



Information Item: ES Preliminary Budget, Rates, and Workshops

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Environment Committee: June 9, 2026



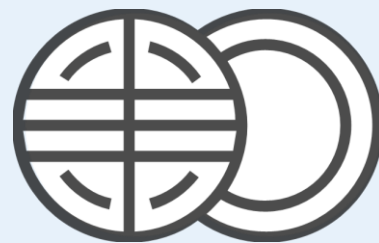
2027 executive summary (vs. 2026)

**Regional
Wastewater
Charge**



3.5%

**Sewer
Availability Unit
Charge**



0.0%

**Industrial Waste
Strength Charge**



7.2%

**Industrial Permit
Fee**



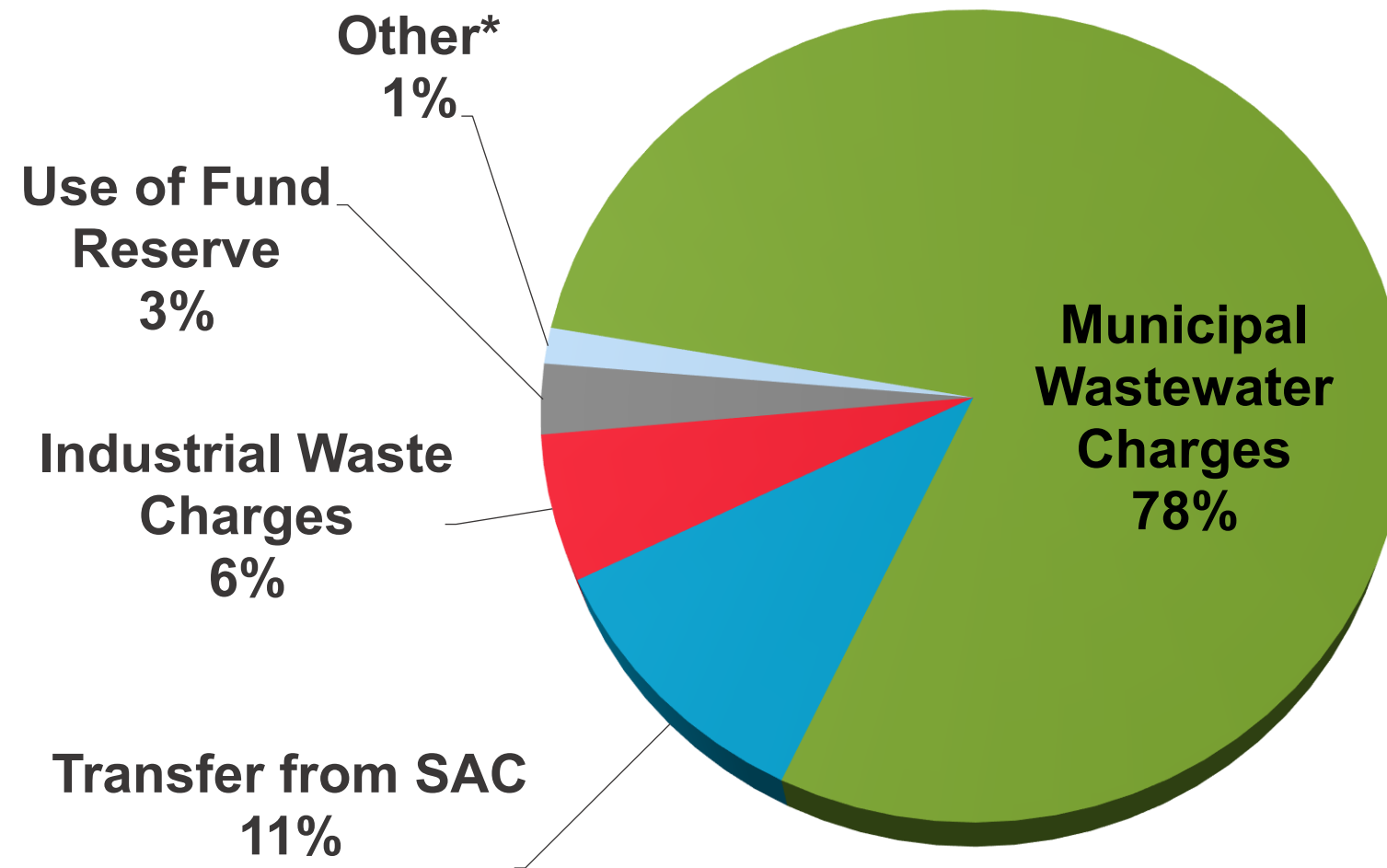
~3.5%

2027 preliminary regional municipal wastewater charge increase drivers

3.5% translates to \$11.0M

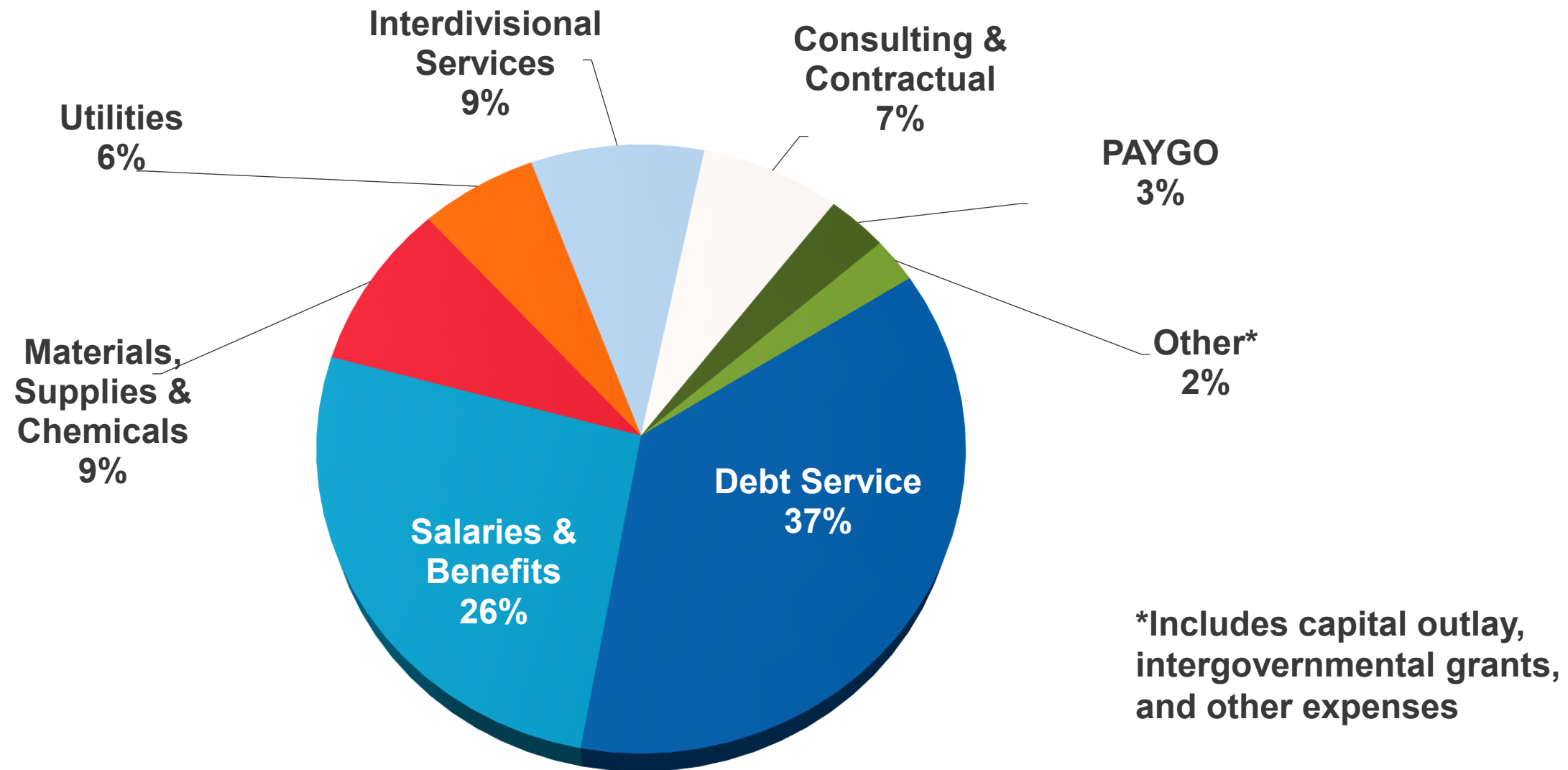
- Labor and Benefit increases due to inflation, turnover, temporary leaves, and business process improvements (\$6.2M)
- Interdivisional charge increases due largely to technology investments to replace aging technology and improve cybersecurity (\$4.3M)
- Materials and Supplies due to inflationary increases (\$2.3M)
- Chemicals due to inflation and cost increases resulting from high fuel costs (\$2.2M)
- Debt Service due to increased capital investment (\$2.0M)
- Utilities due to high fuel prices (\$1.3M)

