

2019 Adopted Budget



Introduction

The Thurston Public Utility District's budget reflects the strategic goals developed by the PUD Commissioners and provides a blueprint for water services for 2019. The budget not only serves 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 the customers we serve.

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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Background

The 2019 Thurston Public Utility District Operating Budget incorporates:

<u>TOTAL CUSTOMERS</u>	<u>7,778</u>	<u>Percentage</u>
Thurston County	5,489	70.571%
Pierce County	1,391	17.884%
Lewis County	759	9.758%
Kitsap County	28	0.360%
King County	74	0.951%
Grays Harbor County	37	0.476%

Figure 1: Thurston PUD Customers by County

Goals

- Move all customers to standard rates by January 1, 2020
- Incorporate costs of equipment and vehicle repair and replacement
- Incorporate and allocate building operations/improvement costs
- Reduce the out-of-county rate differential by 50%.

Recommendations

Increase to the general PUD water rates 2.99% and reduce by half, the out-of-county rate differential so that all PUD customers are paying uniform rates by 2020. Water Systems acquired in the last 2 years receive increases to bring them half way to the recommended PUD In-County Rates. The capital surcharge is recommended to stay at \$6.70 per ERU for 2019.

Summary of Operational Needs Incorporated in the 2018 Operations Budget

The 2019 Operating Budget includes:

Interest Income is projected at 1.5% based current reserve investments.

Property Tax Levy for General Fund is assumed to increase 1% as allowed by Washington state law.

Base Water Revenue forecasts for the 2018 rate level includes:

1. The addition of new customers from the purchase of water systems acquired in 2017.
2. The sale of service area to Mason PUD #1.

2019 Adopted Operating Budget

SALARIES AND BENEFITS

In 2018 the district grew to 25 full time employees.

The 2019 Adopted Budget Includes:

- All eligible full-time employees receive step increases.
- PERS state retirement contribution increased to 12.83% from 12.7%.
- Salary capitalization (\$55,669) from Water Fund
- The addition of 1 FTE for additional Accounting Assistant I position. Increased salaries and benefits by \$66,368.

OPERATING FUND BUDGET SUMMARY

Depreciation/Debt Service includes the cost debt service of all loans including those assumed with the purchase of new water systems.

Purchased Water is expected to decrease slightly (4%) compared to the 2018 budget.

Purchase Power is expected to decrease slightly (1%) compared to the 2018 budget.

Chemicals expense is expected to decrease 15% compared to the 2018 budget.

Materials & Supplies includes the installation of new water treatment systems for seven (7) group B water systems valued at \$7,000 each.

Energy Efficiency Enhancements includes \$5,000.

Contractual Services Engineer is estimated at \$25,000.

Contractual Services Legal is estimated at \$45,000 to allow for additional projects related to water system property transactions.

Contractual Services Testing is reduced to \$52,000 removing the costs related to Mason County systems.

Contractual Services State Auditor increased slightly (5%) based on published rates from State Auditor's office.

Rental of Building/Real Property increased to reflect the inflationary adjustment in the lease contracts.

Transportation Expense –

1. Fuel – *Short Term Energy Outlook* published August 7, 2018 by the US Energy Information Administration predicts that on average gasoline prices will remain flat. 2019 estimate is an average of 2018 actual costs.
2. Repair Cost – We replaced 4 vehicles in 2018 reducing the necessary repair costs. However, there are 15 aging vehicles that will require repairs estimated at \$20,000.

Office Expense increased 13% over the 2018 budget due to the reoccurring expenses required to provide service.

Telephone Expense is expected to increase 60% over the 2018 budget as new service needs are identified, installed and troubleshot.

Website/IT Support increased for 2019 rate announced by Thurston County. This cost includes support for 18 computers.

Postage Expense is expected to increase slightly (5%) over the 2018 budget due to the additional the customers we serve.

Printing Expenses is expected to increase 39% over the 2018 budget due to the additional the customers we serve.

Credit Card Fees are expected to remain the same as the 2018 budget.

