

WOODINVILLE WATER DISTRICT

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GENERAL MANAGER

Patrick Sorensen

Dear Woodinville Water District Rate Payers:

The Woodinville Water District Biennial Budget represents the proposed fiscal plans for both the 2021 and 2022 calendar years. The District prepares and adopts a 2-year operating and capital improvement budget. This budget is the culmination of a collaborative effort between the Board of Commissioners and District staff and aligns with the District's mission to provide the best possible water and sewer services to District ratepayers (our customers) in a cost-efficient manner. This budget was developed around touchstones of the District's financial policies, which embody the principals that guide District budgeting and long-term financial management, reinforcing the key values of fiscal prudence, pay-as-you go funding to the extent practical, and strong stewardship through following asset management practices.

Through adherence to its conservative fiscal policies and an adopted two-year rate schedule, the District enters 2021 with stable revenue projections that enable continued maintenance of fully funded operational and contingency reserves. Utility rate revenues make up most of overall District revenues which have been projected in accordance with the Board-adopted, two-year rate schedule. Development fees collected through new home starts, remodels, and other commercial development during the budget cycle of 2021 – 2022 will most likely continue to be somewhat reduced or moderated because of the economy impacted from the ongoing Pandemic. Increased conservation efforts by the general public, homes with high-efficiency plumbing fixtures and appliances that save water along with enhanced development standards have reduced overall water usage by the general public despite continued population growth in the District. This is a trend that will likely continue resulting in either reduced or stunted water use revenues. As a result, the 2021 – 2022 Budget anticipates continued growth, yet also maintains a conservative approach in accounting for these revenues while also insuring that needed operational, capital improvement, and fund reserve requirements are maintained.

The budget includes approximately \$56.0 million in expenses over two years, which is comprised of operating budgets of \$ 30.3 million and \$ 12.3 million for the water and sewer utility respectively. The water utility budget also includes a capital investment budget of approximately \$ 11.2 million and a sewer capital investment budget of approximately \$2.2 million.

Despite accommodating staff salary cost-of-living adjustments and benefit increases, increased liability insurance cost brought on by world market forces, funding a previously approved (FY 2019 – 2020) Engineer position, and adding an entry level Utility Worker in 2022, the 2021 – 2022 Budget increases overall by approximately 4.9% relative to the 2019 – 2020 budget cycle. To maintain the District's multi-year capital improvement programs of continued investments in our water and sewer system infrastructure, the Engineering, IT., and Operations Department's will continue to aggressively manage our full slate of projects identified in both our Water and Sewer Comprehensive Plans. Some of these water and sewer capital improvement projects over the next two years are needed to maintain and improve upon the efficiency of our utility systems include; completing the Hollywood Reservoir improvements, finishing the 144th Avenue NE water line upsizing project, beginning the James Bard Reservoir upgrade improvements, completing the Siphon I sewer project, initiating the Siphon II sewer work, and initiating and completing the Kingsgate Standpipe construction project. Additional investments will also include the completion of the Sewer Comprehensive Plan Update, the purchase of a small "jetter" truck in the Operations Department capable of cleaning out utility lines in densely developed areas, installing both material and vehicle/equipment carports in the Operations Department yard

capable of protecting District equipment from the elements, replacing the outdated financial management software system, and building a turn lane in front of the District's Office & Operations Buildings on the Woodinville – Duvall Road. This later project is a consequence of the growing traffic safety issues impacting employees, customers, and the general public trying to go in and out of the District's business complex. The District will also continue to work with the City of Woodinville in their efforts to upgrade the sewer system down NE 175th Street in association with higher density development. In addition, the District will be investing in professional consulting services needed to better develop our Asset Management program, enhance and identify our future I.T. needs, replacing older systems, and identify risk and resiliency issues associated with water and sewer lines and pump stations as it relates to earthquake vulnerabilities.

The 2021 – 2022 budget has been carefully crafted to emphasize the Board's service priorities while deploying resources in a manner that assures a firm foundation that maintains a positive cash balance at the end of the budget cycle. As a result, the proposed budget maintains reserves at levels defined by District financial policies, while maintaining adequate operating capital and investing in critical infrastructure improvements that are aimed at prolonging the life of our assets. The 2021 – 2022 capital improvement program reflects a combination of a pay-as-you-go approach and appropriate debt service funded through both District rates and collected development fees. These important and required investments over the next two years through both operations and capital improvements can be attributed to both a pre-existing and ongoing commitment to long range planning and disciplined fiscal policies and management.

Forecasting resources, preparing the budget, monitoring its implementation, and assuring accountability and transparency, all while completing day-to-day work functions, takes an exceptional group of professionals. I want to thank District staff, all of whom had a hand in development of the 2021 – 2022 Budget. I also want to thank the Board of Commissioners, whose leadership and policy direction has placed the District in a position that enables many of the progressive investments found in this budget. Lastly, I want to thank the District's customers (ratepayers) for their ongoing support of the Woodinville Water District.

Respectfully submitted,

Patrick Sorensen
General Manager

Budget Overview

I. Introduction

The District implements a budgeting strategy that has each department budgeting at the “program” level, with the sum of each program being presented as a departmental level summary table. This strategy was implemented to allow budget monitoring at the level at which the District operates. By budgeting at the program level, District staff is more easily able to monitor the true costs of this activity. For example: The IT Department now tracks GIS costs as a separate program. Each Departmental program is shown discretely within the budget.

The tables throughout the **Budget Overview** and in other sections of the document compare the 2019 actual and the 2020 Adopted Budget to the 2021 & 2022 Proposed Budgets. Additional details are available for comparison within the body of the document. Each department has a departmental total that is the sum of each program and each program is presented discretely with summary level expenses proposed and totals that compare the 2021 and 2022 budgeted totals to 2019 actual and estimated 2020 year-end expenses. It should be noted that 2019 actual wholesale water purchase totals and estimated 2020 purchase totals reflect wetter than average summers, and that 2020 numbers reflect water sales during the Covid pandemic – an event that moves the District into “uncharted territory”.

Combined Water & Sewer Fund Summary

Table 1 shows a comparison between the District’s 2019 actual expenses, the 2020 adopted budget, and 2021 & 2022 proposed annual budget totals for the Water and Sewer Maintenance and Construction funds. Details regarding the factors that have contributed to changes in each of the funds in 2021 & 2022 are described next in **Section III - Budget Summaries by Individual Funds**. However, in general, some common themes have emerged for the current budget period: 1) Medical insurance premiums will increase an average of 7.5% in 2021 across all departments. The increase in 2022 is currently unknown but has also been budgeted at 7.5%. 2) SPU’s decision to freeze wholesale results in response to its true-up required to be performed every three years and also in response to the pandemic. 3) The addition of two new FTE positions: 1 in engineering in 2021 and 1 in operations in 2022. In total, the operating budget for 2021 increases expenses by approximately 2.1% from the adopted 2020 budget. This change is lower than recent years and is primarily a result of SPU’s raise freeze. Other factors in the increase includes the purchase of a new ‘jetter’ truck, increased water capital spending due to a revised water services comprehensive plan and increased spending in sewer capital. Finally, a 5.6% increase in wholesale sewage treatment costs from King County is also a contributing factor, though those costs are passed through to sewer customers.

**Table 1
Total 2021 & 2022 Proposed Budget by Fund**

Funds	2019 Actuals	2020 Adopted Budget	2021 Proposed Budget	Annual Budget Increase/ (Decrease)	Annual % Increase/ (Decrease)	2022 Proposed Budget	Annual Budget Increase/ (Decrease)	Annual % Increase/ (Decrease)
Water Maint.	\$ 13,720,281	\$ 14,823,773	\$ 15,130,299	\$ 306,526	2.1%	\$ 15,067,472	\$ (62,828)	(0.4%)
Sewer Maint.	5,514,652	5,741,053	6,141,509	400,456	7.0%	6,186,559	\$ 45,049	0.7%
Total Oper. Budget	\$ 19,234,933	\$ 20,564,826	\$ 21,271,808	\$ 706,982	3.4%	\$ 21,254,031	\$ (17,779)	(0.1%)
Water Const.	7,172,093	4,541,588	5,778,367	1,236,779	27.2%	5,391,522	\$ (386,845)	(6.7%)
Sewer Const.	872,368	1,049,900	1,061,925	12,025	1.1%	1,189,200	\$ 127,275	12.0%
Total Budget Before Reserves	\$ 27,279,394	\$ 26,156,314	\$ 28,112,100	\$ 1,955,786	7.5%	\$ 27,834,752	\$ (277,349)	(1.0%)

III. Budget Summaries by Individual Fund

This section contains summaries of the individual Water and Sewer operating budgets and comments regarding changes to major budget components.

Water Operations

Table 2
Water Maintenance Fund
2021 & 2022 Proposed Budget Summary

	2019 Actual	2020 Adopted Budget	2021 Proposed Budget	Annual Budget Change	Annual % Change	2022 Proposed Budget	Annual Budget Change	Annual % Change	Total 2-year % Change
Wholesale Costs	\$ 3,754,963	\$ 4,321,702	\$ 3,732,525	\$ (589,177)	(13.6%)	\$ 3,770,942	\$ 38,417	1.0%	(12.7%)
State Excise Tax	683,121	686,500	664,000	(22,500)	(3.3%)	669,700	5,700	0.9%	(2.4%)
Discretionary Expenses:									
General Administration	1,178,967	950,588	1,533,191	582,603	61.3%	1,514,675	(18,516)	(1.2%)	59.3%
Finance	1,170,447	1,436,395	1,211,045	(225,350)	(15.7%)	1,269,884	58,839	4.9%	(11.6%)
Water Operations	2,402,902	2,592,291	2,851,017	258,726	10.0%	2,983,289	132,272	4.6%	15.1%
IT & Customer Service	930,061	1,093,151	1,211,828	118,677	10.9%	1,136,894	(74,934)	(6.2%)	4.0%
Engineering	824,829	868,058	1,147,149	279,091	32.2%	1,174,064	26,915	2.3%	35.3%
Subtotal Discretionary Expenses	\$ 6,507,206	\$ 6,940,483	\$ 7,954,229	\$ 1,013,746	14.6%	\$ 8,078,807	\$ 124,578	1.6%	16.4%
Rate Stabilization	-	-	-	-	n/a	-	-	n/a	n/a
Indirect Cost Recovery	(1,141,395)	(1,139,782)	(1,243,547)	(103,765)	9.1%	(1,247,226)	(3,679)	0.3%	9.4%
Debt Service	1,034,497	1,032,981	934,047	(98,934)	(9.6%)	716,038	(218,009)	(23.3%)	(30.7%)
Capital Transfers from Rates	2,762,000	2,862,000	2,962,000	100,000	3.5%	3,062,000	100,000	3.4%	7.0%
Trsf to Equip. Replacement Resv	119,889	119,889	127,045	7,156	6.0%	127,045	-	0.0%	6.0%
Total Budget Before Reserves	\$ 13,720,281	\$ 14,823,773	\$ 15,130,299	\$ 306,526	2.1%	\$ 15,177,306	\$ 47,007	0.3%	2.4%

Budget Highlights for Water Maintenance Fund:

Total Budget: Over the two-year period, total Water Maintenance Fund expenses, including debt service payments and indirect cost recovery, are expected to increase by 1.6% with a 2.1% increase in 2021 and a 0.3% increase in 2022.

Wholesale Costs: In developing the projection of wholesale water costs over the past several years, the District reviewed recent years wholesale purchases and customer sales. Prior to 2019, water consumption has increased, principally due to hot and dry summers. This has resulted in higher wholesale water purchases. For both 2019 and 2020, the summers, while warm, were wetter than average, resulting in reduced wholesale water purchases (and therefore wholesale costs). In addition, the Covid pandemic does appear to have affected water consumption, as sales for 2020 are projected to be lower than any year since 2011. As a result, water projections for 2021 are approximately 173 million gallons less than 2020 budgeted volumes. Volumes for 2022 are projected to increase by just about 11.5 million gallons, an insignificant increase. Total projections are 1.175 billion gallons sold in 2021 and about 1.187 billion gallons in 2022. This results in approximately 1.923 million CCFs in 2019 and 1.938 million CCFs in 2020 in wholesale water purchases. SPU has is currently projecting no wholesale water rate increases for the period 2021 – 2024, inclusive.

“Discretionary” Expenses: Table 2 shows discretionary spending by department. These expenses include employee salaries & benefits, fuel, operating supplies, repair and maintenance services, professional services and other expenses that District management has direct influence over in matters such as quantities purchased and timing of purchases.

Discretionary expenses are budgeted to increase approximately 16.4 % over the two-year budget period with an 14.6% increase in 2021 and an increase of 1.6% in 2022. The primary causes of the increase in 2021 are related to District hiring an additional project engineer, capital requests from the operations department including the purchase of a "jetter" truck estimated at \$320,000, and increases in medical insurance coverage for District staff. Many of the increases are "one-time" and will not be repeated in 2022, resulting in a much smaller 0.2% increase in discretionary expenses in that year. In 2022, the operations department will add one FTE but the increase in wages and salaries expense are offset by reductions in spending in other departments.

General & Administration: Budgeted 2021 discretionary expenses are up approximately 61.3% compared to budgeted 2020 totals due principally to a departmental restructure that moved two finance staff employees to the G&A department and salary adjustments to one of the positions. Budgeted 2022 expenses show a very small decrease of approximately 1.2% which is principally account for a one-time expense in 2021 (the risk & resiliency study) that was not repeated in 2022.

Finance: The Finance Department's proposed budgeted expenses for 2020 decreased approximately 15.7% from 2020 budget totals. The decrease is principally related to the departmental restructuring discussed in the G&A section above and which occurred half-way through the 2019 – 2020 budget cycle. For 2022, the department shows a much relatively modest 4.9% increase in discretionary spending, primarily related to increases in employee benefits costs and inflationary adjustments to individual budget line items. Overall, the two-year budget decrease is about 11.6%, including department realignment related costs.

Water Operations: Discretionary spending is budgeted to increase by 10.0% in 2021 and then increase about 4.6% in 2022. For 2021, the primary driver of increased costs is the purchases of several previously unbudgeted items such as the "jetter" truck and construction of car ports in the District's service yard. For 2022, the overall increase of 4.6% is attributed to inflationary adjustments to individual line items in the 2021 budget and the addition of a new FTE position.

IT Department: The IT department's 2021 budget shows an increase of 10.9% from 2020's budgeted expenses. In 2021, the IT department has budgeted for an asset management system, an IT master plan, and additional consulting costs related to the District's conversion from MUNIS to Caselle for ERP needs. In 2022, Budgeted expenses decline by approximately 6.2% as the 2021 "one off" items are not repeated. Over the two-year period, IT is budgeting for an increase of 4.0% in expenses.

Engineering: The engineering department's proposed discretionary budget is increased by 32.2% in 2021 from budgeted 2020 totals and then increases about 2.3% from 2021 proposed budget to 2022 proposed budget. The 2021 increase is primarily related to increased workloads that resulted when the District revised its Comprehensive Services Plan (comp plan). This will result in the need for an additional FTE as well as increased budgeting for outsourced general engineering consulting. 2023's increase of 2.3% is mostly related to inflationary increases in salary and benefit costs.

Indirect Cost Recovery: This category covers reimbursement to be received from Sewer Maintenance for designated G&A, Finance, Water Operations, IT, and Engineering administrative expenses; and recovery of employee labor and overhead amounts that will be billed to capital and developer projects. The budget calls for a net increase of 9.1% or \$103,795 in 2021 and a 0.3% or \$3,679 increase in 2022 for Indirect Overhead Charges to the Sewer operations fund. The district reevaluated true over-head costs during the development of the 2021 – 2022 budget and supporting rate schedule. District staff believes the updated overhead allocation more accurately reflects the District's true cost of supporting sewer operations.

Capital Transfer from Rates: Funding of capital projects includes a continued funding stream from rates in an amount at least equal to the annual depreciation of assets in the water utility. In addition, additional funds are transferred, as available, from the operating reserve to reduce or delay the need for issuance of new debt to fund the capital program.

Sewer Operations

Table 3
Sewer Maintenance Fund
2021 & 2022 Proposed Budget Summary

	2019 Actual	2020 Adopted Budget	2021 Proposed Budget	Annual Budget Change	Annual % Change	2022 Proposed Budget	Annual Budget Change	Annual % Change	Total 2-year %
King County Wastewater Treatment Costs	\$ 3,827,307	\$ 3,858,394	\$ 4,165,379	\$ 306,985	8.0%	\$ 4,178,016	\$ 12,637	0.3%	8.3%
State Excise Tax	(21,792)	75,082	44,016	(31,066)	(41.4%)	44,182	166	0.4%	(41.2%)
Discretionary Expenses:									
Sewer Operations	411,557	537,650	473,767	(63,883)	(11.9%)	485,235	11,468	2.4%	2.1%
Subtotal Operations and Maintenance Expense	\$ 4,217,072	\$ 4,471,126	\$ 4,683,162	\$ 212,036	4.7%	\$ 4,707,433	\$ 24,271	0.5%	5.3%
Indirect Cost Recovery	723,935	680,182	765,337	85,155	12.5%	769,016	3,679	0.5%	13.1%
Capital Transfers from Rates	537,900	554,000	632,800	78,800	14.2%	649,900	17,100	2.7%	17.3%
Trsf to Equip. Replacement Resv	35,745	35,745	60,210	24,465	68.4%	60,210	-	0.0%	68.4%
Total Budget Before Reserves	\$ 5,514,652	\$ 5,741,053	\$ 6,141,509	\$ 400,456	7.0%	\$ 6,186,559	\$ 45,050	0.7%	7.8%

Budget Highlights for Sewer:

King County Wastewater Treatment: In 2021, the County is increasing the rate per Equivalent Residential Unit (ERU) from \$45.33/month to \$47.87/month, effective January 1, 2021. The County has stated that they intend to maintain the new rate through 2022. The County also bills the District for specific customers that remain subject to the Industrial Waste surcharge which the District passes-through to each ratepayer subject to the charge.

“Discretionary” Expenses: As is true with discretionary expenses in the water department, discretionary expenses in the sewer department include employee salaries and benefits, supplies, repair and maintenance, professional services, and other expenses that District management has direct influence over matters such as timing and quantities purchased.

For 2021, the department shows a budget increase of about 4.7% when compared to budgeted 2020 totals. However, when excluding the increase in County disposal fees, the change becomes a decrease of nearly 12%, from 2020 budgeted totals. Discretionary expenses for 2022 are about 2.8% more than the adopted 2021 budget amounts. For 2021, the principle decrease is due to a large reduction in the amount of Public Utility Tax the District must pay annually. In 2019 and early 2020, the District was audited by the Washington State Department of Revenue and in which resulted in permanent reductions in the amount of sewer PUT the district will pay annually. For 2022, the increase in discretionary expenses is the result in inflationary pressures related to wages and benefits.

Indirect Cost Recovery: As commented under the *Budget Highlights for Water*, indirect costs increase by a rather robust 12.5% in 2021 when compared to 2020 budget. The principle reason is the addition of a new, full-time project engineer, resulting in more indirect cost allocation base. This change is based on an analysis of actual overhead expenses incurred in support of the sewer operations department. Including Capitalized Salaries, indirect cost recovery for 2021 is 12.5% more 2020 budgeted amounts and up just 0.5% for 2022. This increase is much lower in 2022 due to no new administrative staff positions and no sizeable increases in salary and benefit costs for existing staff or other administrative expenses included in these charges.

Capital Transfers from Rates: The capital transfer from sewer rate revenues will increase by \$78,800 (14.2%) in 2021 and by \$17,100 (2.7%) in 2022. Board of Commissioner direction to staff in previous budget cycles was to continue adding funds each year to reach a target level equal to annual sewer depreciation expense by the end of 2015. This

goal was reached in the 2017 – 2018 and this budget’s increases allow the District to continue to fund depreciation through rates.

IV. District Water/Sewer Rates

This section outlines our adopted Water and Sewer rate increases, current rate projections and highlights key factors impacting those rate projections.

Adopted Water Rates

Annual Consumption/Water Sales Volumes:

Projected water sales volume plays an important role in forecasting the level of required annual rate adjustments. Table 4 shows actual/projected consumption by rate category for the current and previous three years (2017 – 2019), and projected consumption levels for 2020, 2021, and 2022. Based on trends in water consumption; conservation, and reduced demand due to weather and Covid, the District is projecting a 12.9% decrease in water sales for 2021 (from 2020 budget) and an extremely insignificant increase of just under 1.0% for 2022. Minor growth in the number of customer accounts account for 2022’s projected increase in water volume sales. The District’s modified seasonal pricing structure has resulted in greater revenue and cash flow stability since its implementation. This structure, first introduced during the 2013 – 2014 budget period, is being modified in the 2021 – 2022 budget period. The revision to the rate structured adopted in 2013 – 2014 recognizes that many of the District’s expenses are fixed and will be incurred irrespective of weather or economic conditions. The structure attempts to shift more of those costs into predictable, flat-rate meter charges.

Table 4
Water Sales Volumes (CCF) by Rate Categories

Rate Category	2017 Actual CCF	2018 Actual CCF	2019 Actual CCF	2020 Budgeted CCF	2021 Projected CCF	2022 Projected CCF
Seasonal Consumption						
0 - 2 CCF	153,725	155,208	156,519	153,347	144,504	145,949
> 2 CCF - 25 CCF	856,675	847,811	829,052	864,233	821,746	829,687
> 25 CCF ECC	301,535	269,338	214,695	278,147	149,217	150,708
Total Residential Consumption	1,311,935	1,272,357	1,200,266	1,295,727	1,115,467	1,126,344
Non-Residential Accounts	406,563	391,641	392,817	420,971	386,392	390,254
Irrigation Consumption	93,910	98,787	86,484	86,004	69,111	69,802
Total Annual Consumption	1,812,408	1,762,785	1,679,567	1,802,702	1,570,970	1,586,400
Annual Change in CCF		(49,623)	(83,218)	123,135	(231,732)	15,430

As shown in Table 5 under projected rate increases, annual water revenues are not expected to fully cover projected expenses in years 2021 – 2022, inclusive. District reserves will be drawn down in those years to cover the deficits. 2021’s projected operating deficit is nearly \$1 million while 2022’s deficit is a much smaller \$116,163. Sufficient funds are available in the Water Operating Reserve to offset any differences between revenues and expense and both years’ operating deficits will be recovered. In addition, funds collected for the Excess Capacity Charge reserve are neither budgeted nor earmarked. These funds can be used as directed by the Board of Commissioners in a manner consistent with District Resolution #3843. Previous uses have included the transfer of funds collected to the District’s Water Capital fund, which has helped defer the need for additional debt.

**Table 5
Water Maintenance Fund
Rate Forecast**

Revenue/Expense Category	2020 Adopted Budget	2021 Proposed Budget	2022 Proposed Budget	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Annual Rate Increase	2.9%	6.0%	6.0%	4.5%	4.5%	4.0%	4.0%
Annual Rate Revenue (Including Rate Increases)	\$ 14,453,135	\$ 13,995,198	\$ 14,962,176	\$ 15,767,859	\$ 16,619,261	\$ 17,432,875	\$ 18,285,346
Other Revenue	565,157	576,649	578,897	587,554	597,268	606,872	617,271
Total Operating Revenue	\$ 15,018,292	\$ 14,571,847	\$ 15,541,073	\$ 16,355,412	\$ 17,216,529	\$ 18,039,747	\$ 18,902,617
Total Operating Expenses/ Transfers	(15,145,081)	(15,550,828)	(15,657,236)	(16,136,580)	(17,197,432)	(17,823,865)	(18,361,347)
Annual Surplus/(Deficit) 1	\$ (126,789)	\$ (978,981)	\$ (116,163)	\$ 218,832	\$ 19,097	\$ 215,882	\$ 541,270
Amt to Transfer From/(To) Operating Reserve (1)	\$ 126,789	\$ 978,981	\$ 116,163	\$ (218,832)	\$ (19,097)	\$ (215,882)	\$ (541,270)

1 Revenues ,including rate increases, will not equal or exceed annual expenditures/transfers in all years due to "smoothing" annual rate increases over the forecast period and using Reserve funds in some years to cover a portion of expenses to achieve an ending Operating Reserve balance consistent with target levels under District financial policies

Water revenue requirements are projected to increase by approximately 6.0% in both 2021 and 2022, by 4.5% in both 2023 and 2024, and a smaller 4.0% in 2025 and 2026. These rate projections are higher than were projected in the 2019 – 2020 budget due to lower water volume sales related to weather and the pandemic.

