



DATE: September 12, 2024

TO: Environmental Services Commission

FROM: Lucy Liu, Utilities Director
Scott Edwards, Utilities Deputy Director
Matthew Thurber, Assistant Director – Resource Management and Customer Service
Scott Pickard, Acting Fiscal Manager

SUBJECT: **Utilities 2025-2026 Budget & Rates Recommendation**

ACTION REQUIRED

Staff is seeking the Commission's recommendation to City Council on the Utilities Department requested 2025-2026 operating budget, 2025-2034 capital investment program (CIP) budget, and 2025-2026 rates.

BACKGROUND / ANALYSIS

This is a continuation of a series of briefings to the Commission regarding the proposed Utilities Department 2025-2026 operating budget and rates, and 2025-2034 CIP budget.

The Commission previously reviewed:

- November 2: Utilities Budget Planning and Development Process
- January 4: Asset Renewal Forecast Update
- February 1: Utilities Financial Policies
- April 4: 2023 Financial Performance and Review of Preliminary 2025-2034 CIP
- May 2: Operations and Maintenance/CIP Tour
- June 6: 2025-2030 Early Outlook Rate Forecast and CIP Budget Proposals
- June 20: 2025-2026 Operating Budget Proposals
- July 11: Comprehensive Financial Policies Review and Budget and Rates Recommendation to City Manager
- September 5: Budget and Rates Public Hearing

On September 12, staff will:

Brief the Commission on the Utility Rate Relief program;

- Provide responses to Commission questions regarding the proposed budget and rates; and
- Seek the Commission's recommendation to City Council regarding the Utilities Department proposed 2025-2025 operating budget, 2025-2034 CIP budget, and 2025-2026 rates.

The Commission's recent Budget and Rates Recommendation to the City Manager is attached for reference. If the Commission has any questions regarding the requested budgets, it would be helpful to have them in advance of the Commission's meeting on September 12 so that staff can provide the Commission with responses at the meeting.

With the Commission's concurrence, staff will work with the Commission Chair to develop and submit its budget and rates recommendation to the City Council. The Utilities Department is tentatively scheduled to brief the City Council on the proposed Utilities budget and rates on September 24. Chair Knezevic will have an opportunity to present the Commission's budget and rates recommendation to Council the same evening. Budget and rates adoption by Council is anticipated in late November.

Attachment:

- A. Budget and Rates Recommendation to City Manager