b> | <b>363,630,937</b> | <b>399,369,910</b> |
| <b>Excess (Deficiency) of Total Available Funds Over Total Requirements</b> | (21,503,575)       | 23,168,641         | 13,897,200         | (27,350,491)       |
| <b>Adjustment to GAAP</b>   | 3,066,251          | 2,973,554          | 0                  | 0                  |
| <b>Ending Balance</b>   | <b>103,293,860</b> | <b>129,436,055</b> | <b>143,333,256</b> | <b>101,325,414</b> |

Note: Numbers may not add due to rounding.

# Wastewater Fund Summary

|   | 2020-21            | 2021-22            | 2022-23                           | 2023-24            |
|---|--------------------|--------------------|-----------------------------------|--------------------|
|   | Actual             | Actual             | Actual<br>(Close II<br>Unaudited) | Approved           |
| <b>Beginning Balance</b>                          | <b>105,917,346</b> | <b>106,934,622</b> | <b>125,052,798</b>                | <b>131,590,020</b> |
| <b>Revenue</b>                                    |                    |                    |                                   |                    |
| Water/Wastewater Revenue                          | 263,032,001        | 279,212,481        | 292,541,747                       | 289,124,207        |
| Interest  | 324,802            | 1,131,870          | 7,388,577                         | 5,364,396          |
| Other Revenue                                     | 6,077,445          | 2,898,803          | 4,804,623                         | 3,473,936          |
| Public Health Licenses, Permits, Inspections      | 695,570            | 715,663            | 1,049,938                         | 1,219,100          |
| Scrap Sales                                       | 58,932             | 32,778             | 31,536                            | 55,100             |
| Development Fees                                  | 1,573              | 726                | 484                               | 1,500              |
| Building Rental/Lease                             | 0                  | 0                  | 0                                 | 0                  |
| Other Federal Revenue                             | 0                  | 104                | 0                                 | 0                  |
| <b>Total Revenue</b>                              | <b>270,190,322</b> | <b>283,992,424</b> | <b>305,816,905</b>                | <b>299,238,239</b> |
| <b>Transfers In</b>                               |                    |                    |                                   |                    |
| CIP   | 0                  | 16,400,000         | 10,930,634                        | 11,000,000         |
| Austin Water Utility                              | 2,960,570          | 2,904,723          | 3,176,555                         | 3,104,911          |
| AW CIP - CPM                                      | 0                  | 1,957,692          | 2,291,808                         | 2,421,795          |
| Support Services/Infrastructure Funds             | 150,291            | 150,291            | 150,291                           | 150,291            |
| Austin Resource Recovery Fund                     | 74,884             | 74,884             | 74,884                            | 74,884             |
| <b>Total Transfers In</b>                         | <b>3,185,745</b>   | <b>21,487,590</b>  | <b>16,624,172</b>                 | <b>16,751,881</b>  |
| <b>Total Available Funds</b>                      | <b>273,376,067</b> | <b>305,480,014</b> | <b>322,441,077</b>                | <b>315,990,120</b> |
| <b>Program Requirements</b>                       |                    |                    |                                   |                    |
| Operations  | 69,551,598         | 73,974,350         | 82,202,415                        | 87,936,768         |
| Support Services                                  | 18,221,880         | 17,597,310         | 20,250,634                        | 22,120,498         |
| Engineering Services                              | 8,938,395          | 11,619,909         | 10,399,112                        | 14,036,904         |
| Environmental, Planning, and Development Services | 5,564,801          | 5,845,026          | 6,237,836                         | 6,613,272          |
| Other Utility Program Requirements                | 3,165,550          | 3,650,514          | 2,685,722                         | 5,291,461          |
| Customer Experience                               | 0                  | 3,062,865          | 4,334,154                         | 4,994,105          |
| <b>Total Program Requirements</b>                 | <b>105,442,223</b> | <b>115,749,974</b> | <b>126,109,873</b>                | <b>140,993,008</b> |
| <b>Other Requirements</b>                         |                    |                    |                                   |                    |
| Utility Billing System Support                    | 8,026,550          | 7,825,826          | 7,786,113                         | 9,060,771          |
| Contribution to employees ret                     | 0                  | 0                  | 0                                 | 3,830,802          |
| Supplemental Retirement Contribution              | 0                  | 0                  | 0                                 | 397,526            |
| Accrued Payroll                                   | 120,251            | 235,445            | 247,596                           | 267,906            |
| Interdepartmental Charges                         | 120,529            | 103,604            | 127,367                           | 123,079            |
| Trf to PID Fund                                   | 37,500             | 37,500             | 37,500                            | 37,500             |
| Compensation Adjustment                           | 0                  | 0                  | 0                                 | 23,815             |
| 27th payroll-expense-FSD only                     | 0                  | 2,061,472          | 0                                 | 0                  |
| 27th payroll-funding-FSD only                     | 0                  | (2,062,448)        | 0                                 | 0                  |
| <b>Total Other Requirements</b>                   | <b>8,304,830</b>   | <b>8,201,399</b>   | <b>8,198,576</b>                  | <b>13,741,399</b>  |
| <b>Debt Service Requirements</b>                  |                    |                    |                                   |                    |
| Trf to Util D/S Separate Lien                     | 82,237,649         | 67,650,845         | 73,266,317                        | 80,565,615         |

