

Public Utilities Department

Fiscal Year 2025-2029 Five-Year Financial Outlook (With 2025 budget)

Metro JPA

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Overview

- Five-Year Financial Outlook
 - Identifies the system-wide revenue need for water and wastewater including operations, capital and financial metrics
- Public Utilities charges rates to provide services to our customers
 - Council authorized not to exceed values for rates through FY 2025
 - Rates are forecasted beyond FY 2025 and will require future City consideration



Impacts that Changed Forecast (Wastewater)

Negative Impacts

- Dependability of grant revenue
- Higher personnel, chemicals, borrowing and energy costs
- Continued increase in new capital project bids





Critical Strategic Adds – Wastewater (Metro)

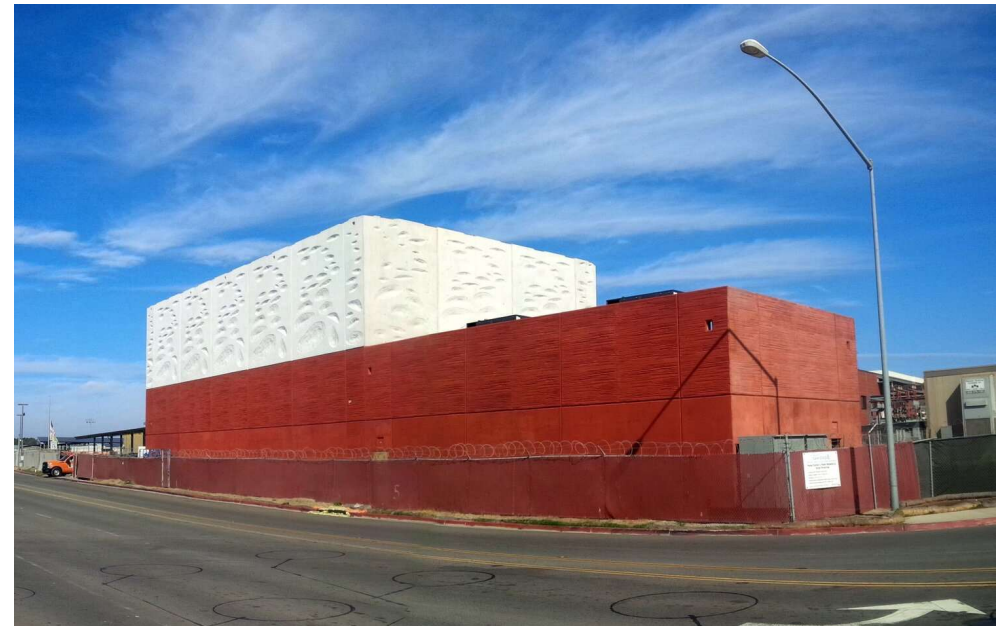
- Pure Water Phase 1
- Pure Water Phase 2
- NPDES Regulatory Compliance





Notable Budget Adds 2025– Wastewater (Metro)

- \$5.5 Million chemical budget increase
- 9.0 FTE Pumpstation 2 Power Plant staff (\$821k)
- Energy Increase from SDGE rates and Renewable Natural Gas for PS 2 Power Plant
- \$1.2 million equipment upgrades and replacements for the PLWTP, MBC and SBWRF
- 2.0 FTE-24 hour coverage at PLWTP limiting overtime (\$202k)





Metro O&M Costs (excluding Debt)

