

2024 Adopted Budgets



Introduction

The Thurston Public Utility District's budgets reflect the strategic goals developed by the PUD Commissioners and provides a blueprint for water services for 2024. The budgets not only serve as a financial plan, but also as a tool for accountability.

Thurston PUD Mission and Strategic Goals

Mission: Provide safe, reliable, affordable, and sustainable utility services to our customers.

Strategic Goals

1. **Effectiveness:** Strive to be an effective organization.
2. **Sustainability:** Provide sustained efficient utility services to our customers and serve the citizens of Thurston County.
3. **Stewardship:** Be good stewards of the District's resources.
4. **Partnerships:** Continue to build good relationships and partnerships with Thurston County, other counties, neighboring cities, other PUDs, Port Districts, Tribes, other water purveyors, and state agencies.
5. **Growth:** Work toward steady growth in customers through the acquisition of systems with good value and periodically evaluate new lines of business to determine if entry is feasible and makes good financial sense.

Table of Contents

| | |
|---|----|
| Recommendations, Goals and Background | 4 |
| 2024 Adopted Operating Budget | 6 |
| Adopted Operating Budget Summary – Revenues | 6 |
| Adopted Operating Budget Summary – Expenses | 7 |
| Effects of Adopted Operating Budget on Fund Reserve | 9 |
| 2024 Adopted Operating Budget: | 10 |
| General Fund..... | 11 |
| Water Fund..... | 12 |
| 2024 Adopted Rate Schedule Summary | 14 |
| 2024 Adopted Capital Budget Summary..... | 19 |
| Adopted 2024 Capital Budget | 22 |
| 2024 Adopted Fleet & Equipment Budget Summary..... | 27 |
| Adopted 2024 Fleet & Equipment Budget | 28 |
| 2024 Adopted Facilities Budget Summary | 30 |
| Adopted 2024 Facilities Budget | 31 |
| 2024 Adopted Debt Service Budget Summary..... | 33 |
| Adopted 2024 Debt Service Budget..... | 34 |

Table of Figures

| | |
|---|----|
| Figure 1: Thurston PUD Customers by County..... | 5 |
| Figure 2: Adopted 2024 PUD Rate Schedule..... | 15 |
| Figure 3: Comparison of 2023 Rates and Adopted 2024 Rates | 16 |
| Figure 4: 2015 - 2023 Capital Improvement Surcharge Utilization | 20 |
| Figure 5: 2020 - 2023 AMP Completed Projects | 21 |

Recommendations, Goals and Background

Recommendations

Budget recommendations are suggestions and proposals by the District's Management Team to the PUD Board of Commissioners as the best course of action that considers District priorities, available resources, established costs, spending limitations and Commissioner guidelines.

- The 2024 Operating Budgets were presented to PUD Commissioners at two (2) Public Hearing held on September 12 and September 19th, 2023. The 2024 Operating Budgets were adopted on September 25, 2023.
 - The Adopted Operating Budget:
 - Requires an overall rate revenue increase of 2.50% to fund the ongoing operations and maintenance for 279 water systems.
- There will be one (1) Rates, Fees, Charges and Surcharges schedule for all PUD customers effective January 1, 2024.
- The Capital Improvement Surcharge will increase \$2.50 from \$11.00 to \$13.50 per Equivalent Residential Unit (ERU) effective January 1, 2024.
- The General Facility Charge (GFC) will increase by \$1,000, from \$5,000 to \$6,000 effective January 1, 2024. Our GFC is lower than other like utilities in surrounding areas.
- The 2024 Capital Budget requires funding of \$28,379,800. The 2024 Capital Budget was adopted on September 25, 2023.
- District staff developed 3 new 2024 Budgets:
 - Fleet & Equipment – requiring funding of \$169,861 for fleet and equipment replacements, for more information see page 26.
 - Facilities – requiring funding of \$259,281 for structural and operational repairs and replacements at the three (3) District owned buildings, for more information see page 29.
 - Debt Service – requires funding of \$1,241,969 for bond and loan repayments due in 2024, for more information see page 32.

Goals

Budget goals help the District's Management Team prioritize resource allocations to ensure that they are in alignment with the District's Vision, Mission and Goals.

- Meet the revenue requirement to operate and maintain 279 water systems serving 9,836 customers in six (6) counties.
- Meet our payment obligations for existing bonds and loans and debt coverage ratio.
- Provide funding for water system projects identified in the Asset Management Plan.
- Provide funding for emergency preparedness for water systems, employees, and buildings.
- Provide funding for employee merit increases and training.
- Develop rates that would improve revenue stability and not rely heavily on unpredictable weather conditions.

Background

The 2024 Thurston Public Utility District Operating Budget incorporates operating expenses to serve 9,836 customers in the following counties:

| <i>TOTAL CUSTOMERS</i> | <i>9,836</i> | <i>%</i> |
|-------------------------------|---------------------|-----------------|
| Thurston County | 7,595 | 77.22% |
| Pierce County | 1,423 | 14.47% |
| Lewis County | 677 | 6.88% |
| King County | 76 | 0.77% |
| Grays Harbor County | 37 | 0.38% |
| Kitsap County | 28 | 0.28% |

Figure 1: Thurston PUD Customers by County

2024 Adopted Operating Budget

Adopted Operating Budget

PUD Management presented proposed operating budgets to the PUD Commissioners for their consideration for adoption on September 25, 2023. Two (2) Public Hearings were held on September 12, 2023, and September 19, 2023. The Proposed 2024 Operating and Capital Budgets were approved for adoption by resolution on September 25, 2023.

The adopted budgets fund the following:

- a. Ongoing operations and maintenance for water systems. Requires increased funding for recurring expenses and those due to projected inflation rates.
- b. The current level of District staff wages & salaries, benefits and related payroll taxes.
- c. Fleet & Equipment replacements identified in the Asset Management Plan. The annual cost to fund the Fleet & Equipment replacement fund is \$318,429 over the next ten (10) years. The level of funding required will be analyzed annually.
- d. Facilities replacements and general maintenance identified in the Asset Management Plan. The annual cost to fund the Facilities replacement fund is \$86,651 over the next ten (10) years. The level of funding required will be analyzed annually.
- e. Debt Service for repayment of bonds and loans taken for water system acquisitions, building purchases and water system capital improvement projects. The total anticipated Debt Service payment is \$1,843,590 for 2024. This is an estimate, as the District has open loans to draw from as projects costs are incurred.
- f. Emergency Preparedness for water systems, employees, and District-owned buildings.

The Adopted 2024 Operating Budget requires an overall revenue rate increase of 2.50%.

Adopted Operating Budget Summary – Revenues

Interest Income is an estimate based on historical interest income received.

The Ad Valorem Assessment for the General Fund is adopted at one percent (1%) of the annual property assessment levy certified by the Assessor's Office.

Water Revenue forecasts for the 2024 rate level includes:

1. An overall water rate revenue increase of 2.50% on the base rate and consumption charges.
 - a. The water rate revenue requirement is the amount of money that must be collected to pay for the administrative and operational expenses of the utility including the costs to operate and maintain 279 water systems.
 - b. The District relies on base rates and consumption charges to collect the revenue requirement. The base rate is a fixed amount billed monthly to each customer based on the meter size that services their home, business, or property. Consumption charges are billed based on the customer's actual water usage using a 5-tiered rate schedule.
2. The Capital Improvement Surcharge is approved to increase from \$11.00 to \$13.50 per Equivalent Residential Unit (ERU) per month per customer for 2024. Customers with larger meter sizes are billed a multiplier based on the meter size comparable to the ERU.

Adopted Operating Budget Summary – Expenses

All budgetary line items are expected to remain the same compared to the 2023 budget except the following:

Salaries and Benefits

The 2024 Adopted Budget for Salaries and Benefits includes:

- Eligible employee salary merit increases.
- Group healthcare coverage (medical, dental, vision), group term life insurance, long-term disability coverage, accidental death and dismemberment coverage and State of Washington retirement plan.

Debt Service includes the cost of all bonds and loans repayments including those assumed with the purchase of new water systems. In 2024, there will be an increase of \$88,605 in Debt Service. For more information, see page 37 for the Debt Service Budget.

Payroll Taxes will increase as a direct result of eligible salary merit increases.

Other Taxes is expected to increase by \$2,700 based on the projected inflationary increases to water system annual operating permits.

State Public Utility Tax is paid to the Department of Revenue on all revenue received; the expected increase is 5.029% of applicable revenue generated from water rates.

Interest on Bonds is expected to decrease by \$24,483. This expense includes bonds issued in 2021.

Interest on Loans is expected to decrease by \$10,522. This expense includes Drinking Water State Revolving Fund (DWSRF) and Public Works Trust Fund (PWTF) loans.

