



Austin Water Utility

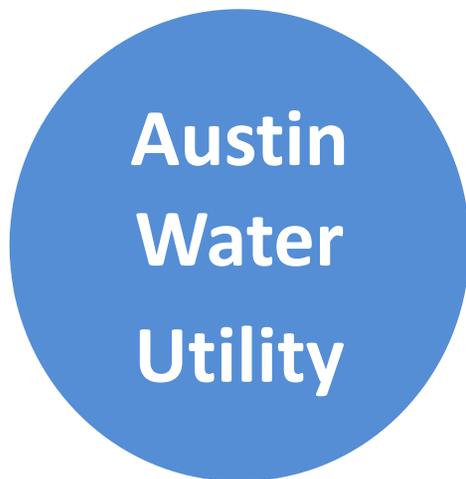
Proposed 2014 Budget Stakeholder Meeting

May/June 2013

Presentation Outline

- Organizational overview
- Services and system overview
- Fund summary
- Cost drivers
- Staffing plan
- Rate forecast
- Capital spending
- Stakeholder input

Organizational Overview



Water

FY13 Budget: \$290.0M

Staffing: 553.47 FTE



Wastewater

FY13 Budget: \$224.5M

Staffing: 538.63 FTE



Reclaimed Water

FY13 Budget: \$3.7M

Staffing: 2 FTE

AWU Totals

FY13 Budget: \$518.2M

Staffing: 1,094.1 FTE

Services Overview

- Water, wastewater, and reclaimed water treatment services
- Pipeline operations and maintenance
- Water supply and system planning
- Engineering and development services
- Regulatory services
- Water conservation
- Wildlands conservation
- Finance and support services

System Overview

- 538 square mile service area
- 2 water plants; 1 new plant under construction
- 2 wastewater plants
- 1 Biosolids handling facility
- 3,672 miles of water pipe
- 2,657 miles of wastewater pipe
- 45 pump stations
- 38 storage reservoirs
- 124 lift stations
- 40,000 acres of water quality and wildlands

Fund Summary Review

Fund Summary

(In Millions)	Amended 2013	CYE 2013	Forecast 2014
Beginning Balance	\$ 72.6	\$ 72.9	\$ 52.8
Revenue	506.9	495.2	535.0
Transfers In	7.0	7.0	9.3
Available Funds	\$ 513.9	\$ 502.2	\$ 544.3
Operating Requirements	207.2	204.7	219.0
Debt Service	204.3	210.9	216.2
Transfers Out	106.7	106.7	102.6
Total Requirements	\$ 518.2	\$ 522.3	\$ 537.8
Excess (Deficiency)	(4.3)	(20.1)	6.5
Ending Balance	\$ 68.3	\$ 52.8	\$ 59.3

Debt Coverage

1.55

1.47

1.56

Forecast complies with all Council approved financial policies.

Cost Drivers

Built In Cost Drivers for 2014

Category	Proposed Increase (Millions)	Justification
Operations & Maintenance Costs	\$5.5	<ul style="list-style-type: none"> • Public Works Street Cut Repair - \$2.7 M • Austin Energy Billing & Customer Care - \$1.9 M • Administrative Support / Fleet Services - \$0.9 M
Personnel Costs	\$2.3	<ul style="list-style-type: none"> • Compensation adjustment - \$1.5 M • Health insurance increase - \$0.6 M • Workers Compensation increase - \$0.2 M
Transfers Out	\$9.0	<ul style="list-style-type: none"> • Transfers to: <ul style="list-style-type: none"> • General Fund - \$3.4 M • Revenue Stability Reserve Fund - \$2.8 M • Reclaimed Utility Fund - \$2.3 M • EGRSO - \$0.5 M
Debt Service	\$0.7	<ul style="list-style-type: none"> • Existing debt service \$0.7 M net increase after assumed savings from bond refinancing

Utility Cost Drivers for 2014

Category	Proposed Increase (Millions)	Justification
Operations and Maintenance Costs	\$5.4	<ul style="list-style-type: none"> • 63 new positions for 2014 - \$3.7 M • Inflationary increase on contractals and commodities - \$0.9 M • Private lateral grant program increase - \$0.5 M • Raw Water Diversion - \$0.3
Debt Service	\$11.3	<ul style="list-style-type: none"> • New debt service \$11.3 M from capital infrastructure spending planned for 2014

