**WASTEWATER DEBT SERVICE**

Analyst: Mike Reed

|  |  | **Expenditures** |  | **Revenues** |  | **FTEs** |  | **TLTs** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2021-2022 Revised Budget |  | $909,326,842 |  | $0 |  | 0.0 |  | 0.0 |
| 2023-2024 Base Budget Adjust. |  | ($369,894,844) |  | $0 |  | 0.0 |  | 0.0 |
| 2023-2024 Decision Packages |  | $409,169,520 |  | $0 |  | 0.0  |  | 0.0  |
| **2023-2024 Proposed Budget** |  | **$948,600,000** |  | **$0** |  | **0.0** |  | **0.0** |
| % Change from prior biennium |  | 4.3% |  |  |  |  |  |  |
| Dec. Pkg. as % of prior biennium |  | 44.9% |  |  |  |  |  |  |
| **Major Revenue Sources:** Transfer from Wastewater Operating budget.  |
| **Base Budget Assumptions:** No personnel costs are included in this budget. |

**Description**

The Wastewater Treatment Division capital program is supported primarily by bonded indebtedness, in the form of general obligation, sewer revenue bonds, and variable rate bonds. Low interest loans from the State Revolving Fund and the Public Works Fund are also used to support the capital program. The Wastewater Debt Service budget is used to make required payments on bonded indebtedness and loans. Outstanding wastewater debt currently amounts to approximately $3.4 billion.

The Wastewater Debt Service budget is supported by transfers from the Wastewater Operating Budget for debt service and debt defeasance.

**Summary of Proposed Budget and Changes**

The Proposed Water Quality Operating Fund budget provides for a transfer of $849,281,528 into the Wastewater Debt Service budget; expenditures of $948,599,518 are supported by this transfer, together with existing fund balance.

The proposed debt service budget provides for an adjustment to the 2021-2022 Revised Budget by removing one-time 2021-2022 changes including those related to pandemic response, by annualizing changes made in supplemental budgets, and by updating personnel rates; these changes amount to a reduction of $369,896,844.

Proposed decision packages include several technical adjustments, including adjusting the debt service requirement for parity debt and subordinate debt, adjusting the debt defeasance amount, and adjusting the retirement of interim debt. These technical adjustments amount to $409,169,520.

**Key Issues**

Staff has identified no issues with this budget.