

2016-2017 Adopted Budget

2016-2017 Adopted Budget Alderwood Water & Wastewater District

3626 – 156th Street SW
Lynnwood, WA 98087-5021
(425) 743-4605
www.awwd.com



For the 2016 and 2017 Fiscal Years
(January 1 through December 31)

Adopted by Resolution No. 2662-2016 January 4, 2016

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Directory of Commissioners and Management

Current Board of Commissioners

| Member | Position | Term Expires |
|------------------|----------------|-------------------|
| Michael R. Dixon | President | December 31, 2017 |
| Dean R. Lotz | Vice-President | December 31, 2019 |
| Larry D. Jones | Secretary | December 31, 2017 |
| Donna J. Cross | Member | December 31, 2021 |
| Paul D. McIntyre | Member | December 31, 2019 |

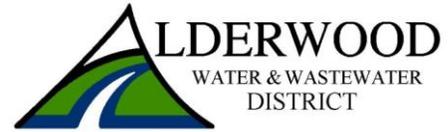
District Officials

| | |
|--------------------|--|
| Jeff Clarke | General Manager |
| Sridhar Krishnan | Finance Director |
| Joe Bolam | Director of Maintenance and Operations |
| Duane Huskey, P.E. | Planning and Development Services Director |
| Mike Pivec | Administrative Services Manager |



Budget Message

December 7, 2015



Board of Commissioners

Alderwood Water & Wastewater District's Customers and Stakeholders:

District staff are pleased to present the proposed Alderwood Water & Wastewater District 2016-2017 Budget for consideration by the Board of Commissioners. This document was developed through the efforts of many staff throughout the organization, and is more than simply funding for ongoing operations: it reflects the directions we plan to take in coming years to make the District more productive and better serve our current and future ratepayers.

Unlike other municipal governments, special purpose water and sewer districts are not legally mandated to submit or approve an annual budget. However, the Board and Management have committed to using the budget process as a financial planning tool. The expectation, despite lack of consequences, is that management and staff will work within the framework of the budget and monitor expenses and revenues throughout the year.

The District's finances remain very strong. All reserves set by Board policy are fully funded, and we enjoy the availability of funds for capital projects and mitigating against the possibility of spending and revenue fluctuations. The rate redesign and increases adopted in 2013 have both increased revenue and better prepared us to weather flatter water usage, while generating few concerns from customers. Alderwood's rates remain very competitive with other nearby providers, and rank well on affordability measures.

While the District has long been seen as forward-thinking and innovative, this Budget will make significant down payments on modernizing our operations. Work over the past two years to develop a Living Plan and the concept of a "100-Year CIP" was intended to produce smarter, more cost-effective programming of both capital and maintenance programs. We intend to provide for growth, reduce system breakages, and maximize the useful life of facilities, doing so through thoughtful use of integrated data collection and processing systems, and empowering staff from the office out to the trenches to participate in evaluation and decision-making. To this end, the Budget includes investment in upgraded software systems and hardware.

It also recognizes the need to grow our Maintenance and Operations department. Adding a net of ten new FTEs will allow us to provide more manageable "spans of control" for supervisors, shift administrative burdens to dedicated staff and shift supervisor time to the field, and provide staff trained to work with crews to make operations more efficient. It would also include a new SCADA technician to keep up with our increasing technical systems, and a second water quality technician due to our growing service size.

The Budget includes replacement of a number of vehicles. In determining when to make these changes, staff has modified an evaluation system borrowed from another jurisdiction, and we believe that this system will help us do long-range planning for fleet maintenance and replacement. During 2016 we also expect to come to the Board with proposals for sinking funds for vehicles, IT equipment, and facilities as part of our efforts to provide transparent, sustainable funding structures.

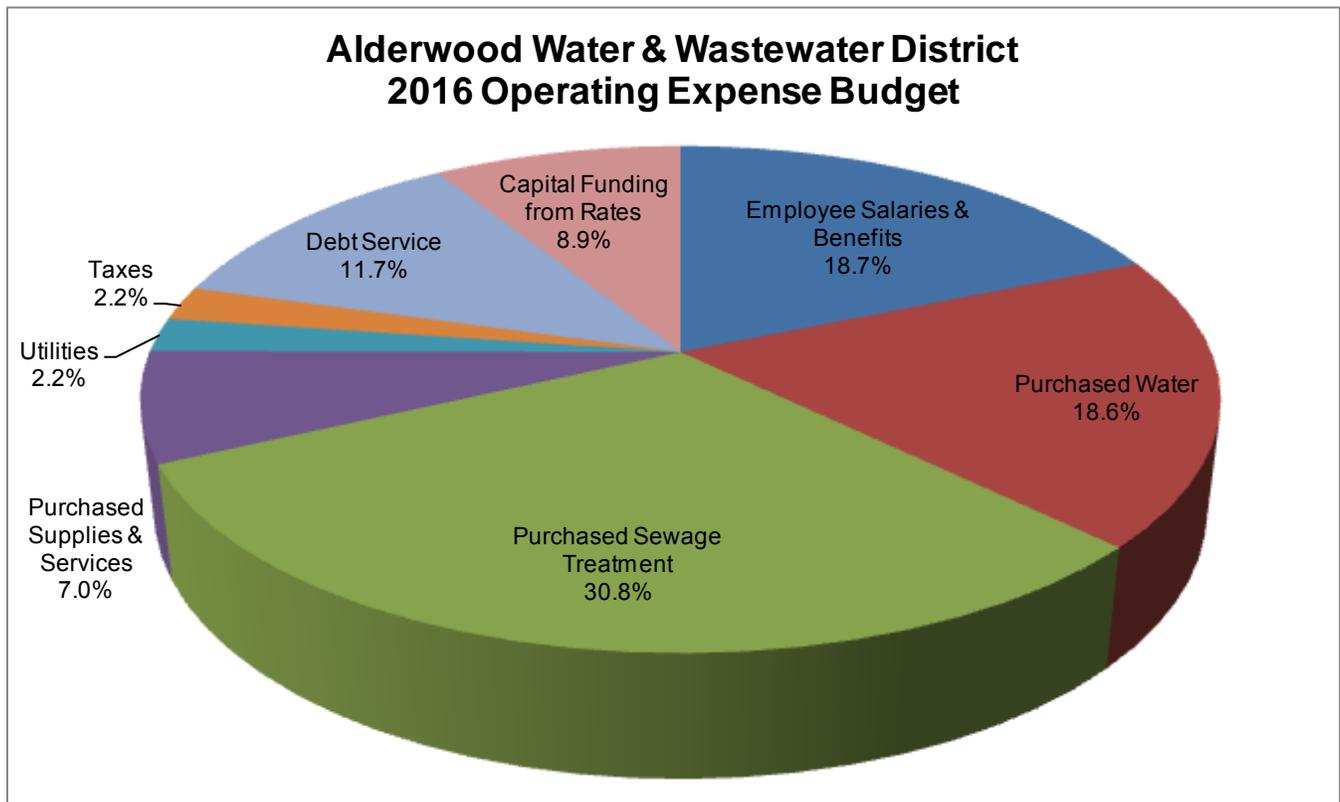
The table below summarizes the investments in the future that this budget includes.