Utility Cost Savings for 2014

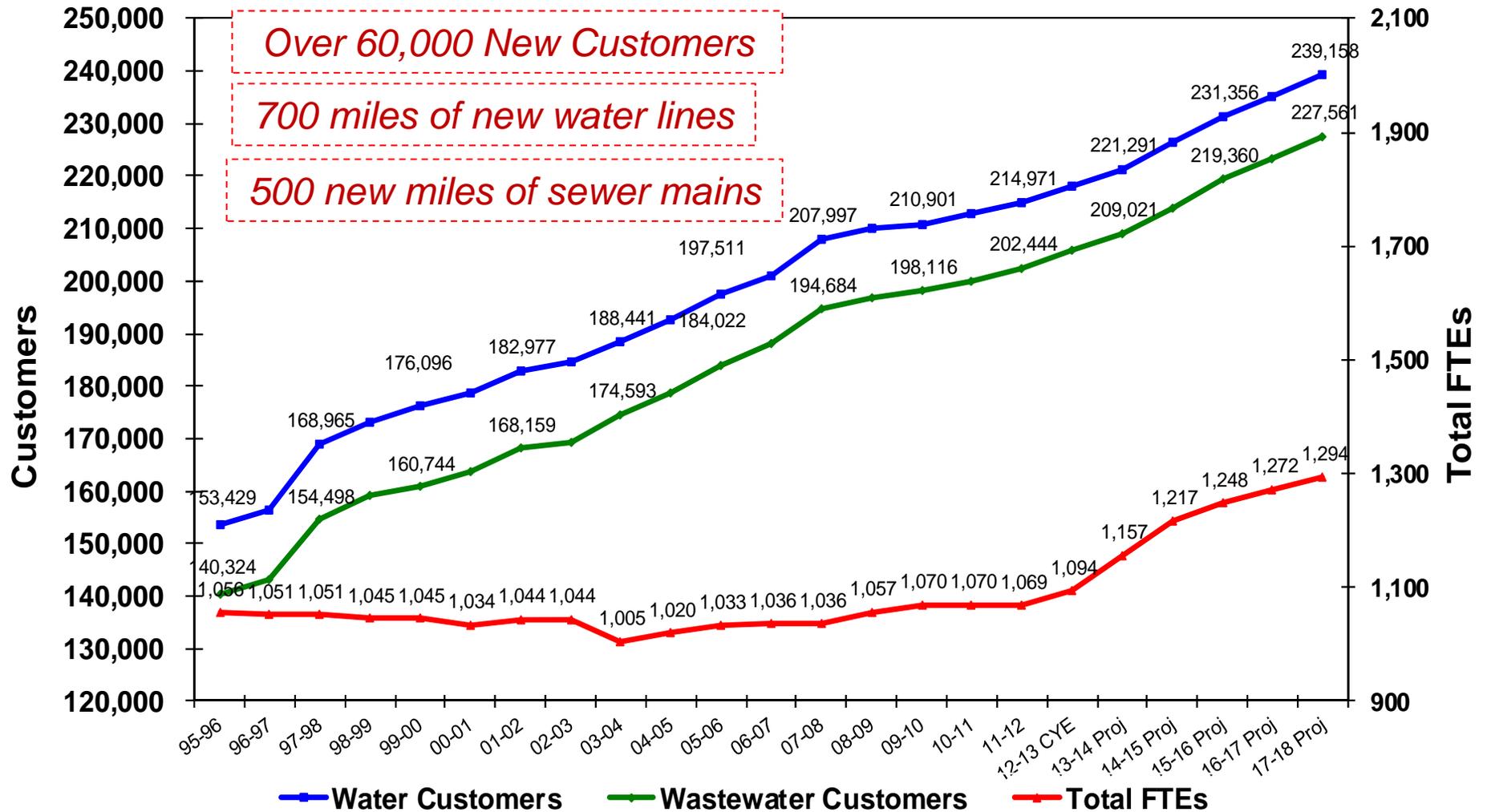
Category	Proposed (Decrease) (Millions)	Justification
Operations and Maintenance Costs	(\$1.4)	<ul style="list-style-type: none"> • Fuel decrease - (\$0.5 M) • 311 Allocation decrease - (\$0.2 M) • CTM Support allocation decrease - (\$0.1 M) • Other - (\$0.6 M)
Transfers Out	(\$13.1)	<ul style="list-style-type: none"> • Transfer reductions to: <ul style="list-style-type: none"> • CIP Fund - (\$11.7 M) • Sustainability Fund - (\$1.1 M) • Environmental Remediation Fund - (\$0.2 M) • Radio Communications Fund - (\$0.1 M)