The District is projected to need additional debt funding of water capital improvement projects in 2021 and beyond. Current modeling projects the need for approximately \$5.5 million in new capital funding in 2021, with an additional \$5 million needed in 2024 and in 2027.

Adopted Sewer Rates

Table 6 shows the adopted and proposed sewer rates for 2021 through 2026 and provides a comparison of revenues and expenses, and Operating Reserve status for the Sewer Maintenance Fund for those years. As the data shows, based on projected rates for 2021 through 2026, annual sewer revenues are expected to cover projected expenses in each year, with just very minor operating deficits projected in 2021, 2023, and 2025. This is the result of conservative expense budgeting and the addition of more than 300 new District sewer customers during the 2015 – 2018 time period. Rate increases during the 2021 – 2026 period are projected to be very modest at 3.0% per year, excluding increases in County sewage treatment fees. District rate increases of 3.0% are at or below the rate of inflation for the foreseeable future.

**Table 6
Sewer Maintenance Fund
Rate Forecast**

Revenue/Expense Category	2020 Adopted Budget	2021 Proposed Budget	2022 Proposed Budget	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
District Annual Rate Increase	0.0%	3.0%	3.0%	3.0%	3.0%	3.5%	3.5%
County Annual Rate Increase	0.0%	5.6%	0.0%	15.0%	0.0%	15.0%	0.0%
Total Annual Rate Increase	0.0%	4.6%	1.1%	10.5%	1.1%	10.9%	1.2%
Annual Rate Revenue (Including Rate Increases)	\$ 5,838,362	\$ 6,174,911	\$ 6,255,998	\$ 6,874,907	\$ 6,970,614	\$ 7,694,563	\$ 7,796,224
Other Revenue	17,973	8,008	7,939	7,957	7,967	7,998	8,019
Total Operating Revenue	\$ 5,856,335	\$ 6,182,920	\$ 6,263,937	\$ 6,882,864	\$ 6,978,582	\$ 7,702,561	\$ 7,804,242
Total Operating Expenses/ Transfers	(5,741,054)	(6,210,745)	(6,256,796)	(6,888,533)	(6,976,454)	(7,704,390)	(7,800,666)
Annual Surplus/(Deficit)	\$ 115,281	\$ (27,826)	\$ 7,141	\$ (5,669)	\$ 2,128	\$ (1,828)	\$ 3,577
Amt to Transfer From/(To) Operating Reserve	\$ (115,281)	\$ 27,826	\$ (7,141)	\$ 5,669	\$ (2,128)	\$ 1,828	\$ (3,577)

An overall 4.6% and 1.1% increase in sewer rates is proposed for 2021 and 2022 respectively. However, the two components of those rates discussed below, appear separately on the customer's bill and are computed separately to cover different budget elements.

"District" Sewer Rates: This rate pays for local operating expenses, reserves and capital contributions. As shown in Table 6, the District projects modest increases of 3.0% in District rates through 2024. As discussed throughout the budget, the District has increased the number of sewer customers by approximately 300. This represents an over 10% increase in the number of sewer customers served and allows the District to distribute its fixed costs of sewer operations among a larger group of customers. This, and more accurate accounting of staff expenditures related to sewer operations result in the District being able to hold District sewer rates increases to the inflation rate or below

for the foreseeable future. An additional factor is the sewer fund no longer has any outstanding debt issues, the final one being retired at the end of 2018.

County Sewer Rate increase: These rates cover what the District pays King County for providing regional wholesale sewage treatment. Residential customers are billed a “fixed” charge equal to the rate that King County bills the District per dwelling unit for related services. For non-residential customers, the District charges a County “volume rate” on customer actual water volumes excluding irrigation. There will be a 5.6% average increase in the King County sewer billing rate in 2021 and the County has indicated that rates will be stable for 2022.

V. Capital Budget Summaries

This section contains summaries and brief comments regarding amounts included in the 2019 & 2020 Water and Sewer capital budgets.

Table 7
Water Construction Fund
2021 & 2022 Proposed Budget Summary

	2019 Actual	2020 Adopted Budget	2021 Proposed Budget	Annual Budget Increase	Annual % Increase	2022 Proposed Budget	Annual Budget Increase	Annual % Increase
Capital Project Expenses	\$ 6,472,326	\$ 4,285,488	\$ 5,211,292	\$ 925,804	21.6%	\$ 4,959,222	\$ (252,070)	(4.8%)
Capital Technology Purchases	206,432	56,100	263,075	206,975	368.9%	159,800	(103,275)	(39.3%)
Equipment Replacement Purchases	493,335	200,000	304,000	104,000	52.0%	272,500	(31,500)	(10.4%)
Total Budget Before Reserves	\$ 7,172,093	\$ 4,541,588	\$ 5,778,367	\$ 1,236,779	27.2%	\$ 5,391,522	\$ (386,845)	(6.7%)

Table 8
Sewer Construction Fund
2021 & 2022 Proposed Budget Summary

	2019 Actual	2020 Adopted Budget	2021 Proposed Budget	Annual Budget Increase	Annual % Increase	2022 Proposed Budget	Annual Budget Increase	Annual % Increase
Capital Project Expenses	\$ 792,165	\$1,040,000	\$ 677,500	\$ (362,500)	(34.9%)	\$1,141,000	\$ 463,500	68.4%
Rate-funded Equipment	80,203	-	338,000	338,000	n/a	20,000	(318,000)	(94.1%)
Automation System Upgrades & Replacements	-	9,900	46,425	36,525	368.9%	28,200	(18,225)	(39.3%)
Total Budget Before Reserves	\$ 872,368	\$1,049,900	\$1,061,925	\$ 12,025	1.1%	\$1,189,200	\$ 127,275	12.0%

Capital Budget Highlights:

Overall Capital Spending: As indicated, budgeted capital project expenditures in 2021 & 2022 for Water will increase from the 2020 budget due to the District evaluating the improvements that need to be made to the system based on a Water Services Study completed in 2018 and also by reallocating projects to more accurately reflect when the money will be spent. For 2021 Sewer capital spending decreases as the District made a substantial capital purchase (hydro excavator truck) in 2020 that will not be repeated in 2021. The District is currently completing a new sewer comprehensive needs study (comp plan) and expects sewer capital spending to increase over the next several years.

Rate-funded Equipment: Amounts budgeted in each utility include specific equipment requested by individual departments plus a share of the cost of replacing central computer network/telephone system components. A total of \$951,500 is budgeted in 2021 and \$480,500 in 2022 for both utilities.

In Water, the adopted capital equipment amount is \$304,000 in 2021 and \$22,500 in 2022 for various items requested by Water Operations to support their annual programs/activities. The Water Department's share of the central network purchases is \$263,075 in 2021 and \$159,800 in 2022.

For Sewer, the adopted capital equipment amount is \$338,000 in 2021 and \$20,000 in 2022 for items requested by Sewer Operations to support their annual programs/activities. The Sewer Department's share of central network equipment purchases is \$46,425 in 2021 and \$28,200 in 2022.

Specific equipment items that each department plans to purchase in 2021 & 2022 are provided in the respective construction fund section containing that department's capital budget information. Requested amounts typically fluctuate each year based on specific items needed to support each utility's annual operating/administrative activities.

Automation System Upgrades & Replacements: Amounts budgeted in 2021 & 2022 in the Water and Sewer capital funds include contributions toward the cost of maintaining and upgrading the District's current Financial Information System (MUNIS) software, funding the MUNIS replacement which is expected to go live in early 2022 (Caselle), resources needed to continue support for District GIS project development, as well as amounts needed to replace District computers, printers, copiers and related items as those currently in service reach the ends of their useful lives. Details of items requested appear in the IT section of the budget.

Equipment Replacement Purchases: It is budgeted that the District's water operations department will need to replace one fleet vehicle in 2022, and will purchase a "jetter" truck in 2021 for assistance with downtown sewer flushing projects. The "jetter" is projected to cost \$320,000 in 2021. The costs are funded through transfers from the Water and Sewer Equipment Replacement Reserves to replace items which are past their useful life and requiring frequent maintenance/repairs.

Water Capital Projects: Significant Water capital projects budgeted in 2021 & 2022 include completion of Hollywood Reservoir Improvements, construction of a new Standpipe at the Kingsgate reservoir site, and improvements to the James Bard reservoir site. Spending for the two-year budget cycle is estimated at nearly \$11.2 million. Further information regarding budgeted amounts for water capital projects are provided in the ***Water Construction Fund*** section.

Sewer Capital Projects: Significant sewer capital outlays budgeted for the 2021 and 2022 period include completion of the District's sewer comp plan, completion of the "siphon 1" and "siphon 2" rehabilitation projects, the NE 175th ST sewer pipe bursting/pipe relining project and a system expansion between Vintners Place and Marinwood. Smaller amounts are budgeted for miscellaneous projects and District participation in developer extensions. Further details regarding budgeted amounts for planned sewer projects are provided in the ***Sewer Construction Fund*** section.

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**Woodinville Water District
2019 Adopted Budget
Water Rate Summary (1)**

	Fixed Monthly Charge	Volume Charges:		Excess Capacity Charge per GAL
	(3/4" Meter)	0 - 1,496 Gal	> 1,496 Gal	> 18,700 Gal
Residential Customers				
Winter Rates	\$ 21.90	\$ -	\$ 0.00678	\$ 0.00348
Summer Rates	\$ 21.90	\$ -	\$ 0.00846	\$ 0.00348
		Up to Winter Average	Over Winter Average	
Non-Residential Customers	\$ 21.90	\$ 0.00627	\$ 0.00687	
		All Usage		
Irrigation	\$ 21.90	\$ 0.01194		

(1) Water rates shown above reflect the District's seasonal pricing methodology and represent an estimated 2.9% increase in revenues (including the excess capacity charge) from 2018 adopted rates.

**2020 Adopted Budget
Water Rate Summary (1)**

	Fixed Monthly Charge	Volume Charges:		Excess Capacity Charge per GAL
	(3/4" Meter)	0 - 1,496 Gal	> 1,496 Gal	> 18,700 Gal
Residential Customers				
Winter Rates	\$ 22.55	\$ -	\$ 0.00698	\$ 0.00358
Summer Rates	\$ 22.55	\$ -	\$ 0.00870	\$ 0.00338
		Up to Winter Average	Over Winter Average	
Non-Residential Customers	\$ 22.55	\$ 0.00646	\$ 0.00707	
		All Usage		
Irrigation	\$ 22.55	\$ 0.01229		

(1) Water rates shown above reflect the District's seasonal pricing methodology and represent an estimated 2.9% increase in revenues (including the excess capacity charge) from 2019 adopted rates.

**Woodinville Water District
2021 Adopted Budget
Water Rate Summary (1)**

	Fixed Monthly Charge	Volume Charges:		Excess Capacity Charge per GAL
	(3/4" Meter)	0 - 1,496 Gal	> 1,496 Gal	> 18,700 Gal
Residential Customers				
Winter Rates	\$ 26.05	\$ -	\$ 0.00698	\$ 0.00358
Summer Rates	\$ 26.05	\$ -	\$ 0.00870	\$ 0.00358
		Up to Winter Average	Over Winter Average	
Non-Residential Customers	\$ 26.05	\$ 0.00627	\$ 0.00687	
		All Usage		
Irrigation	\$ 26.05	\$ 0.01194		

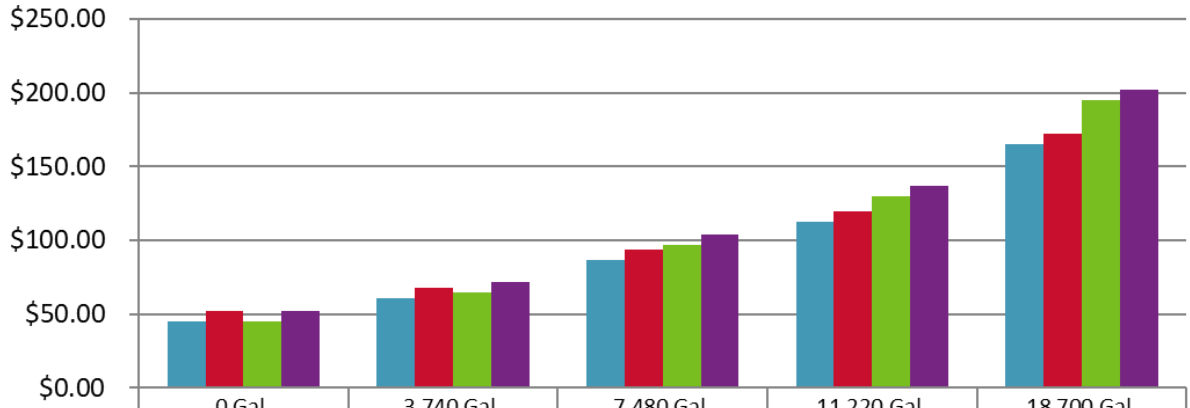
(1) Water rates shown above reflect the District's seasonal pricing methodology and represent an estimated 6.0% increase in revenues (including the excess capacity charge) from 2020 adopted rates.

**2022 Adopted Budget
Water Rate Summary (1)**

	Fixed Monthly Charge	Volume Charges:		Excess Capacity Charge per GAL
	(3/4" Meter)	0 - 1,496 Gal	> 1,496 Gal	> 18,700 Gal
Residential Customers				
Winter Rates	\$ 29.85	\$ -	\$ 0.00698	\$ 0.00358
Summer Rates	\$ 29.85	\$ -	\$ 0.00870	\$ 0.00358
		Up to Winter Average	Over Winter Average	
Non-Residential Customers	\$ 29.85	\$ 0.00646	\$ 0.00707	
		All Usage		
Irrigation	\$ 29.85	\$ 0.01229		

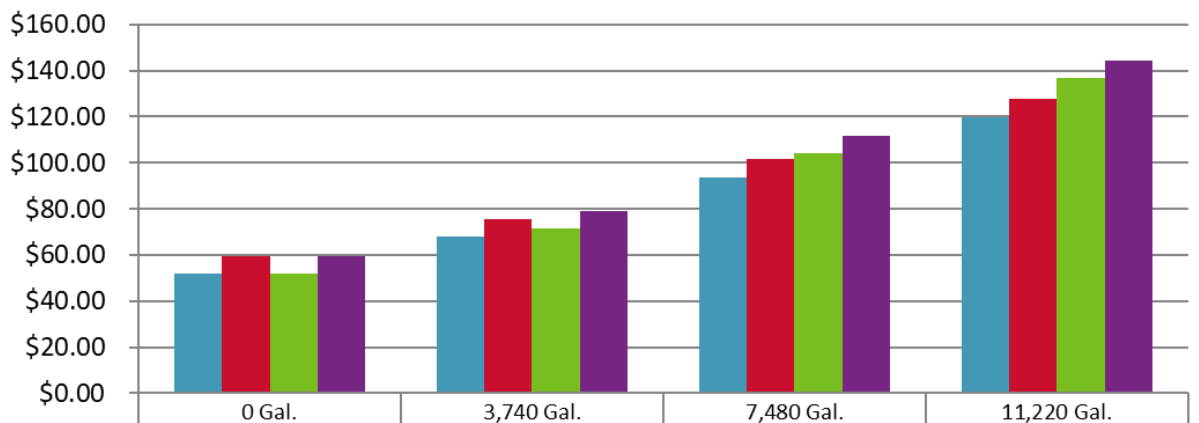
(1) Water rates shown above reflect the District's seasonal pricing methodology and represent an estimated 6.0% increase in revenues (including the excess capacity charge) from 2021 adopted rates.

Scenario 2 - Alternative 2 2021 Bi-Monthly Bill Comparison



Present Rates (winter)	\$45.10	60.76	86.86	112.96	165.16
Proposed Rates (winter)	\$52.10	67.76	93.86	119.96	172.16
Present Rates (summer)	\$45.10	64.63	97.18	129.73	194.83
Proposed Rates (summer)	\$52.10	71.63	104.18	136.73	201.83

Scenario 2 - Alternative 2 2022 Bi-Monthly Bill Comparison



Present Rates (winter)	\$52.10	67.76	93.86	119.96
Proposed Rates (winter)	\$59.70	75.36	101.46	127.56
Present Rates (summer)	\$52.10	71.63	104.18	136.73
Proposed Rates (summer)	\$59.70	79.23	111.78	144.33

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**Woodinville Water District
2019 Adopted Budget
Sewer Rate Summary**

Rate Category	2019 Monthly Rates	2020 Monthly Rates	% Increase/ Decrease
<u>Residential</u>			
King County Fixed Charge	\$ 45.33	\$ 45.33	0.0%
District Fixed Charge	\$ 27.15	\$ 27.15	0.0%
Total Monthly Charge	\$ 72.48	\$ 72.48	0.0%
<u>Non-Residential</u>			
(Multifamily, Churches, Motels, Schools & all other Commercial Customers)			
King County Volume Charge (per gal)	\$ 0.007874	\$ 0.008075	2.6%
District Fixed Charge	\$ 27.15	\$ 27.15	0.0%
District Volume Rate per gal (over 11,220 gal)	\$ 0.003971	\$ 0.003971	0.0%

**2020 Adopted Budget
Sewer Rate Summary**

Rate Category	2020 Monthly Rates	2021 Monthly Rates	% Increase/ Decrease
<u>Residential</u>			
King County Fixed Charge (1)	\$ 45.33	\$ 45.33	0.0%
District Fixed Charge	\$ 27.15	\$ 27.15	0.0%
Total Monthly Charge	\$ 72.48	\$ 72.48	0.0%
<u>Non-Residential</u>			
(Multifamily, Churches, Motels, Schools & all other Commercial Customers)			
King County Volume Charge (per ccf)	\$ 0.008075	\$ 0.008075	0.0%
District Fixed Charge	\$ 27.15	\$ 27.15	0.0%
District Volume Rate per gal (over 11,220 gal)	\$ 0.003971	\$ 0.003971	0.0%

**Woodinville Water District
2021 Adopted Budget
Sewer Rate Summary**

Rate Category	2020 Monthly Rates	2021 Monthly Rates	% Increase/ Decrease
<u>Residential</u>			
King County Fixed Charge	\$ 45.33	\$ 47.87	5.6%
District Fixed Charge	\$ 27.15	\$ 27.96	3.0%
Total Monthly Charge	\$ 72.48	\$ 75.83	4.6%
<u>Non-Residential</u>			
(Multifamily, Churches, Motels, Schools & all other Commercial Customers)			
King County Volume Charge (per gal)	\$ 0.007970	\$ 0.008510	6.8%
District Fixed Charge	\$ 27.15	\$ 27.15	0.0%
District Volume Rate per gal (over 11,220 gal)	\$ 0.003970	\$ 0.004090	3.0%

**2022 Adopted Budget
Sewer Rate Summary**

Rate Category	2021 Monthly Rates	2022 Monthly Rates	% Increase/ Decrease
<u>Residential</u>			
King County Fixed Charge (1)	\$ 47.87	\$ 47.87	0.0%
District Fixed Charge	\$ 27.96	\$ 28.80	3.0%
Total Monthly Charge	\$ 75.83	\$ 76.67	1.1%
<u>Non-Residential</u>			
(Multifamily, Churches, Motels, Schools & all other Commercial Customers)			
King County Volume Charge (per ccf)	\$ 0.008510	\$ 0.008510	0.0%
District Fixed Charge	\$ 27.15	\$ 28.80	6.1%
District Volume Rate per gal (over 11,220 gal)	\$ 0.004090	\$ 0.004210	2.9%

**General Administration Department
2021 - 2022 Budget Overview**

	Budget Expenditures (Excl. Resvs)	Actual Expenditures	Budget vs Actual % Over/ (Under)	Staffing Level		
				FTE	% Increase/ (Decrease)	% Increase/ (Decrease)
2015	\$1,037,656	\$964,291	(7.1%)	3	0	0.0%
2016	\$1,116,551	\$1,028,055	(7.9%)	3	0	0.0%
2017	\$1,110,587	\$1,042,069	(6.2%)	2	(1)	(33.3%)
2018	\$1,116,551	\$1,094,350	(2.0%)	2	0	0.0%
2019	\$1,110,587	\$1,283,439	15.6%	4	2	100.0%
2020	\$1,101,429	\$0	(100.0%)	4	0	0.0%
2021	\$1,528,869	\$0	(100.0%)	4	0	0.0%
2022	\$1,518,137	\$0	(100.0%)	4	0	0.0%

Key Department Functions/Activities:

The General Administrative Department is responsible for the management, direction, and the overall operation of the District to ensure compliance with State statutes, District goals & policies, and applicable governmental regulations and for ensuring that internal and external functions of all sections of the District are successful.