2027 revenue sources: \$411M

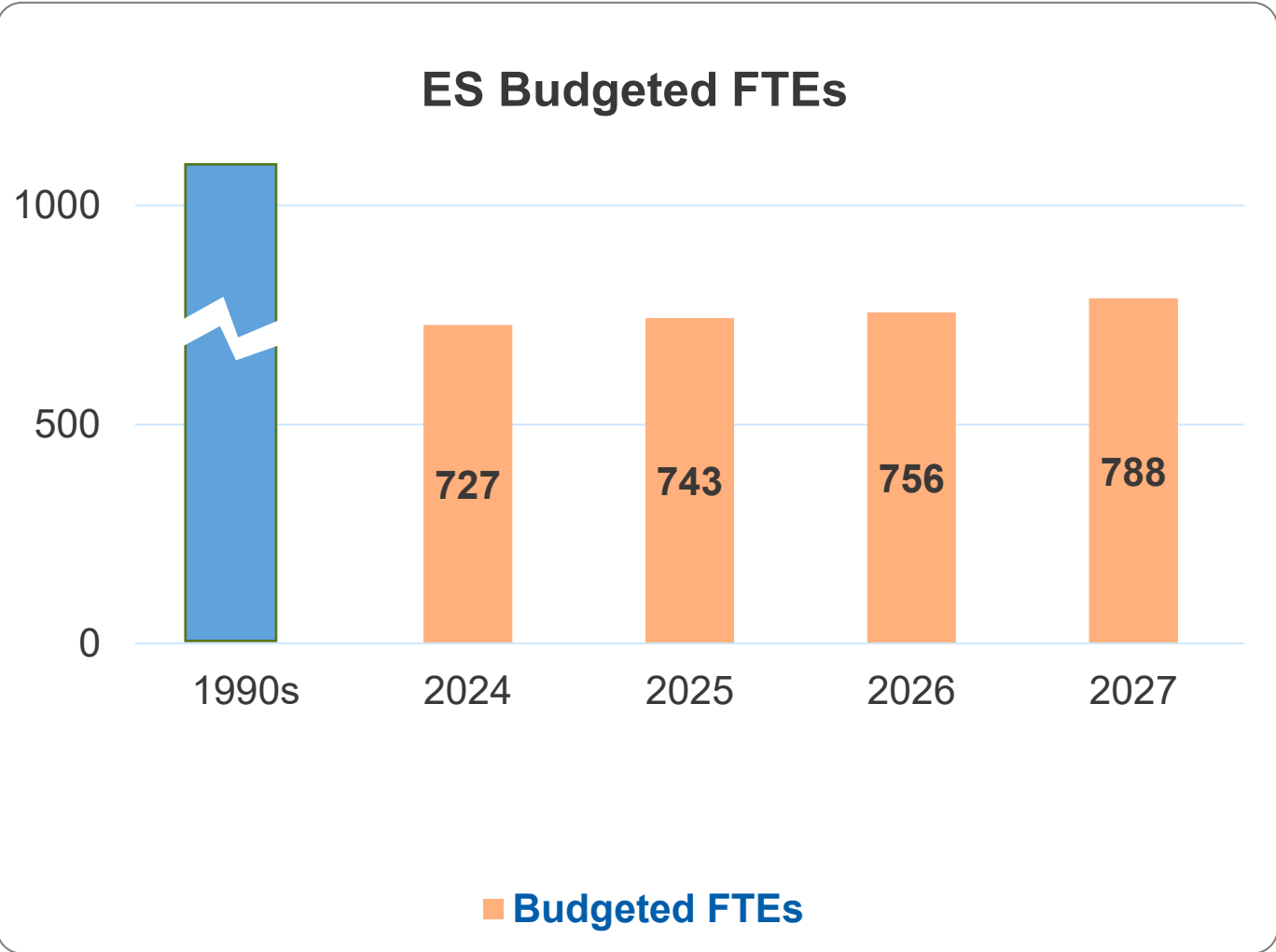


*Includes \$3.8M interest and other investment revenue

2027 uses by category: \$411M



Proposed budget: labor



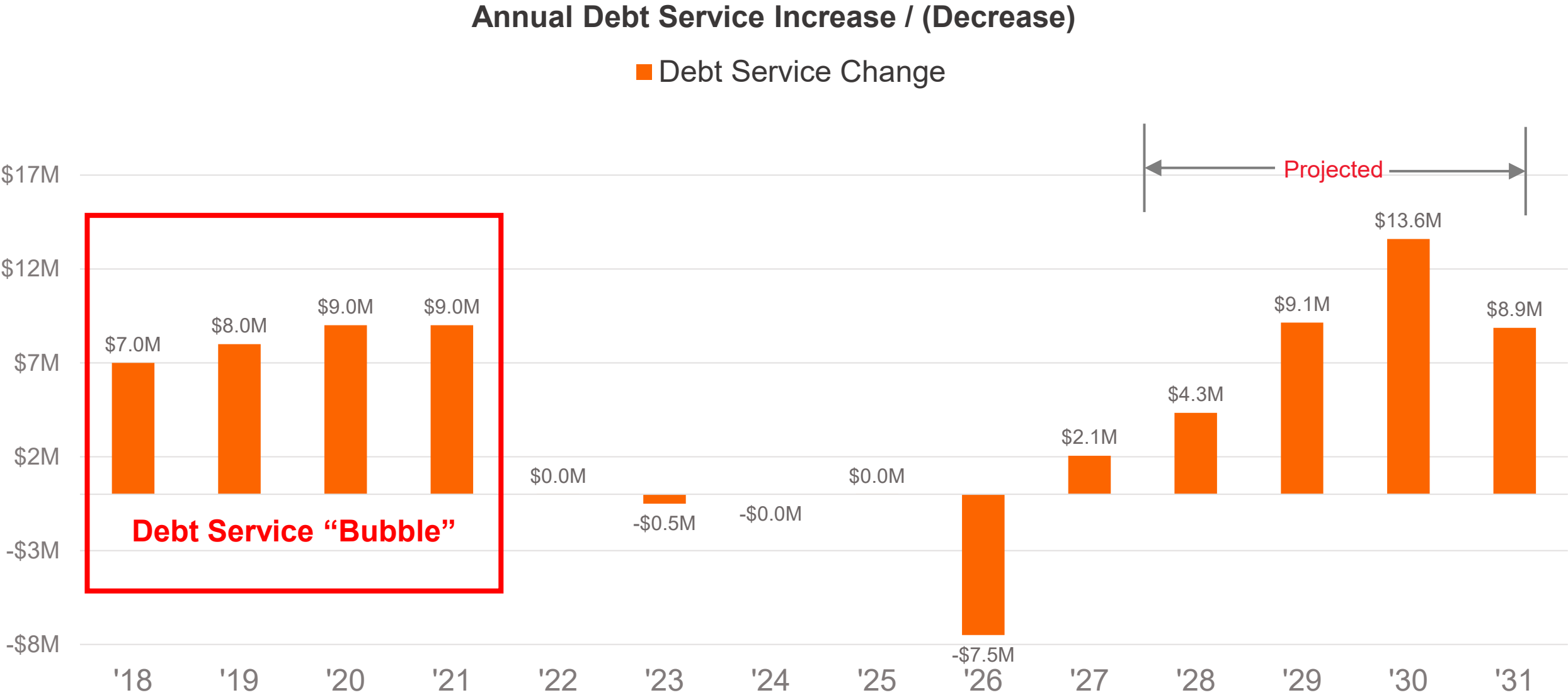
FTE Budget Count