EQUIPMENT/VEHICLE/BUILDING REPAIR AND REPLACEMENT FUND

- Increased annual contribution for replacement of 19 vehicles to \$98,650 annually.
- Building repair/replacement annual contribution is \$30,000 annually for the 1230 Building.
- Equipment replacement annual contribution is \$10,900.

EMERGENCY DISASTER

- Radio Upgrades, one-time cost for twenty (20) cost \$700 each plus a repeater \$10,000, plus the recurring charge for the repeater \$5,000 – Radios and repeaters 10 years.
- Small system Generators \$125,000 for five (5) – including licensing from L&I

Effect of Operating Budget on Fund Reserve

The net result of the Adopted Budget is that the General Fund revenues will exceed general expenses, and General Fund reserve will have an estimated ending fund balance of \$268,532 which is above our current minimum reserve policy of 60 days.

The net result of the Adopted Budget is that the Water Fund revenue will exceed anticipated water expenses. The reserve will have an estimated ending fund balance of \$860,292 which is below our current minimum reserve policy of 60 days. The District's debt service coverage ratio, a measure of the cash flow available to pay current debt principle and interest obligations, is maintained at 2.02 which is above the District's bond covenant coverage requirement of 1.25.

Operating Budget: General Fund and Water Fund

Thurston PUD General Fund Worksheet

Estimated Beginning Fund Balance	Actual	Budget	YTD	Projection	Adopted
	2017	2018	Jun-18	2018	2019
Income					
		299,793		299,793	285,766
419 · Interest Income	2,390	2,000	1,652	3,304	3,304
421 · Non-utility Income					
421.1 · Tax Levy Income	281,046	279,933	283,920	283,920	286,759
Total 421 · Non-utility Income	281,046	279,933	283,920	283,920	286,759
460 · Unmetered Water Revenue					
474 · Other Revenue					
414 · Sales of Equipment	0	0	0	0	0
469 · Ready to Serve	0				
474.1 · Surcharge Collection	0	0	0	0	0
474.2 · Other Reimbursable Income	0	0	0	0	0
436 · Grant Revenue	0	0	0	0	0
430 · Developer Fees	0	0	0	0	0
474 · Revenue from SMA Contracts	0	0	0	0	0
Total 474 · Other Water Revenue	0	0	0	0	0
Total Income	283,436	281,933	285,572	287,224	290,063
Additional Income from proposed rate increase					
Total Budgeted Income after rate adjustment	283,436	281,933	285,572	287,224	290,063
Expense					
403 · Depreciation Expense/Debt Service	6,000	6,000	2,253	4,507	4,500
408 · Taxes other than Income					
408.12 · Payroll Taxes	9,145	11,195	4,860	11,820	11,908
408.13 · Other Tax & License	0	0	0	0	0
408.2 · State Public Utility Tax	0	0	0	0	0
Total 408 · Taxes other than Income	9,145	11,195	4,860	11,820	11,908
427 · Interest Expense					
427.32 · Interest on Bonds	0	0	0	0	0
427 · Interest Expense - Other	0	0	0	0	0
Total 427 · Interest Expense	0	0	0	0	0
... · Allocate Labor costs to capital projects					
601 · Salaries/Wages Employees	48,834	42,439	27,395	54,790	48,434
603 · Salaries - Com'srs	59,400	59,400	29,700	63,072	66,744
603.1 · Com'srs Mtg Compensation	19,352	20,976	10,602	22,264	23,552
603.2 · Watershed Planning	0	1,500	0	0	2,412
604 · Emp Pension & Benefits	26,025	29,723	12,892	25,785	27,009
610 · Purchased Water		0	0	0	0
615 · Purchased Power	139	0	89	178	0
618 · Chemicals	0	0	0	0	0
620 · Materials & Supplies	0	0	0	0	0
625 · Energy Efficiency Enhancements	0	0	0	0	0
631 · Contr. Svcs. - PS/Board Retreat	0	1,600	0	0	1,600
632 · Contr. Svcs. - Accounting	25	1,000	0	1,000	1,000
633 · Contr. Svcs. - Legal	11,550	11,520	6,220	12,440	12,938
635 · Contr. Svcs. - Studies	10	0	31	62	0
636 · Contr. Svcs. - Testing	0	0	0	0	0
637 · Contr. Svcs. - Janitorial	218	300	292	584	700
638 · Contr. Svcs. - State Auditor	3,235	6,483	0	5,880	6,800
641 · Rental of Bldg/Real Prop.	3,367	0	1,645	3,290	4,500
642 · Rental Equipment	0	0	0	0	0
643 · Building Operations	573	16,306	2,872	5,744	6,000
650 · Transportation Expense					
650.1 · Fuel	0	0	0	0	0
650.2 · Licensing	0	0	0	0	0
650.3 · Mileage	56	700	0	0	0

