



# UTILITY FINANCIAL PLANS AND PROPOSED RATE CHANGES FOR FY 2024

June 19, 2023

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# WATER UTILITY

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# WATER RATE PROPOSAL

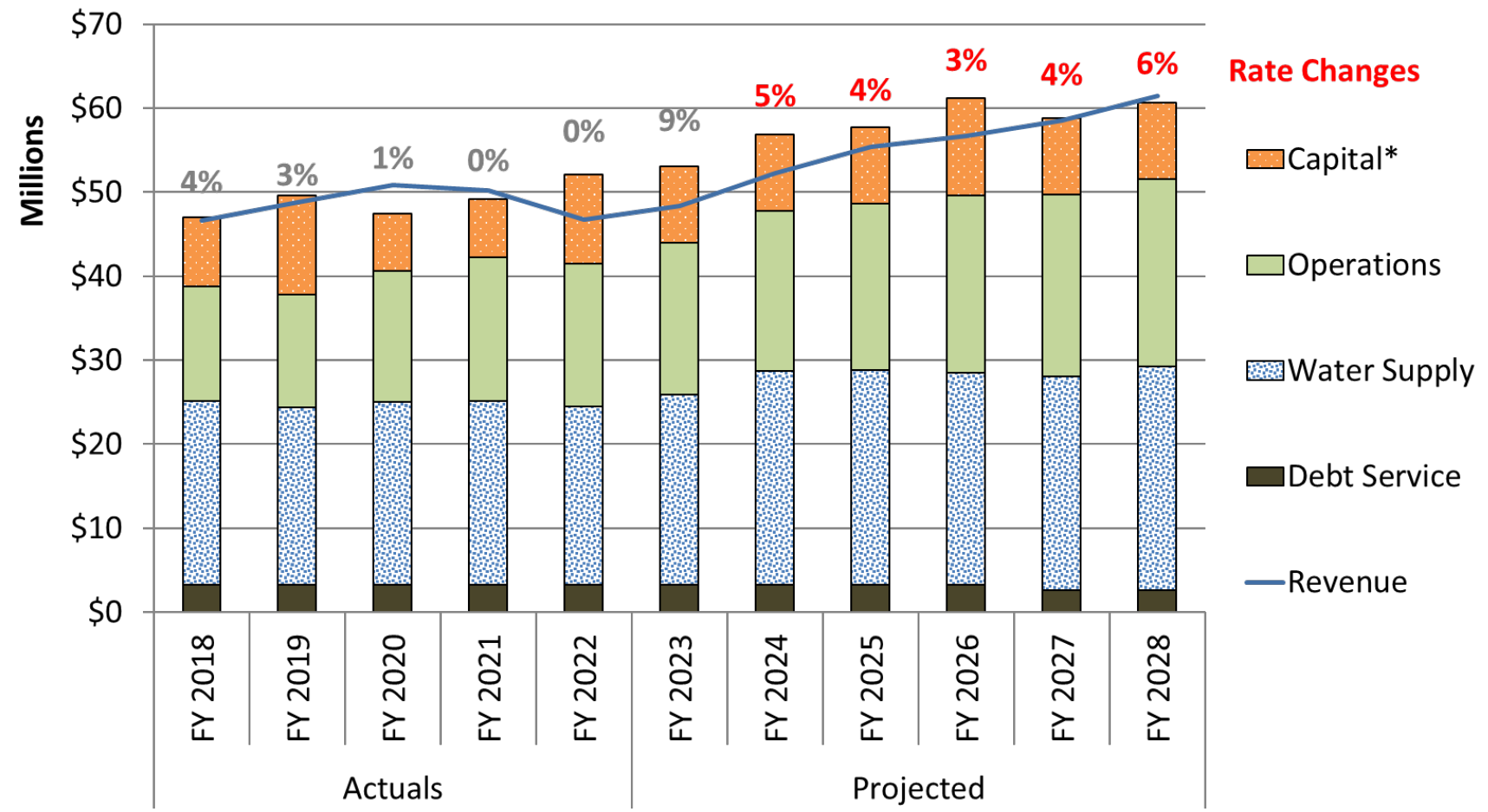
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## 5% Overall Rate Increase in FY 2024

- Overall Rate Increase is a combination of:
  - 2% water distribution rate increase &
  - SFPUC commodity rate increase of 9.7% (\$5.21 per CCF)
- Use healthy Operations Reserve, CIP Reserve & Rate Stabilization Reserve to mitigate rate increases
- Future rate projections 3-6% overall annually FY 2025-2028



# WATER COST AND REVENUE PROJECTIONS



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





## RECOMMENDATION - Water

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Finance Committee, the Utilities Advisory Commission and staff recommend that the

City Council:

Adopt a resolution approving:

