

Commissioners

Jim Campbell – District 1
Russell E. Olsen – District 2
Chris Stearns – District 3



Providing safe, reliable, affordable, and sustainable service.

August 28, 2026

Subject: Proposed 2027 Budgets and Rates, Fees, Charges and Surcharges

Dear Thurston PUD Customers and Citizens of Thurston County,

I am writing to provide an update on the Board's direction for the Proposed 2027 Budgets and Rates, Fees, Charges, and Surcharges, as well as the rationale guiding this approach. Our goal is to ensure the District continues to operate in a fiscally responsible manner while maintaining transparency and stability for the customers we serve and the Citizens of Thurston County.

The Board has proposed a 1.90% water rate increase effective January 1, 2027, and has directed staff to review updated water rate revenue and expense estimates in early 2027. Staff will return to the Board with an amended budget recommendation in February or March 2027, if one is needed.

This approach allows the District to comply with state law requiring adoption of a budget by the first Monday in October, while acknowledging that several financial variables remain uncertain at this time. By revisiting the budget in early 2027, the Board will be able to incorporate more accurate financial information and make adjustments based on actual data rather than projections. This ensures that long-term budget decisions are grounded in data and accurate information.

The Board's decision reflects several significant considerations. At this point in the year, it is not possible to reliably project year-end revenues. Cities, counties, and other water districts typically set their rates near the end of the year, allowing them to base decisions on more complete financial data. In contrast, PUDs are required by statute to adopt a budget by early October, which limits the availability of year-to-date information during the budget process.

With inflation currently exceeding 4%, the District cannot accurately estimate revenues or increases in key operating costs, including chemicals, electricity, parts, materials, and fuel. Global instability continues to affect supply chains and pricing, and additional time is needed to assess how these factors will influence 2027 expenditures.

Unpredictable weather patterns from January to date have also made it difficult to project water rate revenue with confidence. Given these uncertainties, the Board believes it is prudent to implement a 1.90% rate increase now and review actual and estimated revenues and expenses in February or March 2027 when more reliable data is available and determine if a rate adjustment is required.

It is important to note that with this approach, the financial needs of the District listed on the table below **are not** funded under the initial 2027 Proposed Operating Budget.

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 (Low Income Assistance Program)	\$ 15,000.00
6	Investment Consolidation Contribution	\$ 900,000.00
7	Website Upgrade - ADA Compliance Law (2027 Requirement)	\$ 20,000.00
8	2026 Fund 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 the Cloud	\$ 50,000.00
12	PUD Records Digitization	\$ 15,000.00
13	New 8-Passenger Vehicle	\$ 70,000.00
	Total	\$ 1,851,088.89

We understand that rate changes and budget decisions directly affect our customers. Thurston PUD remains committed to responsible financial management and transparent planning. As the amended budget is developed, we will continue to share updates to ensure our customers remain informed.

Thank you for your continued trust in Thurston PUD.

Respectfully,



John Weidenfeller
General Manager
Thurston PUD