|   |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
| Tfr to Utility D/S Sub Lien   | 1,963,110          | 2,744,558          | 2,609,792          | 2,560,459          |
| Commercial paper interest   | 38,425             | 221,241            | 621,891            | 962,500            |
| Tfr to Util D/S Tax/Rev Bonds   | 421,899            | 418,092            | 419,911            | 418,857            |
| Trf to GO Debt Service  | 690,676            | 444,420            | 243,118            | 167,407            |
| <b>Total Debt Service Requirements</b>                                      | <b>85,351,759</b>  | <b>71,479,155</b>  | <b>77,161,029</b>  | <b>84,674,838</b>  |
| <b>Transfers Out</b>  |                    |                    |                    |                    |
| Trf to Wastewater CIP Fund  | 40,000,000         | 38,000,000         | 43,778,001         | 49,000,000         |
| Trf to General Fund   | 21,945,962         | 21,844,517         | 22,128,734         | 23,044,775         |
| TRF CRF to Debt Defeasance  | 0                  | 16,400,000         | 10,930,634         | 11,000,000         |
| Administrative Support  | 5,932,677          | 6,215,628          | 7,744,620          | 7,684,889          |
| CTM Support   | 1,888,982          | 2,167,122          | 2,043,244          | 2,934,571          |
| Trf to CIP Mgm - CPM  | 1,477,597          | 1,957,692          | 2,291,808          | 2,421,795          |
| TRF Operating to Debt Defeasance  | 0                  | 3,912,326          | 0                  | 2,300,000          |
| Trf to Economic Development   | 1,704,662          | 1,915,232          | 1,899,999          | 1,781,910          |
| Workers' Compensation   | 483,361            | 504,554            | 552,602            | 616,728            |
| Regional Radio System   | 250,299            | 318,337            | 393,452            | 396,777            |
| CTECC Support   | 9,917              | 11,088             | 13,091             | 31,036             |
| Trf to Community Benefit Charge   | 2,500,000          | 0                  | 0                  | 0                  |
| <b>Total Transfers Out</b>  | <b>76,193,457</b>  | <b>93,246,496</b>  | <b>91,776,185</b>  | <b>101,212,481</b> |
| <b>Total Requirements</b>   | <b>275,292,269</b> | <b>288,677,024</b> | <b>303,245,663</b> | <b>340,621,726</b> |
| <b>Excess (Deficiency) of Total Available Funds Over Total Requirements</b> | (1,916,202)        | 16,802,990         | 19,195,414         | (24,631,606)       |
| <b>Adjustment to GAAP</b>   | 2,933,478          | 1,315,186          | 0                  | 0                  |
| <b>Ending Balance</b>   | <b>106,934,622</b> | <b>125,052,798</b> | <b>144,248,212</b> | <b>106,958,414</b> |

Note: Numbers may not add due to rounding.

