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The background of the slide is a photograph of a water utility pump station. It features large blue pipes, valves, and a pump motor. The equipment is situated outdoors, with a chain-link fence and trees in the background. A semi-transparent blue and green overlay is placed over the right side of the image to provide a background for the text.

WATER UTILITY FINANCIAL PLAN AND PROPOSED RATE CHANGES FOR FY 2024

(revised as of March 21, 2023)

March 21, 2023

www.cityofpaloalto.org



WATER RATE PROPOSAL (revised as of March 21, 2023)

Overall Water Rate Increases

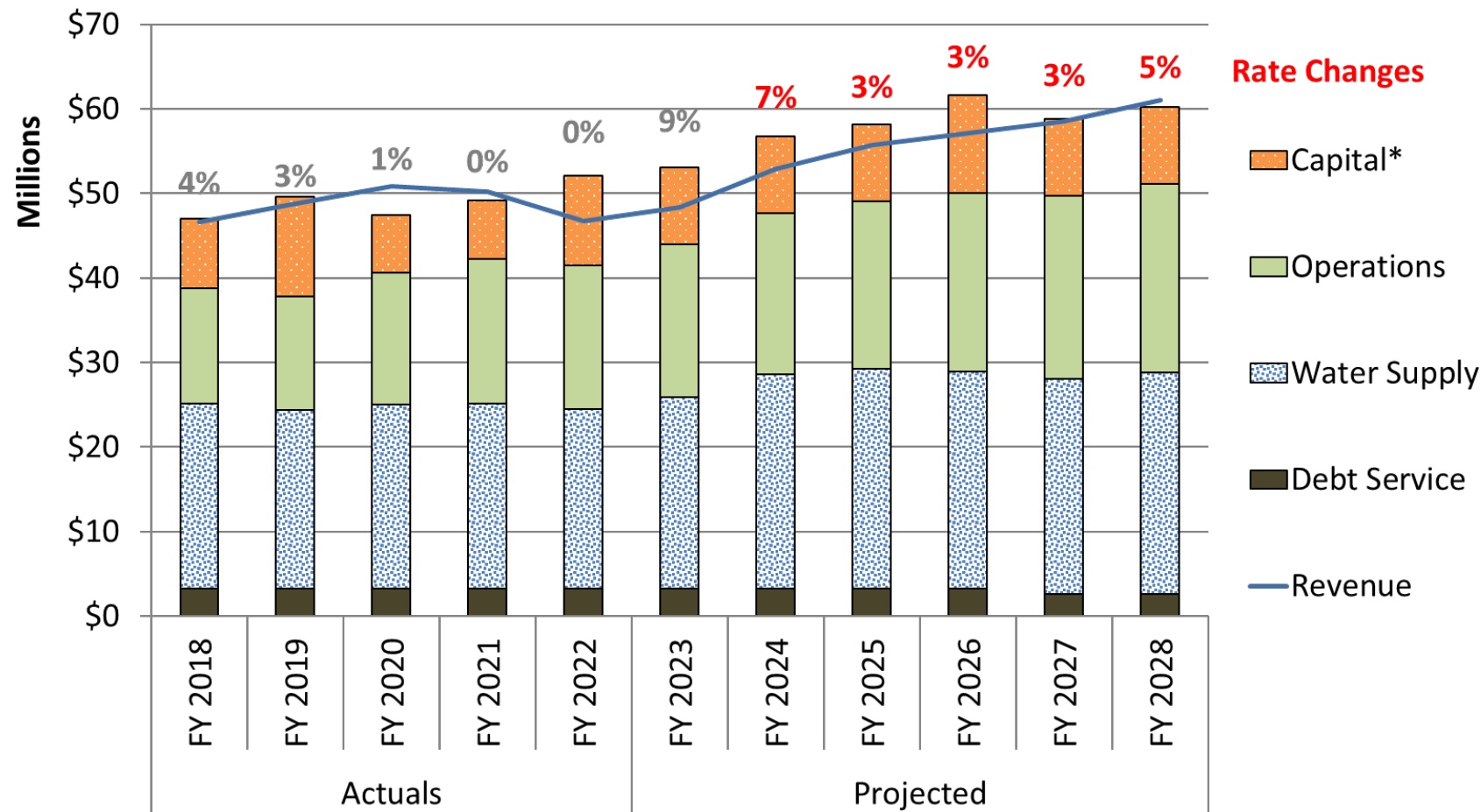
Fiscal Year	2024	2025	2026	2027	2028
3/7/23 Finance Committee Recommendation	7%	3%	3%	3%	5%
Alternative	6%	4%	3%	3%	5%