Water System Purchase Power is expected to increase \$37,592 due to projected utility rate increases.

Water System Materials & Supplies is expected to increase \$101,150 due to inflation and supply chain demand and delays.

Energy Efficiency Enhancements includes \$5,000 pursuant to board goals established in 2016.

Contractual Services – Accounting is expected to decrease \$3,240 for the anticipated costs associated with the annual financial statement review by a Certified Public Accountant (CPA).

Contractual Services – Other is expected to decrease \$17,000, the building security services expenses are being reclassified to Building Operations.

Regulatory Water Quality Testing is expected to increase \$10,000 as a direct result of the increase in testing costs.

Contractual Services – Janitorial is expected to decrease by \$7,050 compared to the 2023 budget.

Contractual Services – State Auditor is expected to decrease by \$20,000 compared to the 2023 budget for the annual Financial Audit.

Building Operations is expected to increase by \$37,066 compared to the 2023 budget to incorporate the building security services, additional services at the Field Operations building and building equipment maintenance contracts.

Transportation Expense is expected to increase by \$75,878 compared to the 2023 budget.

1. Fuel – *Short Term Energy Outlook* (August 2023 published by the US Energy Information Administration predicts gasoline prices will decrease in 2024 to \$3.45 per gallon on average). The fuel expense 2024 estimate is an average of 2023 actual costs.
2. Repair Costs – There are 22 vehicles that will require maintenance and repairs estimated at \$140,000 (an average of \$6,364 per vehicle).

Insurance – General Liability is expected to increase by \$65,720 compared to the 2023 budget. This is a preliminary estimate, actual cost will be available in January 2024. General Liability insurance provides insurance coverage for our vehicles and water systems.

Legal Advertisement is expected to increase by \$1,000 compared to the 2023 budget. Legal advertisements are placed for changes to public meetings and water system projects.

Miscellaneous Expenses is expected to increase by \$94,560 compared to the 2023 budget.

Miscellaneous Expenses include the following types of expenses:

1. Office Supplies/Equipment
2. Meeting Costs
3. Communication Software and Equipment
4. Association Dues and Publication Subscriptions
5. Information Technology (IT) Administration and Support
6. Water Conservation
7. Staff Training
8. Mailings - Printing and Postage
9. Customer Electronic Payment Fees
10. Other expenses not categorized in another expense type

Transfer to Fleet & Equipment Replacement Fund is expected to increase by \$187,171 compared to the 2023 budget based on the funding required for the next ten (10) years for fleet and equipment replacements as identified in the Asset Management Plan. For more information, see page 26 for the Fleet & Equipment Budget.

Transfer to Facilities Replacement Fund is expected to increase by \$56,651 compared to the 2023 budget based on the funding required for the next ten (10) years for facilities replacements as identified in the Asset Management Plan. For more information, see page 29 for the Facilities Budget.

Effects of Adopted Operating Budget on Fund Reserve

The net result of the Adopted Budget is the General Fund expenses will exceed General Fund revenues. Approximately \$113,912 will be needed from the General Fund reserve. The General Fund reserve will have an estimated ending fund balance of \$105,975 which is above our current minimum reserve policy of 60 days.

The net result of the Adopted Budget is the Water Fund revenue will be above anticipated water expenses. The reserve will have an estimated ending fund balance of \$3,166,674 which is above our current minimum reserve policy of 60 days. The District's debt service coverage ratio is maintained at 1.38 which is above the District's bond covenant coverage requirement of 1.25.

2024 Adopted Operating Budget: General and Water Funds

Thurston PUD

General Fund Budget

| | Actual | Budget | YTD | Projection | Adopted |
|---|-----------------|-----------------|----------------|-----------------|------------------|
| | 2022 | 2023 | Jun-23 | 2023 | 2024 |
| Estimated Beginning Fund Balance | 258,458 | 264,789 | | 264,789 | 219,887 |
| Income | | | | | |
| 419 · Interest Income | 2,281 | 3,000 | 1,553 | 3,000 | 3,000 |
| 421 · Non-utility Income | | | | | |
| 421.1 · Tax Levy Income | 326,429 | 322,870 | 325,536 | 332,870 | 336,199 |
| Total 421 · Non-utility Income | 328,710 | 325,870 | 325,536 | 335,870 | 336,199 |
| Total Income | 371,540 | 328,870 | 327,089 | 338,870 | 339,199 |
| Expense | | | | | |
| 408.12 · Payroll Taxes | 10,995 | 12,710 | 5,315 | 12,710 | 23,059 |
| Total 408 · Taxes other than Income | 10,995 | 12,710 | 5,315 | 12,710 | 23,059 |
| 601 · Salaries/Wages Employees | 55,428 | 52,748 | 24,527 | 52,748 | 79,264 |
| 603 · Salaries - Commissioners | 66,744 | 76,756 | 33,372 | 76,756 | 84,765 |
| 603.1 · Commissioner Meeting Compensation | 18,496 | 27,085 | 9,344 | 27,085 | 29,911 |
| 603.2 · Watershed Planning | - | 5,024 | - | 5,024 | 5,024 |
| 604 · Commissioner and Employee Pension & Benefits | 41,789 | 53,146 | 20,744 | 53,146 | 65,787 |
| 631 · Contr. Svcs. - PS/Board Retreat | - | 3,200 | - | 3,200 | 3,200 |
| 632 · Contr. Svcs. - Accounting | 588 | 2,000 | 722 | 2,000 | 2,000 |
| 633 · Contr. Svcs. - Legal | 15,345 | 15,000 | 5,300 | 15,000 | 15,000 |
| 635 · Contr. Svcs. - Other | 27 | 15,000 | 13 | 15,000 | 15,000 |
| 637 · Contr. Svcs. - Janitorial | 5,428 | 5,000 | 2,795 | 5,000 | 5,000 |
| 638 · Contr. Svcs. - State Auditor | 10,652 | 8,000 | 4,375 | 8,000 | 10,500 |
| 643 · Building Operations | 6,977 | 13,000 | 3,429 | 13,000 | 13,000 |
| 650 · Transportation Expense | - | 1,400 | 119 | 1,400 | 1,400 |
| 657 · Insurance - General Liability | 7,220 | 9,000 | 4,717 | 9,000 | 9,000 |
| 660 · LegalAdv/Public Info Expense | - | - | - | - | 1,200 |
| 675.01 · Election Costs | 41,104 | 40,000 | 41,104 | 41,104 | 45,000 |
| 675 · Miscellaneous Expenses | 35,526 | 43,600 | 15,685 | 43,600 | 45,000 |
| Total Expense | 393,095 | 382,668 | 171,562 | 383,773 | 453,111 |
| To (From) Reserves | (21,555) | (53,798) | 155,527 | (44,903) | (113,912) |
| Estimated Ending Fund Balance | 264,789 | 204,659 | 155,527 | 219,887 | 105,975 |
| Minimum Reserve Per Financial Policy (60 days) | 64,618 | 62,904 | 28,202 | 63,086 | 74,484 |
| Proposed Minimum Reserve Discussed (90 days) | 96,928 | 94,357 | 42,303 | 94,629 | 111,726 |