764	Regular FTEs
788	FTEs including overtime
45	Budgeted vacant FTEs

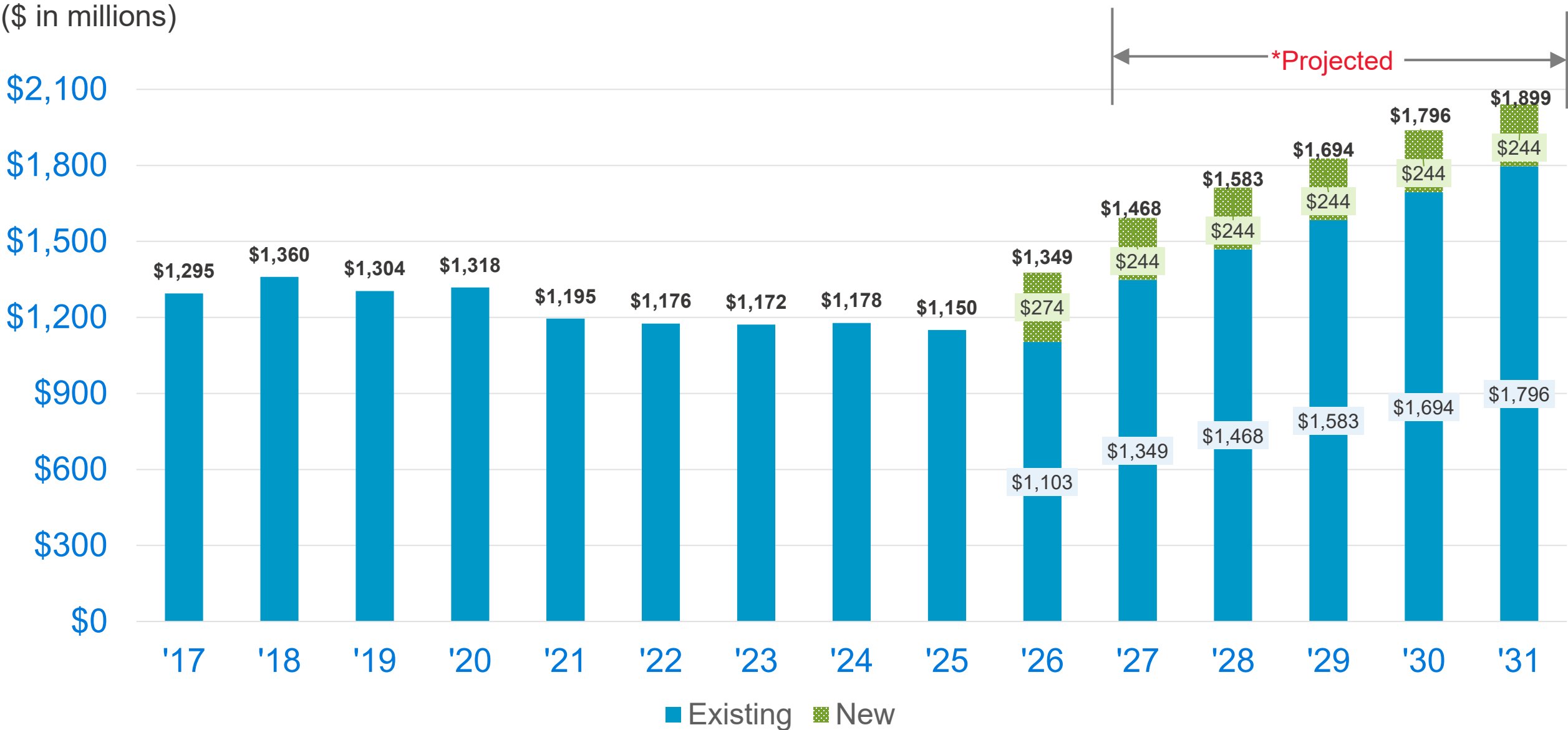
Risk Factors

- Rising wage pressure in response to rising inflation
- Potential for increased medical expenses