GENERAL ADMINISTRATION DEPARTMENT BUDGET SUMMARY

	2019 EXPENDED	2020 THRU 6/30/2020	2020 PROJECTED YEAR END	2021 PROPOSED BUDGET	\$ INCR/(DECR)	%	2022 PROPOSED BUDGET	\$ INCR/(DECR)	%
51105 SALARIES	\$ 437,549	\$ 242,955	\$ 485,910	\$ 499,491	\$ 13,581	2.8%	\$ 512,678	\$ 13,187	2.6%
51205 OVERTIME PAY	6,089	1,387	2,774	5,000	2,226	80.2%	5,000	-	0.0%
51305 TEMPORARY HELP	-	-	-	-	-	0.0%	0	-	0.0%
51405 COMMISSIONER-PER DIEM	34,048	8,960	33,000	40,000	7,000	21.2%	40,000	-	0.0%
51512 FICA & MEDICARE	30,727	18,883	37,766	34,076	(3,690)	(9.8%)	34,856	780	2.3%
51513 L & I INSURANCE	856	519	1,038	1,091	53	5.1%	1,091	-	0.0%
51515 PERS RETIREMENT EXPENSE	55,711	31,139	62,278	64,234	1,956	3.1%	65,930	1,696	2.6%
51516 DEFERRED COMPENSATION MATCH	8,681	4,811	9,622	9,990	368	3.8%	10,254	264	2.6%
51524 MEDICAL INSURANCE PREMIUMS	122,923	83,695	167,390	181,223	13,833	8.3%	186,962	5,739	3.2%
51525 DENTAL INSURANCE PREMIUMS	10,129	6,902	13,804	16,082	2,278	16.5%	16,366	284	1.8%
51526 VISION INSURANCE PREMIUMS	1,973	1,315	2,630	2,535	(95)	(3.6%)	2,535	-	0.0%
51527 LIFE INSURANCE PREMIUMS	436	295	590	638	48	8.1%	638	-	0.0%
51529 AWC ASSESSMENT	5,504	-	6,000	6,500	500	8.3%	7,000	500	7.7%
51530 L/T DISABILITY INSURANCE	1,535	942	1,884	2,747	863	45.8%	2,820	73	2.7%
51531 S/T DISABILITY INSURANCE	1,118	192	384	384	-	0.0%	384	-	0.0%
51532 UNEMPLOYMENT INSURANCE	-	-	-	-	-	0.0%	-	-	0.0%
52105 OFFICE SUPPLIES	-	-	-	15,000	15,000	-	15,000	-	0.0%
52115 POSTAGE & SHIPPING	22,221	13,748	21,600	24,600	3,000	13.9%	24,600	-	0.0%
52120 BUSINESS MEETINGS/COFFEE SVC	7,405	3,881	-	8,500	8,500	-	8,500	-	0.0%
52705 NON-CAPITAL EQUIPMENT	17,302	6,715	-	10,000	10,000	-	25,000	15,000	150.0%
53105 LEGAL SERVICES	122,186	49,057	93,000	101,000	8,000	8.6%	114,000	13,000	12.9%
53125 PRINTING & GRAPHICS SERVICES	3,050	1,509	1,000	3,800	2,800	280.0%	3,800	-	0.0%
53126 NEWSLETTER	10,980	10,676	16,000	19,900	3,900	24.4%	19,900	-	0.0%
53127 WATER QUALITY REPORT/CCR	-	-	-	-	-	0.0%	-	-	0.0%
53140 CONSULTING SERVICES	24,000	-	20,000	187,000	167,000	835.0%	53,600	(133,400)	(71.3%)
53145 OTHER PROFESSIONAL SERVICES	1,796	2,164	5,000	5,280	280	5.6%	5,325	45	0.9%
53205 OUTSIDE RENT	-	-	-	-	-	0.0%	-	-	0.0%
53305 ADVERTISING	4,243	2,846	5,000	8,800	3,800	76.0%	12,850	4,050	46.0%
53405 DUES & MEMBERSHIPS	52,347	8,777	31,790	36,125	4,335	13.6%	36,175	50	0.1%
53410 SUBSCRIPTIONS & PUBLICATIONS	3,921	2,505	3,200	3,767	567	17.7%	3,767	-	0.0%
53415 CERTIFICATION EXPENSE	60	-	100	400	300	300.0%	100	(300)	(75.0%)
53505 COMMISSIONER TRAVEL	1,979	-	1,000	4,000	3,000	300.0%	4,000	-	0.0%
53515 COMMISSIONER RETREAT EXPENSE	10	62	62	500	438	706.5%	500	-	0.0%
53520 COMMISSIONER REIMBURSABLE EXP	217	-	400	800	400	100.0%	800	-	0.0%
53605 TRAINING EXPENSES	9,828	1,759	10,000	12,506	2,506	25.1%	16,906	4,400	35.2%
53610 LOCAL MILEAGE/PARKING/MEALS	132	60	-	-	-	0.0%	-	-	0.0%
53620 TUITION REIMBURSEMENT	-	-	-	-	-	0.0%	2,500	2,500	0.0%
53735 MANAGEMENT & AWARD EXPENSES	4,696	1,229	4,000	4,000	-	0.0%	4,000	-	0.0%
53740 OTHER MISCELLANEOUS EXPENSE	1,707	-	200	400	200	100.0%	800	400	100.0%
54105 POWER	19,513	11,404	25,000	25,000	-	0.0%	25,000	-	0.0%
54110 NATURAL GAS	3,835	2,415	5,100	5,100	-	0.0%	5,100	-	0.0%
55105 INSURANCE PREMIUMS	130,141	-	145,000	164,322	19,322	13.3%	172,538	8,216	5.0%
55110 RETROSPECTIVE RATING	(5,113)	(30,858)	(30,858)	1,500	32,358	(104.9%)	1,500	-	0.0%
55115 SMALL CLAIMS	2,138	204	5,000	5,000	-	0.0%	5,000	-	0.0%
56105 SCHOOL EDUCATION	11,148	2,535	13,000	13,000	-	0.0%	13,000	-	0.0%
56110 COMMUNITY EDUCATION EVENTS	1,900	-	1,500	2,000	500	33.3%	2,000	-	0.0%
56115 PHOTOGRAPHY	-	-	1,000	1,000	-	0.0%	1,000	-	0.0%
56120 PUB INFO PRESENTATION MATERIALS	-	-	200	200	-	0.0%	200	-	0.0%
56150 CONSERVATION - OTHER	3,568	-	1,000	1,000	-	0.0%	1,000	-	0.0%
56505 WELLNESS PROGRAM	6,776	-	-	4,700	4,700	-	4,700	-	0.0%
56510 AWC WELLNESS GRANT	(298)	-	-	-	-	0.0%	-	-	0.0%
58110 ELECTIONS	-	26,768	26,768	-	(26,768)	(100.0%)	45,000	45,000	#DIV/0!
Overtime o/h allocation	-	-	-	-	-	0.0%	-	-	#DIV/0!
Total	1,178,967	519,451	1,230,132	1,533,191	303,059	24.6%	1,514,675	(18,516)	(1.2%)
Indirect Overhead Charge to Sewer Ops	(174,987)	(86,036)	(172,072)	(248,387)	(76,315)	44.4%	(246,778)	1,609	(0.6%)
TOTAL GENERAL ADMINISTRATION	\$ 1,003,980	\$ 433,415	\$ 1,058,060	\$ 1,284,804	\$ 226,744	21.4%	\$ 1,267,897	\$ (16,907)	(1.3%)

**PROGRAM 101 - GENERAL ADMINISTRATION
BUDGET SUMMARY**

Program 101-General Administration is used to account for all Administration Department expenses except those specifically identifiable as related to the District's Public Information and Conservation programs, and those related to Human Resources.

	2019 EXPENDED	2020 THRU 6/30/2020	2020 PROJECTED YEAR END	2021 PROPOSED BUDGET	\$ INCR/(DECR)	%	2022 PROPOSED BUDGET	\$ INCR/(DECR)	%
51105 SALARIES	437,549	\$ 242,955	\$ 485,910	\$ 499,491	\$ 13,581	2.8%	\$ 512,678	\$ 13,187	2.6%
51205 OVERTIME PAY	6,089	1,387	2,774	5,000	2,226	80.2%	5,000	-	0.0%
51305 TEMPORARY HELP	-	-	-	-	-	0.0%	-	-	0.0%
51405 COMMISSIONER-PER DIEM	34,048	8,960	33,000	40,000	7,000	21.2%	40,000	-	0.0%
51512 FICA & MEDICARE	30,727	18,883	37,766	34,076	(3,690)	(9.8%)	34,856	780	2.3%
51513 L & I INSURANCE	856	519	1,038	1,091	53	5.1%	1,091	-	0.0%
51515 PERS RETIREMENT EXPENSE	55,711	31,139	62,278	64,234	1,956	3.1%	65,930	1,696	2.6%
51516 DEFERRED COMPENSATION MATCH	8,681	4,811	9,622	9,990	368	3.8%	10,254	264	2.6%
51524 MEDICAL INSURANCE PREMIUMS	122,923	83,695	167,390	181,223	13,833	8.3%	186,962	5,739	3.2%
51525 DENTAL INSURANCE PREMIUMS	10,129	6,902	13,804	16,082	2,278	16.5%	16,366	284	1.8%
51526 VISION INSURANCE PREMIUMS	1,973	1,315	2,630	2,535	(95)	(3.6%)	2,535	-	0.0%
51527 LIFE INSURANCE PREMIUMS	436	295	590	638	48	8.1%	638	-	0.0%
51529 AWC ASSESSMENT	5,504	-	6,000	6,500	500	8.3%	7,000	500	7.7%
51530 L/T DISABILITY INSURANCE	1,535	942	1,884	2,747	863	45.8%	2,820	73	2.7%
51531 S/T DISABILITY INSURANCE	1,118	192	384	384	-	0.0%	384	-	0.0%
51532 UNEMPLOYMENT INSURANCE	-	-	-	-	-	0.0%	-	-	0.0%
52105 OFFICE SUPPLIES	-	-	-	15,000	15,000	0.0%	15,000	-	0.0%
52115 POSTAGE & SHIPPING	10,321	5,571	9,500	9,500	-	0.0%	9,500	-	0.0%
52120 BUSINESS MEETINGS/COFFEE SERVICES	7,405	3,881	-	8,500	8,500	0.0%	8,500	-	0.0%
52705 NON-CAPITAL EQUIPMENT	17,302	6,715	-	10,000	10,000	0.0%	25,000	15,000	150.0%
53105 LEGAL SERVICES	122,186	49,057	90,000	95,000	5,000	3.1%	105,000	10,000	10.5%
53125 PRINTING & GRAPHIC SERVICES	2,200	754	-	2,800	2,800	0.0%	2,800	-	0.0%
53140 CONSULTING SERVICES	24,000	-	20,000	162,000	142,000	710.0%	51,000	(111,000)	(68.5%)
53145 OTHER PROFESSIONAL SERVICES	1,541	2,164	3,000	3,000	-	0.0%	3,000	-	0.0%
53205 OUTSIDE RENT	-	-	-	-	-	0.0%	-	-	0.0%
53305 ADVERTISING	798	2,846	2,846	350	(2,496)	(87.7%)	350	-	0.0%
53405 DUES & MEMBERSHIPS	52,085	8,777	30,000	33,525	3,525	11.8%	33,525	-	0.0%
53410 SUBSCRIPTIONS & PUBLICATIONS	1,542	1,163	1,300	1,585	285	21.9%	1,585	-	0.0%
53415 CERTIFICATION EXPENSE	60	-	100	100	-	0.0%	100	-	0.0%
53505 COMMISSIONER TRAVEL	1,979	-	1,000	4,000	3,000	300.0%	4,000	-	0.0%
53515 COMMISSIONER RETREAT EXPENSE	10	62	62	500	438	706.5%	500	-	0.0%
53520 COMMISSIONER REIMBURSABLE EXP	217	-	400	800	400	100.0%	800	-	0.0%
53605 TRAINING EXPENSES	7,693	1,111	7,500	9,100	1,600	21.3%	13,500	4,400	48.4%
53610 LOCAL MILEAGE/PARKING/MEALS	132	60	-	-	-	0.0%	-	-	0.0%
53620 TUITION REIMBURSEMENT	-	-	-	-	-	0.0%	2,500	2,500	0.0%
53735 MANAGEMENT & AWARD EXPENSES	4,696	1,229	4,000	4,000	-	0.0%	4,000	-	0.0%
53740 OTHER MISCELLANEOUS EXPENSE	1,707	-	200	400	200	100.0%	800	400	100.0%
54105 POWER	19,513	11,404	25,000	25,000	-	0.0%	25,000	-	0.0%
54110 NATURAL GAS	3,835	2,415	5,100	5,100	-	0.0%	5,100	-	0.0%
55105 INSURANCE PREMIUMS	130,141	-	145,000	160,000	15,000	10.3%	176,000	16,000	10.0%
55110 RETROSPECTIVE RATING	(5,113)	(30,858)	(30,858)	1,500	32,358	(104.9%)	1,500	-	0.0%
55115 SMALL CLAIMS	2,138	204	5,000	5,000	-	0.0%	5,000	-	0.0%
58110 ELECTION EXPENSES	-	26,768	26,768	-	(26,768)	(100.0%)	45,000	45,000	0.0%
TOTAL GENERAL ADMINISTRATION	\$ 1,123,667	\$ 495,318	\$ 1,170,988	\$ 1,420,751	\$ 249,763	21.3%	\$ 1,425,574	\$ 4,823	0.3%

Significant Budget Variances Between 2020 & 2021

Object Code	Description	Dollar Increase/ (Decrease)		Explanation
51405	Commissioner Per Diem	7,000	21%	Assumed 60 days per commissioner for District related business, including meetings and prep time.
53140	Consulting Services	142,000	710%	Risk & Resillency Plan
58110	Elections	(26,768)	-100%	Relection expenses paid on even years.

(1) Explanation is provided for any variances (+/- 15% & +/- \$5K)

**PROGRAM 110-PUBLIC INFORMATION & CONSERVATION
BUDGET SUMMARY**

Program 102-Public Information & conservation is used to account for expenses the District incurs with its Public Outreach and Conservation programs

		2019 EXPENDED	2020 THRU 6/30/2020	2020 PROJECTED YEAR END	2021 PROPOSED BUDGET	\$ INCR/(DECR)	%	2022 PROPOSED BUDGET	\$ INCR/(DECR)	%
	110 - PUBLIC INFORMATION									
52115	POSTAGE & SHIPPING	\$ 11,900	\$ 8,177	\$ 12,100	\$ 15,100	\$ 3,000	24.8%	\$ 15,100	\$ -	0.0%
53125	PRINTING & GRAPHICS SERVICES	850	755	1,000	1,000	-	0.0%	1,000	\$ -	0.0%
53126	NEWSLETTER	10,980	10,676	16,000	19,900	3,900	24.4%	19,900	\$ -	0.0%
53127	WATER QUALITY REPORT/CCR				-	-	0.0%	-	\$ -	0.0%
53305	ADVERTISING	126	-	-	-	-	0.0%	-	\$ -	0.0%
53410	SUBSCRIPTIONS & PUBLICATIONS	852	780	900	940	40	4.4%	940	\$ -	0.0%
53605	TRAINING EXPENSES	199		1,500	1,806	306	20.4%	1,806	\$ -	0.0%
56110	COMMUNITY EDUCATION EVENTS	1,900		1,500	2,000	500	33.3%	2,000	\$ -	0.0%
56115	PHOTOGRAPHY			1,000	1,000	-	0.0%	1,000	\$ -	0.0%
56120	PUB INFO PRESENTATION MATERIALS			200	200	-	0.0%	200	\$ -	
									\$ -	
	120 - CONSERVATION								\$ -	
									\$ -	
56105	SCHOOL EDUCATION	11,148	2,535	13,000	13,000	-	0.0%	13,000	\$ -	0.0%
56150	CONSERVATION - OTHER	3,568		1,000	1,000	-	0.0%	1,000	\$ -	0.0%
	TOTAL PUBLIC INFORMATION & CONSERVATION	\$ 41,523	\$ 22,923	\$ 48,200	\$ 55,946	\$ 7,746	16.1%	\$ 55,946	\$ -	0.0%

Program 130 - Human Resources Budget Summary

Program 130 - Human Resources is used to account for expenses related to Human Resource management.

	2019 EXPENDED	2020 THRU 6/30/2020	2020 PROJECTED YEAR END	2021 PROPOSED BUDGET	\$ INCR/(DECR)	%	2022 PROPOSED BUDGET	\$ INCR/(DECR)	%
53105 LEGAL SERVICES			\$ 3,000	\$ 6,000	\$ 3,000	100.0%	\$ 9,000	3,000	50.0%
53140 OTHER CONSULTING SERVICES				25,000	25,000	0.0%	2,600	(22,400)	(89.6%)
53145 OTHER PROFESSIONAL SERVICES	255		2,000	2,280	280	14.0%	2,325	45	2.0%
53305 ADVERTISING	3,319		2,154	8,450	6,296	292.3%	12,500	4,050	47.9%
53405 DUES & MEMBERSHIPS	262		1,790	2,600	810	45.3%	2,650	50	1.9%
53410 SUBSCRIPTIONS & PUBLICATIONS	1,527	562	1,000	1,242	242	24.2%	1,242	-	0.0%
53415 CERTIFICATION EXPENSE				300	300	0.0%	-	(300)	(100.0%)
53605 TRAINING EXPENSE	1,936	648	1,000	1,600	600	60.0%	1,600	-	0.0%
53620 TUITION REIMBURSEMENT				-	-	0.0%	-	-	0.0%
56505 WELLNESS PROGRAM	6,776			4,700	4,700	0.0%	4,700	-	0.0%
56510 AWC WELLNESS GRANT	(298)			-	-	0.0%	-	-	0.0%
TOTAL HUMAN RESOURCES	\$ 13,777	\$ 1,210	\$ 10,944	\$ 52,172	\$ 41,228	376.7%	\$ 36,617	\$ (15,555)	(29.8%)

**Finance Department
2021 - 2022 Budget Overview**

	Budget Expenditures (Excl. Resvs)	Actual Expenditures	Budget vs Actual % Over/ (Under)	Staffing Level		
				FTE	% Increase/ (Decrease)	% Increase/ (Decrease)
2015	\$649,198	\$643,175	(0.9%)	6	0	0.0%
2016	\$685,554	\$659,076	(3.9%)	6	0	0.0%
2017 (1)	\$699,439	\$925,258	32.3%	6	0	0.0%
2018 (1)	\$736,889	\$1,232,517	67.3%	6	0	0.0%
2019 (2)	\$1,399,031	\$1,116,203	(20.2%)	10	4	66.7%
2020 (2)	\$1,439,107	\$0	n/a	10	0	0.0%
2021	\$1,276,406	\$0	n/a	8	(2)	(20.0%)
2022	\$1,354,532	\$0	n/a	8	0	0.0%

Key Department Functions/Activities:

The Finance Department is responsible for the District's Accounting, Cash Management, Financial Reporting & Analysis, Budget Development & Administration, and Billing & Collection functions. Over 14,500 water and sewer customers are billed on a bimonthly basis. Finance staff additionally provide guidance and assists other departments in budgeting and accounting matters, and processes payroll and accounts payable, providing reporting packages for Board approval.

1 - in 2017, the customer service function was moved from the IT Department to the Finance Department. This resulted in 4 employees and their related budgetary expenses moving to the Finance Department. The change occurred after the 2017/18 budget was approved and as a result, related expenses remained with the department they were budgeted to. Therefore, 2017/18 budgeted expense totals do not include expenses related to the customer service function but those expenses do appear in actual expenditures.

2 - in 2019, two finance department staff were moved to the General and Administrative Department. This resulted in 2 employees and their related budgetary expenses moving out of the Finance Department. The change occurred after the 2019/20 budget was approved and as a result, related expenses remained with the department they were budgeted to. Therefore, 2019/20 finance expense totals do not include expenses related to the staff members that moved to G & A.

FINANCE DEPARTMENT BUDGET SUMMARY

	2019 EXPENDED	2020 THRU 6/30/2020	2020 PROJECTED YEAR END	2021 BUDGET	\$ INCR/(DECR)	% (DECR)	2022 BUDGET	\$ INCR/(DECR)	%
51105 SALARIES	\$ 667,580	\$ 344,014	\$ 688,028	\$ 716,118	\$ 28,090	4.1%	\$ 742,134	\$ 26,016	3.6%
51205 OVERTIME PAY	8,751	2,171	4,500	5,500	1,000	22.2%	5,665	165	3.0%
51305 TEMPORARY HELP	-	-	-	-	-		-	-	n/a
51512 FICA & MEDICARE	50,198	25,782	51,564	53,620	2,056	4.0%	56,208	2,588	4.8%
51513 L & I INSURANCE	1,853	1,036	2,072	1,890	(182)	(8.8%)	1,890	-	0.0%
51515 PERS RETIREMENT EXPENSE	87,160	43,793	87,586	92,091	4,505	5.1%	96,718	4,627	5.0%
51516 DEFERRED COMPENSATION MATCH	11,906	6,436	12,872	14,322	1,450	11.3%	14,843	520	3.6%
51524 MEDICAL INSURANCE PREMIUMS	175,154	63,817	127,634	135,824	8,190	6.4%	150,502	14,678	10.8%
51525 DENTAL INSURANCE PREMIUMS	17,547	6,645	13,290	13,301	11	0.1%	13,700	399	3.0%
51526 VISION INSURANCE PREMIUMS	3,156	1,195	2,390	2,576	186	7.8%	2,576	-	0.0%
51527 LIFE INSURANCE PREMIUMS	1,635	533	1,066	1,269	203	19.0%	1,269	-	0.0%
51530 L/T DISABILITY INSURANCE	3,724	1,587	3,174	3,884	710	22.4%	3,972	88	2.3%
51531 S/T DISABILITY INSURANCE	3,287	355	710	716	6	0.8%	716	-	0.0%
52115 POSTAGE & SHIPPING	24,967	10,569	24,100	28,855	4,755	19.7%	30,268	1,413	4.9%
52125 OTHER OFFICE EXPENSES	1,433	191	3,400	5,910	2,510	73.8%	5,910	-	0.0%
53110 FINANCIAL CONSULTING SERVICES	8,919	-	16,000	16,000	-	0.0%	21,000	5,000	31.3%
53115 CPA/AUDIT SERVICES	32,642	21,364	37,000	41,000	4,000	10.8%	43,000	2,000	4.9%
53130 OUTSOURCE BILLING/PYMT PROCESS	31,618	14,318	43,000	45,486	2,486	5.8%	47,760	2,274	5.0%
53405 DUES & MEMBERSHIPS	1,919	706	1,100	1,260	160	14.5%	1,260	-	0.0%
53410 SUBSCRIPTIONS & PUBLICATIONS	840	345	900	1,275	375	41.7%	1,275	-	0.0%
53415 CERTIFICATION EXPENSE	42	-	-	300	300		600	300	100.0%
53605 TRAINING EXPENSES	24,143	4,970	6,500	14,947	8,447	130.0%	13,718	(1,229)	(8.2%)
53610 LOCAL MILEAGE/PARKING/MEALS	1,308	332	500	1,000	500	100.0%	1,000	-	0.0%
53620 TUITION REIMBURSEMENT	-	-	1,250	2,500	1,250	100.0%	2,500	-	0.0%
53705 BANKING FEES	10,665	4,029	8,058	11,400	3,342	41.5%	11,400	-	0.0%
Total	1,170,447	554,188	1,136,694	1,211,045	74,351	6.5%	1,269,884	58,839	4.9%
Capital/Debt Service Expenditure Transfers									
Indirect Overhead Charge to Sewer Ops	(113,145)	(54,185)	(108,370)	(191,461)	(83,091)	76.7%	(203,180)	(11,719)	6.1%
TOTAL FINANCE DEPARTMENT	\$ 1,112,812	\$ 524,113	\$ 1,099,124	\$ 1,276,406	\$ 177,282	16.1%	\$1,354,532	\$ 78,126	6.1%

**PROGRAM 201 - GENERAL FINANCE
BUDGET SUMMARY**

Program 201-General Finance is used to account for all Finance Department expenses except those specifically identifiable as related to the District's costs of outsourced bill printing and mailing charges.

