

**Bureau of Environmental Services
Budget Advisory Committee FY 2014-15**

Summary of Projected Bill Increases and Operating Expenses

In considering what sewer and stormwater rate to set for next year, one needs to be sure adequate revenue is raised to pay for new debt service; inflation on existing personnel, materials and supplies; and continuing to comply with bond covenants and published planning standards that require we properly care for our collection and treatment system. This would require an increase in average residential single-family monthly bills of about 4.8%.

Changes in capital improvement expenditures will affect bills in years 2 – 5, but would have little or no effect on next year’s bills. Changes in operating expenditures would affect bills in the following way:

Each tenth of a percent reduction in the average monthly bill (currently \$62.74) corresponds to a \$320,000 reduction in operating expenditures (and a savings of 6.7 cents on the monthly bill). To reduce the typical bill increase 1%, one would need to cut the operating budget \$3.2 million.

Ranking Budget Priorities

In assigning priorities to the various decision packages, it may be helpful to consider the following framework:

- The Bureau provides a range of services to ratepayers and the community. To the extent that you are aware of the scope of the Bureau’s mission, does it seem appropriate or should the breadth of service provision be adjusted larger or smaller?
- The Bureau establishes a “level” of service dictated largely by regulatory or contractual agreements, but also based on our sense of the service quality and quantity expected by stakeholders. Does the quality of services provided seem appropriate or should the level be adjusted up or down?
- The Bureau works within a “risk” framework it believes is reasonable to protect people and both physical and intellectual investments, to ensure service reliability while considering unit costs of service delivery over the life of programs and assets. Should the Bureau incur more risk or reduce risk?
- Should we endeavor to keep up with the demands of asset ownership and to the extent possible maintain what we own – or should we defer maintenance and allow the backlog to build up to be addressed at another time?
- The Bureau works within a municipal framework that dictates we pay into the support we get from other Bureaus, or we are named the agency in charge of City concerns either closely or modestly related to our core charge(s). What are your thoughts about the support the Bureau contributes in terms of Utility License Fee, Superfund leadership, water meter maintenance, etc., overhead charges, interagency agreement for collection system maintenance?