# Reclaimed Water Fund Summary

|  | 2020-21          | 2021-22          | 2022-23                           | 2023-24           |
|--|------------------|------------------|-----------------------------------|-------------------|
|  | Actual           | Actual           | Actual<br>(Close II<br>Unaudited) | Approved          |
| <b>Beginning Balance</b>               | <b>3,384,676</b> | <b>3,495,772</b> | <b>5,603,776</b>                  | <b>6,843,484</b>  |
| <b>Revenue</b>                         |                  |                  |                                   |                   |
| Water/Wastewater Revenue               | 2,220,590        | 2,817,608        | 2,871,523                         | 3,116,973         |
| Interest                               | 10,607           | 47,651           | 316,496                           | 411,014           |
| Other Revenue                          | 3,443            | 100              | 200                               | 0                 |
| <b>Total Revenue</b>                   | <b>2,234,641</b> | <b>2,865,359</b> | <b>3,188,219</b>                  | <b>3,527,987</b>  |
| <b>Transfers In</b>                    |                  |                  |                                   |                   |
| Austin Water Utility                   | 5,705,000        | 5,500,000        | 6,250,000                         | 6,500,000         |
| AW CIP - CPM                           | 0                | 60,522           | 65,779                            | 113,074           |
| <b>Total Transfers In</b>              | <b>5,705,000</b> | <b>5,560,522</b> | <b>6,315,779</b>                  | <b>6,613,074</b>  |
| <b>Total Available Funds</b>           | <b>7,939,641</b> | <b>8,425,881</b> | <b>9,503,998</b>                  | <b>10,141,061</b> |
| <b>Program Requirements</b>            |                  |                  |                                   |                   |
| Reclaimed Water Services               | 545,272          | 611,000          | 808,871                           | 735,338           |
| Other Utility Program Requirements     | 36,888           | 31,190           | 16,152                            | 24,651            |
| <b>Total Program Requirements</b>      | <b>582,160</b>   | <b>642,190</b>   | <b>825,023</b>                    | <b>759,989</b>    |
| <b>Other Requirements</b>              |                  |                  |                                   |                   |
| Contribution to employees ret          | 0                | 0                | 0                                 | 36,924            |
| Accrued Payroll                        | 837              | 1,696            | 2,507                             | 2,969             |
| 27th payroll-expense-FSD only          | 0                | 19,173           | 0                                 | 0                 |
| 27th payroll-funding-FSD only          | 0                | (13,566)         | 0                                 | 0                 |
| <b>Total Other Requirements</b>        | <b>837</b>       | <b>7,303</b>     | <b>2,507</b>                      | <b>39,893</b>     |
| <b>Debt Service Requirements</b>       |                  |                  |                                   |                   |
| Trf to Util D/S Separate Lien          | 6,135,858        | 4,209,896        | 5,137,117                         | 5,951,712         |
| Commercial paper interest              | 3,968            | 4,654            | 54,991                            | 175,000           |
| <b>Total Debt Service Requirements</b> | <b>6,139,826</b> | <b>4,214,549</b> | <b>5,192,108</b>                  | <b>6,126,712</b>  |
| <b>Transfers Out</b>                   |                  |                  |                                   |                   |
| Trf to Reclaimed Water CIP Fnd         | 750,000          | 1,000,000        | 1,285,001                         | 1,500,000         |
| Trf to General Fund                    | 178,954          | 188,839          | 195,218                           | 219,511           |
| Trf to CIP Mgm - CPM                   | 215,601          | 60,522           | 65,779                            | 113,074           |
| Administrative Support                 | 141,267          | 147,746          | 94,173                            | 90,665            |
| Trf to Economic Development            | 46,616           | 53,440           | 53,014                            | 53,949            |
| CTM Support                            | 2,862            | 3,854            | 3,277                             | 4,143             |
| <b>Total Transfers Out</b>             | <b>1,335,300</b> | <b>1,454,401</b> | <b>1,696,462</b>                  | <b>1,981,342</b>  |
| <b>Total Requirements</b>              | <b>8,058,123</b> | <b>6,318,443</b> | <b>7,716,100</b>                  | <b>8,907,936</b>  |

Excess (Deficiency) of Total Available

|                                      |                  |                  |                  |                  |
|--------------------------------------|------------------|------------------|------------------|------------------|
| <b>Funds Over Total Requirements</b> | (118,482)        | 2,107,437        | 1,787,898        | 1,233,125        |
| <b>Adjustment to GAAP</b>            | 229,578          | 567              | 0                | 0                |
| <b>Ending Balance</b>                | <b>3,495,772</b> | <b>5,603,776</b> | <b>7,391,674</b> | <b>8,076,609</b> |

*Note: Numbers may not add due to rounding.*



# **Public Involvement Committee**

Fund Summary Line Item Description



**February 5, 2024**

Presented by: Christina Romero, Financial Manager III

Each of our water, wastewater and reclaimed water utilities' finances are accounted for in separate funds. The fund summary for each of these utilities provides historical actual and projected revenue and expenses. These fund summaries show 3 years of actual and the approved FY 2024 budget. The combined fund summary provides a roll-up total of all of the three utilities of water, wastewater, and reclaimed funds.