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





# WASTEWATER UTILITY

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# WASTEWATER RATE PROPOSAL

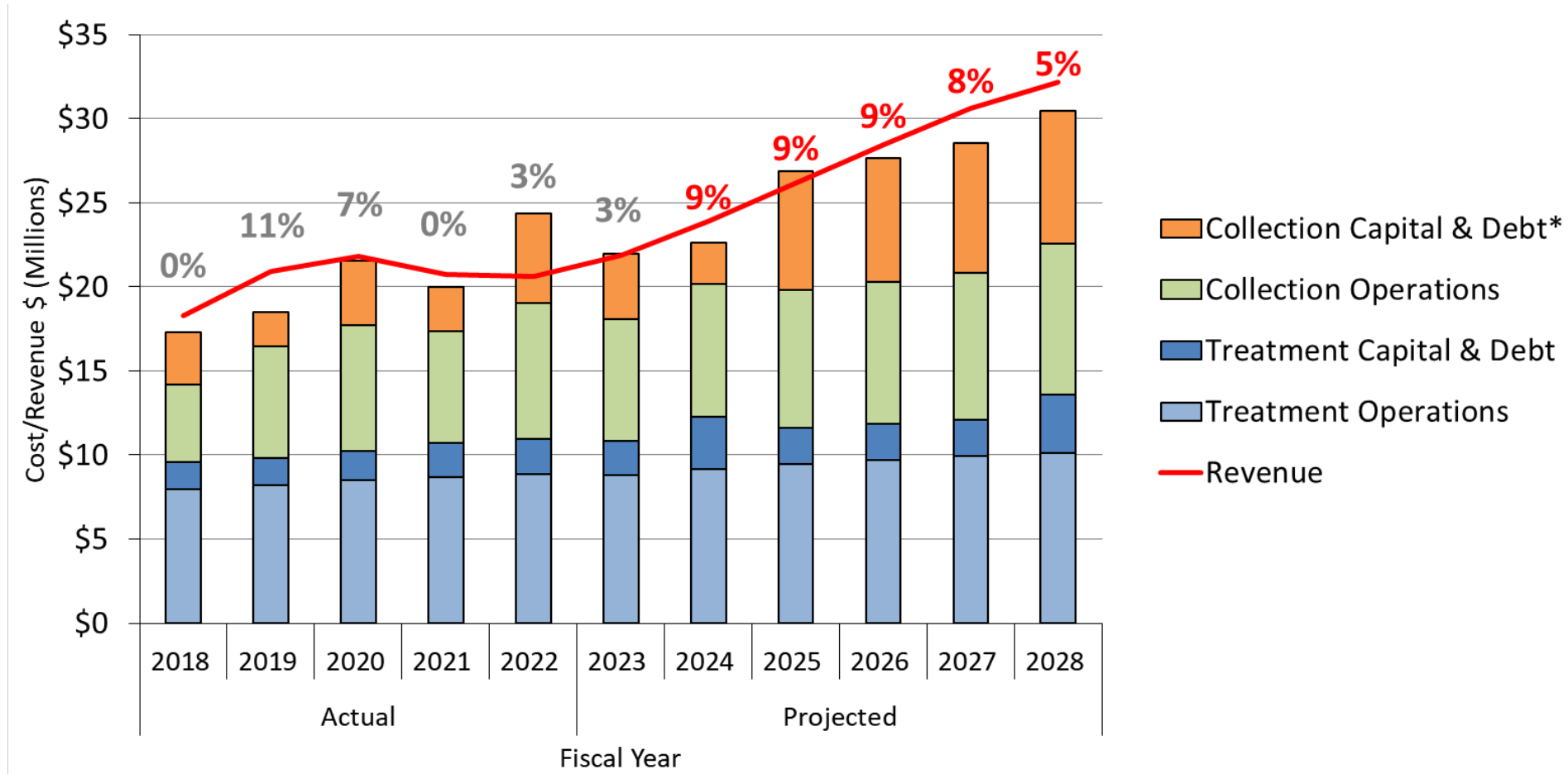
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## 9% Rate Increase in FY 2024

- Accelerate sewer main replacement from 1 mile per year to 2.5 miles per year in FY 2026 to replace the last main no more than ~ 8 years beyond ~100 year life expectancy
- Plan for upcoming increases in Wastewater treatment costs to pay for plant upgrades
- Additional 9% rate increase in FY 2025 and FY 2026, 8% in FY 2027 and 5% in FY 2028



# WASTEWATER COST AND REVENUE PROJECTIONS



\* CIP in the projected years include changes due to commitments/reappropriations and funds transferred to the CIP Reserve





## RECOMMENDATION - Wastewater

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Finance Committee, the Utilities Advisory Commission and staff recommend that the City Council:

Adopt a resolution approving:

- The Fiscal Year 2024 Wastewater Collection Financial Plan, **including 9% overall rate increase**
- Transfer up to \$3.178 million from the Capital Improvements Projects Reserve to the Operations Reserve in FY 2023
- Transfer up to \$342 thousand from the Rate Stabilization Reserve to the Operations Reserve in FY 2023
- Increase Wastewater Collection Utility Rates Via the Amendment of Wastewater Collection and Disposal Rate Schedules S-1 (Residential), S-2 (Commercial), S-6 (Restaurant) and S-7 (Industrial Discharger)





# DARK FIBER

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## RECOMMENDATION – Dark Fiber

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Staff recommends that the Council adopt a Resolution:

1. Amending Utility Rate Schedules EDF-1 and EDF-2 to increase Dark Fiber Rates 4.9 percent and amending Rate Schedule EDF-3 to make technical revisions with no rate change





# STORM WATER MANAGEMENT

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## **RECOMMENDATION – Storm Water**

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The Finance Committee and Staff recommend that the Council adopt a Resolution:

1. Amending Utility Rate Schedule D-1 increasing the Storm Water Management Fee by 4.9 percent per month per Equivalent Residential Unit for FY 2024