| Category / Item | Comments | 2016 Total | 2017 Total |
|---|---|---------------------|---------------------|
| Information Technology | | | |
| Integrated Human Resource / Payroll Software Package | Part of District effort to consolidate software packages | \$ 330,000 | \$ 50,000 |
| Upgrade to Microsoft Office Live Subscription Service | Current version of MS office is out of date, compatibility issues | 26,100 | 26,100 |
| SmartDraw Enterprise Subscription | Templates, tools for easy visual display of information | 3,300 | 3,300 |
| Wireless Optimized Virtual Private Network | Gives staff more efficient mobile access to District network | 31,800 | 7,200 |
| Website Archiving Service | Will auto-archive all changes to website to maintain public record | 3,600 | 3,600 |
| New GIS System | Will improve asset management, customer service | 111,150 | 111,150 |
| Electronic Content Management System | Repository for District electronic files, incl. retention schedules | 325,000 | 35,000 |
| "Waterfall" - SCADA Network Security | Provides secure transfer between SCADA and business network | - | 134,310 |
| Sewer Line CCTV System | Will allow Jet Truck to monitor pipe condition in real time | 6,618 | - |
| Upgrade to Maintenance & Operations Software | Upgrade to existing system will improve function, efficiency | 23,846 | 23,846 |
| Hydraulic Modeling Software | New system will provide important asset management features | - | 91,500 |
| Tablets for Inspection Staff | Replacing notebook computers with better option for field work | 16,205 | - |
| Professional Services | | | |
| Space Needs Study | Evaluation of District facilities, current and future staff uses | 30,000 | - |
| Rate Study | Fiscal policies dictate this be done every 3 years | 100,000 | - |
| Customer Survey | Survey and focus group for use in improving customer service | 25,000 | - |
| Strategic Planning Services | Renewing District Strategic Plan, 5-Year Goals & Objectives | 25,000 | - |
| Facilities Security Upgrade | Re-keying District facilities, security improvements | 51,492 | - |
| Staffing | | | |
| New Positions in Maintenance & Operations Dept | Includes salaries, benefits, vehicles, I/T needs, furniture | 945,046 | 1,057,305 |
| Vehicles / Rolling Stock | | | |
| 5-Yard Dump Truck | Will keep existing 5-yard dump truck, use for paving | 136,072 | - |
| 2-Yard Dump Truck | Will use existing 2-yard dump truck for other duties, snow plowing | 64,359 | - |
| Small Cargo Van for Meter Department | Replaces right-hand-drive Jeep with over 120k miles | 42,479 | - |
| Cargo Van for Hydrant Inspection Crew | Existing hydrant vehicle to be used for facilities staff | 42,479 | - |
| Cargo Van for Locator Position | Existing locator truck to be assigned to new position | 42,650 | - |
| Pickup Truck for After-hours Duty Staff | Existing Duty truck to be assigned to new position | 38,950 | - |
| 16-Foot Cargo Trailer | To be used as mobile work site for sewer point repair system | 13,140 | - |
| Box Truck | Replaces 18-year-old truck | 54,559 | - |
| 3/4-ton Crew Truck | Replaces 16-year-old truck | 47,441 | - |
| Small Cargo Van | Replaces 15-year-old truck | 42,479 | - |
| 1/2-ton Crew Truck | Replaces 15-year-old truck | 41,630 | - |
| Equipment / Tools | | | |
| Replacement Phones & Headsets for Billing Staff | Replacing old, worn equipment | 13,900 | - |
| Pneumatic Piercing Tool | For use in installing water service | 14,972 | 7,610 |
| Sewer Lift Station 16 Motor Purchase | Spare motor in case of lift station failure | 10,355 | - |
| Air Compressor | Replacing worn compressor purchased in 1990 | - | 28,930 |
| Sewer Lift Station 19 Motor Purchase | Spare motor in case of lift station failure | 10,360 | - |
| Pre-Mix Heater for Asphalt | Keeps asphalt warm, allows for efficient paving year-round | 44,372 | - |
| Sewer Lift Station 18 Motor Purchase | Spare motor in case of lift station failure | 9,760 | - |
| Replace Chlorine/pH Analyzers | Rosemont probe-type analyzers will save water, staff time | 37,735 | - |
| Sewer Mainline Point Repair System | A no-dig system to repair sewer line with no service interruption | 21,900 | - |
| Emergency Supplies | Home emergency kits, cots, radios | 19,500 | - |
| Annual Totals | | \$ 2,803,248 | \$ 1,579,850 |

