

Public Utilities Department

# Fiscal Year 2026-2030 Five-Year Financial Outlook

Metro JPA TAC

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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

- Continued increase in new capital project bids
- Higher chemicals, borrowing and energy costs



# Critical Strategic Adds – Wastewater (Metro)

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





# Metro O&M Costs (excluding Debt)

Expenditure Description	<i>Budget*</i>	<i>Projection*</i>	<i>Projection</i>	<i>Projection</i>	<i>Projection</i>	<i>Projection</i>
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Personnel Cost	\$48,369,589	\$50,482,800	\$52,022,400	\$53,609,000	\$55,244,100	\$56,929,100
Fringe Benefits	\$26,043,347	\$26,564,100	\$27,095,500	\$27,637,300	\$28,189,900	\$28,330,900
Supplies	\$41,560,528	\$42,724,500	\$43,920,900	\$45,150,700	\$46,505,300	\$47,900,600
Contracts	\$66,710,121	\$61,325,900	\$63,042,900	\$64,808,200	\$66,104,200	\$67,426,300
IT Expenses	\$11,849,320	\$10,125,100	\$10,408,500	\$10,699,900	\$10,913,800	\$11,132,000
Energy & Utilities	\$37,541,367	\$33,856,000	\$35,091,800	\$36,421,700	\$38,049,700	\$38,201,900
Other	\$179,872	\$150,700	\$150,700	\$150,700	\$150,700	\$150,700
Capital Expenditures	\$4,944,756	\$4,971,200	\$4,971,200	\$4,971,200	\$4,971,200	\$4,971,200
<b>Strategic Adds</b>	<b>\$0</b>	<b>\$6,454,304</b>	<b>\$9,523,517</b>	<b>\$8,340,481</b>	<b>\$8,252,723</b>	<b>\$8,196,254</b>
<b>Metro O&amp;M Expenditures</b>	<b>\$237,199,000</b>	<b>\$236,654,604</b>	<b>\$246,227,417</b>	<b>\$251,789,181</b>	<b>\$258,381,623</b>	<b>\$263,238,954</b>