**Fund Summary Line Item Description:**

Descriptions of the fund summary line items of revenue and expenses are detailed below.

**Beginning Balance:**

The beginning fund balance is the working capital balance of each fund. This balance is the ending balance from the prior year. The beginning balance of the current year estimate is the audited ending balance from the prior fiscal year. For enterprise funds, this includes current assets (cash and accounts receivable) less current liabilities (accounts payable) and reserve for encumbrances.

**Revenues:**

These line items detail the revenue received by AW.

**Service Revenues:**

- Water Services includes revenue from the sale of water to AW water customers based on historical, current, and projected water rates.
- Wastewater Services includes revenue from the sale of wastewater services to AW wastewater customers based on historical, current, and projected wastewater rates.
- Reclaimed Water Services includes revenue from the sale of reclaimed water to AW reclaimed water customers based on historical, current, and projected reclaimed water rates.

**Reserve Fund Surcharge:**

Includes revenue from the reserve fund surcharge to build the Water Revenue Stability Reserve Fund approved by a Joint Committee. Each customer pays a surcharge based on their water consumption and the current rate. This was implemented in February 2013. Revenue collected from the surcharge is transferred into a separate reserve fund that is restricted by Council approved financial policies.

**Interest:**

Includes income earned from interest paid by financial institutions on AW cash balances held in City's investment pool. Projections of interest income include assumptions for the cash balances and interest rates paid by financial institutions.

**Other Revenue:**

Includes revenue from miscellaneous fees and charges for various services provided by AW. These revenue sources include late payment penalties, new services connections, private fire hydrant fees, backflow prevention compliance fees, Dillo Dirt sales, and numerous other small revenue sources.

**Development Fees:**

Includes water/wastewater plat fees and private lateral fees.



**Public Health Licenses, Permits, Inspection:**

Includes revenue from industrial waste permits and liquid waste/septic tank hauler fees.

**Other Fines:**

Includes collection of water use enforcement fines.

**Scrap Sales:**

Includes revenue from the sale of scrap metal.

**Land & Infrastructure Rental/Lease:**

Includes revenue from outside agencies to rent/lease space at AW sites or facilities.

**Building Rental/Lease:**

Includes revenue from other city departments to rent/lease space at AW sites or facilities.

**Miscellaneous Franchise Fees:**

Includes revenue from various telecommunication companies to lease ground space owned by AW. Several telecommunication companies have contractual agreements with the City of Austin to lease ground space for their cellular network towers.

**Other Federal Revenue:**

The total revenue line item represents the total of all revenue line items above.

**Parking Fees:**

Includes collection of use of garage parking at Waller Creek Center.

**Total Revenue:**

The total revenue line item represents the total of all revenue line items above.

**Transfers In:**

These line items detail the transfers into the AW from other revenue sources or departments.

**CIP:**

This transfer in is for capital recovery fees (CRF) or impact fees which are collected from developers, businesses, or homeowners that want to connect to our water and wastewater system. These fees are collected and accounted for in a separate fund which must be transferred to the appropriate water or wastewater fund and are therefore shown as a transfer in. No fees are currently collected for the reclaimed water system.

**Austin Water Utility:**

The water and wastewater utilities must transfer funds to the reclaimed water utility to offset costs not covered by the reclaimed water revenue. This line item is shown in the transfer in section of the reclaimed water utility and the combined summary only. A corresponding transfer out is shown in the water and wastewater utilities.



**AW CIP - CPM:**

This transfer from CIP is for the Capital Projects Management Fund (CPMF) for the project delivery costs of engineering, construction and inspection costs for the City of Austin Capital Improvements Program (CIP). This transfer is made to allocate costs from the CPMF corresponding transfer out for capital projects.

**Support Services/Infrastructure Funds:**

This transfer into AW is from Public Works related to the allocated portion of their costs of debt service related to the past partial construction of the joint use Braker Lane Service Center. The construction of this facility was being fully paid by AW during the early construction phases of the project when explosive material was found on the site that exploded and stopped construction. This transfer into the AW will continue until the bond funding for those construction costs are retired.