	2019 EXPENDED	2020 THRU 6/30/2020	2020 PROJECTED YEAR END	2021 BUDGET	\$ INCR/(DECR)	% INCR/(DECR)	2022 BUDGET	\$ INCR/(DECR)	% INCR/(DECR)
51105 SALARIES	\$ 667,580	\$ 344,014	\$ 688,028	\$ 716,118	\$ 28,090	4.1%	\$ 742,134	\$ 26,016	3.6%
51205 OVERTIME PAY	8,751	2,171	4,500	5,500	1,000	22.2%	5,665	165	3.0%
51305 TEMPORARY HELP				-	-	0.0%	-	-	0.0%
51512 FICA & MEDICARE	50,198	25,782	51,564	53,620	2,056	4.0%	56,208	2,588	4.8%
51513 L & I INSURANCE	1,853	1,036	2,072	1,890	(182)	(8.8%)	1,890	-	0.0%
51515 PERS RETIREMENT EXPENSE	87,160	43,793	87,586	92,091	4,505	5.1%	96,718	4,627	5.0%
51516 DEFERRED COMPENSATION MATCH	11,906	6,436	12,872	14,322	1,450	11.3%	14,843	520	3.6%
51524 MEDICAL INSURANCE PREMIUMS	175,154	63,817	127,634	135,824	8,190	6.4%	150,502	14,678	10.8%
51525 DENTAL INSURANCE PREMIUMS	17,547	6,645	13,290	13,301	11	0.1%	13,700	399	3.0%
51526 VISION INSURANCE PREMIUMS	3,156	1,195	2,390	2,576	186	7.8%	2,576	-	0.0%
51527 LIFE INSURANCE PREMIUMS	1,635	533	1,066	1,269	203	19.0%	1,269	-	0.0%
51530 L/T DISABILITY INSURANCE	3,724	1,587	3,174	3,884	710	22.4%	3,972	88	2.3%
51531 S/T DISABILITY INSURANCE	3,287	355	710	716	6	0.8%	716	-	0.0%
52105 OFFICE SUPPLIES				-	-	0.0%	-	-	0.0%
52115 POSTAGE & SHIPPING	2,341	1,109	1,600	2,600	1,000	62.5%	2,700	100	3.8%
52120 BUSINESS MEETINGS/COFFEE SVC				-	-	0.0%	-	-	0.0%
52125 OTHER OFFICE EXPENSES	1,433	191	1,000	1,450	450	45.0%	1,450	-	0.0%
53110 FINANCIAL CONSULTING SERVICES	8,919	-	16,000	-	(16,000)	(100.0%)	21,000	21,000	0.0%
53115 CPA/AUDIT SERVICES	32,642	21,364	37,000	41,000	4,000	10.8%	43,000	2,000	4.9%
53125 PRINTING & GRAPHICS SERVICES				-	-	0.0%	-	-	0.0%
53405 DUES & MEMBERSHIPS	1,919	706	1,100	1,260	160	14.5%	1,260	-	0.0%
53410 SUBSCRIPTIONS & PUBLICATIONS	840	345	900	1,275	375	41.7%	1,275	-	0.0%
53415 CERTIFICATION EXPENSE	42	-	-	300	300	0.0%	600	300	100.0%
53605 TRAINING EXPENSES	24,143	4,970	6,500	14,947	8,447	130.0%	13,718	(1,229)	(8.2%)
53610 LOCAL MILEAGE/PARKING/MEALS	1,308	332	500	1,000	500	100.0%	1,000	-	0.0%
53620 TUITION REIMBURSEMENT	-	-	1,250	2,500	1,250	100.0%	2,500	-	0.0%
53705 BANKING FEES	10,665	4,029	8,058	11,400	3,342	41.5%	11,400	-	0.0%
57141 JANITORIAL SERVICES			-	-	-	0.0%	-	-	0.0%
57142 JANITORIAL SUPPLIES			-	-	-	0.0%	-	-	0.0%
TOTAL GENERAL FINANCE	\$ 1,116,203	\$ 530,410	\$ 1,068,794	\$ 1,118,843	\$ 50,049	4.7%	\$ 1,190,096	\$ 71,252	6.4%

Significant Budget Variances Between 2020 & 2021 (1)

Description	Dollar Increase/ (Decrease)	Explanation
53110 Financial Consulting Services	(16,000)	The District performs a biennial rate study and will not need one in 2021

(1) Explanation is provided for any variances (+/- 15% & +/- \$5K)

**PROGRAM 210 - BILLING & COLLECTIONS
BUDGET SUMMARY**

Program 210-Billing & Collections is used to account for costs that are specifically identifiable as related to the District's costs of producing ratepayer bills and collecting/processing ratepayer payments

	2019 EXPENDED	2020 THRU 6/30/2020	2020 PROJECTED YEAR END	2021 BUDGET	\$ INCR/(DECR)	%	2022 BUDGET	\$ INCR/(DECR)	%
52115 POSTAGE & SHIPPING	\$ 22,626	\$ 9,460	\$ 22,500	\$ 26,255	\$ 3,755	16.7%	\$ 27,568	\$ 1,313	5.0%
52125 OTHER OFFICE EXPENSES	-		2,400	4,460	2,060	85.8%	4,460	-	0.0%
53125 PRINTING & GRAPHICS SERVICES				-	-	0.0%	-	-	0.0%
53130 OUTSOURCE BILLING/PYMT PROCESS	31,618	14,318	43,000	45,486	2,486	5.8%	47,760	2,274	5.0%
TOTAL BILLING/COLLECTIONS	\$ 54,244	\$ 23,778	\$ 67,900	\$ 76,201	\$ 8,301	12.2%	\$ 79,788	\$ 3,587	4.7%

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**Debt Service & PWTF
2021 - 2022 Budget Overview**

	Budgeted Outlays	Actual Outlays	Budget vs Actual % Over/ (Under)
2015	\$1,005,466	\$3,513,475	249.4%
2016	\$955,492	\$1,001,287	4.8%
2017	\$1,005,824	\$1,000,260	-0.6%
2018	\$1,054,139	\$1,058,468	0.4%
2019	\$1,048,372	\$1,048,372	0.0%
2020	\$1,047,507	\$1,047,507	0.0%
2021	\$934,047	n/a	0.0%
2022	\$716,038	n/a	0.0%

Budget Highlights:

2021/2022

In 2021, the District will make it's last required debt service payments on existing PWTF Loans. Beginning in 2022, the District will no longer have any PWTF Loan debt.

BUDGET DETAIL - DEBT SERVICE

701 WATER MAINTENANCE FUND 707 DEBT SERVICE		2019	2020	\$	2021	\$	2022	\$
		OUTFLOWS	PROJECTED YEAR END	VARIANCE	PROPOSED BUDGET	VARIANCE	PROPOSED BUDGET	VARIANCE
22205 2012 REVENUE BONDS DEBT SERVICE		610,956	612,256	1,300	614,956	2,700	610,456	(4,500)
		610,956.00	612,256.00	1,300	614,956	2,700	610,456	(4,500)
22114 SEISMIC VALVE UPGRADE		38,347	38,160	(187)	37,880	(280)	-	(37,880)
22112 2000 A/C MAIN		102,242	101,259	(983)	-	(101,259)	-	-
22113 2001 A/C MAIN		178,679	177,807	(872)	175,629	(2,178)	-	(175,629)
		319,268	317,226	(2,042)	213,509	(103,717)	-	(213,509)
2015 SEWER CONSTRUCTION LOAN PAYABLE		105,582	105,582	-	105,582	-	105,582	-
TOTAL DEBT SERVICE		\$ 1,035,806	\$1,035,064	\$ (742)	\$ 934,047	\$ (101,017)	\$ 716,038	\$ (218,009)

2021 Proposed Budget

Revenue Bond Debt Service Amount

Debt Service Amount

<u>Debt Service Due Date:</u>	<u>Interest:</u>	<u>Principal:</u>	<u>Total:</u>
January 1, 2021	\$ 69,978	\$ -	\$ 69,978
July 1, 2021	\$ 69,978	\$ 475,000	\$ 544,978
Total Debt Service	<u>\$ 139,956</u>	<u>\$ 475,000</u>	<u>\$ 614,956</u>

2022 Proposed Budget

Revenue Bond Debt Service Amount

Debt Service Amount

<u>Debt Service Due Date:</u>	<u>Interest:</u>	<u>Principal:</u>	<u>Total:</u>
January 1, 2022	\$ 65,228	\$ -	\$ 65,228
July 1, 2022	\$ 65,228	\$ 480,000	\$ 545,228
Total Debt Service	<u>\$ 130,456</u>	<u>\$ 480,000</u>	<u>\$ 610,456</u>

2021 PWTF Loans Proposed Budget

**Water Maintenance Fund
PWTF Loans Debt Service**

Trust Fund Loan Payments		Principal:	Interest:	Total Payment:
Seismic Valve Retrofit	PW-01-691-070	37,412	468	37,880
2001 A/C Main Replacement	PW-01-691-069	174,321	1,308	175,629
Total Water Maintenance Debt Service:		\$ 211,733	\$ 1,776	\$ 213,509

2021 Interfund Loans Proposed Budget

Water Maintenance Fund

	Principal:	Interest:	Total Payment:
Repayment of Interfund Loan from Sewer	100,000	5,582	105,582

2022 Interfund Loans Proposed Budget

Water Maintenance Fund

	Principal:	Interest:	Total Payment:
Repayment of Interfund Loan from Sewer	100,000	5,582	105,582

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**Water Operations Department
2021 - 2022 Budget Overview**

	Budget Expenditures (Excl. Resvs)	Actual Expenditures	Budget vs Actual % Over/ (Under)	Staffing Level		
				FTE	FTE Increase/ (Decrease)	% Increase/ (Decrease)
2015	\$8,104,837	\$7,871,262	(2.9%)	12	0	0.0%
2016	\$8,204,881	\$8,179,917	(0.3%)	12	0	0.0%
2017	\$8,631,477	\$8,597,925	(0.4%)	12	0	0.0%
2018	\$8,644,534	\$8,786,922	1.6%	12	0	0.0%
2019	\$10,299,425	\$9,169,955	(11.0%)	12	0	0.0%
2020	\$10,684,743	\$0	n/a	12	0	0.0%
2021	\$10,201,922	\$0	n/a	12	0	0.0%
2022	\$10,375,585	\$0	n/a	12	0	0.0%

Key Department Functions/Activities:

The Water Operations Department is responsible for the maintenance of the District's water system, to ensure the District's ability to provide reliable potable drinking water at acceptable flows and pressures.

WATER OPERATIONS DEPARTMENT BUDGET SUMMARY

	2019 EXPENDED	2020 THRU 6/30/2020	2020 PROJECTED YEAR END	2021 PROPOSED BUDGET	\$ INCR/(DECR)	%	2022 PROPOSED BUDGET	\$ INCR/(DECR)	%
51105 SALARIES	\$ 968,440	\$ 617,546	\$ 1,048,634	\$ 1,059,417	\$ 10,783	1.0%	\$ 1,157,674	\$ 98,257	9.3%
51205 OVERTIME PAY	63,978	32,894	65,788	66,938	1,150	1.7%	70,285	3,347	5.0%
51210 ON-CALL PAY	21,906	11,111	22,222	18,785	(3,437)	(15.5%)	18,785	-	0.0%
51305 TEMPORARY HELP	53,598	6,715	13,430	52,080	38,650	287.8%	52,080	-	0.0%
51512 FICA & MEDICARE	83,938	43,286	86,572	81,045	(5,527)	(6.4%)	87,232	6,187	7.6%
51513 L & I INSURANCE	20,337	10,435	20,870	18,221	(2,649)	(12.7%)	18,221	-	0.0%
51515 PERS RETIREMENT EXPENSE	134,869	72,651	145,302	136,241	(9,061)	(6.2%)	148,954	12,713	9.3%
51516 DEFERRED COMPENSATION MATCH	20,655	10,972	21,944	21,188	(756)	(3.4%)	23,153	1,965	9.3%
51524 MEDICAL INSURANCE PREMIUMS	228,670	116,908	233,816	257,335	23,519	10.1%	299,348	42,013	16.3%
51525 DENTAL INSURANCE PREMIUMS	20,632	10,657	21,314	22,697	1,383	6.5%	23,420	723	3.2%
51526 VISION INSURANCE PREMIUMS	3,696	1,896	3,792	3,858	66	1.7%	3,858	-	0.0%
51527 LIFE INSURANCE PREMIUMS	1,793	819	1,638	1,907	269	16.4%	1,907	-	0.0%
51530 L/T DISABILITY INSURANCE	5,122	2,425	4,850	5,827	977	20.1%	5,982	155	2.7%
51531 S/T DISABILITY INSURANCE	4,114	521	1,042	1,046	4	0.4%	1,046	-	0.0%
52115 POSTAGE & SHIPPING	-	-	-	100	100	n/a	100	-	0.0%
52125 OTHER OFFICE EXPENSES	1,079	738	1,500	1,500	-	0.0%	1,500	-	0.0%
52201 SMALL TOOLS	7,698	420	10,000	11,230	1,230	12.3%	11,230	-	0.0%
52202 PAINT & PAINTING SUPPLIES	2,021	216	2,400	2,500	100	4.2%	2,500	-	0.0%
52203 LUBRICANTS & CLEANERS	4,785	1,405	6,500	6,000	(500)	(7.7%)	6,000	-	0.0%
52204 TELEMETRY SUPPLIES	-	-	-	4,000	4,000	n/a	4,000	-	0.0%
52205 WELDING SUPPLIES	659	422	2,580	2,686	106	4.1%	2,686	-	0.0%
52206 ROCK, SAND, GRAVEL & BARK	5,401	8,155	11,000	11,773	773	7.0%	9,605	(2,168)	(18.4%)
52207 ASPHALT PATCHES	64,022	20,016	67,000	73,000	6,000	9.0%	73,000	-	0.0%
52208 UNIFORMS & SAFETY BOOTS	9,402	1,409	10,000	10,010	10	0.1%	10,010	-	0.0%
52210 SMALL EQUIPMENT	4,157	-	11,250	12,600	1,350	12.0%	13,800	1,200	9.5%
52301 INCIDENTAL MEALS	130	114	300	300	-	0.0%	300	-	0.0%
52303 OTHER SUPPLIES	6,995	2,025	7,500	25,450	17,950	239.3%	23,950	(1,500)	(5.9%)
52405 UNLEADED GAS	19,495	6,142	19,000	20,400	1,400	7.4%	20,400	-	0.0%
52410 DIESEL	18,969	5,472	18,500	19,631	1,131	6.1%	19,631	-	0.0%
52415 OIL/OTHER	136	67	550	595	45	8.2%	595	-	0.0%
52505 WHOLESALE WATER PURCHASES	3,493,904	978,896	3,216,945	3,440,984	224,039	7.0%	3,475,394	34,410	1.0%
52510 POWER FOR STREET LIGHTS	89,026	36,963	89,483	91,200	1,717	1.9%	91,200	-	0.0%
52520 KIRKLAND FRANCHISE FEES	172,033	88,074	176,149	200,341	24,192	13.7%	204,348	4,007	2.0%
52601 METERS	-	10,748	-	191,973	191,973	n/a	191,973	-	0.0%

52605	NON-INVENTORY METER EXPENSES	18,430	2,029	10,000	26,100	\$ 16,100	161.0%	26,100	\$ -	0.0%
52705	NCE-OFFICE FURN AND EQUIPMENT	3,032	-	10,000	2,500	(7,500)	(75.0%)	2,500	-	0.0%
52725	NCE-SHOP/GARAGE EQUIPMENT	1,966	-	2,000	4,500	2,500	125.0%	1,500	(3,000)	(66.7%)
52730	NCE-RADIO EQUIPMENT	-	-	1,100	1,200	100	9.1%	1,200	-	0.0%
52740	NCE-OTHER MACH/EQUIPMENT	5,855	-	3,200	3,000	(200)	(6.3%)	3,000	-	0.0%
53125	PRINTING & GRAPHICS SERVICES	4,452	-	3,200	5,100	1,900	59.4%	5,100	-	0.0%
53135	HARDWARE/SOFTWARE SUPPORT	24,795	4,080	27,000	30,200	3,200	11.9%	30,200	-	0.0%
53145	OTHER PROFESSIONAL SERVICES	865	1,790	5,000	10,839	5,839	116.8%	10,839	-	0.0%
53150	TESTING-OUTSIDE	89,315	7,760	-	89,200	89,200	n/a	89,400	200	0.2%
53205	OUTSIDE RENTALS	37	-	5,800	6,400	600	10.3%	6,400	-	0.0%
53405	DUES & MEMBERSHIPS	10	10	280	292	12	4.3%	292	-	0.0%
53410	SUBSCRIPTIONS & PUBLICATIONS	4,297	716	900	940	40	4.4%	940	-	0.0%
53415	CERTIFICATION EXPENSE	1,245	-	3,200	3,614	414	12.9%	3,614	-	0.0%
53605	TRAINING EXPENSES	5,217	-	8,000	8,625	625	7.8%	8,625	-	0.0%
54105	POWER	5,289	25,212	45,000	45,000	-	0.0%	45,000	-	0.0%
54110	NATURAL GAS	-	1,883	4,000	4,500	500	12.5%	4,500	-	0.0%
54131	PHONE LINES	190	-	-	-	-				
54134	CELL PHONES & PAGERS	13,591	4,481	13,300	13,704	404	3.0%	13,704	-	0.0%
54140	GARBAGE & RECYCLING	11,990	5,151	11,000	11,500	500	4.5%	11,500	-	0.0%
54150	UTILITY LOCATE SERVICES	10,360	7,210	11,000	11,000	-	0.0%	11,000	-	0.0%
54151	DUMPING	20,454	6,046	14,500	16,000	1,500	10.3%	16,000	-	0.0%
57111	VEHICLE MAINTENANCE SERVICES	6,350	1,901	10,500	12,000	1,500	14.3%	12,000	-	0.0%
57112	VEHICLE PARTS/REPAIR SERVICES	31,749	11,877	24,000	25,000	1,000	4.2%	25,000	-	0.0%
57113	TIRES	7,159	4,928	7,000	6,200	(800)	(11.4%)	6,200	-	0.0%
57120	PRV STATION MAINTENANCE	29,889	19,040	29,000	30,705	1,705	5.9%	31,705	1,000	3.3%
57121	PUMP STATION MAINTENANCE	21,648	5,127	16,500	18,500	2,000	12.1%	20,150	1,650	8.9%
57122	RESERVOIR MAINTENANCE	17,383	8,963	29,000	33,000	4,000	13.8%	33,000	-	0.0%
57123	MAIN/MANHOLE MAINTENANCE	-	-	2,250	2,500	250	11.1%	2,500	-	0.0%
57124	VALVE MAINTENANCE	843	-	4,500	5,000	500	11.1%	5,000	-	0.0%
57125	HYDRANT MAINTENANCE	10,607	7,628	14,500	15,210	710	4.9%	15,480	270	1.8%
57130	GROUNDS/LANDSCAPE MAINTENANCE	50,351	19,736	52,000	56,952	4,952	9.5%	56,952	-	0.0%
57140	BUILDING MAINTENANCE & REPAIR	150,402	27,230	95,000	100,411	5,411	5.7%	65,411	(35,000)	(34.9%)
57141	JANITORIAL SERVICES	-	-	-	-	26,000	n/a	#DIV/0!	26,000	#DIV/0!
57142	JANITORIAL SUPPLIES	882	480	2,500	8,000	5,500	220.0%	8,000	-	0.0%
57150	EQUIPMENT MAINTENANCE	5,075	5,890	12,000	15,400	3,400	28.3%	17,200	1,800	11.7%
57151	EQUIPMENT REPAIR & SUPPLIES	622	1,124	2,100	2,000	(100)	(4.8%)	2,000	-	0.0%
58105	PERMITS & INSPECTIONS	60,807	34,903	69,800	70,480	680	1.0%	72,480	2,000	2.8%
58205	STATE EXCISE/B&O TAXES	683,121	267,080	534,160	664,000	129,840	24.3%	669,700	5,700	0.9%
58210	REAL PROPERTY TAXES	11,048	14,212	14,212	15,112	900	6.3%	15,572	460	3.0%
Total		6,840,986	2,596,605	6,439,373	7,247,542	834,169	13.0%	#DIV/0!	202,389	2.8%
Capital Expenditure Transfers		2,762,000	1,431,000	2,862,000	2,962,000	100,000	3.5%	3,062,000	100,000	3.4%
Meter Replacement Transfers		300,000	153,750	307,500	315,188	7,688	2.5%	323,067	7,879	2.5%
Capitalized Salaries/Overhead		(418,000)	(183,848)	(418,000)	(418,000)	-	0.0%	(418,000)	-	0.0%
Transfer to Equipment Replacement Reserve		119,889	59,945	119,889	127,045	7,156	6.0%	127,045	-	0.0%
Indirect Overhead Charge to Sewer Ops		(26,348)	(11,220)	(27,139)	(31,853)	(4,714)	17.4%	(32,624)	(771)	2.4%
TOTAL WATER OPERATIONS		\$ 9,578,527	\$ 4,046,232	\$ 9,283,623	\$ 10,201,922	\$ 944,299	10.2%	#DIV/0!	\$ 309,497	3.0%

**PROGRAM 301 - WATER OPERATIONS
BUDGET SUMMARY**

Program 301-Water Operations is used to account for all water operating expenses incurred except those specifically identifiable as related to the District's costs of purchased water, street light electric charges, and expenses related to water quality.

	2019 EXPENDED	2020 THRU 6/30/2020	2020 PROJECTED YEAR END	2021 BUDGET	\$ INCR/(DECR)	%	2022 BUDGET	\$ INCR/(DECR)	%
51105 SALARIES	\$ 968,440	\$ 617,546	\$ 1,235,092	\$ 1,059,417	\$ (175,675)	(14.2%)	\$ 1,087,674	\$ 28,257	2.7%
51205 OVERTIME PAY	63,978	32,894	65,788	66,938	1,150	1.7%	70,285	3,347	5.0%
51210 ON-CALL PAY	21,906	11,111	20,000	18,785	(1,215)	(6.1%)	18,785	-	0.0%
51305 TEMPORARY HELP	53,598	6,715	50,000	52,080	2,080	4.2%	52,080	-	0.0%
51512 FICA & MEDICARE	83,938	43,286	86,572	79,882	(6,690)	(7.7%)	81,877	1,995	2.5%
51513 L & I INSURANCE	20,337	10,435	20,870	18,221	(2,649)	(12.7%)	18,221	-	0.0%
51515 PERS RETIREMENT EXPENSE	134,869	72,651	145,302	136,241	(9,061)	(6.2%)	139,875	3,634	2.7%
51516 DEFERRED COMPENSATION MATCH	20,655	10,972	21,944	22,903	959	4.4%	23,535	632	2.8%
51524 MEDICAL INSURANCE PREMIUMS	228,670	116,908	233,816	257,335	23,519	10.1%	275,348	18,013	7.0%
51525 DENTAL INSURANCE PREMIUMS	20,632	10,657	21,314	22,697	1,383	6.5%	23,420	723	3.2%
51526 VISION INSURANCE PREMIUMS	3,696	1,896	3,792	3,858	66	1.7%	3,858	-	0.0%
51527 LIFE INSURANCE PREMIUMS	1,793	819	1,638	1,907	269	16.4%	1,907	-	0.0%
51530 L/T DISABILITY INSURANCE	5,122	2,425	4,850	5,827	977	20.1%	5,982	155	2.7%
51531 S/T DISABILITY INSURANCE	4,114	521	1,042	1,046	4	0.4%	1,046	-	0.0%
52115 POSTAGE & SHIPPING				100	100	#DIV/0!	100	-	0.0%
52125 OTHER OFFICE EXPENSES	1,079	738	1,500	1,500	-	0.0%	1,500	-	0.0%
52201 SMALL TOOLS	7,698	420	10,000	11,230	1,230	12.3%	11,230	-	0.0%
52202 PAINT & PAINTING SUPPLIES	2,021	216	2,400	2,500	100	4.2%	2,500	-	0.0%
52203 LUBRICANTS & CLEANERS	4,785	1,405	6,500	6,000	(500)	(7.7%)	6,000	-	0.0%
52204 TELEMETRY SUPPLIES				4,000	4,000	#DIV/0!	4,000	-	0.0%
52205 WELDING SUPPLIES	659	422	2,580	2,686	106	4.1%	2,686	-	0.0%
52206 ROCK, SAND, GRAVEL & BARK	5,401	8,155	11,000	11,773	773	7.0%	9,605	(2,168)	(18.4%)
52207 ASPHALT PATCHES	64,022	20,016	67,000	73,000	6,000	9.0%	73,000	-	0.0%
52208 UNIFORMS & SAFETY BOOTS	8,492	1,409	10,000	10,010	10	0.1%	10,010	-	0.0%
52210 SMALL EQUIPMENT	4,157		11,250	12,600	1,350	12.0%	13,800	1,200	9.5%
52301 INCIDENTAL MEALS	130	114	300	300	-	0.0%	300	-	0.0%
52303 OTHER SUPPLIES	6,995	2,025	7,500	7,750	250	3.3%	7,750	-	0.0%
52405 UNLEADED GAS	19,495	6,142	19,000	20,400	1,400	7.4%	20,400	-	0.0%
52410 DIESEL	18,969	5,472	18,500	19,631	1,131	6.1%	19,631	-	0.0%
52415 OIL/OTHER	136	67	550	595	45	8.2%	595	-	0.0%
52601 METERS		10,748		191,973	191,973	#DIV/0!	191,973	-	0.0%
52605 NON-INVENTORY METER EXPENSES	14,389	2,029	10,000	15,000	5,000	50.0%	15,000	-	0.0%
52705 NCE-OFFICE FURN AND EQUIPMENT	3,032		10,000	2,500	(7,500)	(75.0%)	2,500	-	0.0%