Thurston PUD General Fund Worksheet

	Actual	Budget	YTD	Projection	Adopted
	2017	2018	Jun-18	2018	2019
650.4 · Repairs & Maintenance	0	0	0	0	0
650 · For Replacement Vehicles	0	0	0	0	0
650 · Transportation Expense	56	700	0	0	0
657 · Insurance - Gen'l Liab.	4,547	4,715	1,950	1,950	4,500
660 · LegalAdv/Public Info Expense	0	0	42	85	0
670 · Bad Debt Expense	0	0	0	0	0
675.01 · Election Costs	29,041	50,000	0	50,000	50,000
675 · Miscellaneous Expense					
675.02 · Office Expense	5,567	6,133	6,505	13,010	11,000
675.03 · Meeting Cost Com'srs	3,287	3,200	8,041	8,564	6,400
675.04 · Meeting Costs Staff	2	0	0	0	0
675.05 · Telephone Expense	1,834	1,528	2,956	5,912	6,200
675.06 · Dues & Subscriptions	9,302	8,300	2,891	8,300	8,300
675.07 · Website/IT Support	2,319	2,100	559	2,015	2,800
675.08 · (Other) Telecommunications Event	0	0	0	0	0
675.10 · Conservation	0	0	0	0	0
675.12 · Staff Training	0	0	0	0	0
675.13 · Postage	48	0	0	0	0
675.14 · Printing	8	100	0	0	0
675.15 · Credit Card Fees	0	0	0	0	0
675 · Miscellaneous Expenses	22,367	21,361	20,953	37,801	34,700
Total Expense	243,884	285,218	121,797	301,251	307,297
To(From) Reserves	39,552	(3,285)	163,775	(14,027)	(17,234)
Capital Projects (Telecommunications)					
To(From) Reserves	39,552	(3,285)	163,775	(14,027)	(17,234)
Estimated Ending Fund Balance		296,508		285,766	268,532
Minimum Reserve Per Financial Policy (60 days)		46,885		49,521	50,515
Proposed Minimum Reserve Discussed (90 days)		70,328		74,281	75,772