**Austin Resource Recovery Fund:**

This transfer in is to cover their departmental portion of costs to extend a wastewater line including land/easement, labor, fee, design, and construction to serve ARR's new eco-industrial park development. ARR is developing a 100 acre tract of land that was previously set aside for development of future landfill capacity that is located along Farm-to-Market (FM) 812. ARR is utilizing undeveloped land around the City's closed landfill for the Austin [re]Manufacturing Hub for the purpose of attracting new, green industry, investment and jobs in the reuse and recycling sectors, that can build local markets for materials being collected and diverted under Austin's Zero Waste Master Plan (page 105, adopted by City Council on December 15, 2011).

**Total Transfers In:**

The total transfers in line item represents the total of all transfer in line items above.

**Total Available Funds:**

The total available funds line item represents the total of total revenue and total transfers in.

**Program Requirements:**

These line items detail the expenditure for AW.

**Operations:**

Includes all operations and maintenance costs associated with producing and distributing water and collecting and treating wastewater. Costs include personnel, contractual services, commodities, and non-CIP capitals for the Treatment Program which is comprised of water treatment plants, wastewater treatment plants, pump stations and reservoirs, lift stations and remote facilities, process engineering, laboratory services, electrical services, instrumentation and control, and administrative support. Pipeline Operations Includes all operations and maintenance costs associated with the maintenance and repair of water and wastewater pipeline infrastructure. These costs include distribution system maintenance, water meter operations, construction and rehab services, collection system services, and management services. Costs include personnel, contracts and services, commodities, and Non-CIP Capitals.

**Support Services:**

Includes all operations and maintenance costs associated with operational support to AW. These costs include office of director, information technology, human resources services, safety and technical training, internal audit, facility management, security management, financial management, budget and



accounting, supply chain management, and consumer services. Costs include personnel, contracts and services, commodities, and Non-CIP Capitals.

**Environmental, Planning, and Development Services:**

Includes all operations and maintenance costs associated with engineering, management, administrative, regulatory, and technical support services for water conservation, Wildland preservation, and biosolids management. These costs include environmental and regulatory services, water conservation, Wildland conservation, special services, and public affairs. Costs include personnel, contracts and services, commodities, and Non-CIP Capitals. In addition, includes all operations and maintenance costs associated with engineering and regulatory review and services pertaining to water, wastewater, and reclaimed water utility services of site and building plans, subdivisions, planned unit developments, zoning cases, development assessments, and easement release, service verification, and tap permits. These costs include land use review, permit and license center, building plan review for industrial waste, and building plan review for water protection. Costs include personnel, contracts and services, commodities, and Non-CIP Capitals.

**Engineering Services:**

Includes all operations and maintenance costs associated with engineering, technical, management, and administrative services to infrastructure field operations, maintenance, and support programs and wholesale customers. These costs include systems planning, infrastructure management, and utility development services. Costs include personnel, contracts and services, commodities, and Non-CIP Capitals.

**Customer Experience:**

Includes all operations and maintenance costs of the AMI Program, Customer Services, Customer Service Center Dispatch, Data Analytics, Public Information Office, and Water Meter Operations divisions. Each division ensures that customers receive efficient, reliable, and prompt service; up-to-date communication; real-time data while safely delivering the highest quality water in the nation. Costs include personnel, contracts and services, commodities, and Non-CIP Capitals.

**Other Utility Program Requirements:**

Includes Utility-wide expenses for legal services, bad debt, general liability insurance, contingency funds, and other miscellaneous contractual services.

**Reclaimed Water Services:**

Includes all operations and maintenance costs associated with the reclaimed water program. These costs include reclaimed water program management, meter shop reclaimed water support, reclaimed water distribution operations, reclaimed water distribution maintenance, and reclaimed water service miscellaneous. Costs include personnel, contracts and services, commodities, and Non-CIP Capitals.

**Other Utility Program Requirements:**

Includes all operations and maintenance costs associated with engineering, technical, management, and administrative services to infrastructure field operations, maintenance, and support programs and wholesale customers. These costs include systems planning, infrastructure management, and utility development services. Costs include personnel, contracts and services, commodities, and Non-CIP Capitals.