- Potential for higher attrition rates leading to higher than planned vacancies (drives overtime)

Projected debt service change



Wastewater outstanding debt



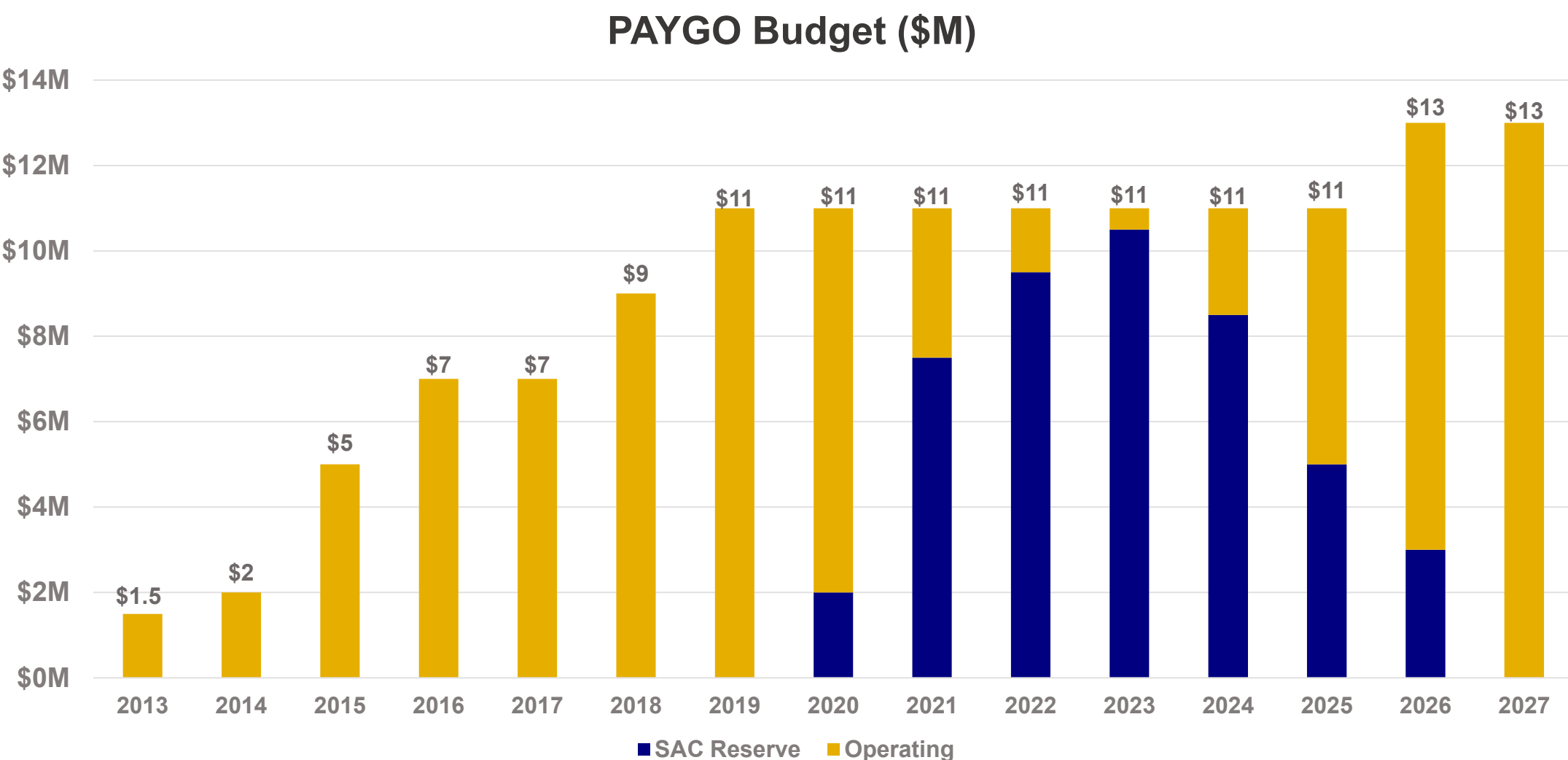
*Based on 2026-2031 Capital Improvement Plan