Water Distribution Rate Increases

Fiscal Year	2024	2025	2026	2027	2028
3/7/23 Finance Committee Recommendation	3%	6%	6%	6%	6%
Alternative	2%	7%	6%	6%	6%

WATER COST AND REVENUE PROJECTION

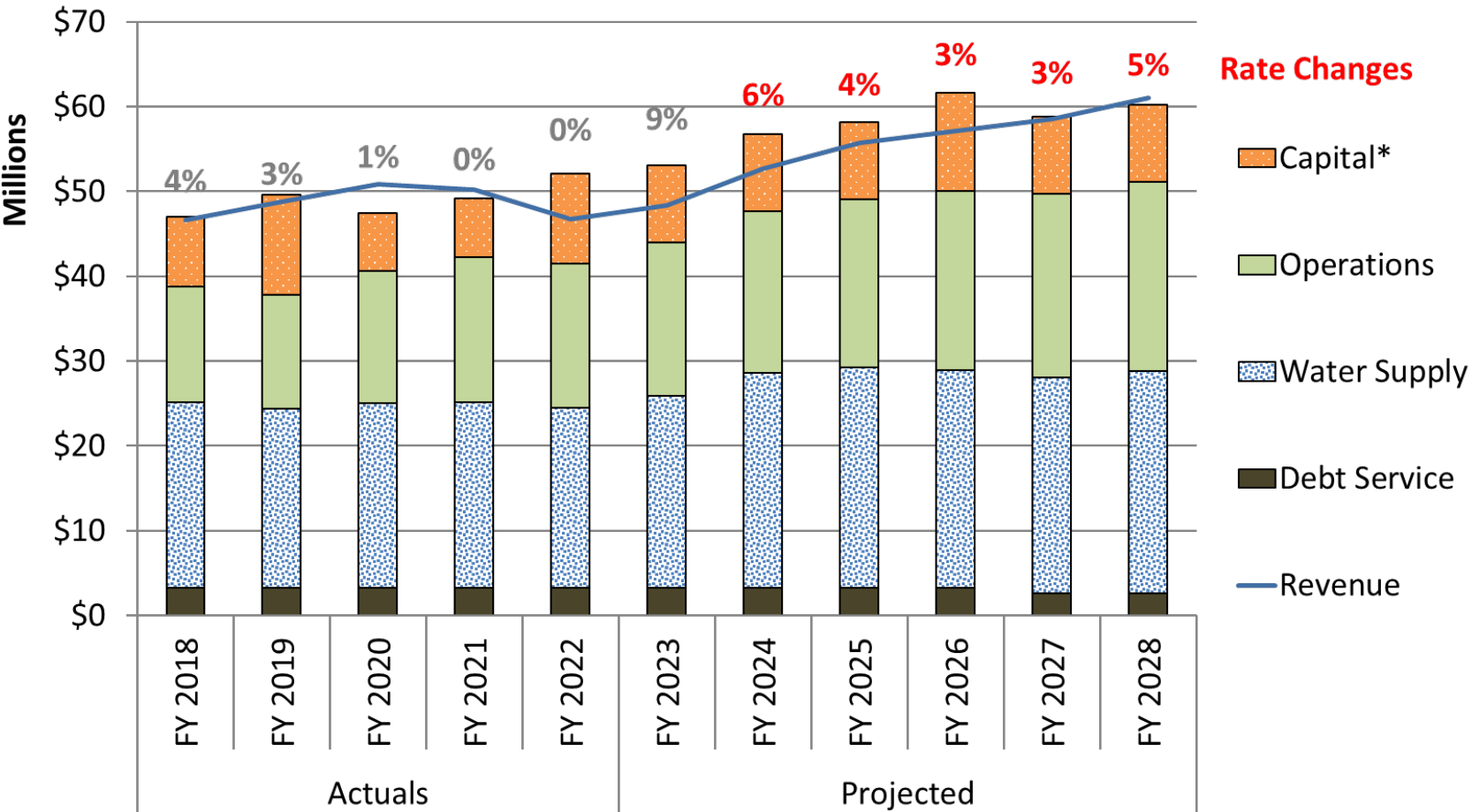
(Finance Committee as of March 7, 2023)



