

Utilities

Proposed 2021-2022 Operating & 2021-2027 CIP Budgets Follow-Up

Presentation to Environmental Services Commission

Linda De Boldt, Assistant Director – Engineering Division
Lucy Liu, Assistant Director – RMCS Division

August 20, 2020



Agenda

CIP & Operating Budget follow-up:

- Summary of CIP & Operating budgets previously shared on August 6th
- Provide budget updates
- Review updated 2021-2026 proposed rates
- ESC Budget Recommendation to City Manager



Direction Needed from Commission

- Staff is seeking the Commission's recommendation to the City Manager on the Utilities Department proposed 2021-2022 operating budget & 2021-2027 CIP budget.

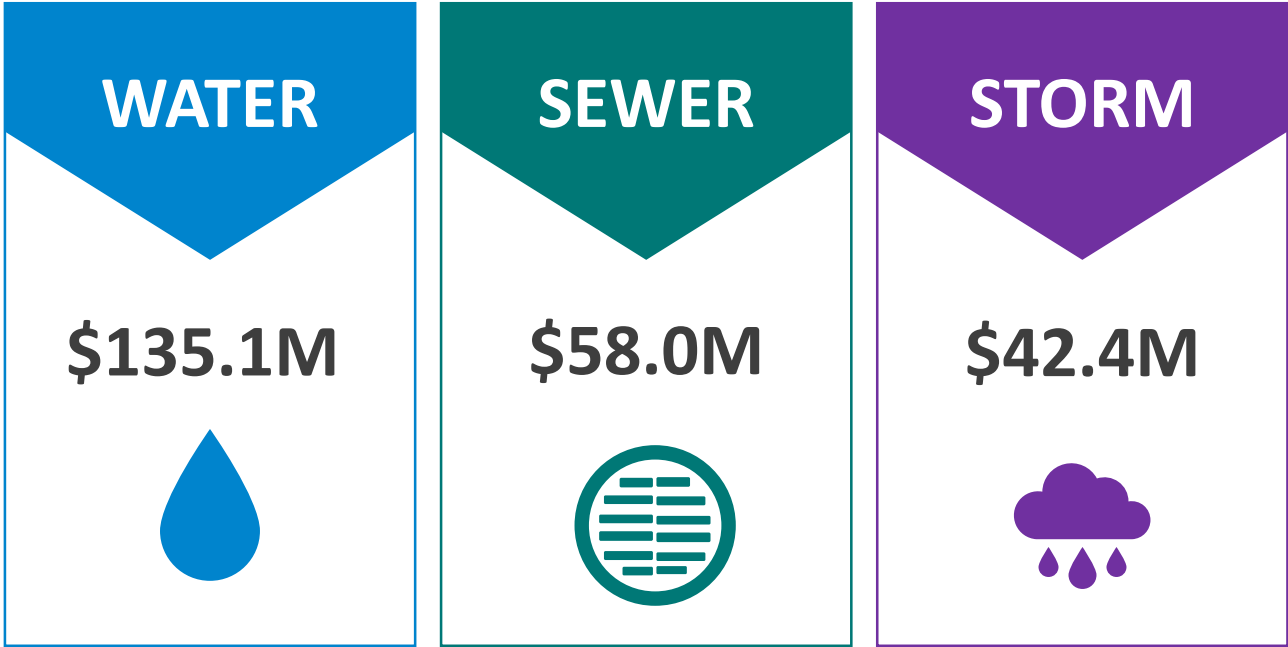