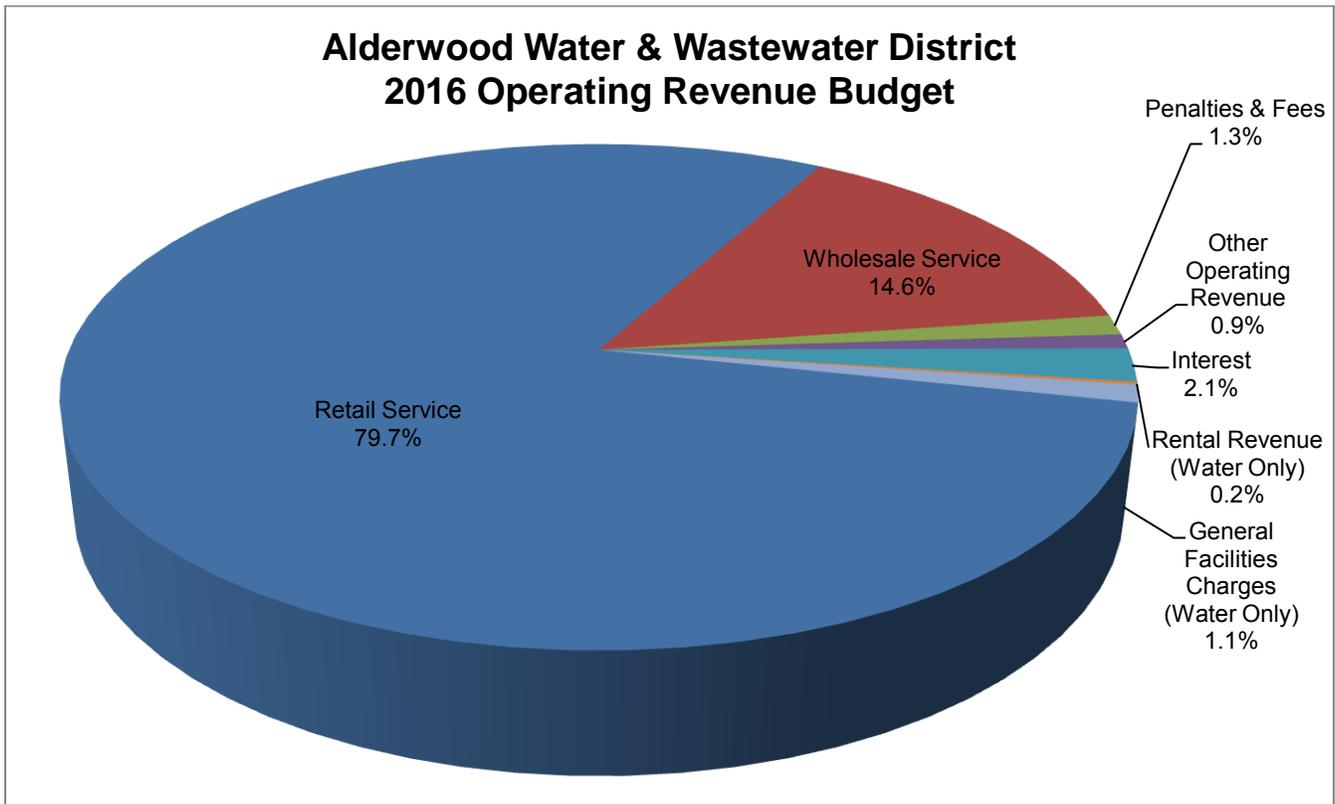
Below you will find a summary of our expense budget proposals for the coming two years, compared with the 2014 and 2015 adopted budgets. As always, our two largest areas of expenditure are water purchases and purchased sewage treatment; those two items take up approximately 50% of our operating budget.

| Expense | Adopted Budget 2014 | Adopted Budget 2015 | % Change | Proposed Budget 2016 | % Change | Proposed Budget 2017 | % Change |
|-------------------------------|----------------------|----------------------|-------------|----------------------|-------------|----------------------|-------------|
| Employee Salaries & Benefits | 12,554,103 | 13,159,398 | 4.8% | 14,706,189 | 11.8% | 15,358,074 | 4.4% |
| Purchased Water * | 13,880,745 | 14,192,843 | 2.2% | 14,611,982 | 3.0% | 15,096,081 | 3.3% |
| Purchased Sewage Treatment | 20,989,963 | 22,839,963 | 8.8% | 24,250,169 | 6.2% | 25,355,519 | 4.6% |
| Purchased Supplies & Services | 6,120,567 | 6,491,897 | 6.1% | 5,530,943 | -14.8% | 5,409,889 | -2.2% |
| Utilities * | 1,320,247 | 1,378,458 | 4.4% | 1,702,582 | 23.5% | 1,789,160 | 5.1% |
| Taxes | 1,500,000 | 1,500,000 | 0.0% | 1,717,000 | 14.5% | 1,803,000 | 5.0% |
| Debt Service | 9,034,845 | 9,334,021 | 3.3% | 9,210,188 | -1.3% | 9,227,226 | 0.2% |
| Capital Funding from Rates | 7,000,000 | 7,000,000 | 0.0% | 7,000,000 | 0.0% | 7,000,000 | 0.0% |
| Total | \$ 72,400,470 | \$ 75,896,580 | 4.8% | \$ 78,729,054 | 3.7% | \$ 81,038,950 | 2.9% |

* In 2014, the decision was made to account for all Clearview water and power purchases in the AWWD Budget. Though these figures were not present in the original 2014-15 Budget, they have been included here in the 2014 and 2015 Adopted Budget columns to allow for accurate comparison between the 2014-15 and 2016-17 budgets. Specifically, \$3,830,000 and \$259,000 were added to the 2014 Purchased Water and Utilities figures, respectively. For 2015, \$3,600,000 and \$264,000 were added to the Purchased Water and Utilities figures, respectively.



Here is a summary of projected revenues for the Water and Wastewater funds. Customer revenues constitute about 95% of our revenues.



One large unknown is the possibility of a significant drought, particularly in 2016. If the community faces a need to cut back usage by 10 - 20%, the decrease in revenues will outweigh our reduced water, sewer, and power costs. We would also spend more on communicating with our customers. The District is well-positioned to get through a drought, for several reasons. Our 2013 rate design increased the amount of our budget supported by our “base rate,” which means we do not earn as much money in a high usage year as we would have with the previous design, but in a low usage year we would not decline by as much. We also have a rate stabilization fund ample enough to weather the situation.

Our financial policies call for the District to carry out a rate study every three years. Funding for such a study is included in the Budget, to be carried out in 2016. Once that is completed, we expect to meet with the Board to discuss long term rate strategies to assure support for necessary programs. The budget does not contemplate a rate increase to support expenses in 2016.