* Includes changes due to commitments/reappropriations and funds transferred to the CIP Reserve

WATER COST AND REVENUE PROJECTION

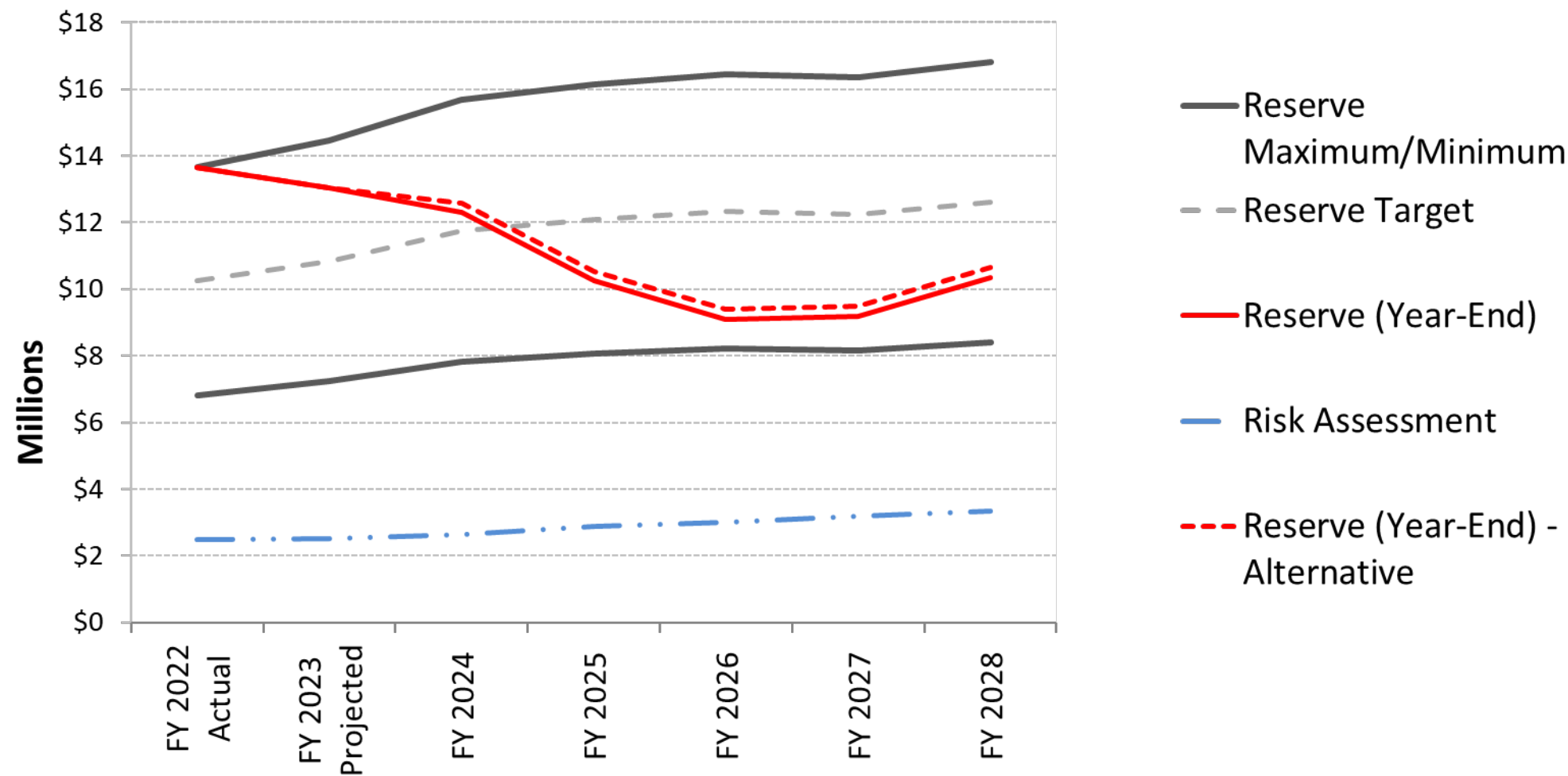
(revised as of March 21, 2023)



* Includes changes due to commitments/reappropriations and funds transferred to the CIP Reserve