Summary of Utilities Budget



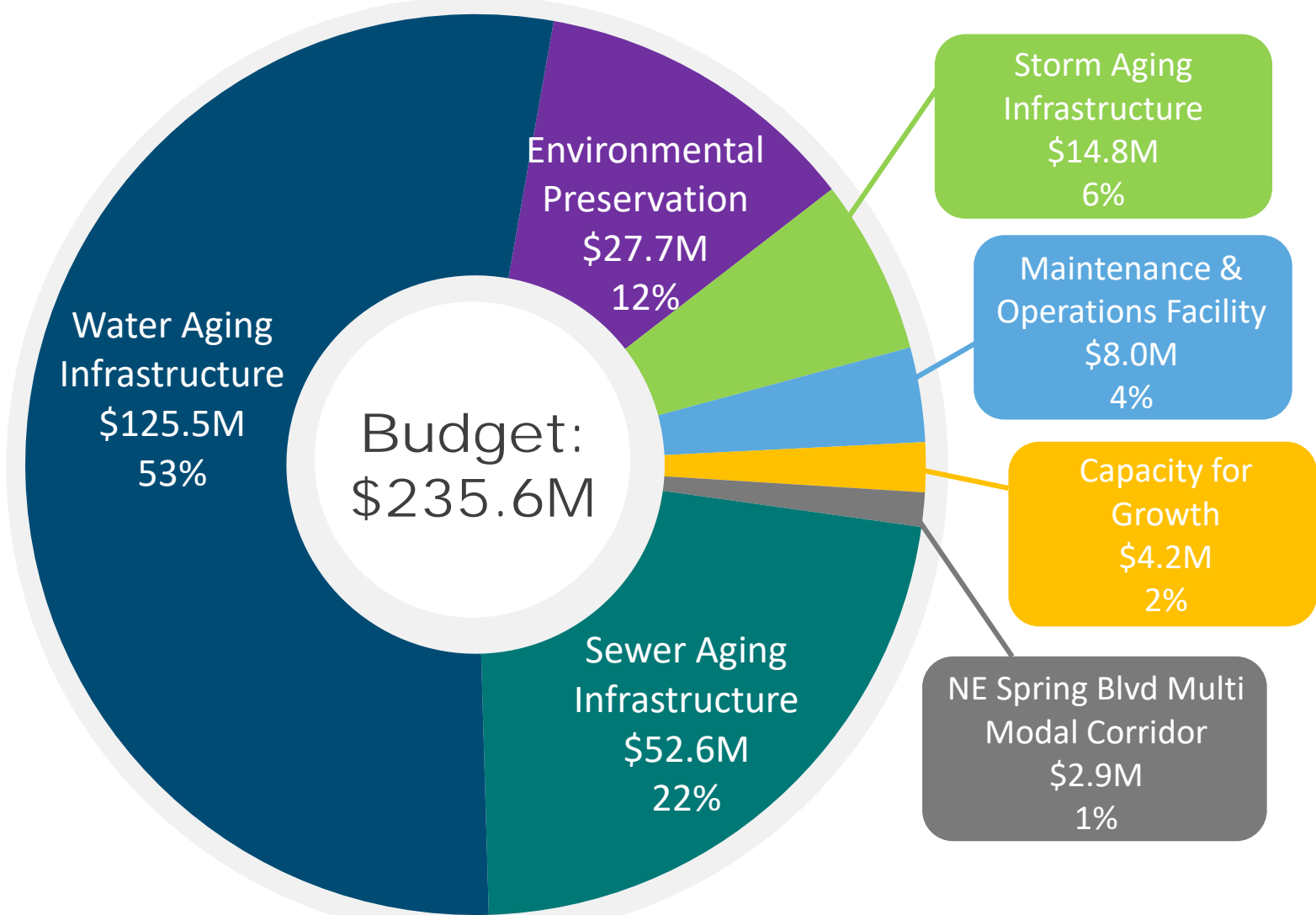
CIP Budget by Fund



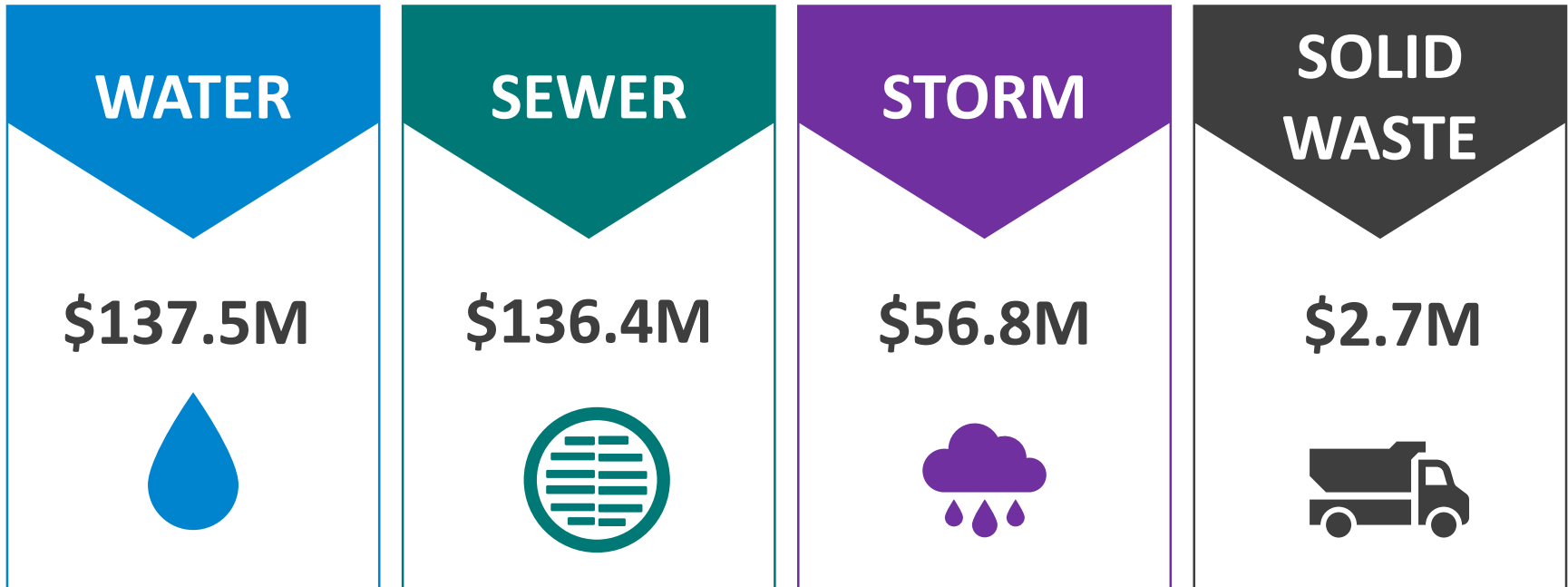
TOTAL CIP BUDGET: \$235.6M

Reviewed in detail with Commission on Jun 23 & Aug 6

CIP Budget by Proposal



Operating Budget by Fund

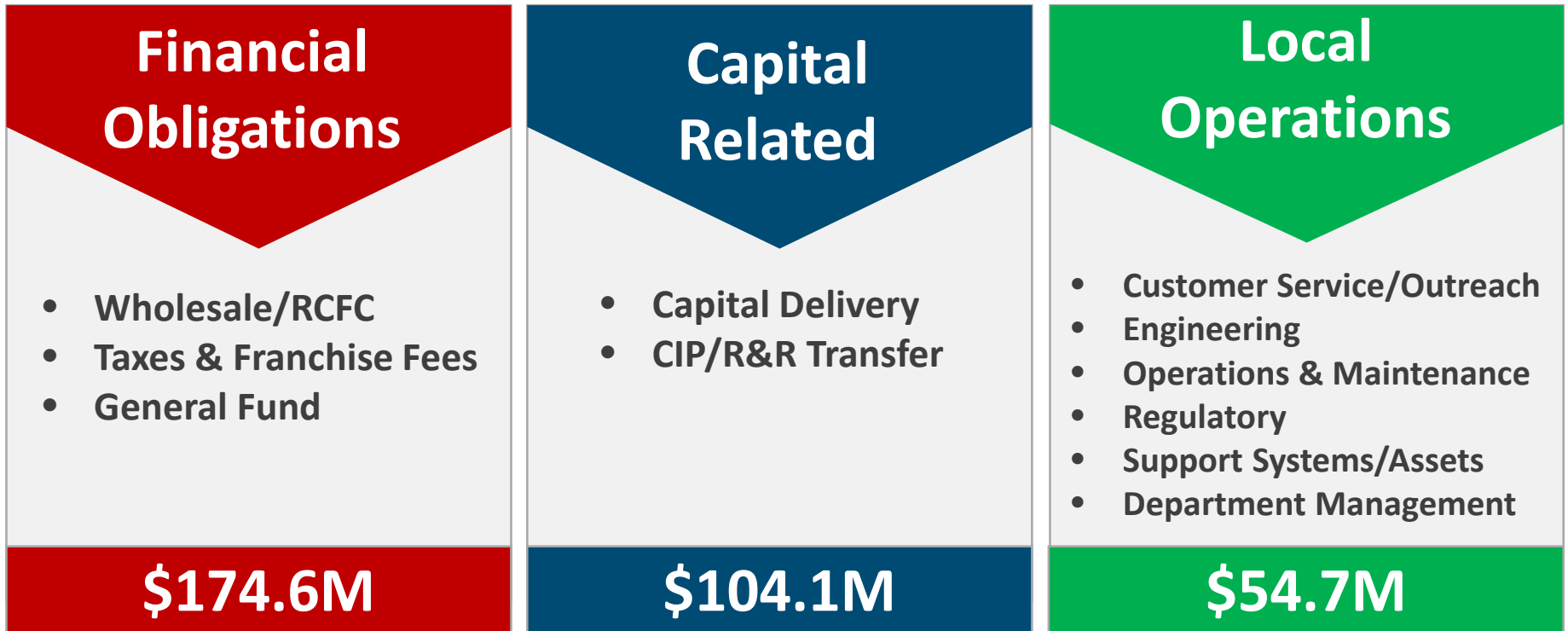


TOTAL UTILITIES BUDGET: \$333.4M

Reviewed in detail with Commission on August 6