**Total Program Requirements:**

The total program requirements line item represents the total of program requirements line items above.

**Other Requirements:**

These line items detail the other operating costs not within specific AW programs.

**Utility Billing System Support:**

This requirement is AW's allocation to fund the AE Billing & Customer Care centers which provide billing and revenue collection services for all City of Austin utilities.

**Contribution to Employees Retirement:**

Retirement is calculated at 8.68% of salary for all non-civil service employees and EMS civil service employees. Retirement for Fire civil service employees is calculated at 22.05% of salary; Police civil service is 9.59% of salary. For employees working 30-39 hours, the contribution to the retirement system is calculated using a full 40-hour work week. The City does not contribute for employees working less than 30 hours.

**Supplemental Retirement Contribution:**

City's additional contribution to one or more of its retirement plans.

**Accrued Payroll:**

Captures the payroll costs between the last payday and the last day of the fiscal year.

**Interdepartmental Charges:**

This requirement is AW's allocation to fund the 311 System Support which provides a single point of contact for Austin's citizens and visitors offering information to callers regarding all City departments including Austin Police Department non-emergency requests.

**Transfer to PID Fund:**

On April 15, 1993, Austin City Council created a Public Improvement District (PID) to provide constant and permanent funding to implement downtown initiatives. The PID is a means for the Downtown Austin community to provide adequate and constant funds for quality of life improvements and planning and marketing of Downtown Austin. On October 11, 2012, the Austin City Council reauthorized the Austin Downtown Public Improvement District for ten years. Austin Water transfers \$75,000 per year to the PID due to the Waller Creek Center being within the PID.

**Compensation Adjustment:**

This requirement is for City of Austin employee general wage increase.

**Temporary Employees:**

Includes all personnel costs for temporary/seasonal employees.



**27<sup>th</sup> payroll-expense-FSD only**

This requirement is to expense funds every year for the City's 27th pay period which occurs every six years. The previous 27th payday that occurred was in calendar year 2021-2022.

**27<sup>th</sup> payroll-funding-FSD only**

This requirement is to allocate funds every year for the City's 27th pay period which occurs every six years. The previous 27th payday that occurred was in calendar year 2021-2022.

**Total Other Requirements:**

This line item represents the total of all other operating line items above.

**Total Operating Requirements:**

This line item represents the total of operations and maintenance and other operating requirements.

**Debt Service:**

These line items detail AW's debt service costs from existing and projected debt issuances.

**Utility D/S Separate Lien:**

This line item represents existing and projected revenue bond principal and interest paid historically and projected to be paid by AW. Revenue bonds are payable from identified sources of revenue.

**Utility D/S Sub Lien:**

This line item represents existing and projected revenue bond principal and interest paid historically and projected to be paid by AW. Revenue bonds are payable from identified sources of revenue.

**Commercial Paper Interest:**

This line item represents existing and projected interest associated with the commercial paper program paid historically and projected to be paid by AW. AW finances capital needs through commercial paper programs because it allows a project to be financed on an ongoing "just-in-time" basis at a lower initial rate. Commercial paper is generally refunded into long-term revenue bonds on an annual basis.

**Utility D/S Tax/Revenue Bonds:**

This line item represents existing and projected tax and revenue bond principal and interest payments paid historically and projected to be paid by AW. AW assumed these bonds when various Municipal Utility Districts were annexed by the City of Austin.

**GO Debt Service:**

This line item represents existing and projected general obligation bond principal and interest payments paid historically and projected to be paid by AW. AW's General obligation debt includes Public Improvement Bonds (PIBs) and Contractual Obligation Bonds (KOs). PIBs are issued for voter-approved capital projects, usually with a 20-year final maturity. KOs are issued for personal property that does not require voter approval; they usually have a five to seven year final maturity, depending on the useful life of the personal property purchased. These have been used primarily for the purchase of fleet vehicles and equipment.

**Total Debt Service:**

This line item represents the total of all debt service line items above.



**Transfers Out:**

These line items detail the transfers out of AW's operating funds to other City funds.

**Trf to Wastewater CIP Funds:**

The goal of AW is to cash-fund a minimum of 35% of capital projects with cash, so AW budgets annual transfers of cash from the operating fund to the CIP funds accordingly.