Debt per capita*

Denver	\$271	Memphis	\$475	Seattle	\$1,699
Phoenix	\$274	Oakland	\$486	Chelsea	\$1,850
Orange County	\$281	Virginia Beach	\$545	Indianapolis	\$1,950
Greenville	\$311	Los Angeles	\$664	Cleveland	\$1,985
San Diego	\$348	San Antonio	\$783	Fort Wayne	\$2,193
Clark County	\$376	Baltimore	\$802	Honolulu	\$3,240
ES	\$406	Sacramento	\$1,297	Louisville	\$3,329
Chicago	\$463	St. Louis	\$1,347		

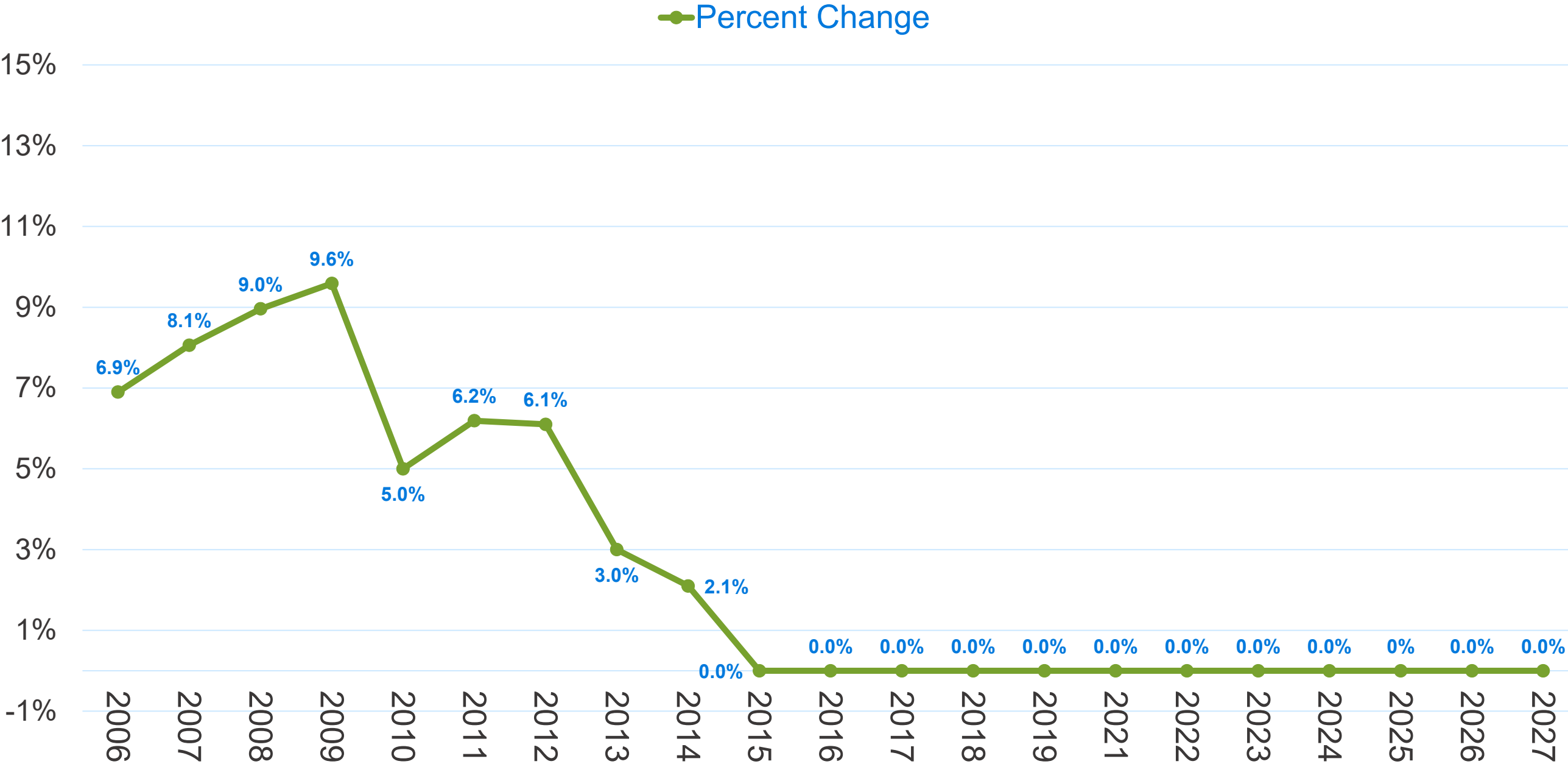
**Source is the 2024 NACWA triennial financial survey, which includes 2023 data.*

Pay-As-You-Go (PAYGO)