The proposed Budget includes a Capital Improvement Plan (CIP) for 2016 - 17. This is significantly smaller than seen in recent years. The two-year CIP for 2014-15 totaled \$34 million; CIP's in the previous few budget cycles were much higher to reflect construction of the Picnic Point facility. The current proposal comes to \$32 million. This reflects a focus on developing a CIP in line with the capabilities of our current size of staff. A major goal of the coming year is to use the 100-year CIP process to assess true needs to replace infrastructure, and a projected scale, and then develop staffing proposals to efficiently carry out such a program.

In closing, Staff looks forward to discussing this proposed Budget with the Board. It provides our attempt to address the priorities discussed with the Board over recent months, and to prepare the District to meet the growing needs of our community for a long time to come.

Sincerely,



Jeff Clarke
General Manager



Sridhar Krishnan
Finance Director

District History and Organization

The District is a special purpose district organized under RCW Chapter 57 to provide water and wastewater service to specific areas of south Snohomish County. Snohomish County is situated between northern Puget Sound to the west and the crest line of the North Cascade Range to the east. It shares its northern border with rural Skagit County and its southern border with King County. The District was formed by public election in 1931. As a public agency, it is governed by a five-member Board of Commissioners. Each Commissioner resides within the District service area and is elected by the District's registered voters to six-year terms.

The District service area is the largest water and sewer district in the State of Washington, serving a population of over 245,000 retail and wholesale customers. The District service area is approximately 44 square miles, and includes unincorporated areas and portions of the cities of Bothell, Lynnwood, Mountlake Terrace, Mill Creek, Mukilteo, and Brier. The District is bordered on the north by the City of Everett and on the northwest by the City of Mukilteo, on the east by Cross Valley Water District and the Silver Lake Water and Sewer District.

The Water System

The District water system consists roughly 660 miles of pipeline, nine reservoirs and tanks with 97 million gallons of storage, three booster pump stations, with a combined capacity of 94 million gallons per day (“mgd”) and four service pressure zones. The average day demand for 2014 was 27.2 mgd with a maximum day demand of 46.6 mgd. The following table shows historical demand for the water system:

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------------|------|------|------|------|------|
| Peak Flows (mgd) | 44.4 | 39.8 | 40.8 | 44.6 | 46.6 |
| Daily Average Flows (mgd) | 25.7 | 25.5 | 26.8 | 27.5 | 27.2 |

Note: These peak and average numbers include all flows from Pump Stations 1& 2 and the Clearview Pump Station. AWWD shares the flows from this station with the two other members of the Clearview Water Supply Agency: Silver Lake Water and Sewer District, and Cross Valley Water District.

Service Area and Customers: The District provides retail water service to unincorporated areas of SW Snohomish County, the City of Brier, and portions of the Cities of Lynnwood, Bothell, Mukilteo and Mill Creek. The District provides wholesale water service to the Cities of Mountlake Terrace, Lynnwood, approximately two-thirds of Edmonds, the Clearview Water Supply Agency, and the Mukilteo Water & Wastewater District.

As of the end of 2014, the District served 49,950 retail accounts and the wholesale accounts of the agencies listed above. Water consumption by the District's wholesale customers accounts for approximately 50 percent of the total average daily demand. Records indicate that over 93% of the District's accounts are residential and approximately 79% of consumption within the retail service area is from residential accounts.

Contractual Agreements and Water Rights: Since the incorporation of the District in 1931, the District has purchased water from the City of Everett. During the period from 1954 to 1961, the District augmented the Everett water supply with ten deep wells. However, due to increasing demand and the inability to find sufficient water through a test well program, the District signed a long-term agreement with the City of Everett. The current contract with Everett provides water to the District until January 1, 2055.

The Wastewater System

Service Area and Customers: In 1966, the District was authorized to provide wastewater service within the unincorporated area of its boundaries. Currently, the District serves these areas and portions of the cities of Bothell, Lynnwood, Mukilteo, Mill Creek and Brier. As of the end of 2014, the District served 37,293 retail wastewater accounts. In addition, the District provides wholesale wastewater transmission service for the City of Brier and the Silver Lake Water and Sewer District.

Of all District retail wastewater accounts, approximately 97% are residential. These accounts contribute approximately 81% of the total revenue in the Wastewater Fund. Approximately 13,000 properties within the District's wastewater service area have septic systems. As these septic systems fail with age, we expect the properties that lie within an Urban Growth Area to connect to District wastewater service and we plan for that additional growth in wastewater flows.

Service Contract: Transmission and treatment of sewage is provided by three sources: (1) a contract with King County Department of Natural Resources and Parks (KCDNRP); (2) a contract with the City of Everett; and (3) the District's own treatment plant. Treatment of sewage in most of the eastern half of the District is provided by the KCDNRP through a long-term contract with the District, which now expires July 1, 2056. In early 2013, the contract with KCDNRP was amended to extend from 2036 to 2056. Contract service is also provided by the City of Everett to the northeast portion of the District; that agreement expires March 31, 2020. KCDNRP treats approximately 80 percent of the District's sewage, 17 percent is treated by the District's plant, and 3 percent is treated by the City of Everett.