| Expenditure Description | <i>Budget*</i> | <i>Budget*</i> | <i>Projection*</i> | <i>Projection</i> | <i>Projection</i> | <i>Projection</i> |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
| Personnel Cost | \$42,951,726 | \$48,369,589 | \$47,660,900 | \$49,114,700 | \$50,612,600 | \$52,156,300 |
| Fringe Benefits | \$24,438,213 | \$26,043,347 | \$26,483,200 | \$27,013,000 | \$27,553,100 | \$28,104,200 |
| Supplies | \$39,963,156 | \$41,560,528 | \$42,232,600 | \$43,415,100 | \$44,630,700 | \$45,880,300 |
| Contracts | \$65,499,371 | \$66,710,121 | \$66,625,400 | \$68,491,000 | \$70,408,800 | \$72,380,300 |
| IT Expenses | \$11,713,584 | \$11,849,320 | \$12,396,800 | \$12,743,800 | \$13,100,700 | \$13,467,600 |
| Energy & Utilities | \$28,547,446 | \$37,541,367 | \$28,611,100 | \$29,641,100 | \$30,708,100 | \$31,813,700 |
| Other | \$238,654 | \$179,872 | \$236,000 | \$236,000 | \$236,000 | \$236,000 |
| Capital Expenditures | \$3,461,799 | \$4,944,756 | \$3,461,800 | \$3,461,800 | \$3,461,800 | \$3,461,800 |
| Strategic Adds | \$0 | | \$3,022,451 | \$3,656,021 | \$2,844,920 | \$2,993,589 |
| Metro O&M Expenditures | \$216,813,949 | \$237,199,000 | \$230,730,251 | \$237,772,521 | \$243,556,720 | \$250,493,789 |

** Metro expenses are generally lower than budget (average \$10-20 million), JPA estimate based on projected expenses, not budget*



Metro O&M Costs-Personnel Costs

Department Personnel

| | FY2023 Budget | FY2024 Budget | FY2025 Proposed | FY2024-2025 Change |
|---|------------------|------------------|--------------------|-----------------------|
| Customer Support Service | 0.30 | 0.30 | 0.30 | 0.00 |
| Employee Services & Quality Assurance | 30.84 | 33.90 | 37.25 | 3.35 |
| Engineering & Program Management | 23.57 | 22.45 | 22.67 | 0.22 |
| Environmental Monitoring & Technical Services | 112.42 | 112.75 | 113.89 | 1.14 |
| Finance & Budget | 21.61 | 20.91 | 20.91 | 0.00 |
| Innovation & Technology | 11.80 | 13.15 | 13.15 | 0.00 |
| Public Utilities | 4.80 | 3.35 | 3.65 | 0.30 |
| Pure Water Program Management | 10.46 | 11.21 | 10.78 | (0.43) |
| Wastewater Collection | 0.00 | 1.00 | 52.98 | 51.98 |
| Wastewater Treatment & Disposal | 271.98 | 274.00 | 235.00 | (39.00) |
| Water Distribution | 14.00 | 11.00 | 10.00 | (1.00) |
| Water Meter Services | 10.14 | 9.26 | 9.26 | 0.00 |
| Water Production | 1.00 | 1.00 | 0.00 | (1.00) |
| Total | 512.92 | 514.28 | 529.84 | 15.56 |

https://www.sandiego.gov/sites/default/files/pb_v2publicutilities.pdf



Metro O&M Costs-Non-Personnel Costs (Excluding Debt)

- Supplies, Contracts, IT and Energy/Utilities- 67% or \$145 million 2024 O&M
 - External Vendors spending for 2024 was approximately \$107 million over 590 suppliers
 - Top 20 external suppliers were \$82.2 million
 - SDGE, Chemical Vendors, Biosolid Disposal are top 5
 - Charges from other City Departments, Work orders and other misc. charges (\$21 million)
 - SAP/Other Central IT Systems \$5.8 million
 - City Overhead \$4.7 million
 - Water \$3.5 million