Figure 2: General Fund Worksheet

Thurston PUD Water Fund Budget Worksheet

	Actual	Budget	YTD	Projection	Adopted
	2017	2018	Jun-18	2018	2019
Estimated Beginning Fund Balance Income		851,522		851,522	611,334
419 · Interest Income	22,384	18,000	22,600	45,201	8,200
421 · Non-utility Income					
421.1 · Tax Levy Income	0	0	0	0	0
Total 421 · Non-utility Income	0	0	0	0	0
460 · Unmetered Water Revenue					
460.1 · Residential	23,760	424,139	75,830	151,659	91,150
Total 460 · Unmetered Water Revenue	23,760	424,139	75,830	151,659	91,150
461 · Metered Water Revenue					
461.11 · Residential Base	1,414,167	2,245,234	1,277,866	2,132,392	2,229,872
461.12 · Residential Consumption	1,196,749	1,586,631	751,651	1,973,424	2,074,038
461.21 · Commercial Base	49,074	56,425	30,948	57,847	64,708
461.22 · Commercial Consumption	79,137	80,680	27,164	74,391	77,150
461.23 · Rec Center Contract Base	569	569	285	569	569
461.24 · Rec Center Contract Consumption	1,046	1,011	395	1,050	1,050
461.51 · Multifamily Base	86,006	85,396	45,973	87,882	88,472
461.52 · Multifamily Consumption	159,994	156,223	66,336	145,092	146,173
Total 461 · Metered Water Revenue	2,986,742	4,212,169	2,200,617	4,472,647	4,682,032
465 · Sales to Irrigation					
465.2 · Irrigation Base	11,353	11,384	5,464	10,928	11,384
465.3 · Irrigation Consumption	55,710	67,951	22,739	61,271	57,646
Total 465 · Sales to Irrigation	67,063	79,335	28,203	72,199	69,030
471 · Miscellaneous Svc Revenue					
471.1 · Reimb of Damage Costs	313	0	0	0	0
471 · Misc Service Revenue	55,523	127,576	69,356	138,712	138,000
Total 471 · Miscellaneous Svc Revenue	55,836	127,576	69,356	138,712	138,000
474 · Other Water Revenue					
414 · Sales of Equipment	0	0	0	0	0
469 · Ready to Serve / Service credits	(2,951)	25,588	(1,912)	(3,823)	(5,000)
474.1 · Surcharge Collection	52,147	52,030	26,042	52,084	52,030
474.1 · Capital Surcharge	271,538	556,663	326,995	653,991	577,594
474.2 · Other Reimbursable Income	220	0	0	0	0
436 · Grant Revenue	0	0	0	0	0
430 · Developer Fees/Contributed Capital	0	0	0	0	0
415 · Revenue from SMA Contracts	137,477	108,000	23,516	43,114	0
Total 474 · Other Water Revenue	458,431	742,281	374,642	745,365	624,624
Total Income before rate adjustment	3,614,217	5,603,500	2,771,248	5,625,783	5,613,036
Additional Income from proposed 2019 rate increase					144,800
Total Budgeted Income after rate adjustment	3,614,217	5,603,500	2,771,248	5,625,783	5,757,836
Expense					
403 · Depreciation Expense/Debt Service	777,374	574,642	230,240	574,642	490,000
408 · Taxes other than Income					
408.12 · Payroll Taxes	82,869	172,404	61,510	123,020	200,614
408.13 · Other Tax & License	20,106	41,639	15,780	31,560	31,560
408.2 · State Public Utility Tax	175,101	136,798	101,357	237,928	267,279
Total 408 · Taxes other than Income	278,075	350,841	178,647	392,508	499,453
427 · Interest Expense					
427.32 · Interest on Bonds	198,803	614,037	370,478	740,955	487,431
427 · Interest Expense - Loans	18,137	15,000	0	15,000	14,500
Total 427 · Interest Expense	216,940	629,037	370,478	755,955	501,931
... · Allocate Labor costs to capital projects		(25,766)			(56,456)
601 · Salaries/Wages Employees	1,007,416	1,433,344	790,590	1,581,179	1,687,253
603 · Salaries - Com'srs	0	0	0	0	0
603.1 · Com'srs Mtg Compensation	0	0	0	0	0