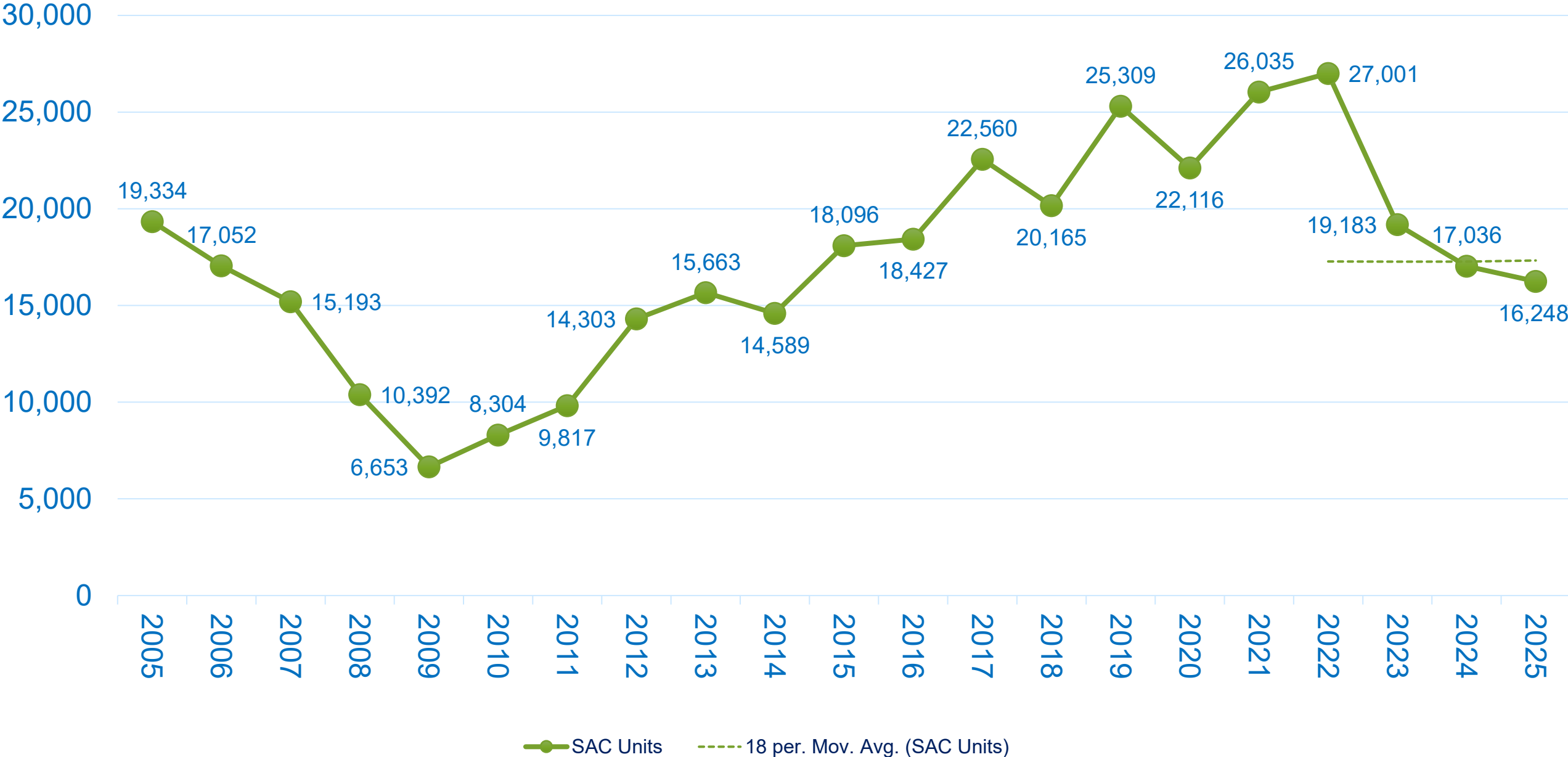


PAYGO is funded from the operating fund except for these amounts
funded from the SAC fund: \$7.5M in 2021, \$9.5M in 2022, \$10.5M in 2023, \$8.5M in 2024, \$5M in 2025, and \$3M in 2026.

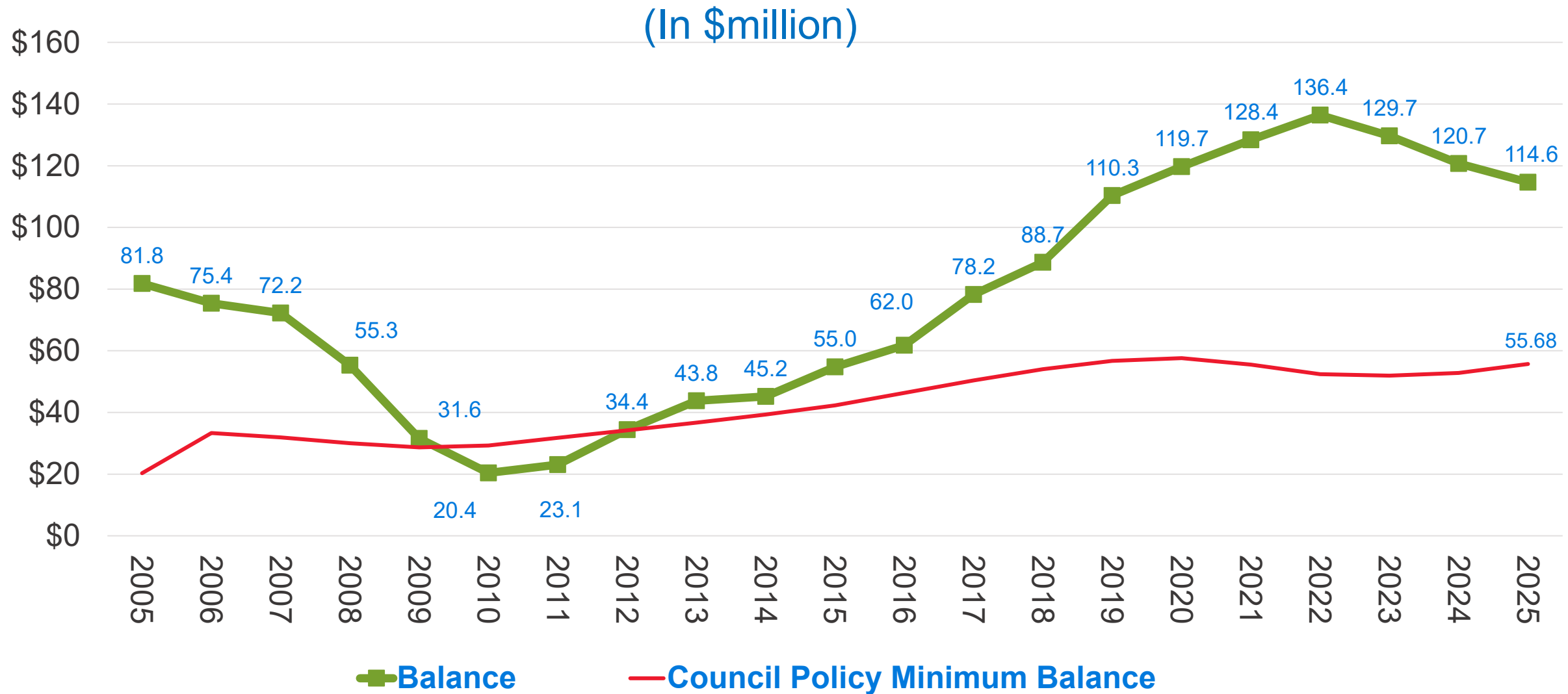
Historical SAC rate increases (%)



