



DATE: July 2, 2026

TO: Environmental Services Commission

FROM: Lucy Liu, Utilities Director
Scott Edwards, Utilities Deputy Director
Matt Hobson, Utilities Fiscal Manager

SUBJECT: **Utilities 2027-2028 Budget and Rates Recommendation**

ACTION REQUIRED

Staff is seeking the Commission's recommendation to the City Manager on the Utilities Department 2027-2028 operating budget and rates, and the 2027-2032 capital investment program (CIP) budget.

BACKGROUND / ANALYSIS

This is a continuation of a series of briefings to facilitate the Commission's review of the Utilities Department 2027-2028 proposed operating budget and rates, and 2027-2032 CIP.

Commission previously reviewed:

- January: Utilities Asset Renewal Forecast;
- February: Utilities Financial Policies;
- April: Utilities 2025 Financial Performance Results and Preliminary 2027-2032 CIP Plan;
- May: 2027-2032 Early Outlook Rate Forecast
- June: 2027-2028 Operating and Capital Budget Proposals; 2027-2032 Revised Rate Forecast

On July 2, staff will review the following with the Commission:

- Answer the Commission's questions concerning the 2027-2028 operating budget and rates, and 2027-2032 CIP.
- Seek the Commission's recommendation to the City Manager regarding the budget and rates.

Please forward any additional questions regarding the budget in advance of July 2, and staff will 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 recommendation to the City Manager. The City Manager will submit her recommended budget to City Council for consideration in the fall.

The next step in the Commission's budget review process will be to hold a public hearing on Utilities budget and rates on September 3. The Commission will have an opportunity to provide a budget recommendation to City Council in mid-October. Budget adoption is anticipated in November.