



TO: Trustees, Oklahoma City Water Utilities Trust

FROM: Chris Browning, General Manager

1. Presentation on Fiscal Year 2025 Oklahoma City Water Utilities Trust Budget; and
2. Fiscal Year 2025 Oklahoma City Water Utilities Trust Budget.

Background:

The proposed Fiscal Year (FY) 2025 Oklahoma City Water Utilities Trust (OCWUT) budget is \$1.2 billion, including the \$815 million FY2025 capital improvement plan (CIP). OCWUT has experienced budgetary challenges due to inflationary increases in services, supplies and cost of construction, supply chain delays, and difficulty in recruiting and retaining a qualified workforce. 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 re-phasing capital projects to maintain 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. The following key budget initiatives will sustain this standard of excellence:

- Adjust chemical funding by \$4.1 million in OCWUT operations budget, a result of substantial cost escalations of approximately 300 percent over the past two fiscal years.
- Centralize Root and Fats, Oils, and Grease (FOG) program budget of \$1.7 million under the OCWUT operations budget which allows OCWUT to coordinate action plans based on OCWUT's multi-year condition assessment program findings and allowing for multi-year contract and service order management. All purchases funded by the Utilities Department, whether OCWUT or City, follow compliance with Competitive Bidding Act and City Purchasing Policies and OCWUT's purchasing policy adopted in February 2023.
- Adjust funding by \$913,000 for Services and Supplies in City Utilities budget to mitigate the impact of inflationary costs affecting various divisions. Notable cost increases include a 278 percent increase in PVC pipe and a 104 percent increase in deodorant blocks.

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 2023, OCWUT rated an average 31.5 percent higher than like-services offered in U.S. cities with a population of 250,000 or more. Key budget initiatives are outlined below to ensure standards are continually met and exceeded:

- One Assistant Municipal Counselor I position funded. The position belongs to the Municipal Counselor's Office and is assigned to the Utilities Department to support OCWUT's legal counsel services.
- Adjust funding for Call Center Language Translation services by \$22,000, driven by the resounding success and heightened demand observed following the implementation of the Language Translation Pilot Program in FY2023.
- Advancements in technology such as Program Management Information System and Cornerstone OnDemand, Inc., along with additional software upgrades, enhance functionality to align with organizational requirements.

Tinker Air Force Base Operations and Maintenance

On September 29, 2020, the Department of Defense and The City of Oklahoma City signed a contract to privatize water and wastewater services at Tinker Air Force Base (AFB). A SCADA System Analyst position was added to provide support for the integration of Tinker AFB SCADA into the Enterprise SCADA System, which includes new network infrastructure, server components, and SCADA application development to enhance the level of service and improve response times. This position will be fully funded by the federal government contract.

Summary

The budget includes service charge revenues of \$437 million, other revenues of \$109 million, and debt financing of \$633 million. The proposed FY2025 Utilities Department budget has a net increase of one position, fully funded by the federal government, for a total position count of 826.

Recommendation: Fiscal Year 2025 Budget be approved.