



CITY OF NEWPORT BEACH FINANCE COMMITTEE STAFF REPORT

Agenda Item No. 5A
June 27, 2019

TO: HONORABLE CHAIRMAN AND MEMBERS OF THE COMMITTEE

FROM: Mark Vukojevic, Utilities Director
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SUBJECT: 2019 WATER RATE STUDY

SUMMARY:

The Utilities Department retained the consulting services of Raftelis Financial Consultants Inc. to prepare the 2019 Water Rate Study. The previous water rate study was completed in 2009 and the last rate increase for water users was in 2014. The purpose of this presentation is to review the preliminary results of the financial analysis and the draft water rate study, receive input, and seek the Committee's direction to move the item to City Council for discussion and approval.

RECOMMENDED ACTION:

1. Review the water enterprise fund financial analysis and 2019 Draft Water Rate Study information and provide input to staff;
2. Forward the item to City Council for discussion and consideration.

DISCUSSION:

At the last Finance Committee meeting on May 16, 2019, staff discussed the current status of the Water Enterprise Fund and outlined the typical steps and decision points for evaluating water rates. The Water Enterprise Fund is managed by the Utilities Department and the Finance Department. Attached to this staff report is a PowerPoint presentation that reviews financial analysis, policies and the financial plan, the reserve policy, future drought concerns and rate options concerning fixed and variable revenues. Staff is requesting that the Committee review the information presented, provide input to staff, select a preferred rate option and move the item forward to City Council for consideration of the report and proposed water rates adjustments.

Prepared and Submitted by:

/s/ Mark Vukojevic

Mark Vukojevic

Utilities Director

Attachments:

- A. Water Rate Study PowerPoint Presentation Prepared by Raftelis Financial Consultants, Inc., dated June 27, 2019
- B. 2019 Water Master Plan – PowerPoint Presentation to City Council on May 14, 2019
- C. Water Supply and System Update – PowerPoint Presentation to City Council on February 26, 2019