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MEMORANDUM

Council Agenda
Item No. IX. BC
5/20/2025

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: Craig Freeman, City Manager

Receive the Oklahoma City Water Utilities Trust Budget for fiscal year 2025-2026.

Background:

The proposed Fiscal Year 2026 Oklahoma City Water Utilities Trust (OCWUT) budget is \$1.3 billion, including the \$897 million Fiscal Year 2026 capital improvement plan (CIP). Approximately \$257 million of the CIP is deferred from Fiscal Year 2025 primarily due to financing capacity limitations. In addition, OCWUT has continued to experience inflationary increases in services, supplies and cost of construction, and supply chain delays. The proposed budget allocates resources to address challenges from water supply, aging infrastructure, system growth, and regulatory requirements prioritizing operations and maintenance, and debt service requirements while prioritizing capital projects to maintain a high level of service.

Financial Management

At the core of OCWUT's mission lies a steadfast commitment to robust financial stewardship. Grounded in strong financial management principles, we consistently uphold the highest standards, reflected in our achievement of top-tier credit ratings for debt issuances. To sustain this standard of excellence, we have a few key budget initiatives:

- Adjust chemical and electrical funding by \$1.9 million in OCWUT operations budget, primarily as result of increased water pumpage forecast based on water demand patterns, as well as chemical increases related to treatment process changes.
- Adjust software licensing and support services by \$1 million in OCWUT operations primarily due to mobile workforce and cloud-based infrastructure program implementations.
- New budget funding for \$2 million in OCWUT operations for on-call emergency water line repairs.
- Adjust funding for Services and Supplies in City Utilities Operations budget by \$2.1 million to mitigate the impact of inflationary costs affecting various divisions.

Regulatory Compliance

The following budget programs are included to ensure compliance with state and local regulations:

- Addition of two Facilities and Plant Mechanic IIs to the Hefner Water Treatment Plant will allow for more preventative maintenance, reducing downtime, improving efficiency, and extending the lifespan of critical water treatment equipment.
- Adjusting the overtime funding for the Water Quality division will allow us to meet regulatory compliance, manage increased workloads, and maintain water quality standards.
- Exchanging one Water Quality Field Technician for one Utilities Planner Scheduler, which will enhance the efficiency of maintenance operations by reducing travel time, ensuring proper coordination of personnel and equipment, and scheduling tasks based on workforce availability.

Customer Service

Central to the Utilities Department's mission is the commitment to quality customer service and the fulfillment of service expectations with utmost efficiency. In 2024, we rated an average 33 percent higher than like services offered in U.S. cities with a population of 250,000 or more. To ensure we continue to meet and exceed these standards, we have outlined key budget initiatives:

- Adjust funding for Call Center Language Translation services, driven by the resounding success and heightened demand observed following the implementation of the Language Translation Pilot Program in Fiscal Year 2023.
- Centralize new Service Meter Inspectors to Line Maintenance from Customer Service Division.

Summary

The budget includes service charge revenues of \$517 million, other revenues of \$51 million, and debt financing of \$732 million. The proposed FY 2026 Utilities Department budget has a net increase of 2 positions, for a total position count of 828.

Review:

Utilities

Recommendation: Fiscal Year 2026 Budget be received.