Thurston PUD

Water Fund Budget

| | Actual | Budget | YTD | Projection | Adopted |
|---|------------------|------------------|------------------|------------------|------------------|
| | 2022 | 2023 | Jun-23 | 2023 | 2024 |
| Estimated Beginning Fund Balance | 1,382,047 | 2,054,187 | | 2,054,187 | 3,159,307 |
| Income | | | | | |
| 419 · Interest Income | 109,037 | 50,000 | 107,963 | 132,963 | 120,000 |
| 421 · Non-utility Income | | | | | |
| 421.10 · Building Rental Income | 71,129 | 45,890 | 22,718 | 45,890 | 47,369 |
| Total 421 · Non-utility Income | 71,129 | 45,890 | 22,718 | 45,890 | 47,369 |
| 460 · Unmetered Water Revenue | | | | | |
| 460.1 · Residential | 96,202 | 112,114 | 43,310 | 86,621 | 56,088 |
| Total 460 · Unmetered Water Revenue | 96,202 | 112,114 | 43,310 | 86,621 | 56,088 |
| 461 · Metered Water Revenue | | | | | |
| 461.11 · Residential Base | 3,461,540 | 4,940,906 | 2,422,614 | 4,828,682 | 4,951,535 |
| 461.12 · Residential Consumption | 3,200,709 | 1,826,219 | 1,407,725 | 2,894,079 | 3,202,305 |
| 461.21 · Commercial Base | 93,858 | 90,140 | 59,306 | 103,606 | 106,194 |
| 461.22 · Commercial Consumption | 162,652 | 182,514 | 69,358 | 169,061 | 192,272 |
| 461.23 · Rec Center Contract Base | 592 | 645 | 323 | 645 | 658 |
| 461.24 · Rec Center Contract Consumption | 792 | 100 | 620 | 838 | 848 |
| 461.51 · Multifamily Base | 122,122 | 134,694 | 87,766 | 154,962 | 205,948 |
| 461.52 · Multifamily Consumption | 272,512 | 305,948 | 124,167 | 302,000 | 307,651 |
| Total 461 · Metered Water Revenue | 7,314,778 | 7,481,166 | 4,171,879 | 8,453,873 | 8,967,411 |
| 465 · Sales to Irrigation | | | | | |
| 465.2 · Irrigation Base | 18,305 | 19,888 | 12,999 | 22,880 | 23,452 |
| 465.3 · Irrigation Consumption | 98,476 | 97,218 | 47,583 | 112,222 | 114,462 |
| Total 465 · Sales to Irrigation | 116,781 | 117,106 | 60,583 | 135,102 | 137,914 |
| 471 · Miscellaneous Svc Revenue | | | | | |
| 471 · Misc Service Revenue | 147,719 | 45,000 | 72,403 | 90,000 | 110,000 |
| Total 471 · Miscellaneous Service Revenue | 147,719 | 45,000 | 72,403 | 90,000 | 110,000 |
| 474 · Other Water Revenue | | | | | |
| 469 · Service credits | (79,026) | (60,000) | (55,739) | (60,000) | (100,000) |
| Total Budgeted Income with Adopted Rate Adjustment | 8,247,008 | 7,791,276 | 4,423,117 | 8,884,448 | 9,338,782 |
| Expense | | | | | |
| 403 · Debt Service | 926,079 | 1,028,618 | 514,309 | 1,028,618 | 1,117,223 |
| 427 · Interest Expense | | | | | |
| 427.32 · Interest on Bonds | 749,600 | 727,909 | 365,698 | 727,909 | 703,426 |
| 427 · Interest Expense - Loans | 14,298 | 12,419 | - | 12,419 | 22,941 |
| Total 427 · Interest Expense | 763,898 | 740,328 | 365,698 | 740,328 | 726,367 |
| Transfer to Debt Service Fund | | | | | |
| 408 · Taxes other than Income | | | | | |
| 408.12 · Payroll Taxes | 174,248 | 272,191 | 90,531 | 272,191 | 323,682 |
| 408.13 · Other Tax & License | 52,361 | 54,000 | 30,633 | 54,000 | 56,700 |
| 408.2 · State Public Utility Tax | 435,256 | 446,505 | 278,719 | 446,505 | 459,324 |
| Total 408 · Taxes | 661,864 | 772,696 | 399,884 | 772,696 | 839,705 |
| 601 · Salaries/Wages Employees | 2,114,266 | 2,289,242 | 1,073,032 | 2,289,242 | 2,722,302 |
| 604 · Emp Pension & Benefits | 694,459 | 865,129 | 295,589 | 865,129 | 952,628 |

Thurston PUD

Water Fund Budget

| | Actual | Budget | YTD | Projection | Adopted |
|--|------------------|------------------|------------------|------------------|------------------|
| | 2022 | 2023 | Jun-23 | 2023 | 2024 |
| 610 · Purchased Water | 10,123 | 18,000 | 5,371 | 18,000 | 18,000 |
| 615 · Purchased Power | 373,717 | 375,917 | 194,032 | 375,917 | 413,509 |
| 618 · Chemicals | 93,365 | 85,000 | 43,187 | 85,000 | 106,250 |
| 620 · Materials & Supplies | 245,390 | 248,850 | 176,262 | 248,850 | 350,000 |
| 625 · Energy Efficiency Enhancements | - | 5,000 | - | 5,000 | 5,000 |
| 632 · Contr. Svcs. - Accounting | 1,805 | 8,240 | 1,805 | 8,240 | 5,000 |
| 631 · Contr. Svcs. - Engineer | 6,070 | 27,000 | 2,782 | 27,000 | 27,000 |
| 633 · Contr. Svcs. - Legal | 39,678 | 48,000 | 15,300 | 48,000 | 48,000 |
| 635 · Contr. Svcs. - Other | 11,472 | 32,000 | 3,225 | 32,000 | 15,000 |
| 636 · Regulatory Water Quality Testing | 123,074 | 118,000 | 45,264 | 118,000 | 128,000 |
| 637 · Contr. Svcs. - Janitorial | 14,528 | 31,050 | 7,482 | 31,050 | 24,000 |
| 638 · Contr. Svcs. - State Auditor | 10,826 | 12,000 | 1,974 | 45,000 | 25,000 |
| 643 · Building Operations | 67,751 | 125,330 | 31,293 | 125,330 | 162,396 |
| 650 · Transportation Expense | 194,319 | 158,900 | 176,725 | 285,318 | 361,196 |
| 657 · Insurance - General Liability | 137,185 | 114,359 | 164,299 | 164,299 | 230,019 |
| 660 · LegalAdv/Public Info Expense | 6,403 | 8,000 | 2,522 | 8,000 | 9,000 |
| 670 · Bad Debt Expense | - | 10,000 | - | 10,000 | 10,000 |
| 675 · Miscellaneous Expenses | 490,554 | 517,301 | 264,890 | 531,180 | 625,740 |
| 680.2 · Transfer to Fleet & Equipment Replacement Fund | 131,258 | 131,258 | 98,650 | 131,258 | 318,429 |
| 680.3 · Transfer to Facilities Replacement Fund | 30,000 | 30,000 | - | 30,000 | 86,651 |
| Total Expense | 6,985,317 | 7,720,390 | 3,883,912 | 7,779,329 | 9,331,415 |
| To(From) Reserves | 1,261,690 | 70,886 | 539,205 | 1,105,120 | 7,367 |
| To(From) Reserves | (9,221) | 70,886 | 539,205 | 1,105,120 | 7,367 |
| Estimated Ending Fund Balance | 1,372,826 | 2,125,073 | | 3,159,307 | 3,166,674 |
| Minimum Reserve Per Financial Policy (60 days) | 1,148,271 | 1,269,105 | | 1,278,794 | 1,533,931 |
| Proposed Minimum Reserve Discussed (90 days) | 1,722,407 | 1,903,658 | | 1,918,191 | 2,300,897 |

2024 Adopted Rate Schedule

2024 Adopted Rate Schedule

- One (1) standard rate schedule for all PUD customers.

The 2024 Adopted Rate Schedule includes:

- An overall water rate revenue increase of 2.50% on the base rate and consumption charges
- The Capital Surcharge increase from \$11.00 to \$13.50 per Equivalent Residential Unit (ERU), billed to each customer every month.
- The General Facility Charge increase from \$5,000 to \$6,000. This charge is billed to new customers only.

2024 Adopted Bill Impact Scenario:

- All PUD Customers

On the subsequent pages are comparisons of the 2023 Rates and 2024 Adopted Rates. The 'cf' reference refers to cubic feet. **Note:** 1 cf = 7.48 gallons