Thurston PUD Water Fund Budget Worksheet

	Actual	Budget	YTD	Projection	Adopted
	2017	2018	Jun-18	2018	2019
603.2 · Watershed Planning	0	0	0	0	0
604 · Emp Pension & Benefits	280,736	705,775	300,780	601,560	566,741
610 · Purchased Water	19,235	14,552	4,691	14,000	14,000
615 · Purchased Power	141,815	294,309	137,602	275,204	291,387
618 · Chemicals	37,990	76,011	25,076	54,152	65,000
620 · Materials & Supplies	162,441	229,363	91,061	182,121	230,000
625 · Energy Efficiency Enhancements	0	5,000	0	0	5,000
632 · Contr. Svcs. - Accounting	3,875	8,240	0	8,240	8,240
631 · Contr. Svcs. - Engineer	6,893	28,620	1,188	10,000	25,000
633 · Contr. Svcs. - Legal	68,048	28,650	22,629	50,338	45,000
635 · Contr. Svcs. - Other	38,148	0	20,681	41,363	25,000
636 · Contr. Svcs. - Testing	51,269	89,630	27,157	46,484	52,000
637 · Contr. Svcs. - Janitorial	3,091	12,260	10,049	20,098	20,000
638 · Contr. Svcs. - State Auditor	3,235	6,483	0	6,483	6,800
641 · Rental of Bldg/Real Prop.	63,978	60,170	42,406	62,510	66,000
642 · Rental Equipment	905	5,180	409	818	5,180
643 · Building Operations	10,877	9,000	15,767	32,677	42,000
650 · Transportation Expense					
650.1 · Fuel	41,457	88,632	40,489	80,977	85,000
650.2 · Toll fees	64	0	202	404	600
650.3 · Mileage	2,822	1,000	1,035	2,070	1,000
650.4 · Repairs & Maintenance	22,101	33,360	21,093	9,405	20,000
650 · For Replacement Vehicles	0	25,000	0	25,000	139,550
650 · Transportation Expense	66,445	147,992	62,819	117,856	246,150
657 · Insurance - Gen'l Liab.	34,485	75,230	31,665	34,235	50,000
660 · LegalAdv/Public Info Expense	6,573	6,000	1,880	3,760	6,000
670 · Bad Debt Expense	3,315	2,000	0	2,000	2,000
675.01 · Election Costs	0	0	0	0	0
675 · Miscellaneous Expense					
675.02 · Office Expense	85,599	86,306	49,775	99,550	98,000
675.03 · Meeting Cost Com'srs	2,667	3,200	2,726	5,452	3,200
675.04 · Meeting Costs Staff	3,573	3,600	1,238	3,600	3,600
675.05 · Telephone Expense	10,908	18,182	15,827	31,903	29,000
675.06 · Dues & Subscriptions	9,174	9,780	4,006	8,500	9,780
675.07 · Website/IT Support	44,067	50,170	21,370	50,170	52,500
675.08 · Other	3,181	12,000	0	12,000	12,000
675.10 · Conservation	1,577	2,500	0	1,500	2,500
675.12 · Staff Training	9,680	19,790	5,570	11,140	19,790
675.13 · Postage	41,242	49,460	24,733	49,466	52,000
675.14 · Printing	18,455	31,000	20,300	40,600	43,000
675.15 · Credit Card Fees	18,953	39,850	14,958	29,915	39,850
675 · Miscellaneous Expenses	249,076	325,838	160,502	343,797	365,220
Total Expense	3,532,235	5,092,401	2,526,316	5,211,980	5,258,899
To(From) Reserves	81,981	511,099	244,932	413,803	498,938
Capital Projects - From Reserve		556,663	326,995	653,991	250,000
To(From) Reserves	81,981	(45,564)	(82,064)	(240,188)	248,938
Estimated Ending Fund Balance		805,958		611,334	860,272
Minimum Reserve Per Financial Policy (60 days)		837,107			864,477
Proposed Minimum Reserve Discussed (90 days)		1,273,100			1,296,715
Debt Service Coverage (1.25 Minimum)		2.04			2.02
Revenue increase proposed operating budget		2,364,784			2.99%

Figure 3: Water Fund Budget Worksheet

Rate Schedules

- **PUD Legacy Customers**
- **Former H&R Waterworks Customers**
- **Redtail Hawk, Frog Hollow, Mountain Lakeview & Scatter Creek Ranch Customers**

Comparison of Water Rates: PUD Legacy Customer Rates
2018 Current to Adopted 2019
Public Utility District No. 1 of Thurston County 8/31/2018

PUD (Legacy) Rates	2018	2019	2018	2019
Residential 3/4" Meter	\$ 28.82	\$ 29.68	\$ 32.82	\$ 31.68
Residential 1" Meter	\$ 61.89	\$ 61.89	\$ 65.89	\$ 63.89
Flat Rate	\$ 73.51	\$ 75.71	\$ 77.51	\$ 77.71

