



FY23-25 Utility Rates

Department of Public Works

Jason W. Mitchell

Director



Agenda

Overview

Proposed Rates

Our Approach

Key Assumptions

Management Insights

Budget Highlights

Conclusion

Overview

DPW is transforming the way it does business.

Payment
Systems

Large Meter
Repairs

Leak
Management

Data &
Analytics

Automated
Processes

Paper
Reduction

Website
Updates

Process
Review

Customer
Service

and more...

The Turnaround Initiative is conducting 28 projects across the agency to modernize the utility and become more efficient.

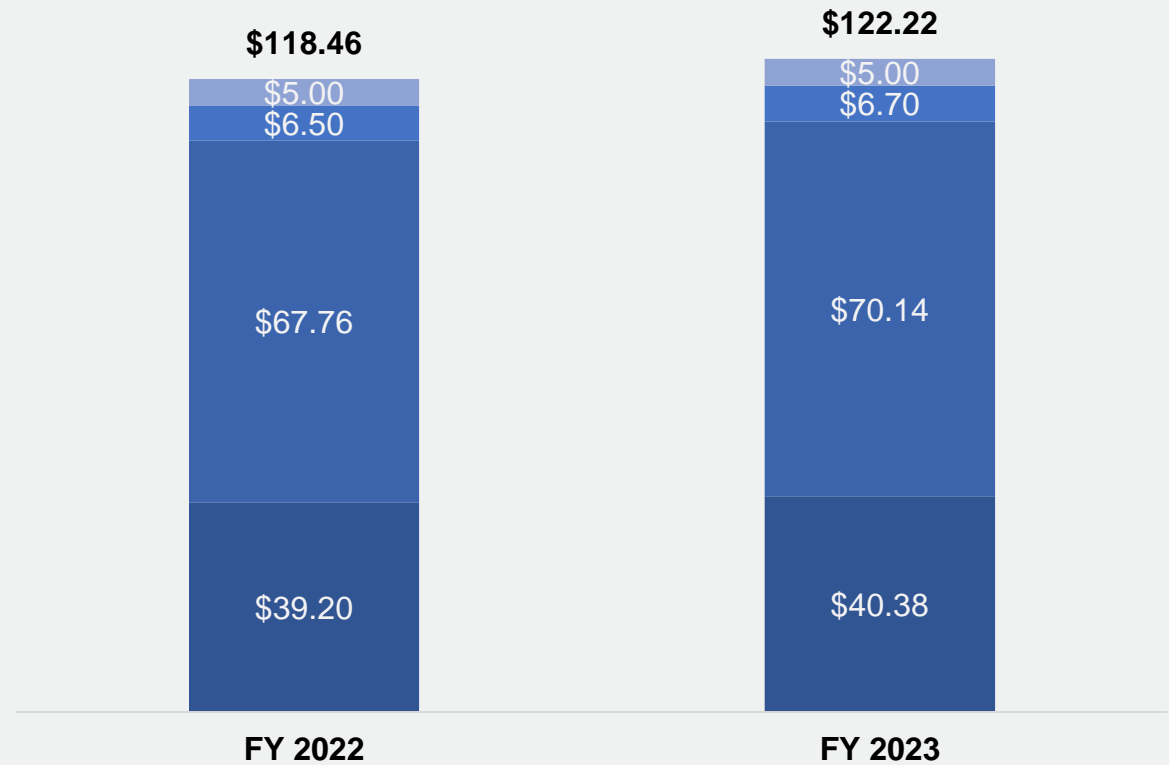
Proposed Rates

Fund	FY23	FY24	FY25
Water	3.0%	3.0%	3.0%
Sewer	3.5%	3.5%	3.5%
Stormwater	3.0%	3.0%	3.0%

Typical Customer Bill

6 Ccf per month

■ Water ■ Wastewater ■ Stormwater ■ Other



Proposed Rates

The lowest since 1998

Lower than inflation

Will be lower over the next 3 years combined than Fiscal 2022 alone

Equal an increase of \$3.76 for a typical bill in Fiscal 2023

Historic Rate Increases

<u>Date</u>	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>
Jun-98	8.00%	8.00%	
May-00	19.00%	15.00%	
Apr-02	16.00%	10.00%	
Apr-03	9.00%	9.00%	
Apr-04	9.00%	9.00%	
Apr-05	9.00%	9.00%	
Apr-06	9.00%	9.00%	
Apr-07	9.00%	9.00%	
May-08	4.00%	4.00%	
Jun-09	9.00%	9.00%	
Jul-10	9.00%	9.00%	
Jul-11	9.00%	9.00%	
Jul-12	9.00%	9.00%	
Jul-13	15.00%	15.00%	
Jul-14	11.00%	11.00%	
Jul-15	11.00%	11.00%	0.00%
Oct-16	9.90%	9.90%	0.00%
Jul-17	9.90%	9.90%	0.00%
Jul-18	9.90%	9.90%	0.00%
Jul-19	9.90%	9.00%	9.00%
Oct-20	9.90%	9.00%	9.00%
Jul-21	9.90%	9.00%	9.00%
Jul-22	3.00%	3.50%	3.00%
Jul-23	3.00%	3.50%	3.00%
Jul-24	3.00%	3.50%	3.00%

Our Approach

The financial plan is developed to meet the following objectives:



Expenses

**Fund
operating and
maintenance
costs**



Debt

**Meet existing
and proposed
debt
obligations**



Investment

**Invest in
infrastructure
through debt
and cash
financing**



Affordability

**Minimize
impacts to
customer bills**



Future

**Ensuring
stability for
future
generations**

Key Assumptions

Several major drivers have been factored into the financial plan:

- Increased cost for operating supplies
- Approximately \$700 million in additional debt
- Anticipated increases in hiring and wages
- Investments in fleet and facilities
- Supporting the turnaround initiative
- Sustaining key metrics to support the Utility's bond rating
- Participation in citywide initiatives (Unifier)

Management Insights

Other factors that cannot be reliably measured or anticipated are also major drivers of the financial plan including:

- Funding compliance initiatives
- Inflation and rising interest rates
- Increasing construction costs
- Continued global supply chain crisis, shortages, and instability
- Forthcoming federal legislation for cybersecurity upgrades
- Other unanticipated shocks, crises, and events

Budget Highlights

- The Utility is projected complete a mid-year PAYGO transfer for the Water, Sewer, and Stormwater funds between \$50-100 million, which will decrease debt service costs over time and reduce the impact of rising interest rates.
- The recommended budget allocates \$1.5 million to the City's transition to Unifier.
- The Fiscal 2023 budget will continue to provide \$2.5 million in support of the Sewage Onsite Support (SOS) Cleanup Program for capacity-related wet-weather events.
- The Fiscal 2023 budget fully funds the Water Accountability and Equity Act, including the Water4All Customer Assistance Program and Office of the Customer Advocate.
- The recommended budget will provide \$300,000 for enhanced Career Mentorship Programs that will provide pathways for young adults to join the water industry.

Conclusion

- The Turnaround Initiative is showing positive results, which contributes to a shift from the 9.9% increases of the past to the newly proposed rates.
- The Departments of Public Works and Finance have put forth the lowest possible and sustainable financial plan that is grounded in industry best practices, expertise, fiscal prudence, and economic data.
- The proposed rates will allow the Utilities to reinvest in system infrastructure and reduce the future cost burden to customers.
- The proposed rates will fully fund initiatives to improve customer service, metering, and billing.
- The proposed rates will support equity by funding customer affordability programs.

Thank you