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

# 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

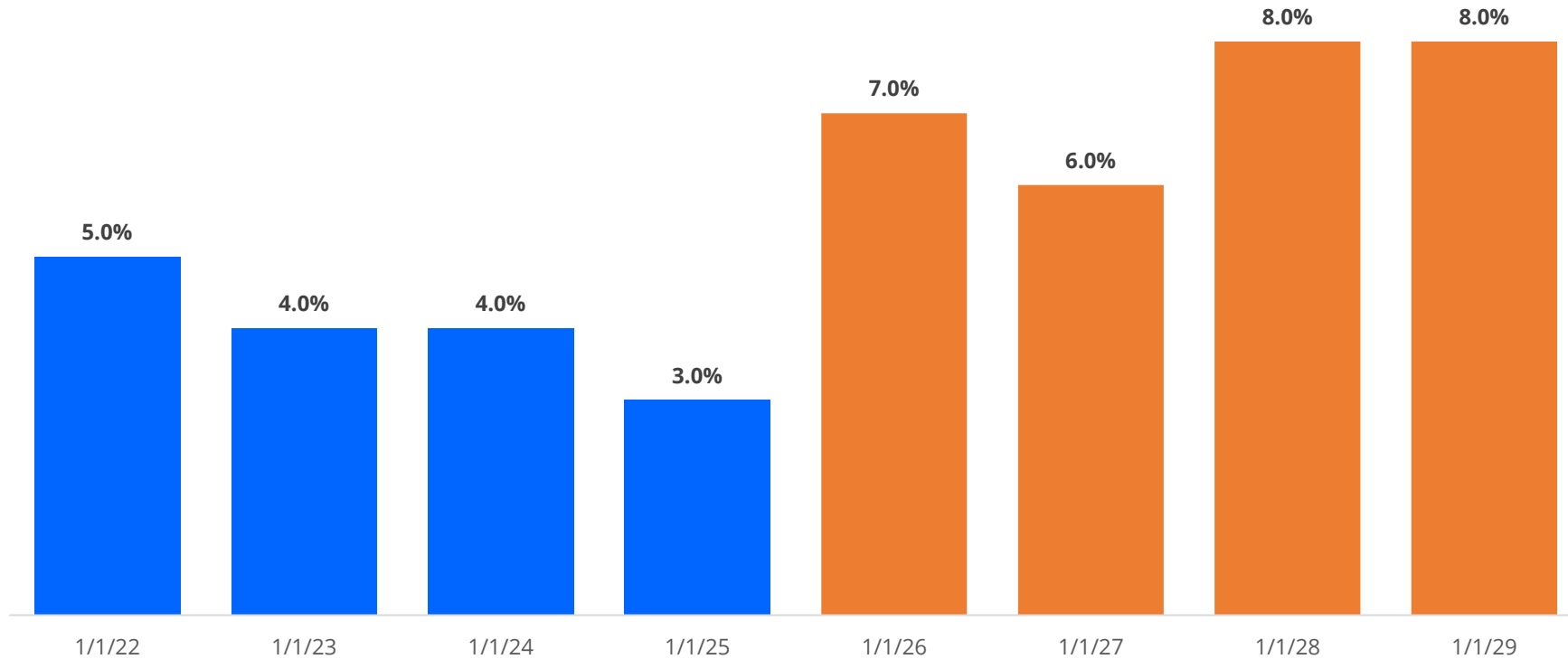


# Metro Capital Costs

Asset Type	<i>Projection</i>	<i>Projection</i>	<i>Projection</i>	<i>Projection</i>	<i>Projection</i>
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Pure Water Phase 1	\$41,350,841	\$18,141,037	\$9,879,975	\$2,887,865	\$0
Sewer Treatment Plants	\$33,383,232	\$20,228,559	\$24,405,397	\$20,950,763	\$19,721,265
Large Sewer Pump Station	\$28,630,662	\$34,848,402	\$39,301,153	\$32,786,362	\$21,210,095
Pure Water Phase 2	\$2,201,998	\$1,875,210	\$6,982,679	\$14,328,658	\$14,979,961
Miscellaneous Projects	\$9,611,413	\$26,961,236	\$39,389,598	\$25,394,663	\$5,844,085
Trunk Sewers	\$2,790,000	\$7,773,874	\$20,196,957	\$3,276,949	\$2,376,803
<b>Grand Total</b>	<b>\$117,968,145</b>	<b>\$109,828,318</b>	<b>\$140,155,759</b>	<b>\$99,625,260</b>	<b>\$64,132,210</b>



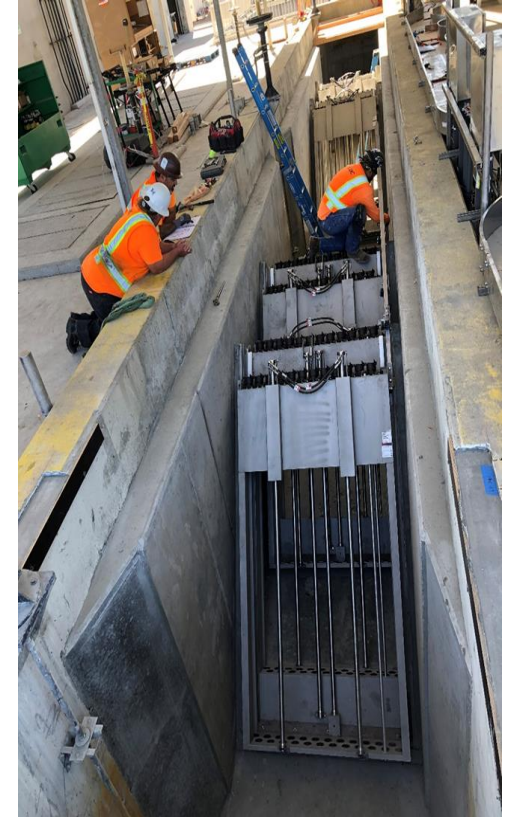
# City Wastewater Rate Forecast





# Metro JPA Assumptions

- No roll off from ECJPA assumption included in 2026 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%)
- North City Recycled Water Revenues showing as income credits
- No True up Cost/ Estimate for Pure Water Phase 1



*UV Channel at the South Bay  
Water Reclamation Plant*