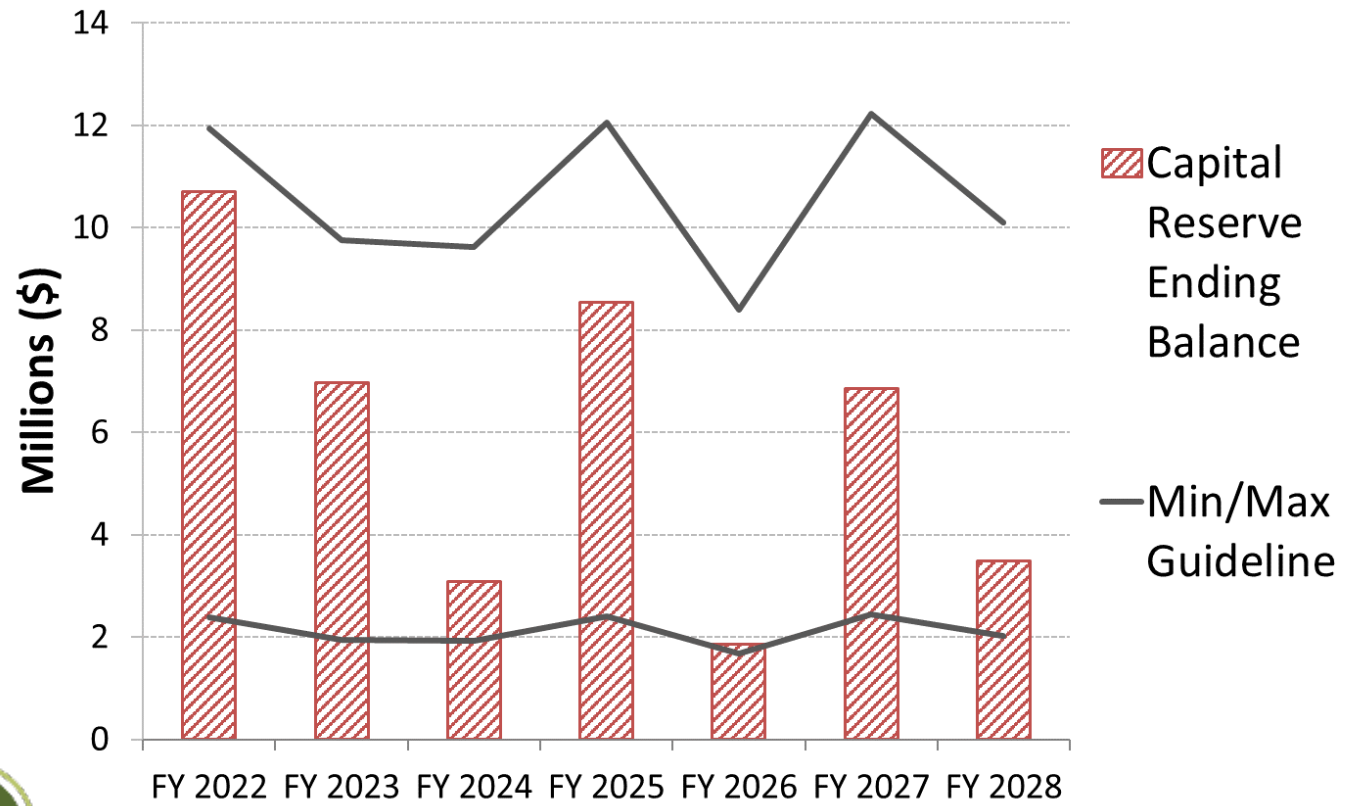
WATER OPERATIONS RESERVE PROJECTION

(revised as of March 21, 2023)



WATER CIP RESERVE PROJECTIONS

(revised as of March 21, 2023)



The Capital Reserve Ending Balances are the same under the 3/7/23 Finance Committee Recommendation and Alternative



RECOMMENDATION

Option 1: No change to the Finance Committee Recommendation from 3/7/23 for the Water Utility Financial Plan and Rate Increase (including a **3% water distribution rate increase**);

OR

Option 2: Staff recommend that the Finance Committee Recommend that the City Council:

1. Adopt a resolution approving:

- a) a. FY 2024 Water Utility Financial Plan, **including 2% water distribution rate increase**
- b) b. Up to a \$3.746 million transfer from the Capital Improvement Projects Reserve to the Operations Reserve in FY 2023
- c) c. Up to a \$3.0 million transfer from the Rate Stabilization Reserve in FY 2023
- d) d. Increasing Water Utility Rates Via the Amendment of Rate Schedules W-1, W-2, W-3, W-4, and W-7