**Trf to General Fund:**

Per City Council policy, The General Fund receives annual transfers of funds from Austin Water at 8.2% of a 3-year average total revenue. These transfers serve as payments in lieu of property taxes, dividends, or return-on-equity-type payments commonly paid to municipal governments by investor-owned utilities. The transfers are calculated based on a rolling average of actual revenue from the last two years and estimated revenue in the current year.

**TRF CRF to Debt Defeasance:**

This line represents the transfer out of Capital Recovery Fee or Impact Fee revenue to set up an escrow account used to defease outstanding bond issues. A defeasance is a method of paying off outstanding bond issues early.

**Trf to Water CIP Funds:**

The financial policy of AW is to cash-fund a minimum of 35% of capital projects with cash, so AW budgets annual transfers of cash from the operating fund to the CIP funds accordingly.

**Administrative Support:**

This requirement is AW's allocation to fund the General Fund Administrative Support Departments and Offices (City Clerk, Mayor & Council, Management Services, Communication & Public Information, Law, Human Resources, City Auditor, Financial Services, Building Services, Small & Minority Business, Contract Management, Office of Real Estate, and Government Relations) for the various support services they provide the Utility.

**Trf to Reclaimed Utility Fund:**

The water and wastewater utilities must transfer funds to the reclaimed water utility to offset costs not covered by the reclaimed water revenue. This line item is shown in the transfer in section of the reclaimed water utility and the combined summary only. A corresponding transfer out is shown in the water and wastewater utilities.

**CTM Support:**

This requirement is AW's allocation to fund the Communications Technology Management Department for the various support services they provide the Utility.

**TRF Operating to Debt Defeasance:**

This line represents the transfer out of operating cash revenue to set up an escrow account used to defease outstanding bond issues. A defeasance is a method of paying off outstanding bond issues early.

**Trf to CIP Mgm – CPM (5460):**

The Capital Projects Management Fund (CPMF) is an internal service fund that accounts for the project delivery costs of engineering, construction and inspection costs for the City of Austin Capital Improvements Program (CIP). This transfer is to help fund the CPMF for services related to Austin





Water's Capital Improvement Program. Prior to FY 2017, CPMF charged projects directly for services related to individual projects.

**Trf to Economic Development:**

This requirement is AW's allocation to fund the Economic Development Department for cultural arts contracts, Economic Incentive payments, small business loans, and business retention and music venue assistance.

**Water Revenue Stability Reserve:**

A revenue fund surcharge, approved by the Joint Committee and implemented in February 2013, requires each customer to pay a surcharge based on their water consumption and the current rate. Revenue collected from the surcharge is transferred into this separate reserve fund, restricted by Council, which will be used to offset future revenue shortfalls according to AW financial policy.

**Trf to Reclaimed Water CIP Funds:**

The financial policy of AW is to cash-fund a minimum of 35% of capital projects with cash, so AW budgets annual transfers of cash from the operating fund to the CIP funds accordingly.

**Workers' Compensation:**

This requirement is AW's allocation to fund the Worker's Compensation Fund which provides payments mandated by State law for City employees' medical expenses associated with job- relate injuries and illnesses.

**Regional Radio System:**

The purpose of the Wireless Communications Services program is to provide cost effective maintenance services in support of customer two-way radio communication and other vehicular equipment needs. This line item represents AW's allocation of these city-wide costs.

**CTECC Fund:**

This requirement is AW's allocation to fund the Combined Transportation and Emergency Communications (CTECC) Emergency Operation Center.

**Trf to Community Benefit Charge:**

The purpose of this operating transfer to the community benefit charge (CBC) fund was to provide funds to the Plus One Program for payment assistance due to COVID-19.

**Total Transfers Out:**

This line item represents the total of all transfers out line items above.

**Total Requirements:**

This line item represents the total of all operating and other requirements, debt service, and transfers out.

**Excess / Deficiency of Total Available Funds Over Total Requirements:**

This line item represents the net of the increase/decrease of funds received over funds expensed.



**Adjustment to GAAP:**

This represents the differences of line items included in the General Accepted Accounting Principles (GAAP) basis ending balance calculation and not included in the current budget fiscal year (budget basis).

**Ending Balance:**

The ending fund balance is the unrestricted working capital balance of each fund and must reconcile to the audited ending balance on a GAAP basis. For enterprise funds, this includes current assets (cash and accounts receivable) less current liabilities (accounts payable) and reserve for encumbrances.

