



# 32


**TO: HONORABLE CITY COUNCIL**

**FROM: BRAD EGGLESTON, DIRECTOR OF PUBLIC WORKS**

**DATE: JUNE 22, 2020**

**SUBJECT: AGENDA ITEM NUMBER 32-** Staff Recommendation That the City Council Adopt the Following Five Resolutions: (1) Approving the Fiscal Year (FY) 2021 Electric Utility Financial Plan, Including Proposed Reserve Transfers, and Amending the Electric Utility Reserve Management Practices; (2) Approving the FY 2021 Gas Utility Financial Plan, Including Proposed Transfers, Amending the Gas Utility Reserve Management Practices, and Adopting a Gas Rate Increase by Amending Utility Rate Schedules G-1, G-2, G-3 and G-10; (3) Approving the FY 2021 Water Utility Financial Plan and Amending the Water Utility Reserve Management Practices; (4) Amending Utility Rate Schedule D-1 Increasing the Storm Water Management Fee by 2.5 Percent per Month per Equivalent Residential Unit for FY 2021; and (5) Amending Utility Rate Schedules EDF-1 and EDF-2 to Increase Dark Fiber Rates 2.5 Percent

During the Finance Committee review of the proposed Stormwater rates, Council Members requested more information about the shortfall between the proposed increase for FY21 and the actual anticipated expense increases. The Proposed FY 21 rate increase is based on the latest Consumer Price Index (CPI) for this area – 2.5%. However, much of the budget is for Capital Improvement Projects (CIP) and the latest RS Means Construction Cost Index rose by 3.89 %. Another major component of the Budget is City Staff salaries and benefits. In a typical year, the actual salary and benefit increase is 4-5%. While this is not a typical year, it is not yet known what the increase will be. Therefore, it is prudent to conclude that overall expenses will rise by approximately 4%. This results in a shortfall of 1.5 % with respect to the CPI or roughly \$ 100,000 of the revenues for FY 21. Council members asked what maintenance impact this would have on the Stormwater Management system. Deferring this amount of expenditures for the remaining 12 years of the Ballet measure funding would be roughly equivalent to deferring one of the smaller 13 planned CIP projects beyond the current ballet measure cycle. The Five-year CIP Plan for the Stormwater Management Fund has been adjusted to take this likely outcome into account.

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