Operating Budget by Proposal



TOTAL UTILITIES BUDGET: \$333.4M





Budget Changes



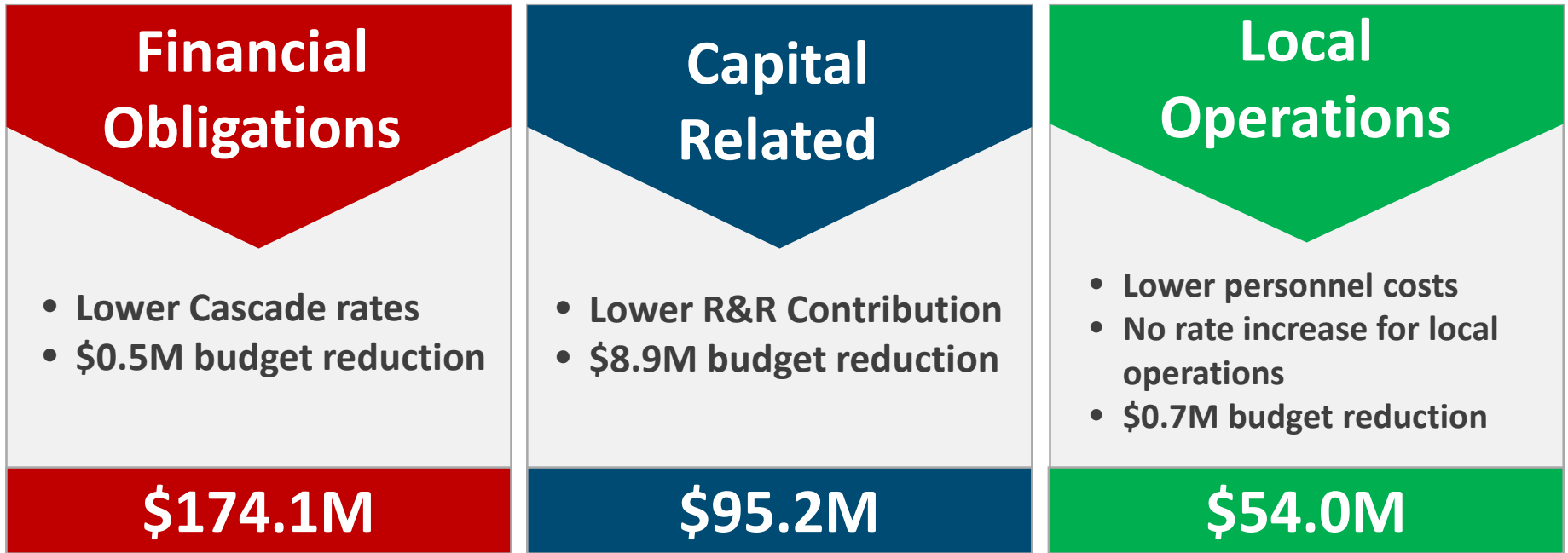
Changes to Utilities Budget

Updates to 2021-2022 Operating Budget:

1. Lower Cascade wholesale rate projections
2. Lower personnel costs
3. No rate increase for local operations
4. Lower R&R contributions



