

DATE: September 1, 2022

TO: Environmental Services Commission

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

SUBJECT: 2023-2024 Utilities Proposed Budget and Rates – Update, Rates Forecast, and Public Hearing

ACTION REQUIRED

The ESC will hold a Public Hearing on the Utilities Department proposed 2023-2024 operating budget, 2023-2029 capital budget, and 2023-2024 rates.

BACKGROUND / ANALYSIS

Budget and Rates Review

Between January and July, the ESC has reviewed in detail the proposed Utilities Department 2023-2029 capital budget, 2023-2024 operating budget, and the rates necessary to support those budgets. On September 1, staff will update the ESC on changes to the proposed operating budget:

- Inflationary adjustments to forecasted salary and benefits expenses to the Q2 CPI-W.
- Reductions of the incremental budget for credit card fees for monthly billing, based on Commission recommendation at the July 7, 2022 meeting.
- Increases to forecasted taxes and interfunds.
- Adjustments to the budget for Cascade wholesale costs based on their revised member charge memorandum.

Additionally, staff will provide an updated 2023-2028 financial forecast based on the proposed budget.

A notebook of the updated budget documents reflecting the above changes will be provided to the Commission at the meeting as reference material.

Public Hearing

On September 1, the ESC will accept public testimony on the proposed 2023-2024 operating budget, 2023-2029 capital budget, and 2023-2024 rates prior to forwarding a formal ESC recommendation on the Utilities Department budget and rates for City Council consideration on October 17.

As context for the Public Hearing, staff will provide a brief recap of the proposed Utilities Department 2023-2024 operating budget, 2023-2029 capital budget, and 2023-2024 rates. Except for the revisions to the proposed operating budget and rates discussed above, there are no other changes to the proposed budget and rates that the Commission previously reviewed.

Next Steps

Following are the remaining steps in the ESC's review of the proposed Utilities 2023-2024 budget and rates:

Date	Approving Body	Topic
September 15	ESC	➤ ESC develops budget and rates recommendation to City Council
October 17	Council & ESC	➤ ESC Chair presents budget and rates recommendation to City Council ➤ City Council reviews proposed Utilities operating and capital budget and rates
November 21	Council	➤ Anticipated budget adoption by City Council ➤ Anticipated utility rate ordinance adoption by City Council establishing water, sewer, and stormwater utility rates for 2023-2024