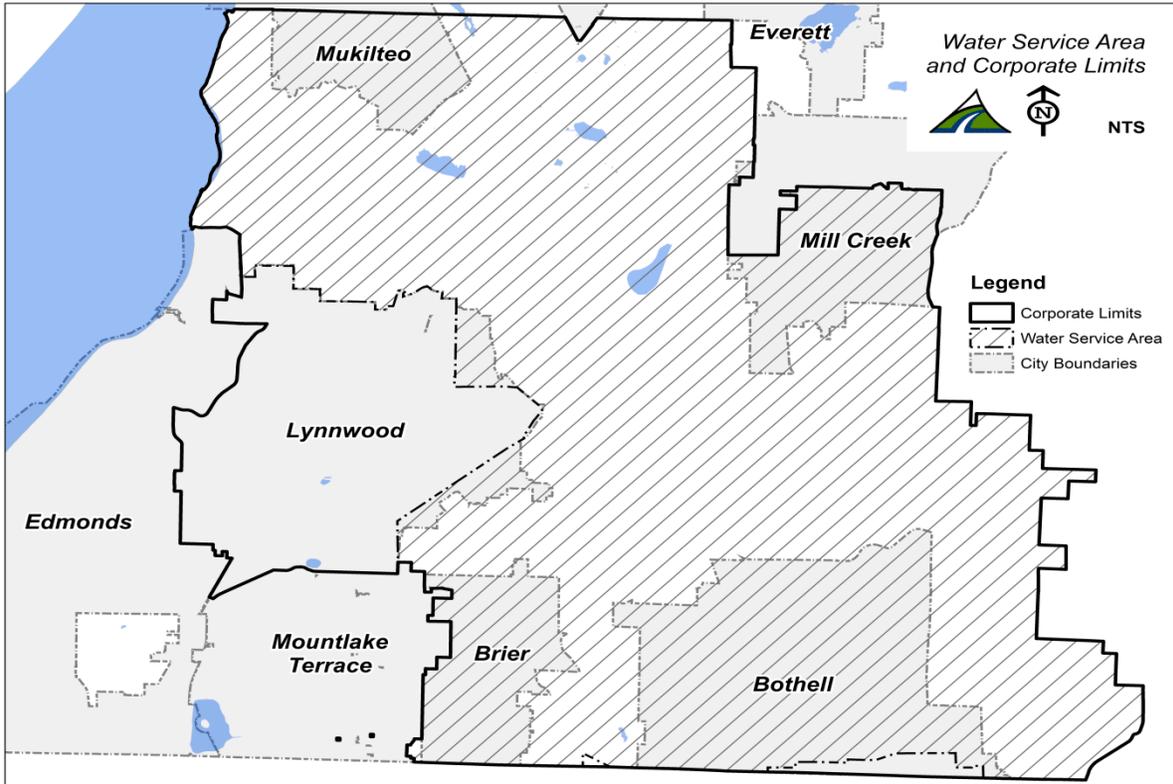
District Facilities: The District's renovated Picnic Point Wastewater Treatment Facility became fully operational in 2013. The expanded and state-of-the-art plant is capable of processing 4 million gallons a day ("mgd") and a maximum peak-hour flow of 8.8 mgd equivalent. The Picnic Point plant serves the northwest portion of the District and is located north of the City of Lynnwood with outfall into Puget Sound. In the near future, the District will modify existing facilities to re-route wastewater flows in specific areas from KCDNRP facilities to the new Picnic Point treatment plant.

The District currently has 10 active sanitary sewer lift stations ranging in capacity from 100 gallons per minute to 2,500 gallons per minute. All stations have a back-up power supply. The District has approximately 440 miles of sanitary sewer mains and laterals for local collection and transmission to treatment facilities.

A Simple Look at the District's 2016 Budget

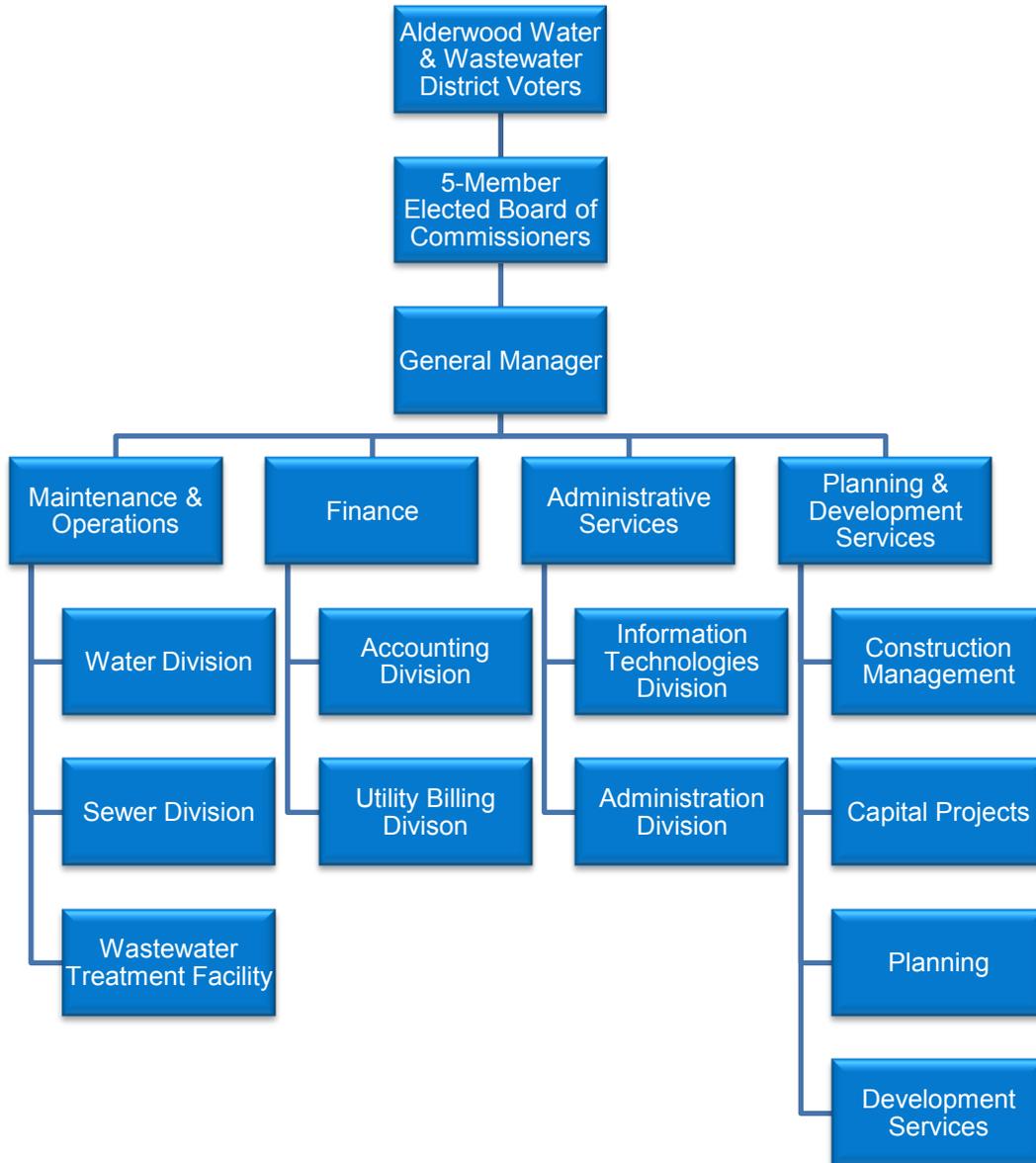


Water Service Area and Corporate Limits



The District's corporate boundaries recently changed. The corporate boundaries illustrated above are effective as of November 16, 2015.