2024 RATES, FEES AND CHARGES

Effective January 1, 2024

| Residential Base Rates | Base Rate (per month) | | | | Consumption Charges (per hundred cubic feet) | | | | | | |
|--|----------------------------|---------|---------|---|---|-----------|--|--|---------|--|--|
| | Meter Size | ¾" | 1" | Flat Rate | 0 500 | 501 2,100 | 2,101 3,600 | 3,601 7,000 | 7,000+ | | |
| | Monthly Rate | \$46.35 | \$77.25 | \$82.00 | \$3.35 | \$5.20 | \$6.20 | \$7.30 | \$8.15 | | |
| Other Base Rates | Base Rate (per month) | | | | | | | Consumption Charges (per hundred cubic feet) | | | |
| | Meter Size | ¾" | 1" | 1 ½" | 2" | 3" | 4" | Nov Jun | Jul Oct | | |
| | Commercial and Multifamily | \$53.30 | \$88.85 | \$177.65 | \$284.25 | \$533.00 | \$888.35 | \$5.20 | \$7.30 | | |
| | Irrigation | \$53.30 | \$88.85 | \$177.65 | \$284.25 | \$533.00 | | \$7.30 | \$7.30 | | |
| Tanglewilde Parks & Recreation | \$55.10 | | | | | | | \$1.70 | \$2.45 | | |
| Service Charges | | | | Capital Improvement Surcharges (Monthly Per ERU*) | | | | | | | |
| New Account Service Charge | | | | \$35.00 | ¾" Meter | | \$13.50 | | | | |
| New Account Non Related Tenant | | | | \$5.00 each tenant | 1" Meter | | \$22.50 | | | | |
| Late Payment Fee | | | | \$5.00 | 1 ½" Meter | | \$45.00 | | | | |
| Return Check Charge | | | | \$30.00 | 2" Meter | | \$72.00 | | | | |
| General Facility Charge | | | | \$6,000.00 | 3" Meter | | \$135.00 | | | | |
| Non compliant Customer First | | | | \$50.00 | 4" Meter | | \$225.00 | | | | |
| Non compliant Customer Second | | | | \$110.00 | Webster Hill DWSRF | | \$14.94 | | | | |
| Local Taxes & Fees | | | | Glen Alder DWSRF | | \$85.78 | | | | | |
| Street Light Fee (Conifer, Cooperfield, Quail Run) | | | | \$3.15 per month | Country Club Estates DWSRF | | \$48.35 | | | | |
| Scattercreek Ranch Irrigation | | | | \$1.30 per cuft | Country Club Estates Loan | | \$25.49 | | | | |
| City of Gig Harbor B&O Tax – Quail Run Only | | | | 5% | Refundable Deposits | | | | | | |
| Service Fees | | | | Green Report | | \$0.00 | | | | | |
| Water Availability Letter Residential | | | | \$55.00 | Yellow Report | | \$75.00, or highest bill in the last 12 months, whichever is highest | | | | |
| Water Availability Letter Non Residential | | | | \$250.00 | Red Report | | \$150.00 or 2 times the highest bill in the last 12 months, whichever is highest | | | | |
| Water Availability Letter Accessory Dwelling Unit | | | | \$250.00 | Temporary Service Deposit | | \$1,500.00 | | | | |
| Lender Letter | | | | \$55.00 | Service Connection Charges | | | | | | |
| Hydrant Use Fee | | | | Apply 1 1/2 Metered Rate | Residential Service Line Performed by PUD Staff | | \$1,550.00 | | | | |
| Meter Test | | | | \$100.00 | Residential Service Line Performed by Contract | | Costs at 20% markup and time to install | | | | |
| Cross Connection Survey | | | | \$45.00 | Commercial Service Line | | Materials at 20% markup and time to install | | | | |
| Back Flow Test | | | | Time and materials | ¾" Meter Install | | \$300.00 | | | | |
| Reconnection Fees | | | | 1" Meter Install | | \$400.00 | | | | | |
| Business Hours | | | | \$50.00 | 1 ½" Meter Install | | \$650.00 | | | | |
| After Hours | | | | \$135.00 | 2" Meter Install | | \$900.00 | | | | |
| Holiday/Weekend | | | | \$210.00 | Fire Meter Install | | \$1,562.00 | | | | |
| Meter Tampering Charge | | | | \$200.00 | | | | | | | |

*Equivalent Residential Unit (ERU)

Comparison of Water Rates: PUD Standard Rates
2023 Current to 2024 Adopted
Public Utility District No. 1 of Thurston County

| | 2023 | 2024 |
|---|-------------|-------------|
| Residential | | |
| <u>Base Rates</u> | | |
| Residential 3/4" Meter | \$ 45.20 | \$ 46.35 |
| Residential 1" Meter | \$ 75.35 | \$ 77.25 |
| Flat Rate | \$ 80.00 | \$ 82.00 |
| <u>Consumption Charges, per 100 cf</u> | | |
| 0 - 500 cf | \$ 3.25 | \$ 3.35 |
| 500 - 2,100 cf | \$ 5.05 | \$ 5.20 |
| 2,101 - 3,600 cf | \$ 6.05 | \$ 6.20 |
| 3,601 - 7,000 cf | \$ 7.10 | \$ 7.30 |
| 7,000+ cf | \$ 7.95 | \$ 8.15 |
| Non-Residential | | |
| <u>Base Rates</u> | | |
| 3/4" Meter | \$ 51.98 | \$ 53.30 |
| 1" Meter | \$ 86.65 | \$ 88.85 |
| 1 1/2" Meter | \$ 173.35 | \$ 177.65 |
| 2" Meter | \$ 277.35 | \$ 284.25 |
| 3" Meter | \$ 520.00 | \$ 533.00 |
| 4" Meter | \$ 537.35 | \$ 888.35 |
| <u>Consumption Charges, per 100 cf</u> | | |
| Nov - June | \$ 5.05 | \$ 5.20 |
| July - October | \$ 7.10 | \$ 7.30 |
| Irrigation | \$ 7.10 | \$ 7.30 |
| Tanglewilde Park | | |
| 1 1/2" Meter | \$ 53.75 | \$ 55.10 |
| <u>Consumption Charges, per 100 cf</u> | | |
| Nov - June | \$ 1.65 | \$ 1.70 |
| July - October | \$ 2.40 | \$ 2.45 |
| Scattercreek Ranch Irrigation | | |
| | \$ 1.25 | \$ 1.30 |
| Special Surcharge, monthly | | |
| WH DWSRF | \$ 14.94 | \$ 14.94 |
| Glen Alder DWSRF | \$ 85.78 | \$ 85.78 |
| Country Club Estates Loan | \$ 25.49 | \$ 25.49 |
| Country Club Estates DWSRF | \$ 48.35 | \$ 48.35 |
| Capital Surcharges, monthly | | |
| 3/4" Meter | \$ 11.00 | \$ 13.50 |
| 1" Meter | \$ 18.35 | \$ 22.50 |
| 1 1/2" Meter | \$ 36.65 | \$ 45.00 |
| 2" Meter | \$ 58.65 | \$ 72.00 |
| 3" Meter | \$ 110.00 | \$ 135.00 |
| 4" Meter | \$ 183.35 | \$ 225.00 |

Figure 3: Comparison of 2023 and 2024 Adopted PUD Rates

Thurston PUD 2024 Adopted Rates - Bill Impact Scenarios

PUD Customers

| Residential meter with 500 cubic feet of usage | 2023 | 2024 | Dollar Difference |
|--|-----------------|-----------------|--------------------------|
| Base Rate | \$45.20 | \$46.35 | \$1.15 |
| Capital Surcharge | \$11.00 | \$13.50 | \$2.50 |
| Consumption Charge, 500 cubic feet | \$16.25 | \$16.75 | \$0.50 |
| | \$72.45 | \$76.60 | \$4.15 |
| | | | |
| Residential meter with 750 cubic feet of usage | | | |
| Base Rate | \$45.20 | \$46.35 | \$1.15 |
| Capital Surcharge | \$11.00 | \$13.50 | \$2.50 |
| Consumption Charge, 750 cubic feet | \$28.88 | \$29.75 | \$0.88 |
| | \$85.08 | \$89.60 | \$4.52 |
| | | | |
| Residential meter with 1,000 cubic feet of usage | | | |
| Base Rate | \$45.20 | \$46.35 | \$1.15 |
| Capital Surcharge | \$11.00 | \$13.50 | \$2.50 |
| Consumption Charge, 1,000 cubic feet | \$41.50 | \$42.75 | \$1.25 |
| | \$97.70 | \$102.60 | \$4.90 |
| | | | |
| Residential meter with 1,500 cubic feet of usage | | | |
| Base Rate | \$45.20 | \$46.35 | \$1.15 |
| Capital Surcharge | \$11.00 | \$13.50 | \$2.50 |
| Consumption Charge, 1,500 cubic feet | \$66.75 | \$68.75 | \$2.00 |
| | \$122.95 | \$128.60 | \$5.65 |
| | | | |
| Residential meter with 2,000 cubic feet of usage | | | |
| Base Rate | \$45.20 | \$46.35 | \$1.15 |
| Capital Surcharge | \$11.00 | \$13.50 | \$2.50 |
| Consumption Charge, 2,000 cubic feet | \$92.00 | \$94.75 | \$2.75 |
| | \$148.20 | \$154.60 | \$6.40 |
| | | | |
| Residential meter with 2,500 cubic feet of usage | | | |
| Base Rate | \$45.20 | \$46.35 | \$1.15 |
| Capital Surcharge | \$11.00 | \$13.50 | \$2.50 |
| Consumption Charge, 2,500 cubic feet | \$121.25 | \$124.75 | \$3.50 |
| | \$177.45 | \$184.60 | \$7.15 |
| | | | |
| Residential meter with 3,000 cubic feet of usage | | | |
| Base Rate | \$45.20 | \$46.35 | \$1.15 |
| Capital Surcharge | \$11.00 | \$13.50 | \$2.50 |
| Consumption Charge, 3,000 cubic feet | \$151.50 | \$155.75 | \$4.25 |
| | \$207.70 | \$215.60 | \$7.90 |
| | | | |
| Residential meter with 3,500 cubic feet of usage | | | |
| Base Rate | \$45.20 | \$46.35 | \$1.15 |
| Capital Surcharge | \$11.00 | \$13.50 | \$2.50 |
| Consumption Charge, 3,500 cubic feet | \$181.75 | \$186.75 | \$5.00 |
| | \$237.95 | \$246.60 | \$8.65 |

This is **not** a bill. This document is provided as a tool for customers to use for budgetary purposes.