52725	NCE-SHOP/GARAGE EQUIPMENT	1,966		2,000	4,500	2,500	125.0%	1,500	(3,000)	(66.7%)
52730	NCE-RADIO EQUIPMENT			1,100	1,200	100	9.1%	1,200	-	0.0%
52740	NCE-OTHER MACH/EQUIPMENT	5,855		3,200	3,000	(200)	(6.3%)	3,000	-	0.0%
53125	PRINTING & GRAPHICS SERVICES	4,452		3,200	3,600	400	12.5%	3,600	-	0.0%
53135	HARDWARE/SOFTWARE SUPPORT	24,795	4,080	27,000	30,200	3,200	11.9%	30,200	-	0.0%
53145	OTHER PROFESSIONAL SERVICES	865	1,790	5,000	10,839	5,839	116.8%	10,839	-	0.0%
53150	TESTING-OUTSIDE	50	7,760		-	-	#DIV/0!	-	-	#DIV/0!
53205	OUTSIDE RENTALS	37		5,800	6,400	600	10.3%	6,400	-	0.0%
53405	DUES & MEMBERSHIPS	10	10	280	292	12	4.3%	292	-	0.0%
53410	SUBSCRIPTIONS & PUBLICATIONS	4,297	716	900	940	40	4.4%	940	-	0.0%
53415	CERTIFICATION EXPENSE	1,245		3,200	3,614	414	12.9%	3,614	-	0.0%
53605	TRAINING EXPENSES	5,217		8,000	8,625	625	7.8%	8,625	-	0.0%
54105	POWER	5,289	25,212	45,000	45,000	-	0.0%	45,000	-	0.0%
54110	NATURAL GAS		1,883	4,000	4,500	500	12.5%	4,500	-	0.0%
54131	PHONE LINES	190			-	-	#DIV/0!	-	-	#DIV/0!
54134	CELL PHONES & PAGERS	13,591	4,481	13,300	13,704	404	3.0%	13,704	-	0.0%
54140	GARBAGE & RECYCLING	11,990	5,151	11,000	11,500	500	4.5%	11,500	-	0.0%
54150	UTILITY LOCATE SERVICES	10,360	7,210	11,000	11,000	-	0.0%	11,000	-	0.0%
54151	DUMPING	20,454	6,046	14,500	16,000	1,500	10.3%	16,000	-	0.0%
57111	VEHICLE MAINTENANCE SERVICES	6,350	1,901	10,500	12,000	1,500	14.3%	12,000	-	0.0%
57112	VEHICLE PARTS/REPAIR SERVICES	31,749	11,877	24,000	25,000	1,000	4.2%	25,000	-	0.0%
57113	TIRES	7,159	4,928	7,000	6,200	(800)	(11.4%)	6,200	-	0.0%
57120	PRV STATION MAINTENANCE	29,889	19,040	29,000	30,705	1,705	5.9%	31,705	1,000	3.3%
57121	PUMP STATION MAINTENANCE	21,648	5,127	16,500	18,500	2,000	12.1%	20,150	1,650	8.9%
57122	RESERVOIR MAINTENANCE	17,383	8,963	29,000	33,000	4,000	13.8%	33,000	-	0.0%
57123	MAIN/MANHOLE MAINTENANCE			2,250	2,500	250	11.1%	2,500	-	0.0%
57124	VALVE MAINTENANCE	843		4,500	5,000	500	11.1%	5,000	-	0.0%
57125	HYDRANT MAINTENANCE	10,607	7,628	14,500	15,210	710	4.9%	15,480	270	1.8%
57130	GROUNDS/LANDSCAPE MAINTENANCE	50,351	19,736	52,000	56,952	4,952	9.5%	56,952	-	0.0%
57140	BUILDING MAINTENANCE & REPAIR	150,402	27,230	95,000	100,411	5,411	5.7%	65,411	(35,000)	(34.9%)
57141	JANITORIAL SERVICES				-	-	#DIV/0!	-	-	#DIV/0!
57142	JANITORIAL SUPPLIES	882	480	2,500	8,000	5,500	220.0%	8,000	-	0.0%
57150	EQUIPMENT MAINTENANCE	5,075	5,816	12,000	13,100	1,100	9.2%	13,100	-	0.0%
57151	EQUIPMENT REPAIR & SUPPLIES	622	1,124	2,100	2,000	(100)	(4.8%)	2,000	-	0.0%
58105	PERMITS & INSPECTIONS	60,807	34,903	69,800	70,480	680	1.0%	72,480	2,000	2.8%
58205	STATE EXCISE/B&O TAXES	683,121	267,080	534,160	664,000	129,840	24.3%	669,700	5,700	0.9%
58210	REAL PROPERTY TAXES	11,048	14,212	14,212	15,112	900	6.3%	15,572	460	3.0%

TOTAL GENERAL OPERATIONS

\$ 2,991,807 \$ 1,492,598 \$ 2,956,796 \$ 3,393,217 \$ 436,421 14.8% \$ 3,420,855 \$ 22,757 0.7%

Significant Budget Variances Between 2020 & 2021 (1)

Description		Dollar Increase/ (Decrease)	Explanation
52705	NCE-OFFICE FURN AND EQUIPMENT	-\$7,500	Lower due to desk purchases in 2020
53145	OTHER PROFESSIONAL SERVICES	\$5,839	Difference due to not knowing if extra IT help will be needed
57142	JANITORIAL SUPPLIES	\$5,500	Moved all supplies back to Ops budget. A good portion of this buget was in Fianance Dept last budget cycle. All the Janitorial supplies have been placed in ops budget.

Significant Budget Variances Between 2021 & 2022 (1)

Description		Dollar Increase/ (Decrease)	Explanation
57140	BUILDING MAINTENANCE & REPAIR	-\$35,000	Less due to cotton wood tree removal in 2021 budget

**PROGRAM 320 - WATER QUALITY
BUDGET SUMMARY**

Program 320-Water Quality is used to account for the costs the District incurs in administering its water quality program.

		2019 EXPENDED	2020 THRU 6/30/2020	2020 PROJECTED YEAR END	2021 BUDGET	\$ INCR/(DECR)	%	2022 BUDGET	\$ INCR/(DECR)	%
52203	LUBRICANTS & CLEANERS	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%
52208	UNIFORMS & SAFETY BOOTS	910	-	-	-	-	0.0%	-	-	0.0%
52303	OTHER SUPPLIES	-	-	-	17,700	17,700	0.0%	16,200	(1,500)	(8.5%)
52605	NON-INVENTORY METER EXPENSES	4,041	-	-	11,100	11,100	0.0%	11,100	-	0.0%
53125	PRINTING & GRAPHICS SERVICES	-	-	-	1,500	1,500	0.0%	1,500	-	0.0%
53150	TESTING-OUTSIDE	89,265	-	-	89,200	89,200	0.0%	89,400	200	0.2%
53405	DUES & MEMBERSHIPS	-	-	-	-	-	0.0%	-	-	0.0%
53415	CERTIFICATION EXPENSE	-	-	-	-	-	0.0%	-	-	0.0%
53605	TRAINING EXPENSE	-	-	-	-	-	0.0%	-	-	0.0%
57150	EQUIPMENT MAINTENANCE	-	74	-	2,300	2,300	0.0%	4,100	1,800	78.3%
TOTAL WATER QUALITY		\$ 94,216	\$ 74	\$ -	\$ 121,800	\$ 121,800	0.0%	\$ 122,300	\$ 500	0.4%

**PROGRAM 330 - SUPPLY PASS-THROUGH COSTS
BUDGET SUMMARY**

Program 330 - Supply pass-through costs is used to account for expenses incurred by the District that are directly related to the services the District provides and are passed on to ratepayers through fees or charges for services.

	2019 EXPENDED	2020 THRU 6/30/2020	2020 PROJECTED YEAR END	2021 BUDGET	\$ INCR/(DECR)	%	2022 BUDGET	\$ INCR/(DECR)	%	
52505	WHOLESALE WATER PURCHASES	\$ 3,493,904	\$ 978,896	\$ 3,216,945	\$ 3,440,984	\$ 224,039	7.0%	\$ 3,475,394	\$ 34,410	1.0%
52510	POWER FOR STREET LIGHTS	89,026	36,963	89,483	91,200	1,717	1.9%	91,200	-	0.0%
52520	KIRKLAND FRANCHISE FEES	172,033	88,074	176,149	200,341	24,192	13.7%	204,348	4,007	2.0%
TOTAL SUPPLY PASS-THROUGH COSTS		\$ 3,754,963	\$ 1,103,933	\$ 3,482,577	\$ 3,732,525	\$ 249,948	2.5%	\$ 3,770,942	\$ 38,417	2.5%

**WOODINVILLE WATER DISTRICT
2021 - 2022 BUDGET
CAPITAL EQUIPMENT PURCHASES SUMMARY
WATER OPERATIONS DEPARTMENT**

<u>Description</u>	<u>Cost</u>
2021 Vehicle Replacements	\$ 98,000
<hr/>	
Subtotal	\$ 98,000
 <u>Other Capital Equipment</u>	
2021 2 minisplit HVAC systems for build B	\$ 16,000
2021 Cathodic Replacement Kingsgate	\$ 23,000
2021 Carport	\$ 235,000
2021 Emergency well power	\$ 30,000
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Subtotal	\$ 304,000
2022 Cathodic Replacement S. Hollywood	\$ 22,500
2022 Carport	\$ 250,000
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Subtotal	\$ 272,500
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Total Capital Equipment Requested	<u><u>\$ 674,500</u></u>

The items listed above have been budgeted in the Water Construction Fund

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**IT Department
2021 - 2022 Budget Overview**

	Budget Expenditures (Excl. Resvs)	Actual Expenditures	Budget vs Actual % Over/ (Under)	Staffing Level		
				FTE	FTE Increase/ (Decrease)	% Increase/ (Decrease)
2015	\$815,378	\$752,214	(7.7%)			
2016	\$807,388	\$761,867	(5.6%)	6	0	0.0%
2017	\$914,833	\$626,535	(31.5%)	6	0	0.0%
2018	\$901,692	\$729,101	(19.1%)	2	(4)	(66.7%)
2019	\$1,149,959	\$758,143	(34.1%)	3	1	50.0%
2020	\$1,094,468	\$0	n/a	4	1	33.3%
2021	\$1,211,828	\$0	n/a	4	0	0.0%
2022	\$1,136,894	\$0	n/a	4	0	0.0%

Key Department Functions/Activities:

The IT Department is responsible for implementing, supporting and maintaining the District's information technology

Budget Highlights:

(1) - In 2017, the Customer Service Function was moved from IT to Finance and in 2018, the GIS function was moved from Engineering to IT department. Budgeted totals for 2017 and 2018 do not include this changes as they occurred after the budget was adopted, however, actual expenditure totals do include the effect of these changes.

IT DEPARTMENT BUDGET SUMMARY

	2019 EXPENDED	2020 THRU 6/30/2020	2020 PROJECTED YEAR END	2021 PROPOSED BUDGET	\$ INCR/(DECR)	%	2022 PROPOSED BUDGET	\$ INCR/(DECR)	%
51105 SALARIES	\$ 409,842	\$ 217,645	\$ 435,290	\$ 399,832	\$ (35,458)	(8.1%)	\$ 410,342	\$ 10,510	2.6%
51205 OVERTIME PAY	663	831	1,500	1,500	-	0.0%	1,500	-	0.0%
51305 TEMPORARY HELP	-	-	-	-	-	0.0%	-	-	-
51512 FICA & MEDICARE	30,867	16,484	32,968	30,587	(2,381)	(7.2%)	31,391	804	2.6%
51513 L & I INSURANCE	855	508	1,016	945	(71)	(7.0%)	945	-	0.0%
51515 PERS RETIREMENT EXPENSE	52,057	27,747	55,494	51,458	(4,036)	(7.3%)	52,811	1,353	2.6%
51516 DEFERRED COMPENSATION MATCH	7,557	4,286	8,572	7,997	(575)	(6.7%)	8,207	210	2.6%
51524 MEDICAL INSURANCE PREMIUMS	46,605	23,372	46,744	59,856	13,112	28.1%	64,046	4,190	7.0%
51525 DENTAL INSURANCE PREMIUMS	4,002	2,017	4,034	7,963	3,929	97.4%	7,963	-	0.0%
51526 VISION INSURANCE PREMIUMS	789	395	790	1,139	349	44.2%	1,139	-	0.0%
51527 LIFE INSURANCE PREMIUMS	611	288	576	638	62	10.8%	638	-	0.0%
51530 L/T DISABILITY INSURANCE	2,004	949	1,898	2,257	359	18.9%	2,257	-	0.0%
51531 S/T DISABILITY INSURANCE	1,555	192	384	384	-	0.0%	384	-	0.0%
52110 TECHNOLOGY SUPPLIES	17,009	4,680	9,000	7,700	(1,300)	(14.4%)	5,800	(1,900)	(24.7%)
52125 OTHER OFFICE EXPENSES	1,513	(283)	200	600	400	200.0%	200	(400)	(66.7%)
52705 N/C OFFICE FURNITURE & EQUIP	1,473	-	-	-	-	-	-	-	-
52710 NCE-COMPUTER H/W & S/W	39,102	9,433	35,000	26,990	(8,010)	(22.9%)	17,700	(9,290)	(34.4%)
53120 GENERAL GIS SERVICES	8,300	-	5,000	10,000	5,000	100.0%	20,000	10,000	100.0%
53134 IT & CONSULTING SERVICES	51,897	7,570	34,000	140,500	106,500	313.2%	92,500	(48,000)	(34.2%)
53135 SOFTWARE SUBSCRIPTION/SUPPORT	176,591	87,607	245,000	343,355	98,355	40.1%	305,740	(37,615)	(11.0%)
53151 SECURITY SYSTEM SERVICES	1,584	1,216	7,000	2,700	(4,300)	(61.4%)	5,000	2,300	85.2%
53405 DUES & MEMBERSHIPS	452	(275)	170	225	55	32.4%	585	360	160.0%
53410 SUBSCRIPTIONS & PUBLICATIONS	649	599	600	7,975	7,375	1229.2%	7,500	(475)	(6.0%)
53415 CERTIFICATION EXPENSE	-	-	-	-	-	-	-	-	-
53605 TRAINING EXPENSES	9,046	5,244	11,280	24,106	12,826	113.7%	27,975	3,869	16.0%
53620 TUITION EXPENSE	-	-	-	5,000	5,000	-	5,000	-	0.0%
54131 PHONE LINES	8,257	4,316	8,000	6,984	(1,016)	(12.7%)	6,984	-	0.0%
54133 INTERNET	4,592	2,347	5,000	6,348	1,348	27.0%	6,348	-	0.0%
54134 CELL PHONES & MOBILE DEVICES	15,859	6,320	14,000	18,576	4,576	32.7%	21,456	2,880	15.5%
54135 SECURITY SYSTEM PHONE LINE	-	1,196	-	-	-	-	-	-	-
54136 SCADA/TELEMETRY PHONE	13,876	5,827	13,330	20,463	7,133	53.5%	19,363	(1,100)	(5.4%)
57150 EQUIPMENT MAINTENANCE	22,454	15,284	21,000	25,750	4,750	22.6%	13,120	(12,630)	(49.0%)
Total	930,061	445,795	997,846	1,211,828	213,982	21.4%	1,136,894	(74,934)	(6.2%)
Less Indirect Overhead Charge to Sewer Ops	(172,494)	(82,085)	(164,170)	(181,774)	(17,604)	10.7%	(170,534)	11,240	(6.2%)
TOTAL INFORMATION TECHNOLOGY	\$ 930,061	\$ 445,795	\$ 997,846	\$ 1,211,828	\$ 213,982	21.4%	\$ 1,136,894	\$ (74,534)	(6.2%)

**PROGRAM 401 - GENERAL INFORMATION TECHNOLOGY
BUDGET SUMMARY**

Program 401-General IT is used to account for all personnel related expenses incurred in the administration of the District's IT functions.

	2019 EXPENDED	2020 THRU 6/30/2020	2020 PROJECTED YEAR END	2021 BUDGET	\$ INCR/(DECR)	% INCR/(DECR)	2022 BUDGET	\$ INCR/(DECR)	% INCR/(DECR)
51105 SALARIES	\$ 409,842	\$ 217,645	\$ 435,290	\$ 399,832	\$ (35,458)	(8.1%)	\$ 410,342	\$ 10,510	2.6%
51205 OVERTIME PAY	663	831	1,500	1,500	-	0.0%	1,500	-	0.0%
51305 TEMPORARY HELP				-	-	0.0%	-	-	0.0%
51512 FICA & MEDICARE	30,867	16,484	32,968	30,587	(2,381)	(7.2%)	31,391	804	2.6%
51513 L & I INSURANCE	855	508	1,016	945	(71)	(7.0%)	945	-	0.0%
51515 PERS RETIREMENT EXPENSE	52,057	27,747	55,494	51,458	(4,036)	(7.3%)	52,811	1,353	2.6%
51516 DEFERRED COMPENSATION MATCH	7,557	4,286	8,572	7,997	(575)	(6.7%)	8,207	210	2.6%
51524 MEDICAL INSURANCE PREMIUMS	46,605	23,372	46,744	59,856	13,112	28.1%	64,046	4,190	7.0%
51525 DENTAL INSURANCE PREMIUMS	4,002	2,017	4,034	7,963	3,929	97.4%	7,963	-	0.0%
51526 VISION INSURANCE PREMIUMS	789	395	790	1,139	349	44.2%	1,139	-	0.0%
51527 LIFE INSURANCE PREMIUMS	611	288	576	638	62	10.8%	638	-	0.0%
51530 L/T DISABILITY INSURANCE	2,004	949	1,898	2,257	359	18.9%	2,257	-	0.0%
51531 S/T DISABILITY INSURANCE	1,555	192	384	384	-	0.0%	384	-	0.0%
52125 OTHER OFFICE EXPENSES	1,513	(283)	200	600	400	200.0%	200	(400)	(66.7%)
52705 NON CAPITAL OFFICE FURNITURE & EQUIP	1,473	-	-	-	-	0.0%	-	-	0.0%
53405 DUES & MEMBERSHIPS	452	75	170	225	55	32.4%	585	360	160.0%
53605 TRAINING EXPENSES	3,854	2,885	3,880	3,516	(364)	(9.4%)	6,105	2,589	73.6%
53620 TUITION REIMBURSEMENT	-	-	-	5,000	5,000	0.0%	5,000	-	0.0%
54134 CELL PHONES & PAGERS	2,180	-	-	-	-	0.0%	-	-	0.0%
TOTAL GENERAL IT	\$ 566,879	\$ 297,391	\$ 593,516	\$ 573,897	\$ (19,619)	(3.3%)	\$ 593,513	\$ 19,616	3.4%

**PROGRAM 410 - IT SERVICES
BUDGET SUMMARY**

Program 410 - IT Services is used to account for expenses incurred by the District in maintaining and administering its IT and cloud hosted systems. This program includes software licensing, hardware purchases, hardware maintenance, and continuing IT education.

		2019	2020	2020	2021	\$	%	2022	\$	%
		EXPENDED	THRU	PROJECTED	BUDGET	INCR/(DECR)		BUDGET	INCR/(DECR)	
			6/30/2020	YEAR END						
52105	OFFICE SUPPLIES				\$ -	\$ -	0.0%	\$ -	\$ -	0.0%
52110	TECHNOLOGY SUPPLIES	17,009	4,680	9,000	7,700	(1,300)	(14.4%)	5,800	(1,900)	(24.7%)
52710	NCE-COMPUTER H/W & S/W	39,102	9,433	35,000	26,990	(8,010)	(22.9%)	17,700	(9,290)	(34.4%)
53134	IT & CONSULTING SERVICES	51,897	7,570	34,000	140,500	106,500	313.2%	92,500	(48,000)	(34.2%)
53135	SOFTWARE SUBSCRIPTION/SUPPORT	176,591	87,607	245,000	343,355	98,355	40.1%	305,740	(37,615)	(11.0%)
53151	SECURITY SYSTEM SERVICES	1,584	1,216	7,000	2,700	(4,300)	(61.4%)	5,000	2,300	85.2%
53405	DUES & MEMBERSHIPS		(350)	-	-	-	0.0%	-	-	0.0%
53410	SUBSCRIPTIONS & PUBLICATIONS	649	599	600	7,975	7,375	1229.2%	7,500	(475)	(6.0%)
53415	CERTIFICATION EXPENSE			-	-	-	0.0%	-	-	0.0%
53605	TRAINING EXPENSE			-	2,700	2,700	0.0%	2,700	-	0.0%
54131	PHONE LINES	8,257	4,316	8,000	6,984	(1,016)	(12.7%)	6,984	-	0.0%
54133	INTERNET	4,592	2,347	5,000	6,348	1,348	27.0%	6,348	-	0.0%
54134	CELL PHONES & MOBILE DEVICES	13,679	6,320	14,000	18,576	4,576	32.7%	21,456	2,880	15.5%
54135	SECURITY SYSTEM SERVICES	-	1,196	-	-	-	0.0%	-	-	0.0%
54136	SCADA COMMUNICATIONS	13,876	5,827	13,330	20,463	7,133	53.5%	19,363	(1,100)	(5.4%)
57150	EQUIPMENT MAINTENANCE	22,454	15,284	21,000	25,750	4,750	22.6%	13,120	(12,630)	(49.0%)
TOTAL IT SERVICES		\$ 349,690	\$ 146,045	\$ 391,930	\$ 610,041	\$ 218,111	55.7%	\$ 504,211	\$ (105,830)	(17.3%)

Significant Budget Variances Between 2020 & 2021 (1)			
Description		Dollar Increase/ (Decrease)	Explanation
52710	NCE - Computer H/W & S/W	(8,010)	Anticipate spending less in 2021
53134	IT & Consulting Services	\$ 106,500	Increase due implementations of CIS, AM, Sewer video
53135	Software Subscription/Support	\$ 98,355	Need to pay for Munis and new CIS/FIS until new system is fully implemented. General increases to other hosted software solutions.
53410	Subscriptions & Publications	\$ 7,500	New CivicPlus Website Maintenance & Hosting
54136	SCADA Communications	\$ 7,133	Key increase due to 4 modem replacements

(1) Explanation is provided for any variances (+/- 15% & +/- \$5K)

Significant Budget Variances Between 2021 & 2022 (1)			
Description		Dollar Increase/ (Decrease)	Explanation
52710	NCE-COMPUTER H/W & S/W	(9,290)	Expect to purchase less items in 2022
53134	IT & CONSULTING SERVICES	(48,000)	Expect to pay less for consulting fees
53135	SOFTWARE SUBSCRIPTION/SUPPORT	(37,615)	Do not expect to pay for Munis hosting fees in 2022
57150	EQUIPMENT MAINTENANCE	(12,630)	Less maintenance fees to pay in 2022

(1) Explanation is provided for any variances (+/- 15% & +/- \$5K)