Staffing Plan

Staffing Plan Needs

- New facilities – WTP4, lift and pump stations
- Growing utility system
- Council mandates, annexations of water systems
- Maintenance of aging infrastructure
- Best managed practices, operational optimization
- Public health and safety of employees
- Technology and Innovation

FTEs vs. Customer Growth



Staffing Plan Process

- Business cases developed for each position requested with scoring on set criteria
- Criteria: Operational optimization, environmental sustainability, public health and safety, financial management and asset management
- Manager and staff involvement
- Division presentations to the Executive Team
- Executive Team review and approval of staffing plan requests

Proposed Staffing Additions

	Amended 2013	Forecast					Total
		2014	2015	2016	2017	2018	
Approved Positions	1,094	1,094	1,157	1,217	1,248	1,272	
Forecasted Additional Positions		63	60	31	24	22	200
Total Positions	1,094	1,157	1,217	1,248	1,272	1,294	

New Position Costs (\$ in Millions)		\$3.7	\$5.5	\$3.0	\$2.2	\$1.8	\$16.2
Rate Impact		0.7%	1.1%	0.6%	0.5%	0.4%	3.4%

- \$2.0 million estimated offset of new position costs due to the previous use of temporaries, contract services, and revenue collections

Rate Forecast Overview

Revenue and Rates

Projected Service Rate Increases

	2014
Water:	5.1%
Wastewater:	1.9%
Reclaimed:	16.5%
Combined:	3.6%

- Cost of Service Transition
 - Commercial & Large Volume customers at 6% above cost
 - 1%-2% transition to cost planned in 2014
- Reserve Fund Surcharge
 - Increase from \$0.12 to \$0.15 per 1,000 gallons in 2014
 - \$1.5 million transfer from operating fund in 2014
 - Reach 120 days of Operations & Maintenance in 2017

Average Residential Customer Estimated Bill Impact

	<u>Current 2013</u>	<u>Forecast 2014</u>
Water	\$ 40.54	\$ 43.88
Wastewater	42.70	43.51
Total	<u>\$ 83.24</u>	<u>\$ 87.39</u>
\$ Variance	-	\$ 4.15
% Variance	-	5.0%

1. Bills based on 8,000 gallons water usage and 4,700 gallons wastewater discharge
2. The Water Service bill impact includes a 1% transition to cost of service and the Reserve Fund Surcharge
3. Actual bill impact to be determined based on cost of service calculations

Capital Spending

Capital Improvement Program

\$986.2 Million 5-Year Capital Spending Plan

\$ in millions

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>
Water	\$164.5	\$90.4	\$90.2	\$76.7	\$80.2	\$502.0
Wastewater	64.6	105.6	86.5	101.7	85.9	444.3
Reclaimed	<u>8.0</u>	<u>8.2</u>	<u>10.0</u>	<u>8.8</u>	<u>4.9</u>	<u>39.9</u>
Combined	<u>\$237.1</u>	<u>\$204.2</u>	<u>\$186.7</u>	<u>\$187.2</u>	<u>\$171.0</u>	<u>\$986.2</u>

Budget Links

Forecast Presentation

<http://www.youtube.com/watch?v=POyGhSw8Cdc&list=PLDKZTUINzz3pWM--HrmpNSHUGAPCUKeZQ&index=17>

City Budget Development Webpage – click Budget Development tab

https://www.ci.austin.tx.us/financeonline/finance/financial_docs.cfm?ws=1&pg=1

Budget Basics Video – overview of City budget and services

<http://www.youtube.com/watch?v=ofpJgFHEk3k&feature=youtu.be>

Budget in a Box Online Survey – citizen input on budget priorities

<http://www.austintexas.gov/page/online-survey>

Austin Water Website

<http://www.austintexas.gov/department/water>

Next Stakeholder Meeting

- Another stakeholder meeting will be conducted:

Wednesday, June 5, 2013 6:00 PM

Waller Creek Center Room 104

For More Information

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Questions?

Budget Open House Process

- Information Centers
 - Revenue and Rates
 - Treatment
 - Pipeline Operations
 - Conservation
 - Planning & Engineering Services
 - Support Services
 - CIP & Debt Service
 - Impact Fees
 - Transfers
- Process
 - Free to visit any or all of the information centers
 - Provide input to staff or provide written comments
 - Questions can be submitted to staff
 - Address or email on written questions if response required