Organizational Chart





Our Mission

Through leadership in customer service, environmental stewardship and regulatory compliance, Alderwood Water & Wastewater District provides high quality, reliable water and wastewater services at fair and reasonable rates to meet the current and future needs of our community.

We commit to the following values:

- Actively taking a role as one of the leaders in the community and the industry
- Thoughtful, adaptive and effective planning for the future
- Recruiting, training, and retaining qualified employees
- Ongoing, honest, open communication with our customers
- Stewardship of the region's natural resources and the environment
- Effective partnerships with our external stakeholder and partners

We believe:

- As a public service organization, we must maintain public trust
- We conduct all of our business responsively with integrity and professionalism
- We preserve and represent our customers' interest in local and regional decision-making

We believe that customers have the right to:

- Excellent service at reasonable rates
- Potable drinking water
- Safe, reliable wastewater services
- Effective, reliable service

We believe that employees have the right to:

- Fair compensation, benefits
- Appropriate tools and resources
- Opportunities for professional growth
- Safe, professional and respectful work environment

Team Expectations

In Spring 2014, Alderwood employees participated in the second annual Work Climate Survey. While it is clear progress has been made, a number of themes emerged for who we want to become:

Motivated, innovative, and well-trained public servants who respect each other as equal partners and who are united as one organization with one mission.

Discussion with the leadership team and the employee advisory committee led to specific behavioral expectations and incremental goals to help us be the change we want to see moving forward.

Motivated, Innovative, and well-trained public servants....

| <i>We Value...</i> | <i>We Will...</i> |
|--------------------------------------|---|
| <i>Employee Development</i> | <ul style="list-style-type: none"> ... create promotable, highly trained, innovative employees. ... require each employee to have an individual development plan. ... help employees develop job-specific skills and achieve career goals. ... honor our employees' well-being. |
| <i>Being a Learning Organization</i> | <ul style="list-style-type: none"> ... continuously enhance the skills of our employees. ... encourage development that benefits our customers. |
| <i>Leadership</i> | <ul style="list-style-type: none"> ... be effective and engaging team leaders who build trust and cooperation. ... motivate each other to realize a common vision. |
| <i>Planning for the Future</i> | <ul style="list-style-type: none"> ... have a continuously updated Personnel Plan that will identify long term staffing needs. ... have a continuously updated succession plan that details training and skills for each position. |
| <i>Failing Forward</i> | <ul style="list-style-type: none"> ... accept mistakes and failures as opportunities to help each other fail falling forward. ... take as well as give constructive criticism and feedback. |



Respecting each other as equal partners...

| <i>We Value...</i> | <i>We Will...</i> |
|------------------------------|--|
| <i>Public Service</i> | ... recognize that all positions are honorable, worthwhile, and worthy of aspiration. |
| <i>Accountability</i> | ... all be held equally accountable to clear behavioral and communication expectations. |
| <i>Partnership</i> | ... accomplish our goals and vision for the future as equal partners. ... have respectful relationships, honest communication, commitment to one another, and a mutual understanding of roles and responsibilities. |
| <i>Transparency</i> | ... share with and include employees in the development and implementation of major initiatives, decisions, policies, standards, performance measures, and the budget. |
| <i>Continual Improvement</i> | ... achieve noticeable, continual improvement of supervisor and employee relations. ... facilitate honest and collaborative discussions at all levels of the organization. |

United as one organization with one mission.

| <i>We Value...</i> | <i>We Will...</i> |
|--------------------------------|--|
| <i>Passion</i> | ... work toward the common goal of economic and clean water for our community. ... put team above individual. |
| <i>Innovation</i> | ... expect employees to take ownership of their ideas ... follow up on and listen to ideas. ... use technology and automation to improve our connection to each other and the community. |
| <i>Customer Service</i> | ... focus on providing fair, timely, and professional internal and external customer service. ... be actively engaged in our mission and understand our roles in its accomplishment. |
| <i>Hiring the Right People</i> | ... hire "our kind of people" who are interested in public service, connect to our community, and help the District be a relevant and visible public organization. |
| <i>Trust</i> | ... honor one another, freely share our wants and needs, and demonstrate vulnerability by admitting mistakes. |

