

Leadership Message

Change is the New Normal: Update on the 2023 Budget and Rate Process

By: Julie Parker, Assistant General Manager

If there is one thing we learned from the last couple years, it is that change is the new normal. If this were a “normal” year, our annual budget preparation process would consist of developing a complete proposed budget with rates, preparing for Public Hearings in September, and adopting a final budget by the first Monday in October.

In previous years, we experienced stable inflation rates, resilient supply chains, and reliable delivery chains. We could count on getting what we needed when we needed it. We could also rely on the fact that our supplies and equipment wouldn’t cost much more than what it had the year prior.

The compounding events of the last few years have caught up to us resulting in inflation rates the world hasn’t seen in over 30 years. Prices change on what seems like a weekly basis. These erratic markets make projecting costs for the next calendar year extremely difficult to do with any certainty and affects our ability to develop a strong predictive budget. In addition, the cost of infrastructure is increasing at an unpredictable rate which no longer aligns with our Asset Management Plan (AMP). This means we now must update the AMP for each of our 279 water systems to reflect the new cost of commodities, supplies, and equipment.

In response to these unique changes, we had to make changes to the way we normally handle our budget adoption process. For this year’s budget process, we will be proposing a *placeholder budget*, a budget created to meet all statutory requirements and provide our best prediction of next year’s anticipated costs. With the steady rise in costs of our chemicals, fuel, power, and materials, our goal is to revisit the placeholder budget in November, and pass a budget and rates no later than December 31st with our best estimates of costs and inflation projections.

Our plans for development and adoption of a budget for 2023:

September 2: We will post a proposed placeholder budget on our website www.thurstonpud.org (per RCW 54.16.080).

October 3: We will host a Public Hearing on the placeholder budget and
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Julie Parker, Assistant General Manager

Thurston PUD Commissioners

District 1

Linda Oosterman

District 2

Russell E. Olsen

District 3

Chris Stearns

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Your bill may still reflect summer water usage. Don’t forget to check the meter read section on your bill!

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property tax (per RCW 84.52.020). At the conclusion of this hearing, the Board of Commissioners will be asked to adopt the placeholder budget. For information on how to attend, please review the information below.

Staff will continue to refine the budget, the financial model, and the Asset Management Plan to include the most recent information about our economy. A budget amendment will be prepared along with rate schedules for 2023.

November 15 & November 22: Public Hearings on the proposed budget and rates will be held on November 15 and November 22 to take testimony from our customers. The amended 2023 Budget and 2023 Rates, Fees, and Charges will be adopted by the last meeting of the year, no later than December 31, 2022.

It is always the PUD's goal to balance the increasing demands of maintaining and operating 279 water systems and improve our service levels even during these grim financial times. Our District is recovering from a cold spring and late-starting summer, worker shortages, increased costs across the board, and new regulatory requirements that have financial impacts. Our goal is to have the budget reflect the PUD's highest priorities for service and capital needs and will allow us to achieve our key goals. We stay committed to providing you with safe, clean, and reliable water during these times.

Public Hearing—October 3, 2022

A Public Hearing is scheduled for Monday, October 3, 2022, prior to adoption of the placeholder budget for 2023. PUD staff will deliver a presentation on the budget, and members of the public will have the opportunity to provide testimony. The Public Hearing will be a hybrid meeting, held in-person at PUD Headquarters (1230 Ruddell Road SE, Lacey, WA 98503) and via the Zoom video conferencing platform.

If you cannot attend the Public Hearing, we encourage you to submit written testimony to our office. Please direct any written testimony as follows:

By Mail:

Thurston PUD Board of Commissioners
1230 Ruddell Road SE
Lacey, WA 98503

By Email:

PUDCustomerService@thurstonpud.org

By Fax:

(360) 357-1172

Please note: written testimony must be received no later than Friday, September 30, 2022, to become part of public record for this Public Hearing.

Date	Monday, October 3, 2022
Start Time	5:00 p.m.
URL	www.zoom.us/join
Phone Number	(253) 215-8782
Webinar ID	850 9037 0926

We recommend that members of the public attend virtually due to space constraints and social distancing concerns. Members of the public are welcome to join these meetings from a personal computer or a mobile device. If you wish to attend by telephone, please use the information listed above to dial into the webinar.

If you have any questions or concerns, please contact our Customer Service Team at (360) 357-8783, toll-free at (866) 357-8783, or via email at PUDCustomerService@thurstonpud.org.

What's Happening at the PUD?

Important Reminders

Here are a few important reminders from our team:

- ***Thurston PUD will be closed on Monday, September 5, 2022, for Labor Day.*** If you experience a water service emergency, please call us at (360) 357-8783 or toll-free at (866) 357-8783 to connect with our staff. Calls received outside of normal business hours will be routed to our answering service and on-call staff.
- Summer is winding down and cooler, more temperate days are ahead. Even though hot weather (and days of higher water usage) may be behind us, please keep an eye on your water bill. The billing statement you receive in September for August charges may reflect higher consumption for days of extremely hot weather, irrigating gardens or lawns, or filling pools.

