



# Wet Utilities Financial and Rate Study Briefing



Utility Advisory Committee  
June 4, 2026

# Tonight's Agenda

## Rate Setting 101 & Project Update

- Reminder – Project Scope
- Rate Setting 101 with HDR!
  - **PRELIMINARY** Work to Date
- Next Steps
- Issues and concerns we have heard
- Discussion

# Financial and Rate Study Overview of Tasks

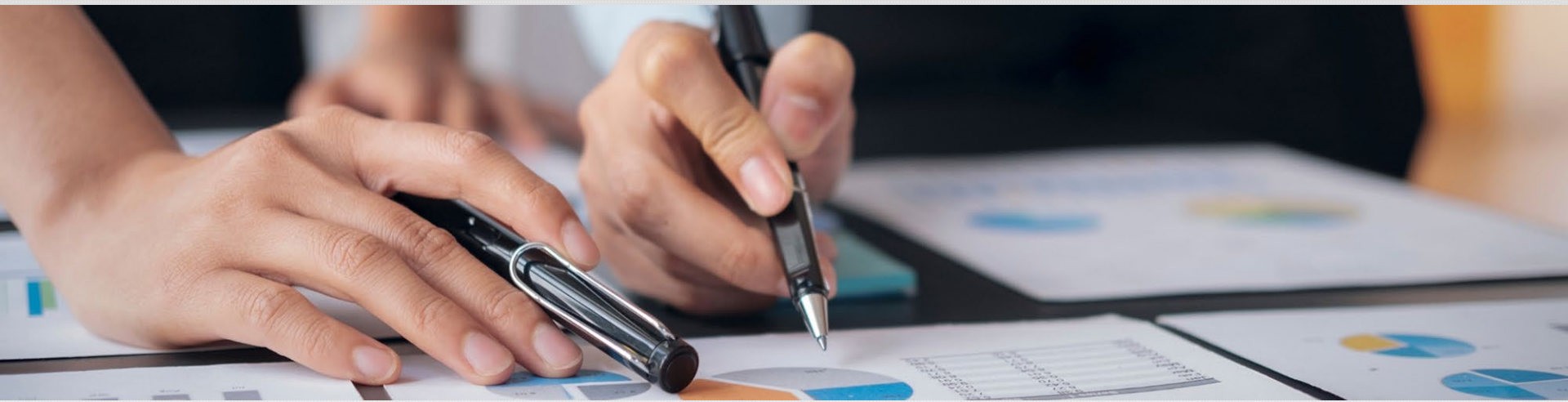
## What the Study Includes:

- Revenue Requirement: How much \$ do we need?
- Cost-of-Service: What do different customers pay & why?
- Rate Design: How should our rates be structured?
- General Facility Charges: What does growth pay for?
- Financial Policies: How do we make consistent decisions?
- Affordability Strategies: How do we assist customers?

**REMINDER: We are taking a phased approach to this work!**



# Rate Setting 101



# Next Steps

## Short-Term Focus: May 2026-December 2026

- 2027 Operations Budget
- 2027-2032 Capital Facilities Plan – including a prioritization process

## Longer-Term Focus: May 2026-May 2027

- Continue to work with HDR
- Refinement of scenarios via gap analysis/strategic plan development - new water system plan starting soon
- Review draft Financial Policies with Finance
- March 2027 UAC briefing

# What we have Heard

## Issues and General Concerns

- Rate stability
- Equity and affordability (rates and GFC's)
- Financial impacts from climate and sea level rise work
- Infrastructure safety due to deferred projects and reduced depreciation funding
- Regulatory adaptability and uncertainty

# Discussion Question

## Tonight's Focus – Discussion

Taking into consideration that the Financial and Rate Project is a phase approach that includes the development of a 10-year financial program for each utility, issue papers focused on rate affordability metrics/expanded programs and recommended financial policies and continued refinement of utility needs and funding gaps, what additional questions or topics would you like addressed in a future state of the utility presentation?

# Questions and Discussion





# Our Approach to the Study

## Multi-Year Phased Approach (2025-2028):

- Gives us the time to do the work correctly!
- Builds knowledge year over year
- Builds support year over year
- Aligns with City budget cycles
- Allows policy input and decision points
- Provides multiple opportunities for Utility Advisory Committee and Council input

# Project Delivery and Timeline

## Foundational Analysis (2025/2026):

- Scope establishment & data collection
- Financial Policy review
- Baseline 10-year financial forecast
- Initial GFC review
- Technical Memo Findings
  - Affordability and metrics
  - Customer Assistance Programs
  - Sea Level Rise Funding

# Project Delivery and Timeline

## 2026 Alternative and Drafts:

- Revenue requirement scenarios – 2027 budget?
- Updates to GFC's – 2027 budget?
- Cost-of-Service Analysis
- Draft rate structure options
- Presentations
  - Utility Advisory Committee
  - Finance Committee
  - City Council

# Project Delivery and Timeline

## 2027 Final Recommendations:

- Final revenue requirements – 2028 budget, yes!
- Final GFC's – 2028 budget, yes!
- Final Cost-of-Service Analysis
- Final rate design alternatives/recommendation
- Adoption presentation to UAC, Finance Committee and Council
- Final reports, technical memos and documentation



# Key Policy Topics

## Important Decisions Along the Way:

- Financial Policies (e.g. reserves, debt coverage)
- Rate affordability and equity considerations
- Customer assistance approaches
- Funding sea level rise
- Growth vs existing customer cost allocations
- Rate structure approaches

# Key Outcomes

## What we will get out of the Study:

- Sustainable and adaptable financial plan
- Defensible, cost-based rates
- Updates to GFC's aligned with growth
- Rate and fee models for ongoing use, including during budget updates
- Staff training and long-term tools

# Role of the UAC in the Project

## How will the UAC Assist?

- Review and provide input at key milestones
- Discuss policy direction and tradeoffs
- Provide feedback on rate options
- Support and provide recommendations to the Council
- Help us to tell our story!

**Scheduled Briefings: June 2026 and March 2027**