Thurston PUD 2024 Adopted Rates - Bill Impact Scenarios

PUD Customers

| | 2023 | 2024 | Dollar Difference |
|--|-----------------|-----------------|--------------------------|
| Residential meter with 4,000 cubic feet of usage | | | |
| Base Rate | \$45.20 | \$46.35 | \$1.15 |
| Capital Surcharge | \$11.00 | \$13.50 | \$2.50 |
| Consumption Charge, 4,000 cubic feet | \$216.20 | \$222.15 | \$5.95 |
| | \$272.40 | \$282.00 | \$9.60 |
| Residential meter with 5,000 cubic feet of usage | | | |
| Base Rate | \$45.20 | \$46.35 | \$1.15 |
| Capital Surcharge | \$11.00 | \$13.50 | \$2.50 |
| Consumption Charge, 5,000 cubic feet | \$287.20 | \$295.15 | \$7.95 |
| | \$343.40 | \$355.00 | \$11.60 |
| Residential meter with 6,000 cubic feet of usage | | | |
| Base Rate | \$45.20 | \$46.35 | \$1.15 |
| Capital Surcharge | \$11.00 | \$13.50 | \$2.50 |
| Consumption Charge, 6,000 cubic feet | \$358.20 | \$368.15 | \$9.95 |
| | \$414.40 | \$428.00 | \$13.60 |
| Residential meter with 7,000 cubic feet of usage | | | |
| Base Rate | \$45.20 | \$46.35 | \$1.15 |
| Capital Surcharge | \$11.00 | \$13.50 | \$2.50 |
| Consumption Charge, 7,000 cubic feet | \$429.20 | \$441.15 | \$11.95 |
| | \$485.40 | \$501.00 | \$15.60 |
| Residential meter with 8,000 cubic feet of usage | | | |
| Base Rate | \$45.20 | \$46.35 | \$1.15 |
| Capital Surcharge | \$11.00 | \$13.50 | \$2.50 |
| Consumption Charge, 8,000 cubic feet | \$508.70 | \$522.65 | \$13.95 |
| | \$564.90 | \$582.50 | \$17.60 |
| Residential meter with 9,000 cubic feet of usage | | | |
| Base Rate | \$45.20 | \$46.35 | \$1.15 |
| Capital Surcharge | \$11.00 | \$13.50 | \$2.50 |
| Consumption Charge, 9,000 cubic feet | \$588.20 | \$604.15 | \$15.95 |
| | \$644.40 | \$664.00 | \$19.60 |
| Residential meter with 10,000 cubic feet of usage | | | |
| Base Rate | \$45.20 | \$46.35 | \$1.15 |
| Capital Surcharge | \$11.00 | \$13.50 | \$2.50 |
| Consumption Charge, 10,000 cubic feet | \$667.70 | \$685.65 | \$17.95 |
| | \$723.90 | \$745.50 | \$21.60 |

This is **not** a bill. This document is provided as a tool for customers to use for budgetary purposes.

2024 Adopted Capital Budget

Adopted 2024 Capital Budget Summary

The 2024 Adopted Capital Budget includes ongoing projects the District is working toward completing as well as projects identified in the Asset Management Plan (AMP), a plan adopted and used as a guiding instrument for the District in 2014.

Implemented in 2015, the capital surcharge has been collected and placed in a reserve account to be used only for projects identified in the AMP. Any reserve will carry over to the following year's Capital Budget to be used as appropriated by the Board of Commissioners. Due to critical replacements identified in the AMP, the District obtained capital financing through the issuance of bonds to address these needs. The District uses capital surcharge monies to repay those loans.

The figure below details the capital improvement surcharges collected in the given year and the cost of all AMP projects completed in the same year.

| Surcharge Utilization | | |
|------------------------------|------------------------|--|
| January 2015 to June 2023 | | |
| Year | Amount | |
| 2015 | Collected Amount | 40,272 |
| 2016 | Collected Amount | 121,513 |
| | AMP Completed Projects | <u>(185,749)</u> |
| | | (23,964) Ending Surcharge balance as of 12/31/2016 |
| 2017 | Collected Amount | 235,492 |
| | AMP Completed Projects | <u>(215,587)</u> |
| | | (4,059) Ending Surcharge balance as of 12/31/2017 |
| 2018 | Collected Amount | 631,558 |
| | AMP Completed Projects | <u>(264,243)</u> |
| | | 363,256 Ending Surcharge balance as of 12/31/2018 |
| 2019 | Collected Amount | 618,561 |
| | AMP Completed Projects | <u>(570,825)</u> |
| | | 410,992 Ending Surcharge balance as of 12/31/2019 |
| 2020 | Collected Amount | 838,039 |
| | AMP Completed Projects | <u>(291,792)</u> |
| | | 957,239 Ending Surcharge balance as of 12/31/2020 |
| 2021 | Collected Amount | 1,091,472 |
| | AMP Completed Projects | <u>(248,101)</u> |
| | | 1,800,609 Ending Surcharge balance as of 12/31/2021 |
| 2022 | Collected Amount | 1,170,540 |
| | AMP Completed Projects | <u>(504,358)</u> |
| | | 2,466,791 Ending Surcharge balance as of 12/31/2022 |
| 2023 | Collected Amount | 831,974 |
| | AMP Completed Projects | <u>(634,460)</u> Estimate as of 06/30/2023 |
| | | 2,159,947 Ending Surcharge balance as of 06/30/2023 |

Figure 4: 2015 - 2023 Capital Improvement Surcharge Utilization

The figure below reflects the annual cost for AMP completed projects by the type of work performed.

| Asset Management Plan AMP) | | | | | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| Work Completed by Year to 06/30/2023 | | | | | |
| | 2020 | 2021 | 2022 | 2023 | Total |
| CI-41 Isolation Valves | - | 1,752 | - | - | \$ 1,752 |
| CI-44 Pumphouse | 2,627 | - | 9,423 | - | \$ 39,125 |
| CI-62 Treatment Replacement/Upgrades | 28,370 | 26,505 | 9,898 | 4,089 | \$ 216,412 |
| CI-65 Pressure Tanks | 27,821 | 17,869 | 23,881 | 2,385 | \$ 91,660 |
| CI-66 System Upgrades | 45,691 | 56,674 | 157,876 | 60,169 | \$ 369,709 |
| CI-68 Wells | - | - | 99,437 | - | \$ 99,437 |
| CI-71 Electrical Replacements | 6,590 | - | 18,061 | 37,925 | \$ 40,222 |
| CI-75 Service/Source Meters | 48,686 | 23,221 | 48,258 | 12,420 | \$ 261,045 |
| CI-76 Pump Replacements | 132,008 | 122,080 | 137,522 | 65,821 | \$ 495,715 |
| Totals | \$ 291,792 | \$ 248,101 | \$ 504,358 | \$ 182,808 | \$ 1,615,076 |

Figure 5: 2020 - 2023 AMP Completed Projects

In October 2022, the District’s Planning and Compliance team updated the AMP for all 279 water systems. The District’s AMP forecasts are the best estimates available for the replacement costs for major components of the water system. It is the District’s policy to run most assets to failure in order to get the most value out of every water system component.

The District’s Finance and Accounting team reviewed the updated AMP. The preliminary findings indicate the District’s future capital needs for the next 20 years are severely underfunded. **Over the next 5 years (2024 – 2028), there are major components of our water systems requiring replacement at an estimated value of \$28.4 million.**

After review of the current financial plan, District staff recommended, and the Board of Commissioners approved the 2024 Capital Surcharge increase from \$11.00 to \$13.50 per Equivalent Residential Unit (ERU).

District staff recommended, and the Board of Commissioners approved the 2024 General Facility Charge increase from \$5,000 to \$6,000. This charge is billed to new customers only.

District staff will continue to annually review the financial plan to determine the capital surcharge needed in the future.

