

Proposed 2027 Budget, Rates, Fees, Charges, Surcharges, and 2027 Ad Valorem Assessment

Presented to the PUD Board of Commissioners
August 25, 2026



1

Notable Factors Impacting the Proposed 2027 Budgets

- **PUD Budgets are required to be approved by the first Monday in October**
- **Unpredictable Revenue Projections**
 - Irregular weather patterns
 - When possible, we use surplus revenues from a hot summer to help keep rates down
- **Unknown Expense Adjustments** –
Notices in fall/winter months



2

Proposed 2027 Budgets

- **Operating Budget** – Total \$11,287,613
 - General - \$372,265
 - Water - \$10,915,348
- **Capital Budget** - Total \$16,423,175
- **Fleet & Equipment** – Total \$123,932
- **Facilities** – Total \$124,616
- **Debt Service** – Total \$2,500,406
- **EPA/WA State Emerging Contaminants Remediation** – Total \$29,831



3

3

Proposed 2027 Budget Recommendations

Ongoing Operations & Maintenance/ Staffing

- Per PUD Commissioner direction, overall water rate increase of **1.90%**
- In February or March 2027, PUD may bring forward a budget amendment (if needed)

Water System Asset Management Projects

- Monthly Capital Surcharge increase **from \$16.00 to \$17.00**

General Facility Charge (GFC) For New Connections

- Increase **from \$8,000 to \$10,000**

4

4

Proposed 2027 Budget Highlights

- 1) **Presents a balanced budget** that projects revenue using conservative consumption projections based on actual prior customer usage
- 2) Funding for ongoing operations and maintenance for 272 water systems
- 3) Recommends funding for staff salary and wages step increases between 01/01 and 03/31
 - a) Includes Senior Leadership, Field, and Accountant positions
 - b) Staff will complete a salary survey in 2026

5

5

Proposed 2027 Budget **FUNDED** Highlights

- Additional funding for anticipated inflationary expenses:
 - **Insurance** - general liability will increase - water system property values
 - Pattison Well, Reservoir, Booster Station and Chlorine Generation Plant will be added to the property schedule
 - **Certain Water System Expenses**
 - Purchased power
 - Chemicals
 - Materials and supplies for general operations and maintenance
 - **Website and IT Support**
 - **Debt Service Increases** - new systems and major infrastructure replacement

6

6

Proposed 2027 Budget **UNFUNDED** Highlights

Does **not provide** funding for the following:

Item	2027 Unfunded Budget Items	Amount
1	Selected Employees' Merit Increases not Budgeted from 04/2027 to 12/2027	\$ 38,531.62
2	Estimated Salary Range Survey Adjustment	\$ 80,000.00
3	Employee Health Insurance Performance Pay	\$ 40,000.00
4	Security Upgrades - PUD Buildings and Water Systems	\$ 115,000.00
5	Project Help Contribution	\$ 15,000.00
6	Investment Consolidation Contribution	\$ 900,000.00
7	Website Upgrade - ADA Compliance Law (2027 Requirement)	\$ 20,000.00
8	2026 Remaining Fund Transfer for the Vehicle and Equipment Reserve Fund	\$ 82,477.27
9	2027 Fully Fund Facilities Reserve Fund	\$ 86,651.00
10	2027 Fully Fund Vehicle and Equipment Reserve Fund	\$ 338,429.00
11	Springbrook Upgrade to Cloud	\$ 50,000.00
12	PUD Records Digitization	\$ 15,000.00
13	New 8-Passenger Vehicle	\$ 70,000.00
	Total	\$ 1,851,088.89

7

7

Proposed 2027 Operating Budget - Expenses

Consumer Price Index (CPI) for **Seattle-Tacoma-Bellevue**, on the table below the percentage increase represents a 12-month period

Month	2025	2026
February	2.5%	3.9%
June	2.7%	4.5%
December	3.1%	n/a

8

8

Proposed Rate Schedules and Bill Impact Scenarios

- **Overall water rate increase of 1.90%**
 - Two (2) rate schedules
 - Standard Rates for systems owned prior to 2026
 - Transitional Rates for systems acquired in 2026
- **Bill Impact Scenarios provide a comparison of current rates with 2027**
Proposed Rates at different usage levels and represents the overall increase at different usage levels

9

9

Proposed Rate Schedules

- **An increase** for the customer capital surcharge from **\$16.00 to \$17.00 per month** per ERU in 2027
 - The proposed increase will supplement the funding needed for capital replacement projects identified in the water system Asset Management Plans (AMPs) over the next 10 years

