

2024 Proposed 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.

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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 Proposed 2024 Operating Budget option was presented to PUD Commissioners to consider for adoption.
 - The Proposed Operating Budget:
 - Requires an overall rate revenue increase of 2.50% to fund the ongoing operations and maintenance for 279 water systems.
- District staff is proposing one (1) Rates, Fees, Charges and Surcharges schedule for all PUD customers effective January 1, 2024.
- The Capital Improvement Surcharge is recommended to increase \$2.50 from \$11.00 to \$13.50 per Equivalent Residential Unit (ERU) effective January 1, 2024.
- The General Facility Charge (GFC) is recommended to 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.
- District staff prepared a 2024 Capital Budget requiring funding of \$28,379,800.
- District staff developed 3 new 2024 Proposed 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 Proposed Operating Budget

Proposed Operating Budget

PUD Management presented a proposed operating budget to the PUD Commissioners for their consideration for adoption.

The proposed budget funds 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 Proposed Operating Budget requires an overall revenue rate increase of 2.50%.

Proposed Operating Budget Summary – Revenues

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

The Ad Valorem Assessment for the General Fund is proposed 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 recommended 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.

Proposed 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 Proposed 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 Proposed Operating Budget on Fund Reserve

The net result of the Proposed 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 Proposed Budget is the Water Fund revenue after adoption of the proposed rates 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 Proposed Operating Budget: General and Water Funds

Thurston PUD

General Fund Budget

	Actual	Budget	YTD	Projection	Proposed
	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	Proposed
	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 Proposed 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	Proposed
	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 Proposed Rate Schedule

2024 Proposed Rate Schedule

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

The 2024 Proposed Rate Schedule includes:

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

2024 Proposed Bill Impact Scenario:

- All PUD Customers

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



2024 PROPOSED 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						

Figure 2: Proposed 2024 PUD Rate Schedule

*Equivalent Residential Unit (ERU)

Comparison of Water Rates: PUD Standard Rates
2023 Current to Proposed 2024
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 Proposed 2024 PUD Rates

Thurston PUD 2024 Proposed 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 bugetary purposes.

Thurston PUD 2024 Proposed 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 Proposed Capital Budget

Proposed 2024 Capital Budget Summary

The 2024 Proposed 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 recommends the 2024 Capital Surcharge is increased from \$11.00 to \$13.50 per Equivalent Residential Unit (ERU).

District staff recommends increasing the 2024 General Facility Charge is increased 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 Proposed Capital Budget**

	2024 Proposed 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	Tolmie 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 Proposed 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 Proposed 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 Tolmie 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 Proposed 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 Proposed 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 Proposed Fleet & Equipment Budget

Proposed 2024 Fleet & Equipment Budget Summary

For the first time, District staff presented the Proposed 2024 Fleet & Equipment Budget to the Board of Commissioners. This new proposed 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 Proposed Fleet & Equipment Budget.

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

		2024 Proposed 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 Proposed 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: This line item is reserved for contingency for all fleet and equipment replacement cost estimates identified in the Asset Management Plan.

2024 Proposed 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, District Staff will present the Board of Commissioners with a proposal for adoption of a 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 Proposed Facilities Budget

Proposed 2024 Facilities Budget Summary

For the first time, District staff presented the Proposed 2024 Facilities Budget to the Board of Commissioners. This new proposed 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 Proposed 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 Proposed Facilities Budget.

**Thurston PUD
2024 Proposed Facilities Budget**

		2024 Proposed 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 Proposed 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 on all Asset Management Plan project estimates.

2024 Proposed 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 Proposed Debt Service Budget

Proposed 2024 Debt Service Budget Summary

For the first time, District staff presented the Proposed 2024 Debt Service Budget to the Board of Commissioners. This new proposed 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 Proposed Debt Service Budget.

**Thurston PUD
2024 Proposed Debt Service Budget**

	2024 Proposed 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 37.

2024 Proposed 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.

Repayment of 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

Repayment of 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 Proposed Debt Service Budget - Project Code Explanations, Continued

Repayment of 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 future 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 Proposed 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 Proposed 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.