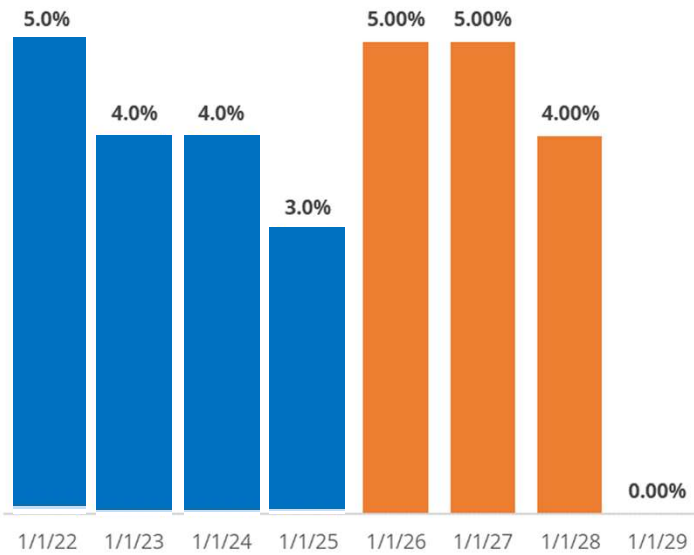
Metro Capital Costs

| Asset Type | Projection FY 2025 | Projection FY 2026 | Projection FY 2027 | Projection FY 2028 | Projection FY 2029 |
|--------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Pure Water Phase 1 | \$158,961,654 | \$41,350,841 | \$18,141,037 | \$9,879,975 | \$2,887,865 |
| Sewer Treatment Plants | \$38,099,370 | \$17,214,782 | \$17,283,619 | \$13,641,895 | \$5,751,190 |
| Large Sewer Pump Station | \$7,636,259 | \$7,375,157 | \$15,850,000 | \$15,000,000 | \$21,000,000 |
| Pure Water Phase 2 | \$7,035,210 | \$2,201,998 | \$1,875,210 | \$6,982,679 | \$14,328,658 |
| Miscellaneous Projects | \$1,959,142 | \$5,196,912 | \$10,926,695 | \$15,768,818 | \$2,084,584 |
| Trunk Sewers | \$363,491 | \$- | \$4,416,447 | \$20,351,514 | \$2,838,717 |
| Grand Total | \$214,055,125 | \$73,339,689 | \$68,493,007 | \$81,624,882 | \$48,891,013 |

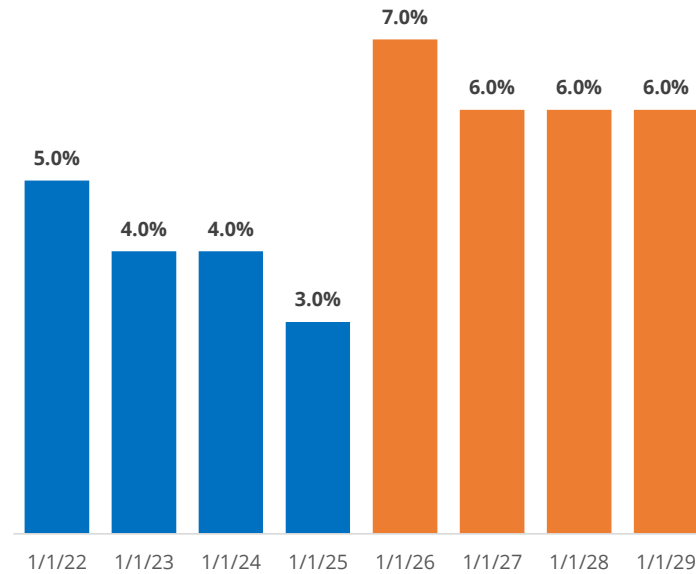


City Wastewater Rate Forecast

Last Year

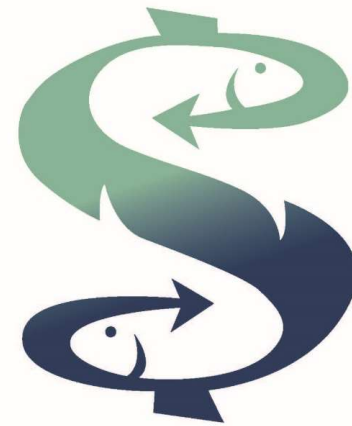


Current Outlook



Metro JPA Assumptions

- \$15 million revenue reduction from East County Roll off
 - \$85 million assumed in report vs \$100 million in 2025 estimate
- Continued use of short-term borrowing (revolver) to smooth Pure Water pay-go billing risks
 - Ensures long-term savings from low SRF interest (between .8 and 1.1%)
- Debt issuance approximately of approx. \$78.5 million is greatly reducing Pay-go costs for FY 2025
- North City Recycled Water Revenues showing as income credits



Clean Water
State Revolving Fund