**Engineering Department
2021 - 2022 Budget Overview**

	Budget Expenditures (Excl. Resvs)	Actual Expenditures	Budget vs Actual % Over/ (Under)	Staffing Level		
				FTE	FTE Increase/ (Decrease)	% Increase/ (Decrease)
2015	\$635,510	\$521,232	(18.0%)	5	0	0.0%
2016	\$605,356	\$556,690	(8.0%)	5	0	0.0%
2017	\$875,260	\$652,584	(25.4%)	6	1	20.0%
2018	\$817,567	\$775,506	(5.1%)	6	0	0.0%
2019	\$1,025,276	\$818,186	(20.2%)	5	(1)	(16.7%)
2020	\$1,045,147	\$0	(100.0%)	5	0	0.0%
2021	\$1,147,149	\$0	(100.0%)	6	1	20.0%
2022	\$1,174,064	\$0	(100.0%)	6	0	0.0%

Key Department Functions/Activities:

The Engineering Division implements the District Capital Improvement Plan and Developer Extension projects, responds to

Budget Highlights:

2021

The District will hire a project engineer in 2021
See Construction Budget Overview for project list

2022

See Construction Budget Overview for project list

ENGINEERING DEPARTMENT BUDGET SUMMARY

	2019 EXPENDED	2020 THRU 6/30/2020	2020 PROJECTED YEAR END	2021 PROPOSED BUDGET	\$ INCR/(DECR)	%	2022 PROPOSED BUDGET	\$ INCR/(DECR)	%	
51105	SALARIES	\$ 510,889	\$ 259,386	\$ 518,772	\$ 637,562	\$ 118,790	22.9%	\$ 662,272	\$ 24,710	3.9%
51205	OVERTIME PAY	1,634	1,475	2,950	-	(2,950)	(100.0%)	-	-	
51305	TEMPORARY HELP	4,392	512	1,024	10,080	9,056	884.4%	10,080	-	0.0%
51512	FICA & MEDICARE	37,710	19,078	38,156	47,147	8,991	23.6%	48,462	1,315	2.8%
51513	L & I INSURANCE	2,653	1,371	2,742	4,674	1,932	70.5%	4,674	-	0.0%
51515	PERS RETIREMENT EXPENSE	63,815	31,953	63,906	81,990	18,084	28.3%	85,168	3,178	3.9%
51516	DEFERRED COMPENSATION MATCH	9,894	4,952	9,904	12,751	2,847	28.7%	13,245	494	3.9%
51524	MEDICAL INSURANCE PREMIUMS	96,166	47,258	94,516	122,087	27,571	29.2%	130,633	8,546	7.0%
51525	DENTAL INSURANCE PREMIUMS	9,591	4,696	9,392	10,558	1,166	12.4%	10,875	317	3.0%
51526	VISION INSURANCE PREMIUMS	1,688	833	1,666	1,898	232	13.9%	1,898	-	0.0%
51527	LIFE INSURANCE PREMIUMS	766	371	742	1,413	671	90.4%	1,413	-	0.0%
51530	L/T DISABILITY INSURANCE	2,393	1,171	2,342	3,507	1,165	49.7%	3,642	135	3.8%
51531	S/T DISABILITY INSURANCE	1,847	894	1,788	3,399	1,611	90.1%	3,530	131	3.9%
52201	SMALL TOOLS	394	314	2,000	2,000	-	0.0%	2,000	-	0.0%
52208	UNIFORMS & SAFETY BOOTS	826	-	826	2,570	1,744	211.1%	2,570	-	0.0%
52209	HEALTH & SAFETY SUPPLIES	12,286	10,058	10,954	21,190	10,236	93.4%	10,708	(10,482)	(49.5%)
52302	EMERGENCY PREPAREDNESS	6,038	1,038	1,600	1,300	(300)	(18.8%)	500	(800)	(61.5%)
53120	GEN'L ENGINEERING SERVICES	45,446	13,369	30,000	140,000	110,000	366.7%	145,000	5,000	3.6%
53145	OTHER PROFESSIONAL SERVICES	4,895	4,818	10,954	21,210	10,256	93.6%	13,190	(8,020)	(37.8%)
53405	DUES & MEMBERSHIPS	195	195	600	325	(275)	(45.8%)	325	-	0.0%
53410	SUBSCRIPTIONS & PUBLICATIONS	336	-	350	500	150	42.9%	500	-	0.0%
53415	CERTIFICATION EXPENSE	329	161	337	392	55	16.3%	434	42	10.7%
53605	TRAINING EXPENSES	9,675	7,542	3,000	15,596	12,596	419.9%	17,945	2,349	15.1%
58100	VARIANCE EXPENSES	971	1,723	1,000	5,000	4,000	400.0%	5,000	-	0.0%
	Total	824,829	413,168	809,521	1,147,149	337,628	41.7%	1,174,064	26,915	2.3%
	Capital Expenditure Transfers									
	Less Indirect Overhead Charge to Sewer Ops	(139,711)	(71,267)	(142,535)	(172,072)	(29,537)	20.7%	(176,110)	(4,038)	2.3%
	TOTAL ENGINEERING	\$ 685,118	\$ 341,901	\$ 666,986	\$ 975,077	\$ 308,091	46.2%	\$ 997,954	\$ 22,877	2.3%

**PROGRAM 501 - GENERAL ENGINEERING
BUDGET SUMMARY**

Program 501 - General Engineering is used to account for all engineering department expenses, including personnel related expenses, except for supplies and other expenses directly related to GIS and the District's Safety Program.

	2019 EXPENDED	2020 THRU 6/30/2020	2020 PROJECTED YEAR END	2021 BUDGET	\$ INCR/(DECR)	%	2022 BUDGET	\$ INCR/(DECR)	%
51105 SALARIES	\$ 510,889	\$ 259,386	\$ 518,772	\$ 637,562	\$ 118,790	22.9%	\$ 662,272	\$ 24,710	3.9%
51205 OVERTIME PAY	1,634	1,475	2,950	-	(2,950)	(100.0%)	-	-	0.0%
51305 TEMPORARY HELP	4,392	512	1,024	10,080	9,056	884.4%	10,080	-	0.0%
51512 FICA & MEDICARE	37,710	19,078	38,156	47,147	8,991	23.6%	48,462	1,315	2.8%
51513 L & I INSURANCE	2,653	1,371	2,742	4,674	1,932	70.5%	4,674	-	0.0%
51515 PERS RETIREMENT EXPENSE	63,815	31,953	63,906	81,990	18,084	28.3%	85,168	3,178	3.9%
51516 DEFERRED COMPENSATION MATCH	9,894	4,952	9,904	12,751	2,847	28.7%	13,245	494	3.9%
51524 MEDICAL INSURANCE PREMIUMS	96,166	47,258	94,516	122,087	27,571	29.2%	130,633	8,546	7.0%
51525 DENTAL INSURANCE PREMIUMS	9,591	4,696	9,392	10,558	1,166	12.4%	10,875	317	3.0%
51526 VISION INSURANCE PREMIUMS	1,688	833	1,666	1,898	232	13.9%	1,898	-	0.0%
51527 LIFE INSURANCE PREMIUMS	766	371	742	1,413	671	90.4%	1,413	-	0.0%
51530 L/T DISABILITY INSURANCE	2,393	1,171	2,342	3,507	1,165	49.7%	3,642	135	3.8%
51531 S/T DISABILITY INSURANCE	1,847	894	1,788	3,399	1,611	90.1%	3,530	131	3.9%
52201 SMALL TOOLS	394	314	2,000	2,000	-	0.0%	2,000	-	0.0%
52208 UNIFORMS & SAFETY BOOTS	826		826	2,570	1,744	211.1%	2,570	-	0.0%
53120 GEN'L ENGINEERING SERVICES	45,446	13,369	30,000	140,000	110,000	366.7%	145,000	5,000	3.6%
53145 OTHER PROFESSIONAL SERVICES				10,605	10,605	0.0%	6,595	(4,010)	(37.8%)
53410 SUBSCRIPTIONS & PUBLICATIONS	336		350	500	150	42.9%	500	-	0.0%
53415 CERTIFICATION EXPENSE	242	116	242	300	58	24.0%	342	42	14.0%
53605 TRAINING EXPENSES	7,360	6,937	3,000	12,630	9,630	321.0%	11,495	(1,135)	(9.0%)
58100 VARIANCE EXPENSES	971	1,723	1,000	5,000	4,000	400.0%	5,000	-	0.0%
TOTAL GENERAL ENGINEERING	\$ 799,013	\$ 396,409	\$ 785,318	\$ 1,110,671	\$ 325,353	41.4%	\$ 1,149,394	\$ 38,723	3.5%

**PROGRAM 520 - SAFETY
BUDGET SUMMARY**

Program 520 - Safety is used to account for engineering expenses that are specifically identifiable to the District's Safety program.

		2019 EXPENDED	2020 THRU 6/30/2020	2020 PROJECTED YEAR END	2021 BUDGET	\$ INCR/(DECR)	%	2022 BUDGET	\$ INCR/(DECR)	%
52209	HEALTH & SAFETY SUPPLIES	12,286	10,058	10,954	21,190	10,236	93.4%	10,708	(10,482)	(49.5%)
52302	EMERGENCY PREPARDNESS	6,038	1,038	1,600	1,300	(300)	(18.8%)	500	(800)	(61.5%)
53145	OTHER PROFESSIONAL SERVICES	4,895	4,818	10,954	10,605	(349)	(3.2%)	6,595	(4,010)	(37.8%)
53405	DUES & MEMBERSHIPS	195	195	600	325	(275)	(45.8%)	325	-	0.0%
53415	CERTIFICATION EXPENSE	87	45	95	92	(3)	(3.2%)	92	-	0.0%
53605	TRAINING EXPENSE	2,315	605		2,966	2,966	0.0%	6,450	3,484	117.5%
TOTAL SAFETY		\$ 25,816	\$ 16,759	\$ 24,203	\$ 36,478	\$ 12,275	50.7%	\$ 24,670	\$ (11,808)	(32.4%)

**Sewer Operations Department
2021 - 2022 Budget Overview**

	Budget Expenditures (Excl. Resvs)	Actual Expenditures	Budget vs Actual % Over/ (Under)	Staffing Level		
				FTE	FTE Increase/ (Decrease)	% Increase/ (Decrease)
2015	\$5,006,435	\$4,451,967	(11.1%)	3	0	0.0%
2016	\$5,135,087	\$3,754,305	(26.9%)	3	0	0.0%
2017	\$4,179,663	\$4,445,484	6.4%	2.85	-0.15	(5.0%)
2018	\$4,230,075	\$0	(100.0%)	2.85	0	0.0%
2019	\$0	\$0	#DIV/0!	2.85	0	0.0%
2020	\$0	\$0	#DIV/0!	2.85	0	0.0%
2021	\$515,367	\$0	(100.0%)	2.85	0	0.0%
2022	\$526,835	\$0	(100.0%)	2.85	0	0.0%

Key Department Functions/Activities:

The Sewer Department is responsible for the maintenance of 45 miles of sanitary sewer collection system that covers the industrial park to the north, downtown Woodinville and surrounding area, as well as, the English Hills to the south in Redmond. The staff maintains lift stations and siphon structures as a part of the infrastructure.

SEWER OPERATIONS DEPARTMENT BUDGET SUMMARY

	2019 EXPENDED	2020 THRU 6/30/2020	2020 PROJECTED YEAR END	2021 BUDGET BUDGET	\$ INCR/(DECR)	%	2022 BUDGET BUDGET	\$ INCR/(DECR)	%
51105 SALARIES	\$ 215,538	\$ 96,462	\$ 192,924	\$ 214,236	\$ 21,312	11.0%	\$ 223,907	\$ 9,671	4.5%
51205 OVERTIME	-	-	-	11,813	11,813		12,403	590	5.0%
51210 ON CALL PAY	-	-	-	3,315	3,315		3,315	-	0.0%
51305 TEMPORARY HELP	-	-	13,000	14,800	1,800	13.8%	14,800	-	0.0%
51512 FICA & MEDICARE	16,488	7,205	14,410	16,389	1,979	13.7%	17,129	740	4.5%
51513 L & I INSURANCE	3,898	2,534	5,068	4,937	(131)	(2.6%)	4,937	-	0.0%
51515 PERS RETIREMENT EXPENSE	27,654	12,405	24,810	27,572	2,762	11.1%	28,817	1,245	4.5%
51516 DEFERRED COMPENSATION MATCH	-	-	-	4,285	4,285		4,478	193	4.5%
51524 MEDICAL INSURANCE PREMIUMS	64,722	26,968	53,936	67,039	13,103	24.3%	71,733	4,694	7.0%
51525 DENTAL INSURANCE PREMIUMS	5,254	2,189	4,378	6,491	2,113	48.3%	6,491	-	0.0%
51526 VISION INSURANCE PREMIUMS	973	406	812	-	(812)	(100.0%)	1,054	1,054	#DIV/O!
51527 LIFE INSURANCE PREMIUMS	801	186	372	471	99	26.6%	471	-	0.0%
51530 L/T DISABILITY INSURANCE	1,056	431	862	1,178	316	36.7%	1,178	-	0.0%
51531 S/T DISABILITY INSURANCE	1,149	108	216	1,142	926	428.7%	1,142	-	0.0%
52120 BUSINESS MEETINGS	-	-	-	100	100		100	-	0.0%
52125 OTHER OFFICE EXPENSES	-	-	900	1,000	100	11.1%	1,000	-	0.0%
52201 SMALL TOOLS	1,248	267	2,575	2,874	299	11.6%	2,560	(314)	(10.9%)
52202 PAINT & PAINTING SUPPLIES	757	27	500	550	50	10.0%	550	-	0.0%
52203 LUBRICANTS & CLEANERS	16,823	332	27,500	31,084	3,584	13.0%	31,084	-	0.0%
52204 TELEMETRY SUPPLIES	-	-	2,250	2,500	250	11.1%	2,500	-	0.0%
52205 WELDING SUPPLIES	416	181	450	508	58	12.9%	483	(25)	(4.9%)
52206 ROCK, SAND, GRAVEL & BARK	-	-	2,750	2,880	130	4.7%	1,500	(1,380)	(47.9%)
52208 UNIFORMS & SAFETY BOOTS	1,788	350	1,800	1,820	20	1.1%	1,820	-	0.0%
52301 INCIDENTAL MEALS	-	-	-	100	100		100	-	0.0%
52303 OTHER SUPPLIES	5,216	1,752	3,625	3,900	275	7.6%	3,900	-	0.0%
52405 UNLEADED GAS	3,472	1,084	3,800	4,320	520	13.7%	4,320	-	0.0%
52410 DIESEL	3,121	966	2,700	2,860	160	5.9%	2,860	-	0.0%
52415 OIL/OTHER	-	-	125	135	10	8.0%	135	-	0.0%
52515 METRO-SEWER DISPOSAL CHGS	3,827,307	1,994,135	3,988,270	4,165,379	177,109	4.4%	4,178,016	12,637	0.3%
52725 NICE-SHOP/GARAGE EQUIPMENT	-	-	-	-	-		-	-	0.0%
52730 NICE-RADIO EQUIPMENT	-	-	-	-	-	0.0%	-	-	0.0%
52740 NICE-OTHER MACH/EQUIPMENT	2,718	5,227	6,000	5,800	(200)	(3.3%)	3,450	(2,350)	(40.5%)
53125 PRINTING & GRAPHIC SERVICES	858	-	1,050	1,150	100	9.5%	1,150	-	0.0%
53135 HARDWARE/SOFTWARE SUPPORT	24,510	-	1,000	1,000	-	0.0%	1,000	-	0.0%
53120 GENL ENGINEERING SERVICES	5,427	-	-	400	400		400	-	0.0%
53150 TESTING-OUTSIDE	-	-	-	300	300		300	-	0.0%
53205 OUTSIDE RENTS	-	-	-	600	600		600	-	0.0%
53405 DUES & MEMBERSHIPS	-	-	50	50	-	0.0%	50	-	0.0%
53410 SUBSCRIPTIONS & PUBLICATIONS	-	-	50	50	-	0.0%	50	-	0.0%
53415 CERTIFICATION EXPENSE	149	-	600	680	80	13.3%	680	-	0.0%
53605 TRAINING EXPENSES	-	-	1,525	1,650	125	8.2%	1,650	-	0.0%
54105 POWER	5,963	3,063	6,000	6,000	-	0.0%	6,000	-	0.0%
54131 PHONE LINES	-	-	-	-	-		-	-	#DIV/O!
54134 CELL PHONES & PAGERS	1,469	564	1,675	1,816	141	8.4%	1,816	-	0.0%
54136 SCADS/TELEMETRY PHONE	-	-	-	-	-		-	-	0.0%
54151 DUMPING	196	-	2,800	3,000	200	7.1%	3,000	-	0.0%
57111 VEHICLE MAINTENANCE SERVICES	3,434	9	6,200	7,000	800	12.9%	7,000	-	0.0%
57112 VEHICLE PARTS/REPAIR SERVICES	8,587	3,550	12,500	14,300	1,800	14.4%	14,300	-	0.0%
57113 TIRES	-	-	-	3,400	3,400		3,500	100	2.9%
57123 MAIN/MANHOLE MAINTENANCE	667	-	9,975	10,500	525	5.3%	10,500	-	0.0%
57126 MR. SYSTEM MAINTENANCE MBR	-	-	-	-	-		-	-	0.0%
57127 LIFT STATION/SIPHON MAIN	9,432	7,010	17,000	21,172	4,172	24.5%	18,422	(2,750)	(13.0%)
57150 EQUIPMENT MAINTENANCE	-	599	3,500	4,000	500	14.3%	4,000	-	0.0%
57151 EQUIPMENT REPAIR & SUPPLIES	121	1,464	1,464	1,400	(64)	(4.4%)	1,400	-	0.0%
58105 PERMITS & INSPECTIONS	(21,792)	-	2,500	2,800	300	12.0%	2,800	-	0.0%
58205 STATE EXCISE/B&O TAXES	-	(50,904)	-	44,016	44,016		44,182	166	0.4%
Total	4,239,420	2,118,570	4,421,922	4,724,762	302,840	6.8%	4,749,033	24,271	0.5%
Capital Expenditure Transfers	537,900	277,000	554,000	632,800	78,800	14.2%	649,900	17,100	2.7%
Equipment Replacement Reserv	35,745	17,873	35,745	60,210	24,465	68.4%	60,210	-	0.0%
Capitalized Salaries/Overhead	(41,600)	(20,800)	(41,600)	(41,600)	-	0.0%	(41,600)	-	0.0%
Indirect Overhead Charge to Sewer Ops	723,395	360,891	721,782	765,337	43,555	6.0%	769,016	3,679	0.5%
TOTAL SEWER OPERATIONS	\$ 5,494,860	\$ 2,753,534	\$ 5,691,849	\$ 6,141,509	\$ 449,660	7.9%	\$ 6,186,559	\$ 45,050	0.7%

**PROGRAM 801 - SEWER OPERATIONS
BUDGET SUMMARY**

Program 801 - Sewer Operations is used to account for all sewer operating expenses incurred except those specifically identifiable as related to the District's costs of sewage treatment services provided by King County Waste Water Treatment Division.

	2019 EXPENDED	2020 THRU 6/30/2020	2020 PROJECTED YEAR END	2021 BUDGET BUDGET	\$ INCR/(DECR)	%	2022 BUDGET BUDGET	\$ INCR/(DECR)	%
51105 SALARIES	\$ 215,538	\$ 96,462	\$ 192,924	\$ 214,236	\$ 21,312	0.0%	\$ 223,907	\$ 9,671	4.5%
51205 OVERTIME				11,813	11,813	0.0%	12,403	590	5.0%
51210 ON CALL PAY				3,315	3,315	0.0%	3,315	-	0.0%
51305 TEMPORARY HELP			13,000	14,800	1,800	13.8%	14,800	-	0.0%
51512 FICA & MEDICARE	16,488	7,205	14,410	16,389	1,979	0.0%	17,129	740	4.5%
51513 L & I INSURANCE	3,898	2,534	5,068	4,937	(131)	0.0%	4,937	-	0.0%
51515 PERS RETIREMENT EXPENSE	27,654	12,405	24,810	27,572	2,762	0.0%	28,817	1,245	4.5%
51516 DEFERRED COMPENSATION MATCH			-	4,285	4,285	0.0%	4,478	193	4.5%
51524 MEDICAL INSURANCE PREMIUMS	64,722	26,968	53,936	67,039	13,103	0.0%	71,733	4,694	7.0%
51525 DENTAL INSURANCE PREMIUMS	5,254	2,189	4,378	6,491	2,113	0.0%	6,491	-	0.0%
51526 VISION INSURANCE PREMIUMS	973	406	812		(812)	0.0%	1,054	1,054	0.0%
51527 LIFE INSURANCE PREMIUMS	801	186	372	471	99	0.0%	471	-	0.0%
51530 L/T DISABILITY INSURANCE	1,056	431	862	1,178	316	0.0%	1,178	-	0.0%
51531 S/T DISABILITY INSURANCE	1,149	108	216	1,142	926	0.0%	1,142	-	0.0%
52120 BUSINESS MEETINGS			-	100	100	0.0%	100	-	0.0%
52125 OTHER OFFICE EXPENSES			900	1,000	100	11.1%	1,000	-	0.0%
52201 SMALL TOOLS	1,248	267	2,575	2,874	299	11.6%	2,560	(314)	(10.9%)
52202 PAINT & PAINTING SUPPLIES	757	27	500	550	50	10.0%	550	-	0.0%
52203 LUBRICANTS & CLEANERS	16,823	332	27,500	31,084	3,584	13.0%	31,084	-	0.0%
52204 TELEMETRY SUPPLIES			2,250	2,500	250	11.1%	2,500	-	0.0%
52205 WELDING SUPPLIES	416	181	450	508	58	12.9%	483	(25)	(4.9%)
52206 ROCK, SAND, GRAVEL & BARK			2,750	2,880	130	4.7%	1,500	(1,380)	(47.9%)
52208 UNIFORMS & SAFETY BOOTS	1,788	350	1,800	1,820	20	1.1%	1,820	-	0.0%
52301 INCIDENTAL MEALS				100	100	0.0%	100	-	0.0%
52303 OTHER SUPPLIES	5,216	1,752	3,625	3,900	275	7.6%	3,900	-	0.0%
52405 UNLEADED GAS	3,472	1,084	3,800	4,320	520	13.7%	4,320	-	0.0%
52410 DIESEL	3,121	966	2,700	2,860	160	5.9%	2,860	-	0.0%
52415 OIL/OTHER			125	135	10	8.0%	135	-	0.0%
52725 NCE-SHOP/GARAGE EQUIPMENT				-	-	0.0%	-	-	0.0%
52740 NCE-OTHER MACH/EQUIPMENT	2,718	5,227	6,000	5,800	(200)	(3.3%)	3,450	(2,350)	(40.5%)
53125 PRINTING & GRAPHIC SERVICES	858		1,050	1,150	100	9.5%	1,150	-	0.0%
53135 HARDWARE/SOFTWARE SUPPORT	24,510		1,000	1,000	-	0.0%	1,000	-	0.0%
53145 OTHER PROFESSIONAL SERVICES	5,427			400	400	0.0%	400	-	0.0%
53150 TESTING-OUTSIDE				300	300	0.0%	300	-	0.0%
53205 OUTSIDE RENTS				600	600	0.0%	600	-	0.0%
53405 DUES & MEMBERSHIPS			50	50	-	0.0%	50	-	0.0%
53410 SUBSCRIPTIONS & PUBLICATIONS			50	50	-	0.0%	50	-	0.0%
53415 CERTIFICATION EXPENSE	149		600	680	80	13.3%	680	-	0.0%
53605 TRAINING EXPENSES			1,525	1,650	125	8.2%	1,650	-	0.0%
54105 POWER	5,963	3,063	6,000	6,000	-	0.0%	6,000	-	0.0%
54131 PHONE LINES				-	-	0.0%	-	-	0.0%
54134 CELL PHONES & PAGERS	1,469	564	1,675	1,816	141	8.4%	1,816	-	0.0%
54136 SCADA/TELEMETRY PHONE				-	-	0.0%	-	-	0.0%
54151 DUMPING	196		2,800	3,000	200	7.1%	3,000	-	0.0%
57111 VEHICLE MAINTENANCE SERVICES	3,434	9	6,200	7,000	800	12.9%	7,000	-	0.0%
57112 VEHICLE PARTS/REPAIR SERVICES	8,587	3,550	12,500	14,300	1,800	14.4%	14,300	-	0.0%
57113 TIRES				3,400	3,400	0.0%	3,500	100	2.9%
57123 MAIN/MANHOLE MAINTENANCE	667		9,975	10,500	525	5.3%	10,500	-	0.0%
57127 LIFT STATION/SIPHON MAINT	9,432	7,010	17,000	21,172	4,172	24.5%	18,422	(2,750)	(13.0%)
57150 EQUIPMENT MAINTENANCE		599	3,500	4,000	500	14.3%	4,000	-	0.0%
57151 EQUIPMENT REPAIR & SUPPLIES	121	1,464	1,464	1,400	(64)	(4.4%)	1,400	-	0.0%
58105 PERMITS & INSPECTIONS	(21,792)		2,500	2,800	300	12.0%	2,800	-	0.0%
58205 STATE EXCISE/B&O TAXES		(50,904)		44,016	44,016	0.0%	44,182	166	0.0%
TOTAL GENERAL OPERATIONS	\$ 412,113	\$ 124,435	\$ 433,652	\$ 559,383	\$ 125,731	279.3%	\$ 571,017	\$ 11,634	2.2%