10

10

Proposed Rate Schedules

- **No changes** recommended for the EPA/WA State Emerging Contaminants Remediation surcharge -2026 Rate - **\$1.78** per month billed to each Group A Water System customer
 - This monthly surcharge will be reassessed after the treatment plants are installed and asset management plans are developed

11

11

Proposed Rate/Fee Schedules

- The General Facility Charge (GFC) increase from \$8,000 to \$10,000
 - **Applies only to new water connections**
 - **Ensures growth pays for growth**
- All other fees and charges are recommended to remain the same compared to 2026
- Budget materials will be posted by 08/31/26 to our website at www.thurstonpud.org

12

12

Capital Budget Projects



Asset Management Plan Projects:

- Mainline replacements
- Isolation valve replacements
- Pressure tanks replacements
- Meter replacements
- Sampling stations
- Treatment replacement
- Other associated water system replacements

13

13

Capital Budget - Funding Sources

- 1) Capital Surcharge monies are used **only** for existing infrastructure replacements and funds approximately **45 percent of capital replacement project costs**
- 2) Drinking Water State Revolving Fund (**DWSRF**) and Public Works Trust Fund (**PWTF**) grants and loans
- 3) **Congressional Earmarks** such as that received from Representative Marilyn Strickland for Green Cove Culvert Replacement and Spanaway 192nd PFAS
- 4) General Facility Charges (**GFC**) on **new** development
 - **Growth pays their fair share for infrastructure**

14

14

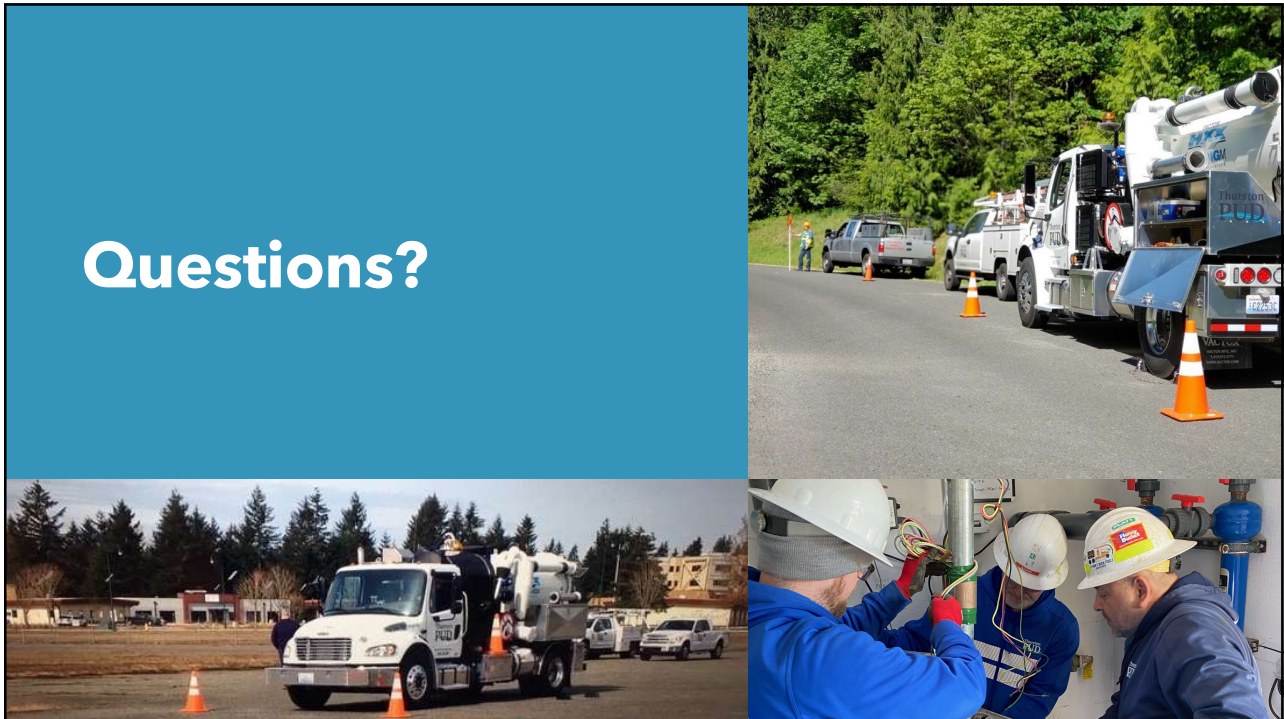
Proposed 2027 Property Tax Assessment

- Staff proposes a **one percent (1%) Ad Valorem** property tax increase
- Ad Valorem funding supports Thurston County county-wide activities and election expenses
- In 2026, the PUD is expected to receive \$353,158 from the property assessment levy

15

15

Questions?



16