SAC Units: development continues



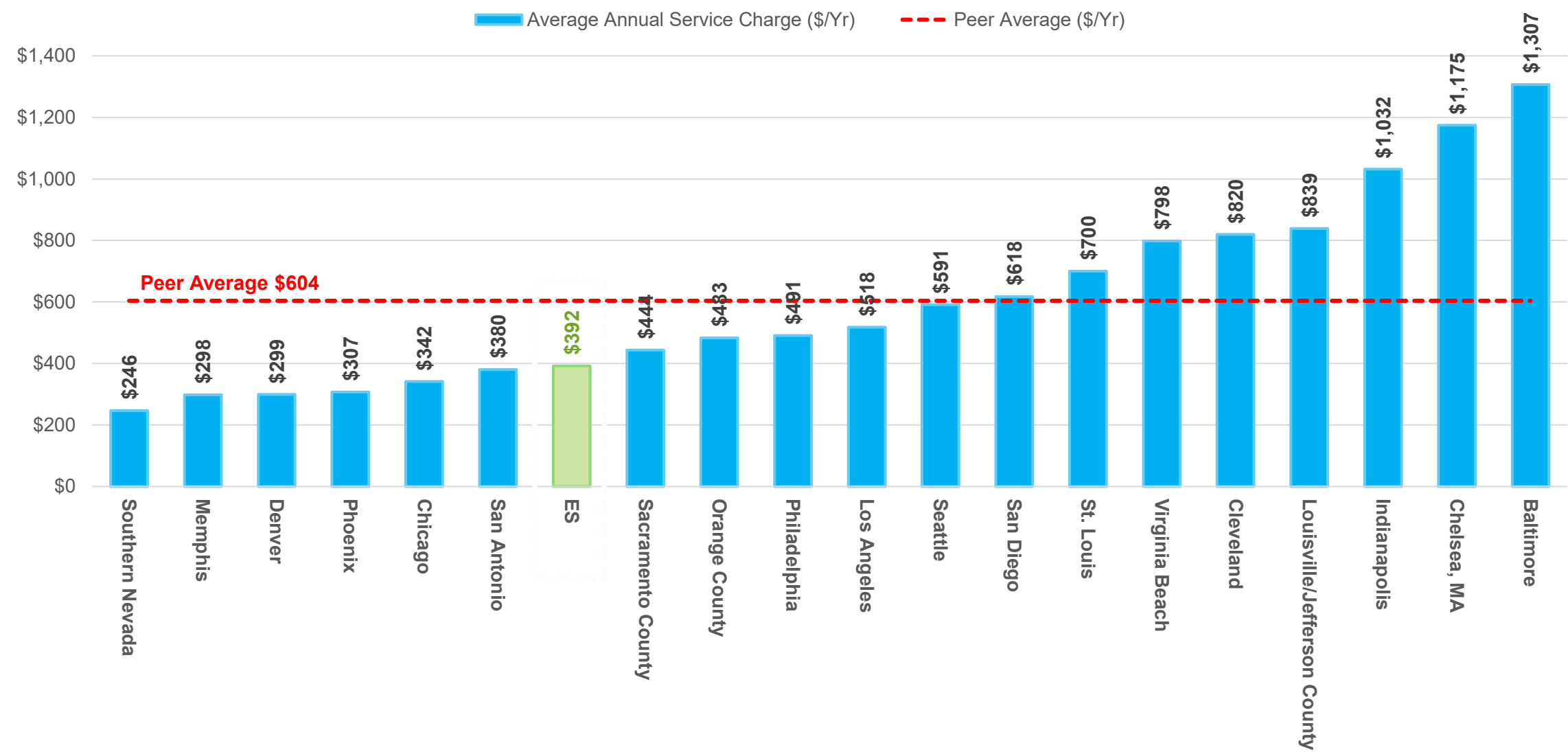
SAC reserve balance



Strong reserve balance will help ES manage future SAC rates

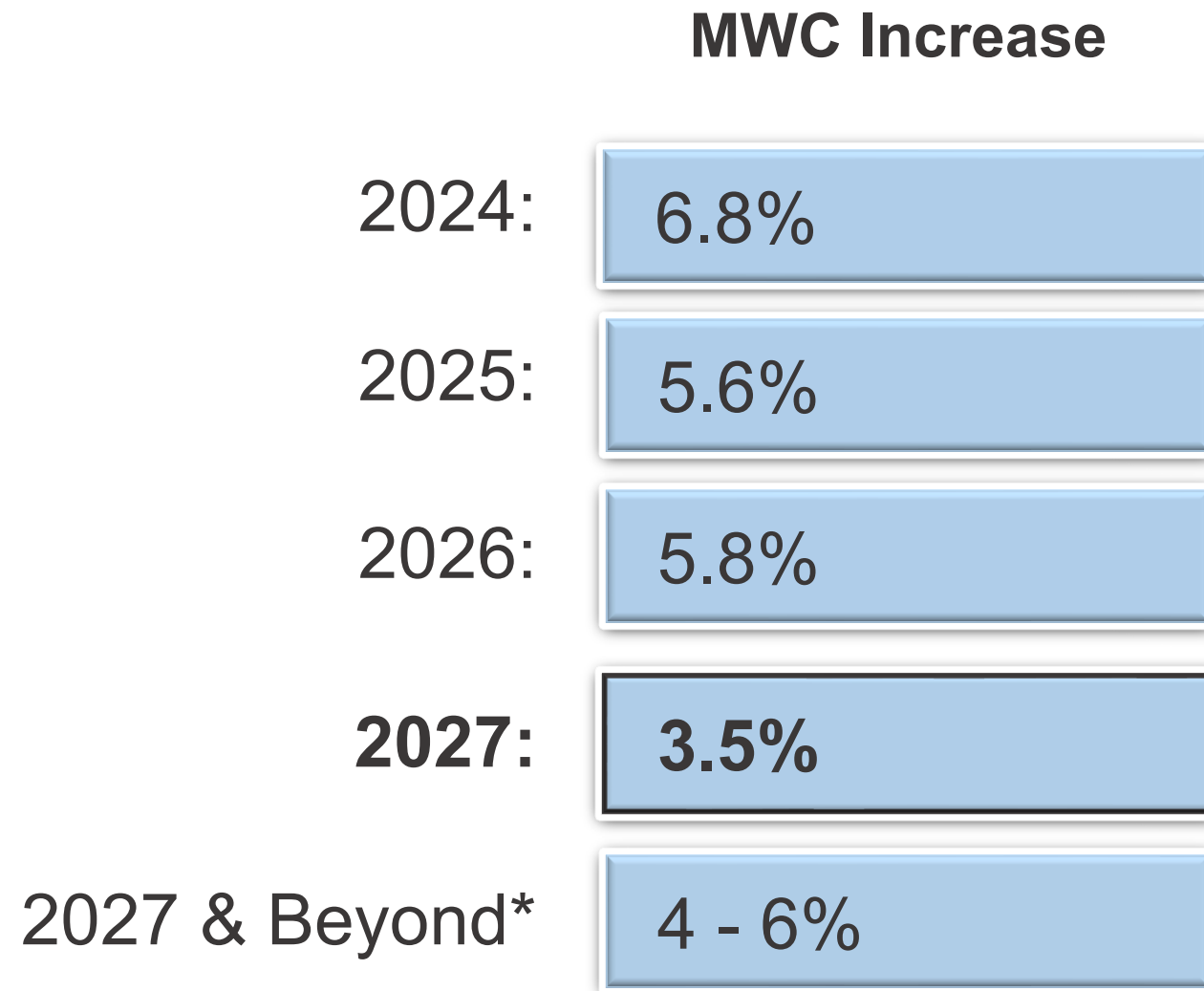
Retail Sewer Rate Comparative Information

- Average retail sewer rates per household



* 2024 NACWA survey of 2023 rates

Municipal wastewater charges



*Impacted by uncertainties

Increasing uncertainty

Future rates
could be
affected by:



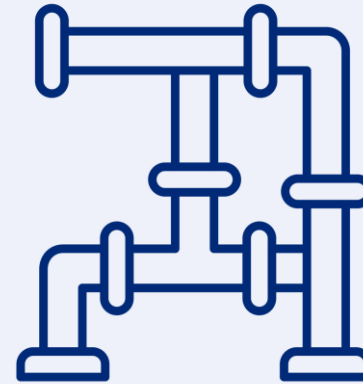
Regulatory compliance

- Nitrates
- PFAS
- Sulphates



Security risk

- Physical & Cyber Security
- Reduced federal cyber support for critical infrastructure



Infrastructure

- Aging condition
- Climate change impacts



Labor

- Competition for shrinking skilled labor force



Geopolitical volatility

- Chemicals
- Energy
- Materials
- Tariffs

Proposed industrial waste rates

Rate Type	Prelim. 2027	% Change
<i>Strength Charges</i>		
Strength Charge (excess TSS*per lb.)	\$0.385	7.2
Microbrewery Strength Charge (per barrel)	\$1.208	7.2
Permitted Waste Hauler Strength Charge (excess TSS* per lb.)	\$0.477	8.4
<i>Load Charges</i>		
Standard Load Charge (per 1000 gal.)	\$70.47	4.8
Collar County Load Charge (per 1000 gal.)	\$85.47	3.9
Portable Toilet Load Charge (per 1000 gal.)	\$90.40	4.9
Holding Tank Load Charge (per 1000 gal.)	\$12.74	0.0
<i>Permit Fees</i>		
Industrial Discharge Permits	\$525 - \$14,275	~3.5
Liquid Waste Hauler Permits	\$800 - \$2,375	~3.5

*Total Suspended Solids (TSS)

2027 Rate Setting Schedule

May 12

Industrial Workshops (In-person & virtual)

June 9

Environment Committee Budget Preview

June 4 &
June 16

Municipal Customer Forums (June 4 Virtual, June 16 In-person)

July 14

Environment Committee Review of Customer Input and
2027 Rate Adoption Recommendation

July 22

Council Rate Adoption

August 26

Council Preliminary Operating Budget Adoption

Questions?