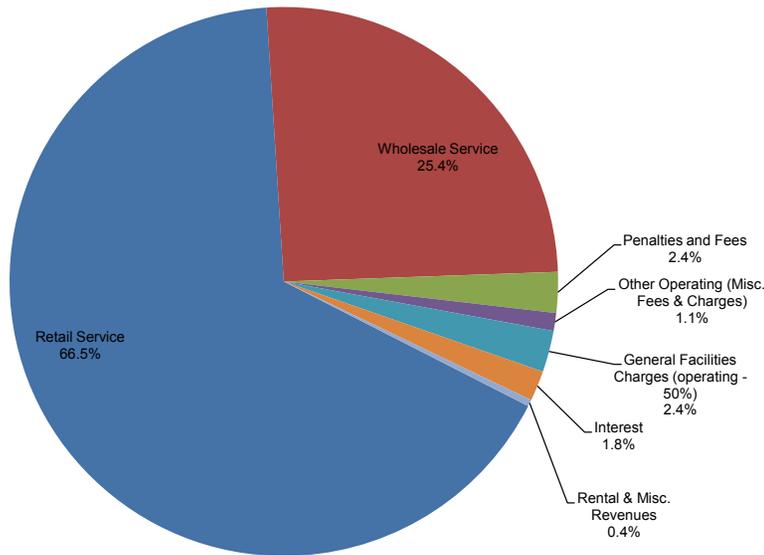
Budget Overview



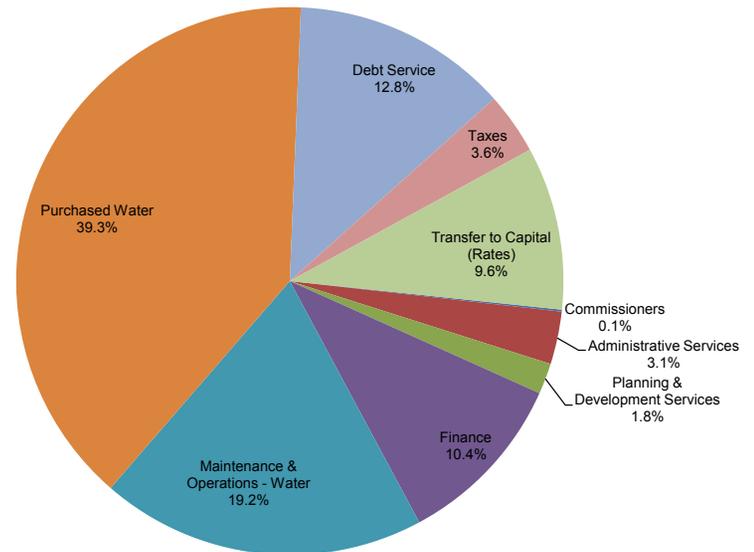
2016 Summary of Sources of Uses - Percent of Total