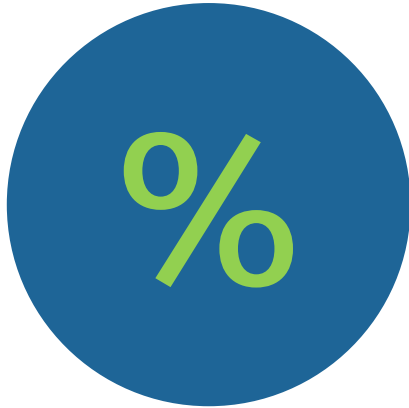
Impact to Budget Proposals



TOTAL UTILITIES BUDGET: \$323.3M

Budget Reduced by \$10.1M





2021-2026 Proposed Rates



2021-2026 Rates Forecast

	2021	2022	2023	2024	2025	2026
July Forecast						
Water	4.1%	4.1%	5.1%	5.1%	5.1%	5.1%
Sewer	5.1%	5.1%	7.6%	2.3%	7.6%	2.3%
Storm	3.8%	3.9%	4.1%	4.1%	4.1%	4.1%
Total:	4.5%	4.5%	6.1%	3.6%	6.1%	3.6%
Current Forecast						
Water	3.5%	3.5%	4.3%	4.3%	4.5%	5.1%
Sewer	4.1%	4.5%	7.6%	2.3%	7.8%	2.9%
Storm	3.5%	3.3%	4.3%	4.5%	4.5%	5.2%
Total:	3.8%	3.9%	5.9%	3.4%	6.1%	4.1%