Consumption, per 100 cf

0 - 500 cf	\$ 2.58	\$ 2.66	\$ 2.58	\$ 2.66
500-1500 cf	\$ 3.96	\$ 4.08	\$ 3.96	\$ 4.08
1501-3000 cf	\$ 5.45	\$ 5.61	\$ 5.45	\$ 5.61
3001+ cf	\$ 6.23	\$ 6.42	\$ 6.23	\$ 6.42

Non-Residential - base charge

3/4" Meter	\$ 33.15	\$ 34.14	\$ 37.15	\$ 36.14
1" Meter	\$ 71.16	\$ 71.16	\$ 75.16	\$ 73.16
1 1/2" Meter	\$ 142.32	\$ 142.32	\$ 146.32	\$ 144.32
2" Meter	\$ 227.70	\$ 227.70	\$ 231.70	\$ 229.70
3" Meter	\$ 426.95	\$ 426.95	\$ 430.95	\$ 428.95

Consumption, per 100 cf

Nov - June	\$ 3.96	\$ 4.08	\$ 3.96	\$ 4.08
July - October	\$ 6.23	\$ 6.42	\$ 6.23	\$ 6.42
Irrigation	\$ 6.23	\$ 6.42	\$ 6.23	\$ 6.42

Tanglewilde Park & Rec Consumption, per 100 cf

Nov - June	\$ 1.31	\$ 1.35		
July - October	\$ 2.06	\$ 2.12		

Special Surcharges, monthly

MR DWSRF	\$ 15.35	\$ 15.35		
WH DWSRF	\$ 14.94	\$ 14.94		

Capital Surcharges, monthly

3/4" Meter	\$ 6.70	\$ 6.70	\$ 6.70	\$ 6.70
1" Meter	\$ 11.19	\$ 11.19	\$ 11.19	\$ 11.19
1 1/2" Meter	\$ 22.31	\$ 22.31	\$ 22.31	\$ 22.31
2" Meter	\$ 35.71	\$ 35.71	\$ 35.71	\$ 35.71
3" Meter	\$ 67.00	\$ 67.00	\$ 67.00	\$ 67.00

Figure 2: PUD Legacy Adopted Customer Rates

Comparison of Water Rates: Former H&R Customer Residential Rates
2018 Current to Adopted 2019
Public Utility District No. 1 of Thurston County 8/31/2018

	Inside Thurston County		Outside Thurston County	
	2018	2019	2018	2019
H&R Residential				
Residential 3/4" Meter	\$ 24.99	\$ 27.71	\$ 26.03	\$ 29.74
Residential 1" Meter	\$ 49.84	\$ 57.54	\$ 50.88	\$ 57.54
Flat Rate	\$ 50.00	\$ 63.60	\$ 50.00	\$ 63.60
Consumption, per 100 cf				
0 - 500 cf	\$ 2.00	\$ 2.36	\$ 2.00	\$ 2.36
500-1500 cf	\$ 3.18	\$ 3.68	\$ 3.18	\$ 3.68
1501-3000 cf	\$ 4.80	\$ 5.28	\$ 4.80	\$ 5.28
3001+ cf	\$ 6.23	\$ 6.42	\$ 6.23	\$ 6.42
Non-Residential - base charge				
3/4" Meter	\$ 26.75	\$ 30.85	\$ 28.75	\$ 32.91
1" Meter	\$ 52.56	\$ 63.71	\$ 54.56	\$ 65.77
1 1/2" Meter	\$ 109.21	\$ 129.53	\$ 110.25	\$ 131.59
2" Meter	\$ 174.75	\$ 207.24	\$ 175.79	\$ 209.30
3" Meter	\$ 327.73	\$ 388.62	\$ 327.73	\$ 390.68
Consumption, per 100 cf				
Nov - June	\$ 2.69	\$ 3.42	\$ 2.69	\$ 3.42
July - October	\$ 3.82	\$ 5.18	\$ 3.82	\$ 5.18
Irrigation	\$ 3.82	\$ 5.18	\$ 3.82	\$ 5.18
Capital Surcharges, monthly				
3/4" Meter	\$ 6.70	\$ 6.70	\$ 6.70	\$ 6.70
1" Meter	\$ 11.19	\$ 11.19	\$ 11.19	\$ 11.19
1 1/2" Meter	\$ 22.31	\$ 22.31	\$ 22.31	\$ 22.31
2" Meter	\$ 35.71	\$ 35.71	\$ 35.71	\$ 35.71
3" Meter	\$ 67.00	\$ 67.00	\$ 67.00	\$ 67.00

