

DATE: July 7, 2022

TO: Environmental Services Commission

FROM: Nav Ota, Utilities Director
Uma Singh, Acting Assistant Director – Resource Management and Customer Service
Andy Baker, Fiscal Manager

SUBJECT: **Utilities 2023-2024 Budget & Rates Recommendation**

ACTION REQUIRED

Staff is seeking the Commission's recommendation to the City Manager on the Utilities Department proposed 2023-2024 operating budget and rates, and 2023-2029 capital investment program (CIP) budget.

BACKGROUND / ANALYSIS

This is a continuation of a series of briefings to the Commission regarding the proposed Utilities Department 2023-2024 operating budget and rates, and 2023-2029 CIP budget.

The Commission previously reviewed the following:

- January 6: Utilities CIP budget development process
- February 3: 2023-2024 budget planning process
- March 3: Overview of the Utilities finances, and the Utilities Proposed 2023-2029 CIP Plan
- April 7: Utilities Department 2021 financial performance results, results of the CIP open house, and the 2023-2028 rates forecast for the water, sewer, and storm utilities
- June 2: Utilities 2023-2024 operating budget proposals and 2023-2029 CIP budget proposals
- June 16: Utilities 2023-2028 rates forecast

On July 7, staff will:

- Provide an updated rates forecast based on new wholesale water supply cost projections from the Cascade Water Alliance.
- Answer any additional questions the Commission may have regarding the proposed budget and rates.
- Seek the Commission's recommendation to the City Manager regarding the Utilities Department proposed budget and rates.

Please feel free to forward any questions regarding the budget in advance of July 7, 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 recommendation to the City Manager. The City Manager will submit his 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' proposed budgets and rates on September 1. The Commission will have an opportunity to provide a budget and rates recommendation to City Council in mid-October. Budget adoption is anticipated in November.