**Thurston PUD
2024 Adopted Capital Budget**

| | |
|--|------------------------------------|
| | 2024 Adopted Budget |
| Capital Fund Estimated Beginning Fund Balance | 4,072,740 |

Capital Improvements

| Project Code | Water System | Project Description | |
|--|--------------|---|-------------------|
| CI-41 | multiple | Isolation Valve Maintenance | 100,000 |
| CI-44 | multiple | Rebuild 3 Pumphouses - (PWTF) | 197,000 |
| CI-50 | 600 | Tanglewilde Mainline Replacement | 10,000,000 |
| CI-62 | multiple | Existing Treatment Replacements | 267,000 |
| CI-63 | 369 | Loma Vista New Treatment | 200,000 |
| CI-65 | multiple | Replace Plumbing/Pressure Tanks | 137,000 |
| CI-66 | multiple | Existing System Replacements | 150,000 |
| CI-68 | multiple | Replace/Rehabilitate Wells | 100,000 |
| CI-71 | multiple | Electrical Controls Upgrades | 115,000 |
| CI-75 | multiple | Source and Service Meter Replacement | 125,000 |
| CI-76 | multiple | Well and Booster Pump Replacement | 250,000 |
| CI-89 | 215 | Deschutes Glen Reservoir Replacement | 35,000 |
| CI-96 | multiple | Sampling Stations | 10,000 |
| CI-98 | multiple | New Meter Installation | 75,000 |
| CI-100 | multiple | Combine 4 Grp A Water Systems in Thurston County (DWSRF) | 100,000 |
| CI-102 | 239 | Prairie Ridge Consolidation | 1,500,000 |
| CI-105 | multiple | Water Systems Emergency Preparedness | 10,000 |
| CI-106 | 500 | Pattison Infrastructure Replacement and Upgrades | 2,000,000 |
| CI-109 | multiple | PFAS/PFOA Treatment | 10,000,000 |
| CI-110 | 690 | Meadows Generator and Two Portable Generators | 225,000 |
| CI-111 | 680 | Green Cove Culvert Replacement | 1,100,000 |
| CI-112 | N/A | District Chlorine Plant | 100,000 |
| CI-113 | 500 | Pattison Reservoir Expansion | 1,100,000 |
| CI-114 | multiple | Water Systems Chlorine Analyzers & Telemetry | 48,000 |
| | | <i>20% Contingency on Asset Management Plan Estimates</i> | 255,800 |
| Subtotal - Capital Improvements | | | 28,199,800 |

Water System Management

| | | | |
|--|-----|---|-------------------|
| WM-1 | N/A | Acquisitions and Disposal of Water Systems | 50,000 |
| WM-4 | N/A | Water System Plan - Part B | 25,000 |
| WM-33 | N/A | Easements | 30,000 |
| WM-38 | N/A | Geographic Information System (GIS) Program | 15,000 |
| Subtotal - Water System Management | | | 120,000 |
| Total - Capital Improvement Program | | | 28,319,800 |

Funding

| | | |
|---|---|---------------------|
| | Transfer from Capital Surcharges | 1,559,800 |
| | Water Revenue Bond Proceeds | 563,481 |
| | General Facility Charge (GFC) Collections | 60,000 |
| | PWTF Loan - Rebuild 3 Pumphouses | 197,000 |
| | DWSRF Loan/Grant - 4 Group A's Thurston County | 100,000 |
| | FEMA Grant - Water System Generators | 199,519 |
| | DWSRF Loan/Grant - Pattison Consolidation and Replacement | 2,000,000 |
| | Developer Deposit - Pattison Reservoir Expansion | 1,100,000 |
| | DWSRF Loan, Grant, Bond or Additional Funding Needed | 22,600,000 |
| Total - Funding | | 28,379,800 |
| Capital Fund Estimated Ending Fund Balance | | \$ 4,132,740 |

2024 Adopted Capital Budget – Project Code Explanations

CI-41 Isolation Valve Maintenance: Project to ensure all isolation valves are in working order so that when needed the main can be shut down in sections to do repairs. This reduces the number of customers affected by any planned or emergency repair on the mainline or service connections. Project identified in the Asset Management Plan, funded by capital surcharges.

CI-44 Rebuild Pump Houses: Project to rebuild pump houses that are at the end of their useful lives. Asset Management Plan. Public Works Trust Fund Loan was obtained; this line item includes five pump house projects (Brown South Prairie, Garden Acres 1 and Marshall for three years (2021 – 2023)).

CI-50: Tanglewilde Mainline Replacement: This project includes replacement of water mains, valves, hydrants, and lateral lines. This project will be a multi year project completed in seven (7) phases. District staff is pursuing external funding sources.

CI-62 Existing Treatment Replacements: Annual program to replace critical equipment needed for treatment on existing water systems. Project identified in the Asset Management Plan, funded by capital surcharges.

CI-63 Loma Vista New Treatment: This project includes the installation of treatment to remove iron and manganese. This is new infrastructure, funded by bond proceeds.

CI-65 Replace Plumbing/Pressure Tanks: Annual program to replace pressure tanks and plumbing in the pump houses. Project identified in the Asset Management Plan, funded by capital surcharges.

CI-66 Existing System Replacements: Annual program to replace water systems to enhance the life of the asset or solve issues identified by DOH as they arise. We can't always project where the failures will be. We analyze historical costs to determine the average cost and use this for miscellaneous projects. Project identified in the Asset Management Plan, funded by capital surcharges.

CI-68 Replace/Rehabilitate Wells: Annual program to replace or rehabilitate existing wells which could include total replacement, drilling deeper, scrubbing and cleaning well for better water production. Project identified in the Asset Management Plan, funded by capital surcharges.

CI-71 Electrical Controls Upgrades: Annual program to resolve issues with pumping controls and electrical wiring in pump houses. Project identified in the Asset Management Plan, funded by capital surcharges.

CI-75 Source and Service Meter Replacement: Annual program to replace service and source meters as needed. Project identified in the Asset Management Plan, funded by capital surcharges.

2024 Adopted Capital Budget – Project Code Explanations, continued

CI-76 Well and Booster Pump Replacement: Annual program to replace well and booster pumps. Project identified in the Asset Management Plan, funded by capital surcharges.

CI-89 Deschutes Glen Reservoir Replacement: This project includes replacing reservoir and pumphouse. Project identified in the Asset Management Plan, funded by capital surcharges.

CI-96 Sampling Stations: Project to install sampling stations on water systems to make it more efficient and accurate to take required water samples.

CI-98 New Meter Installation: Project to install meters at customer services where there was not previously a meter and where the customer has been paying the higher unmetered rate.

CI-100 Combine 4 Group A water systems in Thurston County (DWSRF): This project includes the combining of four Group A water systems to include a new reservoir, booster pumps and mainline. Drinking Water State Revolving Fund Loan (DWSRF) and Grant funding was obtained to complete this project. This project will require additional funding.

CI-102 Prairie Ridge Consolidation: This project includes the combining of three Group A water systems. District staff is pursuing external funding sources.

CI-105 Water System Emergency Preparedness: This project includes the installation of water trees and an earthquake early warning system. This is new infrastructure, funded by bond proceeds.

CI-106 Pattison Infrastructure Replacement and Upgrades (DWSRF): This project includes installing a new well, booster pump stations, and reservoir. Drinking Water State Revolving Fund Loan (DWSRF) and Grant funding was obtained to complete this project.

CI-109 PFOA/PFAS Treatment: This project includes the installation of treatment to remove Per and polyfluoroalkyl substances (PFAS) at nine (9) water systems. These projects will require new infrastructure; District staff is pursuing external funding sources.

CI-110 Meadows Generator and Two Portable Generators: Project to acquire two (2) portable generators and install one (1) permanent generator at the Meadows Water System to reduce the delay in restoring power to operate water systems during an emergency. Federal Emergency Management Agency (FEMA) Hazard Mitigation grant was obtained to fund this project.

CI-111 Green Cove Culvert Replacement: Thurston County Public Works has determined the culvert carrying Green Cove Creek under Country Club Road NW is collapsing. This project will require a temporary water main is installed during construction to maintain service as well as installation of a new, permanent water main after construction is complete. District staff is pursuing external funding sources.

2024 Adopted Capital Budget – Project Code Explanations, continued

CI-112 District Chlorine Plant: This project includes the installation of a chlorine plant at the Pattison Christmas Tree well site. This is new infrastructure, funded by bond proceeds.

CI-113 Pattison Reservoir Expansion: This project is to expand the reservoir at Pattison Water System to provide water service for additional connections. This is new infrastructure, funded by bond proceeds and a community developer.

CI-114 Water Systems Chlorine Analyzers & Telemetry: This project includes the implementation of chlorine analyzers & telemetry system at water systems to allow District Management to monitor the chlorine residuals remotely. Adjustments to the chlorine levels will be performed in person by the District's Field Operations Team. This is new infrastructure, funded by bond proceeds.

Contingency: This line item is reserved for contingency on all Asset Management Plan project estimates.

WM-1 Acquisition and Disposal of New Water Systems: Line item reserved to provide funding to evaluate water systems for acquisition. Project funded by bond proceeds.