Figure 4: PUD Former H&R Customer Adopted Rates

Comparison of Water Rates:
Red Tail Hawk, Frog Hollow, Mountain Lakeview & Scatter Creek Ranch
Water Systems
2018 Current to Adopted 2019

Residential Rates	2018	2019
Redtail Hawk, Frog Hollow, Mountain Lakeview 3/4" Meter	\$ 23.41	\$ 25.25
Scattercreek Ranch 3/4" Meter	\$ 28.82	\$ 29.68
Consumption, per 100 cf		
0 - 500 cf	\$ 1.29	\$ 1.85
500-1500 cf	\$ 2.48	\$ 3.10
1501-3000 cf	\$ 3.35	\$ 3.84
3001+ cf	\$ 4.49	\$ 5.12
Capital Surcharges, monthly		
3/4" Meter	\$ 6.70	\$ 6.70
1" Meter	\$ 11.19	\$ 11.19
1 1/2" Meter	\$ 22.31	\$ 22.31
2" Meter	\$ 35.71	\$ 35.71
3" Meter	\$ 67.00	\$ 67.00

Figure 6: PUD Redtail Hawk, Frog Hollow, Mountain Lakeview & Scatter Creek Ranch Adopted Rates

2019 Adopted Capital Budget

Capital Budget

The 2019 Capital Budget includes ongoing projects that the District has identified in the past and is working to completion, as well as implementation of the overall Asset Management Plan (AMP) adopted by the District in 2014.

The capital surcharge implemented in 2015 has been collected and placed in a reserve account to be used only for projects identified in the Asset Management Plan. Any reserve will carry over to the following year to be used as appropriated by the Board of Commissioners. Due to the needs of the AMP, the District has obtained capital financing through the issuance of bonds, using the capital surcharge moneys to repay the loans taken.

Staff's review of the financial plan recommends that the capital surcharge for 2019 be maintained at the 2018 level, to reduce the rate impact on all of our customers. The financial plan will be reviewed annually to determine the surcharge needed in the future.

2019 Adopted Capital Budget Summary

Project Code	System Id. No.	Project Description	Purpose	2019 Capital Budget
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Capital Improvements

CI-41	multiple	Isolation valve maintenance	OP	100,000
CI-44	multiple	Rebuild Pumphouses (PW)	OP	224,805
CI-53	278	Combine Platt and Sward - (DWSRF)	H/S	40,000
CI-62	multiple	Treatment Systems Upgrade/Media	OP	132,000
CI-65	multiple	Replace Plumbing/Pressure Tanks	OP	150,000
CI-66	multiple	Multiple System Upgrade	OP	200,000
CI-68	multiple	Drilling New Wells	OP	50,000
CI-71	multiple	Electrical Controls/Upgrades	OP	50,000
CI-75	multiple	Source and Service Meter Replacement	OP	100,000
CI-76	multiple	Well and Booster Pump Replacement	OP	600,000
CI-87	multiple	Small System Generators	OP	125,000
CI-89	215	Deschutes Glen Upgrade	OP	50,000
CI-96	multiple	Sampling Stations	OP	32,000
CI-97	667	Quail Run Treatment and Repairs	OP	250,000
		Administrative cost of all projects		100,000
		<i>15% contingency on asset management plan estimates</i>		250,000
Subtotal - Capital Improvements				2,453,805

Water System Management

WM-4	NA	Water System Plan - Part B	OP, G	70,000
WM-14	NA	Fleet	G	96,300
WM-24	999	Emergency Radio Upgrade	G	24,000
WM-26	999	Telephone system upgrade	OP	10,000
WM-29	999	Building Upgrades	OP	97,000
Subtotal - Water System Management				297,300
Total - Capital Improvement Program				2,751,105

Funding

	Transfer from Water Fund Reserve	153,300
	2018 Water Revenue Bond Issue	2,158,000
	DWSRF Loan - Platt/Sward DM12-952-103	40,000
	PWTF Loans 2018	274,805
	Additional Funding needed	125,000
Total Other Funding		2,751,105
TOTAL CIP FUNDING FROM RATES (TO RESERVES)		-

Figure 9: Adopted 2019 Capital Budget Summary

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. Funded by Asset Management Plan.