Customer Bill Impact



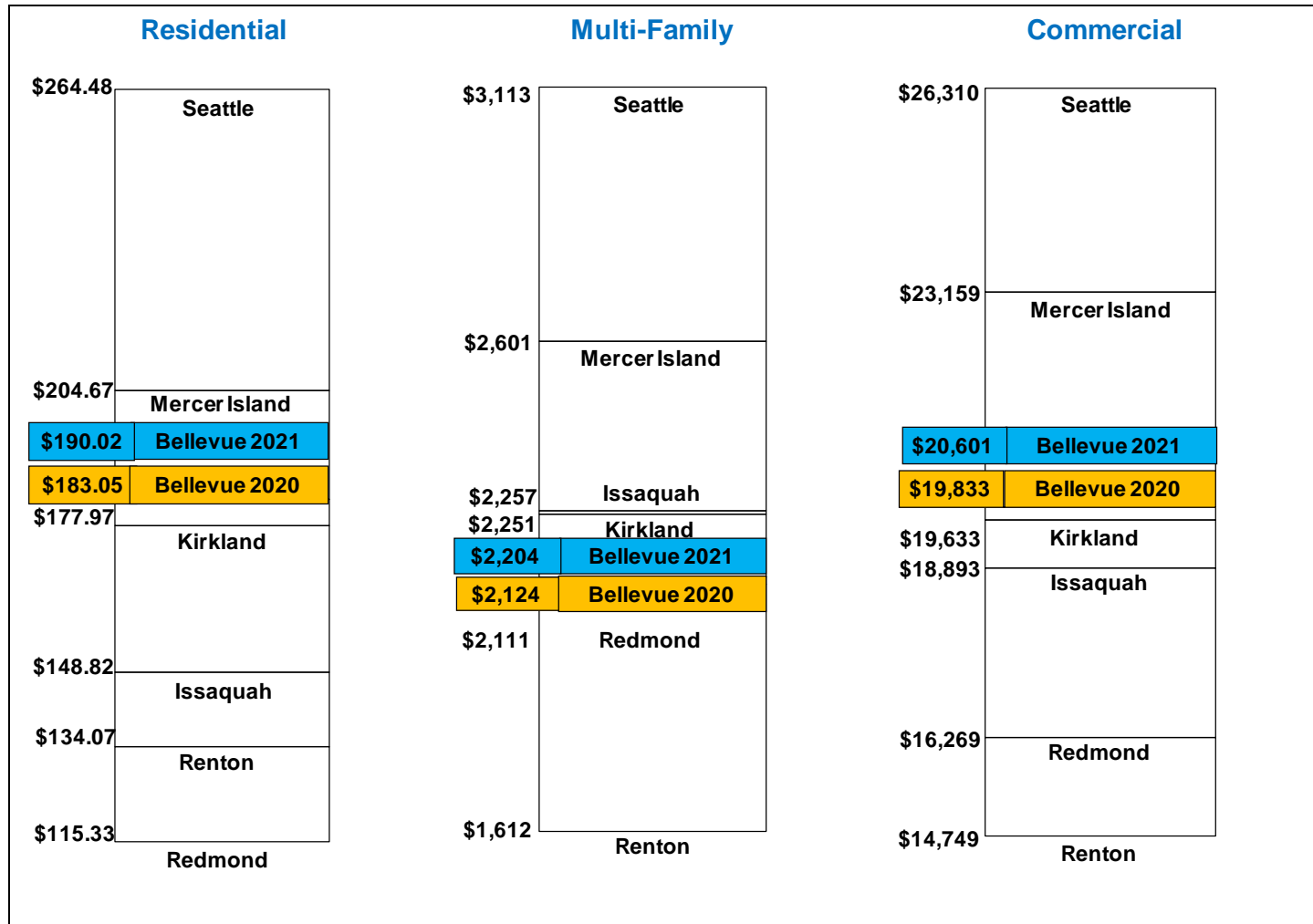
Typical Residential Combined

Water, Sewer, & Storm Utility Monthly Bill Rate Drivers

	WATER		SEWER		STORM		TOTAL	
2020 Monthly Bill		\$69.77		\$85.47		\$27.81		\$183.05
2021 Rate Drivers								
Wholesale	1.7%	\$1.19	3.2%	\$2.74	0.0%	\$0.00	2.2%	\$3.93
Local								
<i>CIP/R&R</i>	<i>0.0%</i>	<i>\$0.00</i>	<i>0.6%</i>	<i>\$0.51</i>	<i>2.0%</i>	<i>\$0.56</i>	<i>0.6%</i>	<i>\$1.07</i>
<i>Taxes/Interfunds</i>	<i>1.8%</i>	<i>\$1.25</i>	<i>0.3%</i>	<i>\$0.25</i>	<i>1.5%</i>	<i>\$0.41</i>	<i>1.0%</i>	<i>\$1.91</i>
<i>Operations</i>	<i>0.0%</i>	<i>\$0.00</i>	<i>0.0%</i>	<i>\$0.00</i>	<i>0.0%</i>	<i>\$0.00</i>	<i>0.0%</i>	<i>\$0.00</i>
Local	1.8%	\$1.25	0.9%	\$0.76	3.5%	\$0.97	1.6%	\$2.98
Total Increase		\$2.44		\$3.50		\$0.97		\$6.91
2021 Monthly Bill	3.5%	\$72.21	4.1%	\$88.97	3.5%	\$28.78	3.8%	\$189.96
2022 Rate Drivers								
Wholesale	0.9%	\$0.65	3.0%	\$2.67	0.0%	\$0.00	1.8%	\$3.32
Local								
<i>CIP/R&R</i>	<i>2.1%</i>	<i>\$1.52</i>	<i>1.3%</i>	<i>\$1.15</i>	<i>2.9%</i>	<i>\$0.83</i>	<i>1.7%</i>	<i>\$3.50</i>
<i>Taxes/Interfunds</i>	<i>0.5%</i>	<i>\$0.36</i>	<i>0.2%</i>	<i>\$0.18</i>	<i>0.4%</i>	<i>\$0.12</i>	<i>0.4%</i>	<i>\$0.66</i>
<i>Operations</i>	<i>0.0%</i>	<i>\$0.00</i>	<i>0.0%</i>	<i>\$0.00</i>	<i>0.0%</i>	<i>\$0.00</i>	<i>0.0%</i>	<i>\$0.00</i>
Local	2.6%	\$1.88	1.5%	\$1.33	3.3%	\$0.95	2.1%	\$4.16
Total Increase		\$2.53		\$4.00		\$0.95		\$7.48
2022 Monthly Bill	3.5%	\$74.74	4.5%	\$92.97	3.3%	\$29.73	3.9%	\$197.44



Monthly Bill Comparison – All Funds





Questions?





How are we supporting ESI?



How is Utilities Supporting ESI?



Water Conservation

\$0.9M



Solid Waste Programs

\$2.5M



Watershed Management

\$3.9M



2021-2022 ESC Budget Review Next Steps

Date	Topic
January 16	<ul style="list-style-type: none"> • Utilities 2021-2027 CIP Budget Development Process Overview
February 6	<ul style="list-style-type: none"> • 2021-2022 Budget Planning Overview • Utilities Finances Overview
June 23	<ul style="list-style-type: none"> • Proposed 2021-2027 CIP
July 23	<ul style="list-style-type: none"> • Rates Forecast • 2019 Financial Performance • CIP Open House Results
August 6	<ul style="list-style-type: none"> • Operating Budget Proposals • CIP Budget Proposals
August 20	<ul style="list-style-type: none"> • Updated forecast • ESC Budget Recommendation to City Manager
October 1	<ul style="list-style-type: none"> • Budget & Rates Public Hearing
October XX	<ul style="list-style-type: none"> • Finalize Budget & Rates Recommendation to City Council
November 9	<ul style="list-style-type: none"> • Chair Delivers Budget & Rates Recommendation to City Council
December	<ul style="list-style-type: none"> • Council Adopts Budget and Rates





ESC Budget Recommendation to City Manager