Significant Budget Variances Between 2020 & 2021 (1)			
Description		Dollar Increase/ (Decrease)	Explanation
57127	LIFT STATION/SIPHON MAINT	7,172	Higher due to hydraulic unit purchase

**PROGRAM 330 - SUPPLY PASS-THROUGH COSTS
BUDGET SUMMARY**

	2019 EXPENDED	2020 THRU 6/30/2020	2020 PROJECTED YEAR END	2021 BUDGET BUDGET	\$	%	2022 BUDGET BUDGET	\$	%
					INCR/(DECR)			INCR/(DECR)	
52515 METRO-SEWER DISPOSAL CHGS	\$ 3,827,307	\$ 1,994,135	\$ 3,988,270	\$4,165,379	\$ 177,109	4.4%	\$4,178,016	\$ 12,637	0.3%
TOTAL SUPPLY PASS-THROUGH COSTS	\$ 3,827,307	\$ 1,994,135	\$ 3,988,270	\$4,165,379	\$ 177,109	4.4%	\$4,178,016	\$ 12,637	0.3%

**WOODINVILLE WATER DISTRICT
2021 - 2022 BUDGET
CAPITAL EQUIPMENT PURCHASES SUMMARY
SEWER OPERATIONS DEPARTMENT**

<u>Description</u>	<u>Cost</u>
2021 Vehicle request	\$ 293,000
<hr/>	
Subtotal	\$ 293,000
<u>Other Capital Equipment</u>	
2021	
Sunrise controller replacement	\$ 45,000
	\$ -
	\$ -
	\$ -
Subtotal	\$ 45,000
2022	
Shed for Siphon 1	\$ 20,000
Subtotal	\$ 20,000
Total Capital Equipment Requested	<u><u>\$ 358,000</u></u>

The items listed above have been budgeted in the Sewer Construction Fund

**Water Construction Fund
2021 - 2022 Budget Overview**

	Budget Expenditures (Excl. Resvs)	Actual Expenditures	Budget vs Actual % Over/ (Under)
2014	\$3,377,312	\$4,326,168	28.1%
2015	\$6,533,100	\$6,191,679	(5.2%)
2016	\$6,421,795	\$6,965,221	8.5%
2017	\$3,832,775	\$3,410,307	(11.0%)
2018	\$4,704,572	\$4,571,660	(2.8%)
2019	\$4,527,000	\$0	(100.0%)
2020	\$11,864,262	\$0	(100.0%)
2021	\$10,012,543	\$0	(100.0%)

Key Department Functions/Activities:

The Engineering Division is responsible for the oversight and inspection of all developer extension and CIP projects to ensure that the District's infrastructure is constructed to standards and codes adopted by the Board of Commissioners. The values shown above are based on the annual hours that Engineering Administration staff spend on the oversight and inspection of Water CIP projects.

Budget Highlights:

2021

ST-2 Complete Hollywood Reservoir Improvements
D-12 Complete 144th Ave NE Upsizing project
D-5 Complete 177th PI R&R
D-39 Complete 233rd Ave NE; Dead End at NE 16
D-16 Begin 140th Ave NE Replacement; 142nd Ave NE
ST-8 Begin Kingsgate Standpipe Construction

2022

D-16 Complete 140th Ave NE Replacement; 142nd Ave NE
ST-8 Continue Kingsgate Standpipe Construction
ST-3 Begin James Bard Res Imp.
D-19 Begin Dead End at 168th Ave NE

**Water Construction Fund
2021 & 2022 Budget Summary**

Expenditure Category	2019 Expended	2020 Budget	2021 Proposed Budget	\$ Increase/ (Decrease)	% Increase/ (Decrease)	2022 Proposed Budget	\$ Increase/ (Decrease)	% Increase/ (Decrease)
<u>CAPITAL IMPROVEMENTS</u>								
CAPITAL EXPENDITURES:								
Capital Project Costs	\$ 4,103,777	\$ 4,432,500	\$ 5,211,292	778,792	17.6%	\$ 4,959,222	(252,070)	(4.8%)
Subtotal Capital Projects	4,103,777	4,432,500	5,211,292	778,792	17.6%	4,959,222	(252,070)	(4.8%)
Capital Technology Purchases	-	33,150	263,075	229,925	693.6%	159,800	(103,275)	(39.3%)
Equipment Purchases	156,715	-	304,000	304,000	0.0%	272,500	(31,500)	(10.4%)
Total Capital Costs	\$ 4,260,492	\$ 4,465,650	\$ 5,778,367	\$ 1,312,717	29.4%	\$ 5,391,522	\$ (386,845)	(6.7%)
RESERVES:								
Capital Fund Reserve	4,076,885	6,539,185	5,366,153	(1,173,032)	(17.9%)	3,879,244	(1,486,909)	(27.7%)
Meter Replacement Reserve	-	-	300,000	300,000	n/a	607,500	307,500	102.5%
Equipment Replacement Reserves	579,197	637,736	419,742	(217,994)	(34.2%)	134,277	(285,465)	(68.0%)
Total Reserves	\$ 4,656,082	\$ 7,176,921	\$ 6,085,895	\$ (1,091,026)	(15.2%)	\$ 4,621,021	\$ (1,464,874)	(24.1%)
TOTAL CAPITAL COSTS/RESERVES	\$ 8,916,574	\$11,642,571	\$ 11,864,262	\$ 221,691	1.9%	\$ 10,012,543	\$ (1,851,719)	(15.6%)

Distribution and Transmission Main Improvements

Project ID	Project Name	2020	2021	2022	2023	2024	2025	2026
D-1	Obtain Easements in King County							\$829,465
D-2	205th Ave NE R&R							
D-5	NE 177th Place R&R	\$59,811	\$538,365					
D-6	135th Ave NE							
D-7	NE 165th St	\$31,234	\$281,102					
D-10	NE 140th St R&R							\$100,000
D-11	NE 132nd R&R							
D-12	NE 200th St; 144th Ave NE; 142nd Ave NE	\$812,000	\$2,000,000					
D-13	N Woodinville Way Pipe Upsizing; 148th Ave NE							
D-15	NE 171st St R&R					\$108,120	\$973,085	
D-16	140th Ave NE Replacement; 142nd Ave NE		\$58,255	\$524,294				
D-18	173rd St NE Pipe Upsize; 148th Ave NE New Pipe							
D-19	Dead End at 168th Ave NE				\$210,528	\$1,894,746		
D-20	156th Ave NE; NE 195th St R&R							
D-24	168th Ave NE, NE 145th St R&R				\$155,073	\$1,395,654		
D-25	167nd Ave NE R&R						\$389,824	\$1,508,420
D-33	Avondale Rd NE; NE 176th St Pipe Upsizes					\$179,597	\$1,616,377	
D-36	NE 161st Pl and NE 172nd St Pipe Upsize						\$275,410	\$2,000,000
D-39	233rd Ave NE, Dead End at NE 166th St		\$108,320	\$974,878				
D-40	NE 133rd St Pipe Upsize; NE 133rd St New Pipe	\$1,038,738						
		\$1,941,783	\$2,986,042	\$1,499,172	\$365,601	\$3,578,117	\$3,254,696	\$4,437,885

Pumping Improvements

Project ID	Project Name	2020	2021	2022	2023	2024	2025	2026
PS-1	Aspenwood Pump Station							
PS-2	Ringhill east BPS Upgrades	\$15,000						
PS-5	Replace Hollywood Pumps	\$200,000						
PS-6	Replace Ringhill Pumps	\$250,000						
PS-8	New Generator for Ringhill BPS	\$165,000						
PS-9	Hollywood BPS Replacement				\$150,000	\$1,350,000		
		\$630,000	\$0	\$0	\$150,000	\$1,350,000	\$0	\$0

Pressure Zone Improvements

Project ID	Project Name	2020	2021	2022	2023	2024	2025	2026
PZ-1	New PRV Station	\$50,000	\$425,000					
PZ-2	Zone 670 Study							\$72,000
PZ-4	PRV Station Rehabs		\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
		\$50,000	\$485,000	\$60,000	\$60,000	\$60,000	\$60,000	\$132,000

Storage Improvements

Project		2020	2021	2022	2023	2024	2025	2026
ID	Project Name							
ST-1	Zone 670 East Storage							
ST-2	Hollywood Reservoir Upgrade Improvements	\$1,150,000	\$749,000					
ST-3	James Bard Reservoir Upgrade Improvements			\$150,000	\$1,650,000			
ST-4	Aspenwood Standpipe - Seismic Upgrade					\$158,300	\$1,424,700	
ST-5	Sammamish Reservoir Upgrade Improvements							\$225,600
ST-6	Wellington Reservoir Upgrade Improvements							
ST-8	Kingsgate Standpipe Construction		\$300,000	\$2,406,000	\$2,106,750			
		\$1,150,000	\$1,049,000	\$2,556,000	\$3,756,750	\$158,300	\$1,424,700	\$225,600

Source Improvements

Project		2020	2021	2022	2023	2024	2025	2026
ID	Project Name							
S-3	East Service Area 2nd Tap to SPU Tolt River Line						\$425,000	
S-4	SRRWA	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
		\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$440,000	\$15,000

District Financed Projects

Project ID	Project Name	2020	2021	2022	2023	2024	2025	2026
DF-2	Dead End Main Program	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
DF-3	Little Dead End				\$350,000			
DF-5	KC 218 Ave NE Drainage Improvement (1-1804)		\$187,500					
DF-6	NE 132nd St/NE 128th St Rd Imp. (KC 101088)			\$562,800				
DF-8	Certification of Emergency Well #2	\$150,000						
DF-9	Water Seismic Resilience Plan							\$250,000
DF-10	2028 Water Comp Plan Update							
DF-11	Bulk Water Station					\$62,000		
DF-14	Misc. COW & KC Projects	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
DF-15	ESA Removals	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
DF-16	District Participation in DE Projects	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
DF-17	Replace East Gate at Campus		\$35,000					
DF-18	Turn Lane Project	\$200,000	\$150,000					
DF-19	Shake Alert			\$35,000				
DF-20	Risk & Resiliency Study		\$108,750	\$36,250				
DF-21	Seismic Analysis (Pipe)				\$150,000			
		\$545,000	\$676,250	\$829,050	\$695,000	\$257,000	\$195,000	\$445,000
Total Capital Projects		\$4,331,783	\$5,211,292	\$4,959,222	\$5,042,351	\$5,418,417	\$5,374,396	\$5,255,485

Automation Upgrades/Replacements (total amounts)

Project ID	Project Name	2020	2021	2022	2023	2024	2025	2026
	- Operations Capital Purchases	\$200,000	\$304,000	\$272,500				
	- G&A Capital Purchases							
	- Capital Technology Purchases	\$56,100	\$263,075	\$159,800	\$93,500	\$48,450	\$8,500	\$97,750
		\$256,100	\$567,075	\$432,300	\$93,500	\$48,450	\$8,500	\$97,750
Total Capital Expenditures		\$4,587,883	\$5,778,367	\$5,391,522	\$5,135,851	\$5,466,867	\$5,382,896	\$5,353,235

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**Sewer Construction Fund
2021 - 2022 Budget Overview**

	Budget Expenditures (Excl. Resvs)	Actual Expenditures	Budget vs Actual % Over/ (Under)
2013	\$416,850	\$119,965	(71.2%)
2014	\$363,800	\$94,029	(74.2%)
2015	\$576,875	\$132,201	(77.1%)
2016	\$575,925	\$85,762	(85.1%)
2017	\$431,360	\$111,107	(74.2%)
2018	\$480,850	\$0	(100.0%)
2019	\$677,500	\$0	(100.0%)
2020	\$1,141,000	\$0	(100.0%)

Key Department Functions/Activities:

The Engineering Department is responsible for the oversight and inspection of all developer extension and CIP projects to ensure that the District's infrastructure is constructed to standards and codes adopted by the Board of Commissioners. The values shown above are based on the annual hours that Engineering Administration staff spend on the oversight and inspection of Sewer CIP projects.

Budget Highlights:

2021

Complete Sewer Comp Plan
 Complete Siphon 1 Project
 Complete Pipe Bursting at Albertson's & Cut Shope
 Begin Reline Sewer @ Wood-Sno Rd. MH 175-185
 Begin Siphon II Rehab
 Begin Decant/Dump site

2022

Complete Reline Sewer @Woo-Sno Rd. MH 175-185
 Complete Siphon II Rehab
 Complete Decant/Dump site
 Begin Pipe Bursting NE 175th St
 Begin Vintner's PI to Marinwood
 Begin Reline Sewer@ Wood-Sno Rd. MH 185-195

**Sewer Construction Fund
2021 & 2022 Budget Summary**

Expenditure Category	2019 Expended	2020 Budget	2021 Proposed Budget	\$ Increase/ (Decrease)	% Increase/ (Decrease)	2022 Proposed Budget	\$ Increase/ (Decrease)	% Increase/ (Decrease)
<u>CAPITAL IMPROVEMENTS</u>								
CAPITAL EXPENDITURES:								
Capital Project Costs	\$ -	\$ 475,000	\$ 677,500	202,500	42.6%	\$ 1,141,000	463,500	68.4%
Subtotal Capital Projects	-	475,000	677,500	202,500	42.6%	1,141,000	463,500	68.4%
Capital Technology Purchases	-	5,850	46,425	40,575	693.6%	28,200	(18,225)	(39.3%)
Equipment Purchases	43,852	-	338,000	338,000	0.0%	20,000	(318,000)	(94.1%)
Total Capital Costs	\$ 43,852	\$ 480,850	\$ 1,061,925	\$ 581,075	120.8%	\$ 1,189,200	\$ 127,275	12.0%
RESERVES:								
Capital Fund Reserve	4,277,385	3,066,883	4,179,623	1,112,740	36.3%	3,861,149	(318,474)	(7.6%)
Equipment Replacement Reserves	550,000	551,023	349,334	(201,689)	(36.6%)	385,079	35,745	10.2%
Total Reserves	\$ 4,827,385	\$ 3,617,906	\$ 4,528,957	\$ 911,051	25.2%	\$ 4,246,228	\$ (282,729)	(6.2%)
TOTAL CAPITAL COSTS/RESERVES	\$ 4,871,237	\$ 4,098,756	\$ 5,590,882	\$ 1,492,126	36.4%	\$ 5,435,428	\$ (155,454)	(2.8%)

Program Budget Detail - 803 Sewer Construction

Project ID	GL Account	Project Name	End of Year 2020	2021	2022	2023	2024	2025	2026
2		Reline Sewer @ Wood Snohom 175-185		\$100,000	\$450,000				
3		Reline Sewer @ Wood Snohom 185-195			\$156,000	\$580,000			
4		Sewer Replacement MH 116 to 110				\$37,000	\$372,000		
6		Infiltration Rehabilitation @ Siphon No. 1	\$200,000	\$100,000					
7a		NUD to WWD (Thru Vintner's Place)						\$210,000	
7b		NUD to WWD (Gravity to Foxbrier & Vintner's Ridge)				\$200,000			
7c		Vintner's Place to Marinwood			\$300,000				
8		Placeholder for future project from CSP				\$150,000	\$500,000		
9		Placeholder for future project from CSP					\$150,000	\$450,000	
10		Placeholder for future project from CSP						\$250,000	\$600,000
Subtotal			\$200,000	\$200,000	\$906,000	\$967,000	\$1,022,000	\$910,000	\$600,000
Miscellaneous Improvements									
16		Misc. King County/City of Woodinville	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
		Participation in DE Projects	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
		Sewer Comp Plan Update	\$250,000	\$50,000					
		Decant/Dump Station	\$30,000	\$270,000					
		Sag Repair Albertson's (MH 323A - MH 322A)	\$100,000						
		Pipe Bursting NE 175th St (MH 61 - MH 18)						\$150,000	\$825,000
		Siphon II Rebuild		\$50,000	\$150,000				
		Pipe Bursting NE 178th St (MH 3- MH WW11-97)				\$250,000			
		Turn Lane Project	\$30,000	\$22,500					
		Sag Repair By Cut Shop (MH 87 - MH 78)	\$300,000						
Subtotal			\$795,000	\$477,500	\$235,000	\$335,000	\$85,000	\$235,000	\$910,000
Total Capital Projects			\$995,000	\$677,500	\$1,141,000	\$1,302,000	\$1,107,000	\$1,145,000	\$1,510,000
Future Automation Upgrades/replacements (Sewer share 25%)									
18		Operations Capital Purchases	\$98,000	\$338,000	\$20,000				
		G&A Capital Purchases							
21		Capital Technology Purchases	\$9,900	\$46,425	\$28,200	\$16,500	\$8,550	\$1,500	\$17,250
Subtotal			\$107,900	\$384,425	\$48,200	\$16,500	\$8,550	\$1,500	\$17,250
Grand Total			\$1,102,900	\$1,061,925	\$1,189,200	\$1,318,500	\$1,115,550	\$1,146,500	\$1,527,250

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**Water Maintenance Fund
Six-Year Financial Forecast**

Actual & Forecasted Water Rate Increase:

BUDGET OVERVIEW	6.0%		6.0%		4.5%		4.5%		4.0%		4.0%	
	Budget		Forecast									
	2021	2022	2023	2024	2025	2026						
Revenues:												
Water Service Revenues (Including Rate Increase)	\$13,995,198	\$14,962,176	\$15,767,859	\$16,619,261	\$17,432,875	\$18,285,346						
Interest Earnings	13,500	10,300	9,200	8,900	8,100	7,800						
Street Light Revenues	91,200	91,200	93,900	96,700	99,600	102,600						
Kirkland Franchise Fees	200,341	204,348	210,479	216,793	223,297	229,996						
Other Revenues	271,607	273,049	273,975	274,875	275,875	276,875						
Total Revenue	\$14,571,847	\$15,541,073	\$16,355,412	\$17,216,529	\$18,039,747	\$18,902,617						
Expenditures:												
Wholesale Water Purchases	\$3,440,984	\$3,475,394	\$3,510,148	\$3,651,606	\$3,798,767	\$3,951,855						
Street Lighting	91,200	91,200	93,900	96,700	99,600	102,600						
Kirkland Franchise Fees	200,341	204,348	210,479	216,793	223,297	229,996						
Utility Tax	763,900	769,500	792,700	843,800	873,900	899,900						
General Administration	1,280,482	1,271,359	1,537,669	1,591,656	1,647,537	1,705,379						
Engineering	975,077	997,954	1,039,633	1,083,033	1,128,222	1,175,275						
Finance	1,084,945	1,151,352	1,164,691	1,224,462	1,287,205	1,353,067						
Water Operations	2,264,804	2,406,741	2,351,528	2,471,848	2,597,361	2,728,290						
IT and Customer Service	1,030,054	966,360	1,012,404	1,060,597	1,111,038	1,163,830						
Debt Service	806,469	610,456	610,856	611,056	611,056	610,856						
New Debt Service	523,527	523,527	523,527	956,837	956,837	851,255						
Trsf to Equip. Replacement Resv	127,045	127,045	127,045	127,045	127,045	127,045						
Budget Adjustments	0	0	0	0	0	0						
Rate Stabilization	0	0	0	0	0	0						
Less: Use of ECC Revenues	0	0	0	0	0	0						
Capital Transfers from Rates	2,962,000	3,062,000	3,162,000	3,262,000	3,362,000	3,462,000						
Total Expenditures	\$15,550,828	\$15,657,236	\$16,136,580	\$17,197,432	\$17,823,865	\$18,361,347						
Net Surplus/(Deficit)	(\$978,981)	(\$116,163)	\$218,832	\$19,097	\$215,882	\$541,270						
Funds Deducted/(Added) from Operating Reserve	\$978,981	\$116,163	(\$218,832)	(\$19,097)	(\$215,882)	(\$541,270)						
Net Ending Cash Flow Surplus/(Deficit)	\$0	\$0	\$0	\$0	\$0	\$0						
OPERATING RESERVE												
Beginning Reserve Balance	\$5,417,778	\$4,438,797	\$4,322,634	\$4,541,467	\$4,560,563	\$4,776,445						
Funds Deducted/(Added) from Operating Reserve	(978,981)	(116,163)	218,832	19,097	215,882	541,270						
Transfer to Rate Stabilization Reserve												
Transfer to Capital Reserve	0	0	0	0	0	0						
Transfer to Catastrophe Reserve												
Ending Reserve Balance	\$4,438,797	\$4,322,634	\$4,541,467	\$4,560,563	\$4,776,445	\$5,317,715						
<i>Target/Minimum Reserve Level (2)</i>	<i>\$2,580,273</i>	<i>\$2,626,883</i>	<i>\$2,717,878</i>	<i>\$2,829,999</i>	<i>\$2,946,795</i>	<i>\$3,068,459</i>						
Reserve Balance Over/(Under) Minimum Level	\$1,858,525	\$1,695,751	\$1,823,589	\$1,730,564	\$1,829,650	\$2,249,256						

(1) Projections in this forecast are based on the District's water rate model developed by HDR, Inc., updated with annual budget values.

(2) These Target/Minimum levels are based on the District's adopted Financial Policies.