CI-44 Rebuild Pump Houses Project to rebuild pump houses that are at the end of their useful lives. Funded by Asset Management Plan. Public Works Trust Fund Loan obtained, line item increased to include 5 pump house projects (Brown South Prairie, Garden Acres #1, Marshall, Nisqually Vista and Olin for 3 years (2018 – 2020)

CI-53 Combine Platt and Sward Water system consolidation project to combine the Sward (278) and Platt water systems into one Group A water system. Project is needed as the well on the Platt water system is no longer producing sufficient water for the customers on the system. Funding from acquired DWSRF loan. Project must be completed by 3/30/2019.

CI-62 Treatment Systems Upgrade Annual program to upgrade treatment systems or replace critical equipment needed for treatment on existing water systems. Funded by Asset Management Plan

CI-65 Replace Plumbing/Pressure Tanks Annual program to replace pressure tanks and plumbing in the pump houses. Funded by Asset Management Plan.

CI-66 Multiple Systems Upgrade Annual program to upgrade water systems to solve issues as they come up. We can't always project where the failures will be. We look in the past on what extra cost average and use this for miscellaneous projects. Funded by Asset Management Plan.

CI-68 Drilling New Wells Project to drill replacement/additional wells at existing water systems to increase production or replace a well that is no longer producing at the rate that it once did. Funded by Asset Management Plan.

CI-71 Electrical Controls Upgrades Annual program to resolve issues with pumping controls and electrical wiring in pump houses. Funded by Asset Management Plan

CI-75 Service Meter Replacement Annual program to replace service and source meters as needed. Funded by Asset Management Plan

CI-76 Well and Booster Pump Replacement Annual program to replace well and booster pumps. Funded by Asset Management Plan

CI-87 Small System Generators Placeholder line item to reserve capital financing for the development of 5 small system generators.

CI-89 Deschutes Glen Upgrade System has had problems with total coliforms in the old reservoir. Reservoir and pump house needs replacement. Funded by Asset Management Plan.

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-97 Quail Run Treatment and Repairs – The Quail Run water system has very high levels of manganese that has clogged pipes and valves over the years and has left the system with low pressure problems. This project will be to install new treatment and replace infrastructure like valves, blow offs, service lines and meters.

Administrative Cost of All Projects This line item is reserved for the capitalized salaries of District staff to oversee the projects in the Capital Budget.

WM-4 Water System Plan – Part B Line item to track the cost of updates to the water system plans for individual water systems.

WM-14 Fleet Purchase of 2 field vehicles in accordance with the District’s vehicle replacement plan.

WM-24 Emergency Radio Upgrade Upgrade up to 20 fleet radio units plus the installation of a repeater enabling the district field crew to communicate during a major emergency event.

WM-29 Building Improvements Installation of audio visual equipment in the Commissioner Public Meeting area. Access Control door security system. Tree replacement project.

Funding Sources

Transfer from Water Fund Reserve Amounts held in reserve from water revenues.

2018 Water Revenue Bond Amounts obtained from financing December 2017 and finalized in January 2018 to use for acquisitions and capital funding.

DWSRF Loan – Sward/Platt DM12-952-103 District has obtained dedicated funding from the Drinking Water State Revolving Fund to support CI-53.

PWTF Loans 2018 District was awarded and has accepted 3 loans from the Public Works Trust Fund to drill new wells, rebuild pump houses and decommission old unused wells.

General Facilities Charge (GFC) Currently \$3,000 paid by customers for new services.

Additional Funding Needed The District will pursue outside sources of funding to complete this portion of the capital budget.