WM-4 Water System Plan – Part B: Line item to track the cost of updates to the water system plans or small water system management plans for individual water systems. Project funded by capital surcharges.

WM-33 Easements: Line item for expenditures associated with the negotiation and recording of new easements for the District's water system infrastructure. Project funded by bond proceeds.

WM-38 Geographic Information System (GIS) Program: This line item is for the purchase of equipment needed for the District's GIS Program. Project funded by bond proceeds.

2024 Adopted Capital Budget Funding Sources

After projects are identified, it is the District's guiding principle for funding to first determine if the project should be funded with District reserves including capital surcharges, general facility charges, and water rate revenue. Next, District staff will research available funding through state agencies. As a last resort, the District will use available bond proceeds to fund projects.

Transfer from Water Fund Revenue Reserve: Amounts held in reserve from water revenues. In 2023, there may be a contribution transfer from the Water Revenue Reserve Fund.

Transfer from Capital Surcharge Funding: Amounts held in reserve from previous surcharge collection.

2020 Water Revenue Bond Proceeds: Amounts obtained from financing in January 2020 to use for acquisitions and capital funding.

General Facilities Charge (GFC) Fund: Current (2023) fee is \$5,000, paid by customers for new services. District Staff will recommend an increase to \$6,000 in 2024.

PWTF Loans: District was awarded and has accepted three (3) loans from the Public Works Trust Fund to drill new wells, rebuild pump houses and decommission old unused wells.

DWSRF Loans/Grant: The District was awarded and accepted loans with loan forgiveness from the Drinking Water State Revolving Fund for water system improvements.

FEMA Hazard Mitigation Grant: The District was awarded and has accepted a grant from the Federal Emergency Management Agency to install a generator at the Meadows, Group A water system and purchase two trailer mounted generators in preparation for water outage emergencies.

Proposed Additional Loan/Grant Funding Needed: The District will pursue outside sources of funding to complete this portion of the capital budget.

2024 Adopted Fleet & Equipment Budget

Adopted 2024 Fleet & Equipment Budget Summary

For the first time, District staff presented the Adopted 2024 Fleet & Equipment Budget to the Board of Commissioners. This new adopted budget utilizes an Asset Management Plan (AMP) for fleet (vehicles) and equipment the District owns and must plan to replace when it is no longer operational. District staff estimate fleet replacement at seven (7) years for many of the District's vehicles. Equipment useful life is based on the manufacturer, retail company, industry standards or professional recommendations. Condition assessments are also used to proactively determine an approximate replacement timeframe.

The Fleet & Equipment Budget will be included in the annual budget process to improve transparency to the Board of Commissioners and customers. District staff will continue to annually review the financial plan and AMP to determine the funding level required for fleet and equipment replacement needs in the future.

See pages 27-28 for the 2024 Adopted Fleet & Equipment Budget.

**Thurston PUD
2024 Adopted Fleet & Equipment Budget**

| | | 2024 Adopted Budget |
|---|--|------------------------------------|
| Fleet & Equipment Estimated Beginning Fund Balance | | \$ 36,464 |
| Project Code | Project Description | |
| VM-01 | Fleet - <i>Replacement of Two (2) Vehicles</i> | \$ 141,551 |
| EQ-01 | Equipment - <i>No known replacements in 2024</i> | \$ - |
| | 20% Contingency on Asset Management Plan Estimates | \$ 28,310 |
| Total | | \$ 169,861 |
| Funding Sources | | |
| | Transfer from Water Revenue Reserve Fund | \$ 318,429 |
| | 2023 Potential Contribution - Transfer from Water Revenue Reserve Fund | \$ 103,800 |
| | 2023 Potential Surplus Proceeds | \$ 10,000 |
| Total | | \$ 432,229 |
| Fleet & Equipment Estimated Ending Fund Balance | | \$ 298,832 |

2024 Adopted Fleet & Equipment Budget - Project Code Explanations

VM-01 Fleet: This line item represents replacement of field vehicles based on District staff assessments, dealership recommendations or vehicles anticipated based on the Vehicle Asset Management Plan. In 2024, the District expects two (2) vehicles to be replaced. Fleet replacements are funded by the Fleet & Equipment Reserve Fund, transfer from the Water Revenue Reserve Fund and 2020 Water Revenue Bond Proceeds.

EQ-01 Equipment: This line item represents replacement of equipment based on District staff assessments or as identified in the Equipment Asset Management Plan. In 2024, the District does not expect any equipment replacements. Equipment replacements are funded by the Fleet & Equipment Reserve Fund, transfer from the Water Revenue Reserve Fund and 2020 Water Revenue Bond Proceeds.

Contingency:

2024 Adopted Fleet & Equipment Budget - Funding Sources

After vehicle and equipment replacements are identified, it is the District's guiding principle to first determine if it should be funded by the Fleet & Equipment Reserve Fund. As a last resort, the District will use available bond proceeds to fund replacements. Note, District Staff may research available funding through state agencies for applicable projects relating to state legislature initiatives.

Transfer from Water Revenue Reserve Fund: This is an annual contribution from the Water Revenue Reserve Fund. In 2023, second contribution transfer from the Water Revenue Reserve Fund.

2023 Potential Surplus Proceeds: The District may transfer ownership of vehicles and equipment to the Washington State Department of Enterprise Services, other state agencies or community organizations for resale. Any resale surplus processed the District receives is transferred to the Fleet & Equipment Reserve Fund.

2020 Water Revenue Bond Proceeds: Amounts obtained from financing in January 2020 to use for acquisitions and capital funding.

2024 Adopted Facilities Budget

Adopted 2024 Facilities Budget Summary

For the first time, District staff presented the Adopted 2024 Facilities Budget to the Board of Commissioners. This new adopted budget utilizes an Asset Management Plan (AMP) for the three (3) buildings owned by the District; an Administrative Building, Field Operations Building and Rental Office. The Facilities AMP specify all building components including structural and operational that the must plan to repair or replace when it is no longer operational. District staff use condition assessments to proactively determine an approximate replacement timeframe for the various building components.

The Adopted 2024 Facilities Budget includes Emergency Preparedness for facilities to ensure District Staff can provide continuity of service to customers during and following an emergency event.

The Facilities Budget will be included in the annual budget process to improve transparency to the Board of Commissioners and customers. District staff will continue to annually review the financial plan and AMP to determine the funding level required for facilities repair and replacement needs in the future.

See pages 30 - 31 for the 2024 Adopted Facilities Budget.

**Thurston PUD
2024 Adopted Facilities Budget**

| | | |
|--|--|------------------------------------|
| | | 2024 Adopted Budget |
| Facilities Estimated Beginning Fund Balance | | \$ 60,728 |
| Project Code | Project Description | |
| WM-29 | Building Maintenance and Improvements | |
| | Administrative Building - 1230 Ruddell Rd | \$ 30,000 |
| | Field Operations Building - 6800 Meridian Rd | \$ 144,401 |
| | Rental Office Building - 1240 Ruddell Rd | \$ 10,000 |
| WM-39 | Emergency Preparedness - Facilities | \$ 40,000 |
| | 20% Contingency on Asset Management Plan Estimates | \$ 34,880 |
| Total | | \$ 259,281 |
| Funding Sources | | |
| | Transfer from Water Revenue Reserve Fund | \$ 86,651 |
| | 2020 Water Revenue Bond Proceeds | \$ 50,000 |
| | 2023 Potential Contribution - Transfer from Water Revenue Reserve Fund | \$ 103,800 |
| Total | | 240,451 |
| Facilities Estimated Ending Fund Balance | | \$ 41,898 |

2024 Adopted Facilities Budget - Project Code Explanations

WM-29 Building Maintenance and Improvements:

This line item represents replacement and repairs projects that are known based on District Staff assessments or projects anticipated based on the Facilities Asset Management Plan. The District own three (3) office buildings, each building has an AMP that indicates building components, build dates, depreciation date and estimated replacement costs.

Administrative Building – 1230 Ruddell Rd: Projects include electrical work and general maintenance. Projects are funded by the Facilities Reserve Fund.

Field Operations Building – 6800 Meridian Rd: Projects include new storage installation, roof, electrical, HVAC, Septic System and other fixture replacements. Projects are funded by the Facilities Reserve Fund and 2020 Water Revenue Bond Proceeds.

Rental Office Building – 1240 Ruddell Rd: Projects are for general maintenance and will be funded by the Facilities Reserve Fund.

WM-39 Emergency Preparedness – Facilities: This line item is for items needed to prepare the District’s Administrative Building located at 1230 Ruddell Rd for emergencies. Projects are funded by bond proceeds.