Toilet Tips

The toilet is one of the fixtures in a home that uses the most water, accounting for around 30 percent of household water consumption. In order to keep your toilet running at an optimal level, conserve water, and keep your water bill low, we have compiled a list of tips for you to consider.



- Use the garbage to dispose of waste, like feminine hygiene products, wipes, or other paper products. Improper disposal of these products can lead to clogging and expensive repairs.
- Consider installing a toilet tank displacement bag which reduces the amount of water used during each flush.
- Fix toilet leaks immediately. Tell-tale signs of a malfunctioning toilet flapper include toilet water running for longer than usual, rippling water movement in the toilet bowl between flushes, low flushing power or hissing noises while the bowl is filling, and higher-than-expected water bills.
- And finally, consider installing a high efficiency toilet. The PUD currently offers a Residential Toilet Rebate for qualifying fixtures. For eligibility requirements or to apply, please click on the Residential Toilet Rebate link on our website at www.thurstonpud.org/water-systems.htm.

If you have any questions about water conservation or the PUD's current conservation programs, please visit our website at www.thurstonpud.org/water-systems.htm.

Employee Spotlight

This month's Employee Spotlight focuses on Mariah Montague, the PUD's Customer Service Supervisor. Mariah was born and raised on Anderson Island, the southernmost island in the Puget Sound. She graduated from Western Washington University in Bellingham with a degree in Communications. After graduating, she moved to Lacey and fulfilled her goal of landing a career in the water industry. In her spare time, Mariah enjoys boating, four wheeling, camping, reading, and watching movies.

Mariah asks customers to keep an eye on water consumption and notes that the bill you receive may include water usage from the past couple of months. For example, your September water bill, due in October, will most likely include water usage from August through September. Mariah says, "Checking the dates on the Meter Reading portion of your bill can help you better understand your water consumption habits."



Mariah Montague,
Customer Service
Supervisor

2022 Capital Improvement Projects

In prior newsletters, we've highlighted the importance of infrastructure investments and Capital Improvement Projects (CIP) that are funded in part by Capital Surcharges, per the PUD's Asset Management Plan (AMP). Our staff strives to provide up-to-date information on these projects to help customers better understand the work needed to keep safe drinking water flowing. To help answer some of the most frequently asked questions about replacements, the AMP, and the CIP, a list of this information has been compiled below for your review.

What is an Asset Management Plan?

An Asset Management Plan (AMP) is a financial planning tool we use when water system components will reach the end of their life cycles. We predict costs which helps us determine how much we need to budget each year. Staff has created an AMP for each of the 279 water systems owned and operated by the PUD.

What is a Capital Improvement?

A capital improvement is a permanent structural change, addition, or alteration to infrastructure that adds to the value of the infrastructure or prolongs its useful life.

What is the Capital Surcharge? Why is it charged?

The Capital Surcharge is a financial tool used to help fund infrastructure replacements and capital improvements based on a water system's Asset Management Plan (AMP). Capital surcharges are used to help fund system replacements at the end of an asset's life cycle. The capital surcharge is paid by all PUD customers and infrastructure replacement costs are shared by all PUD customers. This means if your water system has a component failure, the cost is covered through your rates and capital surcharges.

What capital projects or improvements does my system need?

As stated previously, the PUD has created an AMP for each of the PUD's 279 water systems. Based on a water system's AMP, we projected and budgeted several Capital Improvement Projects for 2022. You can find the current year's Capital Budget on our website at www.thurstonpud.org/our-rates.htm.

Below is a list of some CIPs that have been completed through June 30, 2022.

For more information on your specific water system and its AMP, please contact our office at (360) 357-8783, toll-free at (866) 357-8783, or via email at PUDCustomerService@thurstonpud.org.

Category	Affected Water Systems	Cost
CI-44 Pumphouse Replacements/Upgrades	Loma Vista (369), Violet Meadows A-D (747-750), Violet Meadows Estates 1-6 (751-756)	\$ 9,423
CI-62 Treatment System Replacement/ Upgrades	Pleasant Valley (307), ROM (626), Talcott Ridge (695)	1,447
CI-65 Pressure Tanks	Brookhaven 3 (289), Lazy Acres (351), Highlands 1 (623), ROM (626), Brockway 1 (208), Tish Hinkle (265), Garden Acres 2 (602), Horsfall (608), Margaret Meadows (633), Meadow Wood (689), Violet Meadows (751-753)	21,230
CI-66 Water System Upgrades	Tanglewilde-Thompson Place (600), C Muck 2 (257)	7,628
CI-75 Service/Source Meter Replacements	Hebert (380), Pattison (500), Horsfall (608), Walczak (620)	6,676
CI-76 Well/Booster Pump Replacements	Evergreen Vista (308), Fir Tree 4 (374), Fir Tree 7 (377), Country Club (521), Maxvale (618), Cedar Shores (677), Deerfield Park 1 (681), Bald Hills (250), Homestead 1 (315), Maxvale (618), Cedar Shores (677)	32,629
Total		\$79,033