**Sewer Maintenance Fund
Six-Year Financial Forecast
Based on District Rate Model Projections (1)**

Actual & Forecasted Sewer Rate Increase: 2021 - 2022 Budget

District Sewer Rates	3.0%	3.0%	3.0%	3.0%	3.5%	3.5%
Metro Sewer Rates	5.6%	0.0%	15.0%	0.0%	15.0%	0.0%
Total Rate Increase	4.6%	1.1%	10.5%	1.1%	10.9%	1.2%

Budget Overview	Budget		Forecast			
	2021	2022	2023	2024	2025	2026
Revenues						
Sewer Service Revenues (Including Rate Increases)	\$6,174,911	\$6,255,998	\$6,874,907	\$6,970,614	\$7,694,563	\$7,796,224
Interest Earnings	3,008	2,939	2,957	2,942	2,948	2,943
Loss on Impaired Investments						
Other Revenues	5,000	5,000	5,000	5,025	5,050	5,075
Total Revenues	6,182,920	6,263,937	6,882,864	6,978,582	7,702,561	7,804,242
Expenditures						
King County Wastewater Treatment Charges	\$4,165,379	\$4,178,016	\$4,724,465	\$4,744,943	\$5,379,401	\$5,402,951
Utility Tax	54,116	55,282	77,900	80,418	106,637	109,686
Sewer Operations	515,367	526,835	548,410	571,030	594,755	619,647
Indirect Overhead Chgs/ Capitalized Salary & Overhead	782,873	786,552	810,149	834,453	859,487	885,271
Annual Debt Service	0	0	0	0	0	0
Trsf to Equip. Replacement Resv	60,210	60,210	60,210	60,210	60,210	60,210
Capital Transfers from Rates	632,800	649,900	667,400	685,400	703,900	722,900
Total Expenditures	\$6,210,745	\$6,256,796	\$6,888,533	\$6,976,454	\$7,704,390	\$7,800,666
Net Surplus / (Deficit) of Revenues Over Expenditures	(\$27,826)	\$7,141	(\$5,669)	\$2,128	(\$1,828)	\$3,577
Funds Deducted from/(Added to) Operating Reserve	\$27,826	(\$7,141)	\$5,669	(\$2,128)	\$1,828	(\$3,577)
Net Ending Cash Flow Surplus/(Deficit)	0	0	0	0	0	0

Operating Reserve

Beginning Reserve Balance	\$1,203,334	\$1,175,509	\$1,182,650	\$1,176,981	\$1,179,108	\$1,177,280
Funds (Deducted from) or Added to Operating Reserve	(27,826)	7,141	(5,669)	2,128	(1,828)	3,577
Transfer From Catastrophe Reserve	0	0	0	0	0	0
Ending Reserve Balance	\$1,175,509	\$1,182,650	\$1,176,981	\$1,179,108	\$1,177,280	\$1,180,856
<i>Target Reserve Level</i>	<i>\$823,000</i>	<i>\$828,000</i>	<i>\$924,500</i>	<i>\$933,600</i>	<i>\$1,045,300</i>	<i>\$1,055,400</i>
Reserve Balance Over / (Under) Target Level (2)	\$352,509	\$354,650	\$252,481	\$245,508	\$131,980	\$125,456

Notes

[1] - Projections in this forecast are based on a District rate model developed by HDR, Inc., with updates needed to incorporate annual budget values.

[2] - The Target/Minimum Resv level = 90 days of Sewer O&M expense plus 60 days of Metro wholesale expense, per the District's Adopted Financial Policies.

Woodinville Water District

Financial Policies and Guidelines

The following financial policies and guidelines have been developed to provide guidance and consistency in decision-making for the District’s management team and Commissioners. These policies and guidelines will assist the District in achieving overall financial planning and rate setting processes from year-to-year for their water and wastewater utilities. The proposed policies and guidelines shall be reviewed at the beginning of each fiscal period to determine if they are still relevant and appropriate. The financial policies framework is shown below:

Financial Policies and Guidelines Framework

- 1. Financial Reporting Policies**
 - 1.1 Accounting, Auditing, and Financial Reporting
 - 1.2 Cash Management
 - 1.3 Investment Policies
- 2. Financial Planning Policies**
 - 2.1 Balanced Budget
 - 2.2 Long Range Planning
 - 2.3 Asset Inventory
- 3. Revenue Policies**
 - 3.1 Fees and Charges
 - 3.2 Reserve Withdrawals
 - 3.3 Revenues that are Unpredictable
- 4. Expenditure Policies**
 - 4.1 Debt Capacities, Issuance, and Management
 - 4.2 Reserve or Stabilization Accounts
 - 4.3 Operating/Capital Expenditure Accountability
- 5. Rate Setting Policies**
 - 5.1 Rate Setting Methodology
 - 5.2 Financial Stability
 - 5.3 Rate Stability
 - 5.4 System Growth/Expansion
 - 5.5 Rate Impacts
- 6. Billing Data**
 - 6.1 Collection of Billing Data

1.0 FINANCIAL REPORTING POLICIES

Accounting practices shall conform to State Law, Generally Accepted Accounting Principles (GAAP), and all current standards issued by the Governmental Accounting Standards Board (GASB).

1.1 Accounting, Auditing and Financial Reporting

1.1.1

The District will maintain a uniform system of accounts that conforms to state auditor requirements and recommended accounting/reporting standards in use by other municipal water and sewer jurisdictions.

1.1.2

An audit of District accounting records and policies, and financial reporting will be conducted on an annual basis as required by State Law.

1.1.3

The District elects to account for the water and wastewater utilities as separate entities that are intended to be primarily self-supporting through user charges.

1.1.4

All District funds shall be utilized in accordance with the legal requirements stated in state law, resolutions, bond covenants and other legal requirements.

1.1.5

The District will endeavor to communicate transparent information in all financial and budgetary documents.

1.1.6

Procedures will be followed that will ensure that proper authorization has been obtained for all transactions of a financial nature.

1.1.7

Capital contributions from rates, grants, loans and other financing mechanisms will be accounted for separately in capital funds, such that funds dedicated to capital purposes are expended only for capital purposes.

1.2 Cash Management

1.2.1

Idle cash in all accounts and funds will be kept invested to the benefit of the respective fund through the King County Treasurer's Office, which provides a reasonable rate of return on investments consistent with the need for liquidity and the investment policy of the District.

1.2.2

Procedures will be followed to ensure proper authorization has been obtained for all cash and investment transactions.

1.2.3

Cash reserves shall be maintained and monitored as outlined in the operating cash reserves policies.

1.2.4

Cash reserves for bond reserve accounts shall be fully funded in the time line reflected in current and future bond covenants. Cash reserves shall be formally transferred and restricted in accordance with all legal requirements.

1.2.5

A five-year (or longer) cash forecast with biennial updates will be maintained for each fund. This will provide the District with insight to unanticipated shortages of cash for operations, capital maintenance and debt requirements.

1.3 Investment Policies

As required by state law, all deposits and investments of the District's funds will be in obligations of the U.S. Government, U.S. agency issues, obligations of the state of Washington, general obligations of Washington's State municipalities, the State Treasurer's Investment Pool, the King County Treasurer's Investment Pool, bankers' acceptances or deposits with Washington State Qualified Public Depositories as approved by the Washington State Treasurer's Office.

2.0 FINANCIAL PLANNING POLICIES

Woodinville Water District, like any other business, shall strive to maintain financial stability over time, as it has done in the past. Financial stability is not only a prudent financial management goal, it can also minimize financial costs in the long-term. Above all, financial stability will provide the community with the confidence of knowing a strong, consistent management team is managing the utility.

2.1 Balanced Budget

2.1.1

Biennial budgets will be developed using guidelines provided by the General Manager and Finance Department for the specified budget period.

2.1.2

All current budget expenditures will be balanced with current year budget revenues. Annual budget proposals, which exceed "net available resources" after minimum cash reserve requirements, shall be accompanied by appropriate increases in revenues and/or appropriate decreases in expenditures.

2.1.3

The District will adopt a biennial budget on or before December 31 of “even” years. The budget will be adopted, by the Board of Commissioners, at the departmental level. All modifications in staffing, salary and wages must be approved by the Board. Known or anticipated material variances to the budget will be brought to the Board of Commissioners at least quarterly.

Prior to commencement of the second year of the two-year process, District management and Finance staff shall review the implementation and performance of the budget during the first year of that budget cycle and advise the Board of Commissioners regarding: 1) any budgeted revenues or expenses expected to vary significantly from adopted budget amounts; or 2) any unanticipated revenues or expenses which may require an amendment to the adopted budget amounts or customer rates for the second year of the two-year budget period. The Board will review the information provided through this process and may determine to affirm or amend the second-year budget or the rates for the second year as the Board deems appropriate.

2.1.4

The General Manager shall have final approval authority for all material line item modifications, except as otherwise provided herein (see section 2.1.6)

2.1.5

All new operating programs or initiatives submitted for policy decision shall include a five-year estimate of estimated annual operating costs, revenues and their associated impacts on rates.

2.1.6

Any request for additional resources or transfers of resources exceeding \$100,000 within or between programs or operating divisions in a budget year, and excluding wholesale water and sewer costs, must be approved by the Board. An analysis of long-term financial impacts on rates and program operations along with a discussion of alternatives and probable program impacts, if not approved, must be included in the requests.

2.1.7

Joint/common costs of the District shall be allocated between utilities based upon a cost-based methodology that utilizes labor ratios, number of customers, revenue, usage, etc. The specific allocation method for specific costs shall be the method that the utility deems to be most appropriate. This joint/common cost allocation shall be reviewed during the biennial budget process.

2.1.8

An overhead rate shall be used to apply indirect costs to all direct labor hours to reflect the true cost of those particular items or services. To recover indirect costs associated with the provision of outside services, the District shall apply the current overhead rate for any direct services billed to outside parties.

2.2 Long Term Planning

2.2.1

A Capital Improvement Program, with a term of at least ten (10) years, consistent with each utility's comprehensive service plans, and inclusive of all capital needs including but not limited to system expansion, extension, improvement, rehabilitation, replacement, technological improvements, equipment replacement and vehicle purchases shall be separately developed for the Water and Wastewater utilities. Forecasted capital improvement needs for up to a ten-year horizon shall be utilized in computing System Development Charges for both utilities, as allowed under state law. The adopted budget for the capital improvement programs shall be updated biennially in accordance with instructions and direction given by the General Manager and the Board.

2.2.2

Grants shall only be accepted for projects or programs that are consistent with approved goals and objectives of the District.

2.2.3

All significant changes or deviations from the approved Capital Improvement Program (see 2.2.1) shall be accounted for and reported directly to the Board before proceeding on the project. The report shall include an analysis of long-term financial costs and the overall impact to the current Capital Improvement Program due to the change or deviation.

2.3 Asset Inventory

2.3.1

The District General Manager shall be accountable for all District assets and be responsible for ensuring all such assets are used only for District purposes.

2.3.2

Fixed assets shall be maintained in good operating condition and shall be systematically replaced as they become obsolete or if the cost of repair is more than replacement value.

2.3.3

The District will, on a yearly basis, account for and maintain asset records for all additions, replacements, and retirements of assets. Appropriate actions will be taken to assure assets are safeguarded, maintained, and used only for District Business.

2.3.4

Asset disposals will occur in accordance with State Law and Bond Covenants.

3.0 REVENUE POLICIES

3.1 Fees and Charges

All fees and charges for services shall be routinely reviewed to ensure that rates are equitable and will cover the total cost of providing the particular service.

3.2 Reserve Withdrawals

All expenditures drawn from reserve accounts will require prior Board approval unless previously authorized by the approved budget document. Withdrawals from the Rate Stabilization Reserve require Board approval. When a request to withdraw reserve funds is submitted to the Board of Commissioners, a report shall be provided outlining the reasons for that withdrawal, and any impacts to programs or rates expected to result from withdrawing those funds. Use of reserve funds shall require the development of a repayment plan during the next budget cycle.

3.3 Revenues that are Unpredictable

To the extent that revenues are of a limited or indefinite term, the District needs to be mindful of potential impacts on rates when those revenues are no longer available.

4.0 EXPENDITURE POLICIES

The approved biennial budget document provides proposed expenditures by department for the fiscal period. The District will follow administrative policy and state regulations on all expenditure line items. Management and staff will follow the philosophy of cost control and responsible financial management. Annual expenditures will be balanced with annual revenues. The District will not use short-term borrowing to finance current operating needs.

4.1 Debt Capacities, Issuance, and Management

4.1.1

Revenue bonds and other debt instruments will only be used to finance assets and capital projects expected to yield future benefits. Debt refinancing will be undertaken in conformance with restrictions outlined in outstanding revenue bond covenants. In addition, refinancing will only be undertaken with Board approval, when it is deemed to be in the best financial interest of the District.

4.1.2

In preparing the biennial budget, the District will review the status of all outstanding and potential debt obligations and incorporate this information into its financial planning efforts.

4.1.3

The District shall limit its dependency on debt financing capital projects. Annual renewal and replacement capital projects shall be adequately funded from rates. Funding levels for capital investments shall be sufficient to meet capital improvement projections needed as outlined in the current capital improvement

plan. The Water and Wastewater utilities shall be managed to assure that target debt service coverage (DSC) requirements are met. The District shall not issue long-term debt to support operating costs.

4.1.3.1

Renewal and Replacement Capital Projects – On-going renewal and replacement capital projects shall primarily be funded from rates. The use of long-term debt issues to fund renewal and replacement projects shall be minimized whenever possible. In order to adequately support this funding method, each utility shall budget and fund a reasonable amount of the cost for renewal and replacement of capital assets within the utility’s rates. A simple measure of the minimum suggested funding is an amount equal to or greater than the annual depreciation of those assets plus the District’s costs of vehicle replacements

4.1.3.2

Use of Long-Term Debt As a Funding Mechanism – The Water or Wastewater utility may consider the use of long-term debt financing when it appears that a capital project or plan is of such a magnitude that it will negatively impact the utility’s rates in the short-term. The benefit of long-term debt financing is that it will help to minimize rate increases over the long-term. It will also help spread the costs of those assets over the useful lives of the assets and better recover costs from existing and future customers that benefit from those assets.

4.1.3.3

Types of Long-Term Debt – The Water and Wastewater utilities may have different types of long-term debt available to them. Each utility shall strive to utilize the type of debt that has the lowest costs, while not imposing any burdensome covenants or reporting requirements.

4.1.3.4

Bond (Legal) Covenants - The District shall manage the utilities to meet any bond covenants associated with the long-term debt. Bond covenants are legal obligations of the District.

4.1.3.5

Debt Service Coverage Ratios – The debt service coverage ratio is an important financial measure of the District’s ability to repay the outstanding debt obligation. Generically, this ratio is the utility’s net operating income divided by the total annual debt service payment. If a long-term debt issue contains a legal covenant, which states a specific required level of debt service coverage, the District shall, at a minimum, maintain the coverage level needed to satisfy that requirement.

In addition, however, the following target debt service coverage ratios will be used for District financial planning purposes:

- For total outstanding debt for each utility, the target debt coverage ratio used for financial planning purposes will be equal to or greater than 1.50.

4.1.3.6

Reporting Standards - The District shall fully adhere to all applicable Government Accounting Standards Board (GASB) pronouncements as well as recognized best practices for the accounting treatment and

disclosure of debt obligation transactions in its audited financial statements and other relevant publications.

4.2 Reserve and Stabilization Accounts

4.2.1

Operating Reserves – Operating reserves are composed of active working capital cash that supports ongoing utility operations. The need for these reserves is based on timing differences between billing for revenues and payment of expenses. The operating reserve can also be used to cover unanticipated cash operating expenses or lower than expected revenue collections. The basis used for setting the minimum target operating reserve level will be 60 days of O&M expenses including water supply and regional sewer treatment costs. Each utility shall have a designated operating reserve that is sufficiently above the target minimum level. The purpose of the target minimum level is to help management gauge when action needs to be taken to ensure that the operating reserve balance does not continue to decline.

4.2.2

Capital Reserves – Capital reserves are used to fund the cash flow requirements of capital infrastructure construction. These reserves can increase and decrease significantly depending on funding sources available and the capital projects that are planned during the year. The minimum target balance for the capital reserve for the water utility shall be approximately equal to the average annual five-year expenses in the Capital Improvement Plan for renewal and replacement of existing District water facilities. The minimum target balance for the capital reserve for the sewer utility shall be approximately equal to four times the average annual five-year expenses in the Capital Improvement Plan for renewal and replacement of existing District sewer facilities. Under these guidelines, the minimum capital reserve balance in each utility shall be based on the utility’s total annual depreciation (excluding depreciation for transportation equipment).

4.2.3

Vehicle Replacement Reserves – The District’s Water and Sewer Construction Funds provide funding for the replacement of vehicles. The level of funding is identified in the equipment replacement plan of the District. When replacement is designated and scheduled, the purchases will be listed as purchases in the Water and Sewer Construction Funds.

4.2.4

Bond Reserves – Bond reserves may be legally required for specific debt issues. Bond reserves will be established and maintained in accordance with the legal covenants of the debt issue.

4.2.5

Rate Stabilization Account - The District’s Rate Stabilization Fund was established to protect against unanticipated shortfalls in revenues and/or unexpected and unusual large expenses. Approval by a majority vote of the Board of Commissioners is required before any withdrawals are made from the Rate Stabilization Fund. Total withdrawals in any fiscal year may not exceed the total debt service of the system in that year.

There are no minimum or maximum levels required for this reserve. The General Manager shall, on a biennial basis, recommend to the Board a level of funding and proposed funding sources that are appropriate given the current financial condition of the District.

For the Water utility, the target minimum reserve level shall be 10% of annual operating revenues. If a large rate increase is required in any year, rate stabilization funds may be used to phase-in a graduated increase in rates over time. This fund is necessary due to the significant effect that weather and customer behavior changes such as conservation typically have on annual water sales and related revenue collections.

It has been determined that no Rate Stabilization Reserve is necessary in Sewer due to the greater stability of annual sewer revenues.

4.2.6

Maintenance of minimum reserves shall not, on their own, trigger the need for a rate adjustment. Achievement of target reserves will be part of the Financial Planning and Budgeting process.

4.3 Operating/Capital Expenditure Accountability

On a quarterly basis, staff will review and compare, by line item and fund, actual revenues and expenses to budgeted amounts and a summary report outlining current budget status through that quarter will be provided to the Board.

5.0 RATE SETTING POLICIES

When setting rates, the District shall use methodology that is *generally accepted* in the financial and rate setting community as well as the Water and Wastewater utility industry.

5.1 Rate Setting Methodology

5.1.1 Revenue Requirements Analysis:

5.1.1.1

Revenue requirements will be established on a *cash basis* approach. The *cash basis* approach includes operation & maintenance (O&M) expenses, taxes/transfer payments, debt service,) and capital improvements funded from rates. The revenue requirements, as defined herein, are the basic components. Revenue requirements shall also include any other cost items requiring funding (e.g. bond reserves) or needed to operate the utility on a financially stable basis (e.g., accumulation or reduction in working capital). Revenues shall also be sufficient to cover the utility's debt service coverage ratio as defined in section 4.1.3.5.

5.1.1.2

At a minimum, revenues and costs will be projected for a five-year period.

5.1.1.3

Costs associated with mandated program requirements will be identified and included within the *cash basis* approach.

5.1.1.4

Unexpected changes in wholesale costs will be evaluated and reported to the Board in a timely manner. Any wholesale cost increases shall be appropriately passed through to District ratepayers.

5.1.2 Cost of Service Analysis:

5.1.2.1

A cost of service study will be utilized to assist in establishing appropriate rates for individual customer classes. The cost allocation methodology will utilize techniques that are generally accepted by the industry (e.g. American Water Works Association, Water Environment Federation, etc.).

5.1.2.2

The cost of service for each utility will consider the specific circumstances and unique characteristics of the District in the cost allocation methodology.

5.1.3 Rate Design Analysis:

5.1.3.1

Rate designs shall be reflective of utility needs and also reflect the specific goals and objectives of the District. Meeting District goals at a reasonable cost to the customer shall also be an important consideration in utility rate design.

5.1.3.2

Established rates shall recognize and attempt to incorporate a fixed charge for the up-front fixed costs associated with serving customers and a usage or volumetric charge that attempts to recover the variable costs of operating the utility.

5.1.3.3

Rates shall be set at a level that recovers necessary costs, by classification, yet flexible enough to accomplish the District's objectives (e.g. public purpose programs).

5.1.3.4

Rates shall be designed to be equitable and detailed to a sufficient level to reflect the service provided (e.g., private fire protection, multi-family services, etc.).

5.1.3.5

Rates shall be designed to recognize that the services provided by the District are essential services and shall be affordable for low-income ratepayers.

5.1.3.6

Rates shall be designed to comply with statutory requirements as prescribed by RCW 57.08.081.

5.2 Financial Stability

5.2.1 Cash Flow

The District shall adopt rates projected to have positive net income before capital contributions and debt service payments.

5.2.2 Target Debt Service Coverage

The District's Financial Plan shall satisfy the debt service coverage ratios defined in section 4.1.3.5.

5.2.3 Capital Improvement Funding From Rates

On an annual basis, the District shall adequately fund, through its rates, an amount greater than or equal to each utility's annual depreciation expense.

As large capital facilities are added or improved in the future, consideration may be given to phasing-in the rate impacts of depreciation for those facilities under terms of this policy.

5.3 Rate Stability

Rate stability reinforces that costs are being managed and controlled, thereby demonstrating appropriate fiscal management and governance to District ratepayers. To the extent that the District is able to control and predict its annual operating costs, including wholesale rate increases, the District shall attempt to keep customer rates and/or rate increases stable.

5.3.1

The District shall review rates, on a biennial basis, to assure that they provide sufficient revenues. This does not imply that rates must be adjusted each year, simply that the rates are reviewed in the context of these policies to assure that they are adequately funding each utility.

5.3.2

Small annual rate adjustments are preferable when compared to large single adjustments for multi-year periods.

5.3.3

Annual rate reviews will consider a five-year projected period in an attempt to smooth and minimize rates over time.

5.3.4

A comprehensive rate study will be conducted by an outside party at least every five years in order to assess the fairness of the rates to the District's ratepayers and to ensure that the necessary revenue is available for the District's operating and capital needs.

5.4 System Growth/Expansion

Customer growth and system expansion resulting from new development have direct impacts upon a utility's infrastructure requirements, the financing of growth related infrastructure, and customer rates. Through the establishment of specific financial/rate policies, the District shall, as much as reasonably possible, recover growth related costs from new development.

5.4.1

Growth-related capital projects shall be clearly identified in the District's capital improvement plans and rate studies.

5.4.2

The financing of growth-related capital projects may be funded from any available funding resources of the utility. However, use of long-term debt to finance growth-related projects allows the District to better match the financing of new facilities with the timing of when those facilities will be needed to allow new customers to connect to the water or sewer system.

5.4.3

The District will establish and maintain a system development charge (SDC) to recover an equitable share of system costs from new development.

5.4.4

Under provisions of state law, calculation of the District's system development charges will consider the cost of capacity provided by existing infrastructure already in place and the cost of new facilities that will be needed in the future to meet increased service demand from customer growth.

5.4.5

If the decision is made in the future to use system development charge revenues to pay for growth-related debt service, that amount shall be limited in any year, for planning/rate purposes, to 50% of the annual SDC revenue projected to be collected. On this basis, if growth and the corresponding SDC revenue is less than projected, the District shall still have sufficient SDC revenue to make the annual debt service payments associated with the growth-related capital projects.

5.4.6

The District's system development charges will be adjusted annually (indexed) based upon the Engineering News Record (ENR) construction cost index.

5.4.7

Whenever the comprehensive master plan for the Water or Wastewater utility is updated, the SDCs for the utility shall also be completely updated to reflect changes in planning, infrastructure, and capital financing outlined in that plan.

5.5 Rate Impacts

In establishing utility rates, the District shall balance the needs of the utility and the policies established with the varying impacts those rates may have on District customers.

5.5.1

The District shall approve rate increases at a level required to provide safe drinking water, reliable services, and regulatory compliance.

5.5.1.1

Rates for each utility will be structured to promote understanding by the District's customers.

5.5.1.2

Rate adjustments will be phased-in over time, as possible, when large financial impacts to customers are anticipated.

6.0 Billing Data

The District shall compile billing data to ensure that the rate structure currently in place is collecting the appropriate amount of revenues.

6.1.1

The District shall track revenue billed against total budgeted revenues for both utilities.

6.1.2

Billing data shall be collected by rate structure, customer class, and billed consumption.

6.1.3

Collection of billing data shall provide information for rate design analysis