Contingency: This line item is reserved for contingency

2024 Adopted Facilities Budget - Funding Sources

After facilities and emergency preparedness projects are identified, it is the District’s guiding principle to first determine if it should be funded by the Facilities Reserve Fund. As a last resort, the District will use available bond proceeds to fund projects. Note, District Staff may research available funding through state agencies for applicable projects relating to state legislature initiatives.

Transfer from Water Revenue Reserve Fund: This is an annual contribution from the Water Revenue Reserve Fund. In 2023, District Staff will present the Board of Commissioners with a proposal for adoption of a second contribution transfer from the Water Revenue Reserve Fund.

2020 Water Revenue Bond Proceeds: Amounts obtained from financing in January 2020 to use for acquisitions and capital funding.

2024 Adopted Debt Service Budget

Adopted 2024 Debt Service Budget Summary

For the first time, District staff presented the Adopted 2024 Debt Service Budget to the Board of Commissioners. This new adopted budget provides detailed information on the long term debt schedule for bonds and loans issued to the District for water system acquisitions, building purchases and water system capital improvement projects.

This budget includes 20% Contingency for the anticipated increase in payments for the additional draws the District will make in 2023 that will be included in the debt service repayment calculation for 2024.

The Debt Service Budget will be included in the annual budget process to improve transparency to the Board of Commissioners and customers. District staff will continue to annually review and update the long term debt schedule to determine the funding level required for the repayment of bonds and loans.

See pages 33-36 for the 2024 Adopted Debt Service Budget.

**Thurston PUD
2024 Adopted Debt Service Budget**

| | 2024 Adopted Budget |
|---|------------------------------------|
| Debt Service Estimated Beginning Fund Balance | \$ 1,278,860 |
| Long Term Debt Description | |
| Bonds | \$ 1,501,456 |
| Public Works Trust Fund (PWTF) Loans | \$ 78,886 |
| Drinking Water State Revolving Fund (DWSRF) Loans | \$ 254,271 |
| 20% Contingency on 2023 Loan Draws Estimates | \$ 8,977 |
| Total | \$ 1,843,590 |
| Funding Sources | |
| Transfer from Water Revenue Reserve Fund | \$ 1,650,000 |
| Transfer from Loan Capital Surcharges (Webster Hill, CCE and Glen Alder) | \$ 54,670 |
| Transfer from Asset Management Plan (AMP) Capital Surcharges ¹ | \$ 139,440 |
| Total | \$ 1,844,110 |
| Debt Service Estimated Ending Fund Balance | \$ 1,279,380 |
| Bond Covenant Reserve Requirement | \$ 1,241,969 |
| Debt Service Estimated Ending Fund Balance after Bond Requirement | \$ 37,411 |

¹ This transfer is for projects completed from 2016 to 2021 that were funded with Water Revenue Bond Proceeds. For additional information, see page 4.

2024 Adopted Debt Service Budget - Project Code Explanations

Long Term Debt: Includes bonds and loans awarded to the District to finance capital improvement projects. The tables below depict the long term debt service repayments.

Bonds: The District has four (4) Water Revenue Bonds.

| Year(s) | Principal | Interest | Total |
|---------------|----------------------|---------------------|----------------------|
| 2024 | \$ 798,030 | \$ 703,426 | \$ 1,501,456 |
| 2025 | \$ 830,171 | \$ 679,485 | \$ 1,509,656 |
| 2026 | \$ 847,526 | \$ 654,580 | \$ 1,502,106 |
| 2027 | \$ 960,102 | \$ 629,154 | \$ 1,589,256 |
| 2028 | \$ 987,905 | \$ 600,351 | \$ 1,588,256 |
| 2029-2033 | \$ 6,115,016 | \$ 2,473,266 | \$ 8,588,282 |
| 2034-2038 | \$ 6,648,355 | \$ 1,474,539 | \$ 8,122,894 |
| 2039-2042 | \$ 3,485,843 | \$ 360,375 | \$ 3,846,218 |
| Totals | \$ 20,672,948 | \$ 7,575,177 | \$ 28,248,125 |

Public Works Trust Fund (PWTF) Loans: The District has three (3) closed PWTF loans and one (1) open loan.

The table below only reflects repayments on actual draws on closed loans; it does not include repayment of future draws on the open loan. The open loan is for a project to rebuild 3 water system pumphouses. The District is in the process of completing this project by December 2023. Below are details for the open loan which will be added to the table below in 2024 and future years:

Loan Amount: \$224,805

Loan Term: 20 years

Interest Rate: 1.66%

| Year(s) | Principal | Interest | Total |
|---------------|-------------------|------------------|-------------------|
| 2024 | \$ 72,694 | \$ 6,192 | \$ 78,886 |
| 2025 | \$ 20,063 | \$ 5,596 | \$ 25,658 |
| 2026 | \$ 20,063 | \$ 5,263 | \$ 25,325 |
| 2027 | \$ 20,063 | \$ 4,929 | \$ 24,992 |
| 2028 | \$ 20,063 | \$ 4,596 | \$ 24,659 |
| 2029-2033 | \$ 100,315 | \$ 17,986 | \$ 118,301 |
| 2034-2038 | \$ 100,315 | \$ 9,660 | \$ 109,975 |
| 2039-2043 | \$ 56,201 | \$ 2,799 | \$ 59,000 |
| Totals | \$ 409,777 | \$ 57,021 | \$ 466,798 |

2024 Adopted Debt Service Budget - Project Code Explanations, Continued

Drinking Water State Revolving Fund (DWSRF) Loans: The District has 14 DWSRF loans; four (4) loans are open for the District to request draws.

The table below only reflects repayments on actual draws on closed loans; it does not include repayment of future draws on the open loans. The District is in the process of completing 3 of the projects by December 2023, with the remaining project being completed in 2024. Below are details for the open loans which will be added to the table below in 2024 and _____ years:

Project: Hawley Hills Water System Consolidation

Loan Amount: \$819,758

Loan Term: 20 years

Interest Rate: 1.75%

Project: Pattison Water System Consolidation and Replacement

Loan Amount: \$3,141,500 with 50% loan forgiveness

Loan Term: 20 years

Interest Rate: 1.25%

Project: Country Club Estates (CCE) Consolidation and Mainline Replacement

Loan Amount: \$756,400 with 50% loan forgiveness

Loan Term: 20 years

Interest Rate: 1.25%

Note: Customers on the CCE water system are assessed a special monthly capital surcharge for this loan.

Project: Glen Alder Consolidation and Mainline Replacement

Loan Amount: \$517,480 with 50% loan forgiveness

Loan Term: 20 years

Interest Rate: 1.25%

Note: Customers on the Glen Alder water system are assessed a special monthly capital surcharge for this loan.

| Year(s) | Principal | Interest | Total |
|---------------|---------------------|------------------|---------------------|
| 2024 | \$ 238,535 | \$ 15,736 | \$ 254,271 |
| 2025 | \$ 218,011 | \$ 11,215 | \$ 229,226 |
| 2026 | \$ 210,745 | \$ 9,896 | \$ 220,641 |
| 2027 | \$ 210,745 | \$ 8,648 | \$ 219,392 |
| 2028 | \$ 210,745 | \$ 7,399 | \$ 218,144 |
| 2029-2033 | \$ 377,532 | \$ 23,129 | \$ 400,661 |
| 2034-2038 | \$ 140,950 | \$ 11,556 | \$ 152,506 |
| 2039-2043 | \$ 69,233 | \$ 4,244 | \$ 73,476 |
| 2044-2045 | \$ 11,487 | \$ 254 | \$ 11,741 |
| Totals | \$ 1,687,981 | \$ 92,075 | \$ 1,780,057 |

2024 Adopted Debt Service Budget - Project Code Explanations, Continued

Contingency: This line item is reserved for additional loan draws that will increase the debt service payments.

2024 Adopted Debt Service Budget - Funding Sources

The District maintains the required bond debt service covenant of \$1,241,969. It is the District's guiding principle is to fund long term debt service repayments with the Debt Service Reserve Fund with transfers from the Water Revenue Reserve Fund. Additionally, the District may access monthly capital surcharges for water system specific improvements for the duration of the loan.

Transfer from Water Revenue Reserve Fund: This is an annual contribution from the Water Revenue Reserve Fund.

Transfer from Loan Capital Surcharges: There are four (4) loan capital surcharges for water system improvement projects. On an annual basis, loan capital surcharges are transferred to the Debt Service Reserve Fund based on the debt service repayment amounts.

Transfer from Asset Management Plan (AMP) Capital Surcharges: Water System capital improvement projects from 2016 to 2021 were funded with bond proceeds. On an annual basis, the AMP Capital Surcharges for the completed projects will be transferred to the Debt Service Reserve Fund.