Water Fund

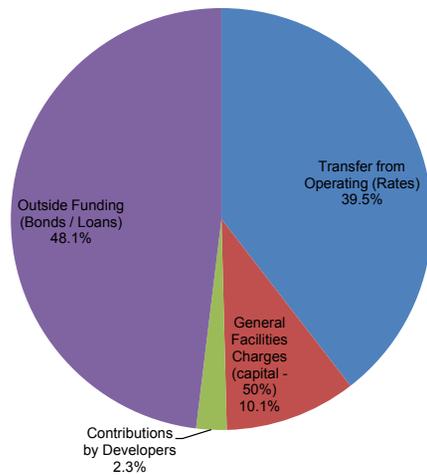
2016 Sources: Water Fund - OPERATING



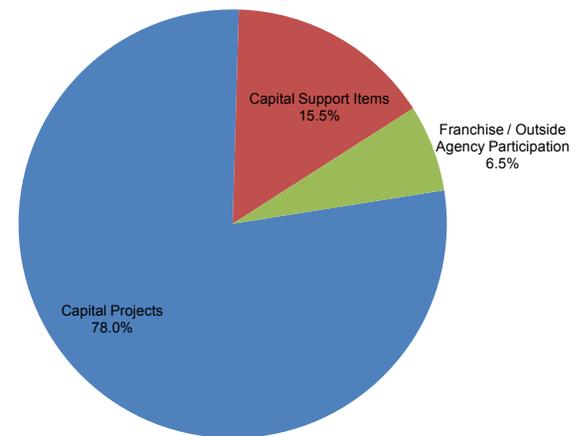
2016 Uses: Water Fund - OPERATING



2016 Sources: Water Fund - CAPITAL



2016 Uses: Water Fund - CAPITAL



Summary Statement

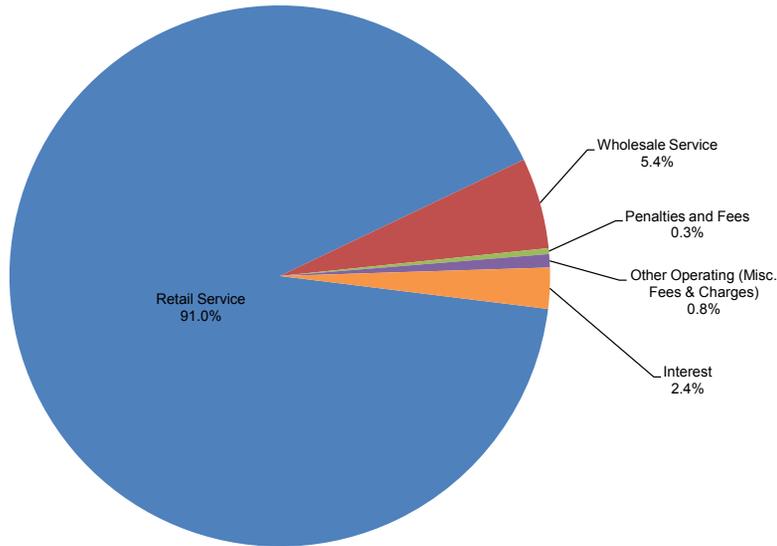
Water Fund

| | 2015 Water Estimated Actual | 2016 Water Adopted Budget | % Change | 2017 Water Adopted Budget | % Change |
|--|--------------------------------------|------------------------------------|-------------|------------------------------------|-------------|
| Sources of Funds (Revenue) | | | | | |
| Operating Revenue - Rates and Charges | | | | | |
| Retail Service | \$ 24,514,800 | \$ 24,353,900 | -1% | \$ 25,337,800 | 4% |
| Wholesale Service | 8,878,900 | 9,320,400 | 5% | 9,579,300 | 3% |
| Penalties and Fees | 855,700 | 877,600 | 3% | 907,600 | 3% |
| Other Operating (Misc. Fees & Charges) | 482,000 | 385,900 | -20% | 418,600 | 8% |
| General Facilities Charges (operating - 50%) | 867,600 | 893,400 | 3% | 919,900 | 3% |
| Total Operating Revenue - Rates and Charges | \$ 35,599,000 | \$ 35,831,200 | 1% | \$ 37,163,200 | 4% |
| Other Operating Revenue | | | | | |
| Interest | 465,600 | 653,500 | 40% | 653,500 | 0% |
| Rental & Misc. Revenues | 139,600 | 143,000 | 2% | 146,600 | 3% |
| Transfer from Capital for Meter Program | 1,000,000 | - | n/a | - | n/a |
| Total Other Operating Revenue | \$ 1,605,200 | \$ 796,500 | -50% | \$ 800,100 | 0% |
| Total Operating Sources of Funds | \$ 37,204,200 | \$ 36,627,700 | -2% | \$ 37,963,300 | 4% |
| Capital Program Revenue | | | | | |
| Transfer from Operating (Rates) | 3,500,000 | 3,500,000 | 0% | 3,500,000 | 0% |
| General Facilities Charges (capital - 50%) | 867,600 | 893,400 | 3% | 919,900 | 3% |
| Contributions by Developers | 170,700 | 206,200 | 21% | 212,300 | 3% |
| Outside Funding (Bonds / Loans) | 361,800 | 4,258,400 | 1077% | 5,782,800 | 36% |
| Total Capital Program Revenue | \$ 4,900,100 | \$ 8,858,000 | 81% | \$ 10,415,000 | 18% |
| Total - All Sources of Funds | \$ 42,104,300 | \$ 45,485,700 | 8% | \$ 48,378,300 | 6% |
| Uses of Funds (Expenses) | | | | | |
| Operating Uses of Funds - By Department | | | | | |
| Commissioners | \$ 88,800 | \$ 41,700 | -53% | \$ 115,700 | 177% |
| Administrative Services | 813,900 | 1,131,900 | 39% | 1,100,400 | -3% |
| Planning & Development Services | 648,000 | 662,500 | 2% | 672,000 | 1% |
| Finance | 3,146,000 | 3,796,800 | 21% | 3,899,200 | 3% |
| Maintenance & Operations - Water | 7,506,100 | 6,984,300 | -7% | 7,286,600 | 4% |
| Purchased Water | 13,777,600 | 14,284,600 | 4% | 14,836,100 | 4% |
| Total Operating Uses of Funds - By Department | \$ 25,980,400 | \$ 26,901,800 | 4% | \$ 27,910,000 | 4% |
| Other District-Wide Operating Uses of Funds | | | | | |
| * Debt Service | 5,422,943 | 4,639,227 | -14% | 4,814,131 | 4% |
| Taxes | 1,258,200 | 1,323,000 | 5% | 1,389,000 | 5% |
| Transfer to Capital (Rates) | 3,500,000 | 3,500,000 | 0% | 3,500,000 | 0% |
| Total Other District-Wide Operating Uses of Funds | \$ 10,181,143 | \$ 9,462,227 | -7% | \$ 9,703,131 | 3% |
| Total Operating Uses of Funds | \$ 36,161,543 | \$ 36,364,027 | 1% | \$ 37,613,131 | 3% |
| Capital Uses of Funds | | | | | |
| Capital Projects | 3,320,000 | 6,107,000 | 84% | 10,371,000 | 70% |
| Capital Support Items | 669,700 | 1,213,500 | 81% | 206,000 | -83% |
| Franchise / Outside Agency Participation | 326,000 | 513,000 | 57% | 779,000 | 52% |
| Transfer to Operating - Meter Replacement | 1,000,000 | - | n/a | - | n/a |
| Total Capital Uses of Funds | \$ 5,315,700 | \$ 7,833,500 | 47% | \$ 11,356,000 | 45% |
| Total - All Uses of Funds | \$ 41,477,243 | \$ 44,197,527 | 7% | \$ 48,969,131 | 11% |
| Surplus / (Deficit) of Funds (Operating Only) | 1,042,657 | 263,673 | | 350,169 | |
| Surplus / (Deficit) of Funds (Capital Only) | (415,600) | 1,024,500 | | (941,000) | |
| Surplus / (Deficit) of Funds (Operating + Capital) | \$ 627,057 | \$ 1,288,173 | | \$ (590,831) | |

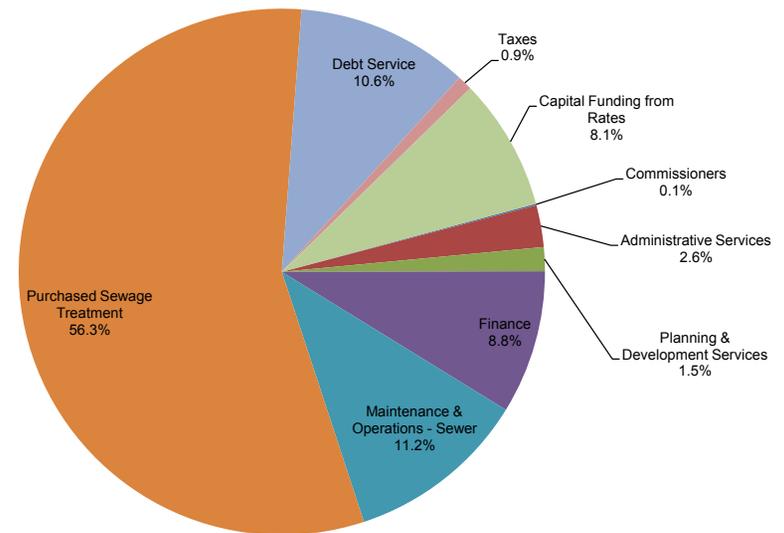
* Debt service is stated as sum of all debt service and the payments the District receives from outstanding ULID assessments.

2016 Summary of Sources and Uses - Percent of Total Sewer Fund

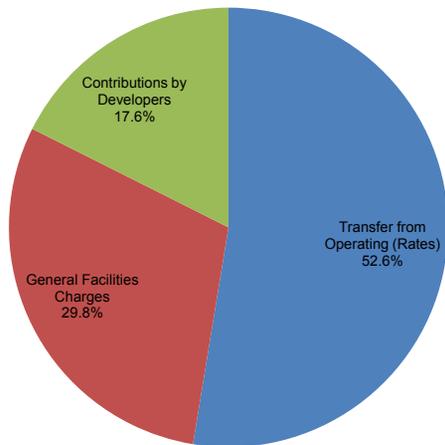
2016 Sources: Sewer Fund - OPERATING



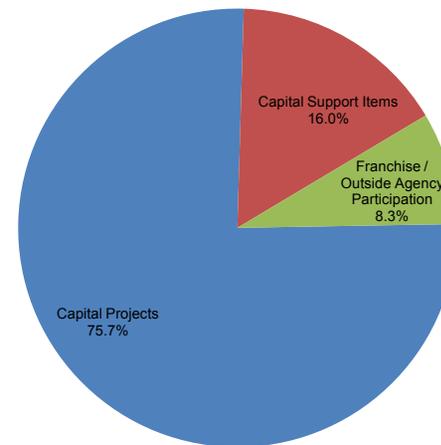
2016 Uses: Sewer Fund - OPERATING



2016 Sources: Sewer Fund - CAPITAL



2016 Uses: Sewer Fund - CAPITAL



Summary Statement

Sewer Fund

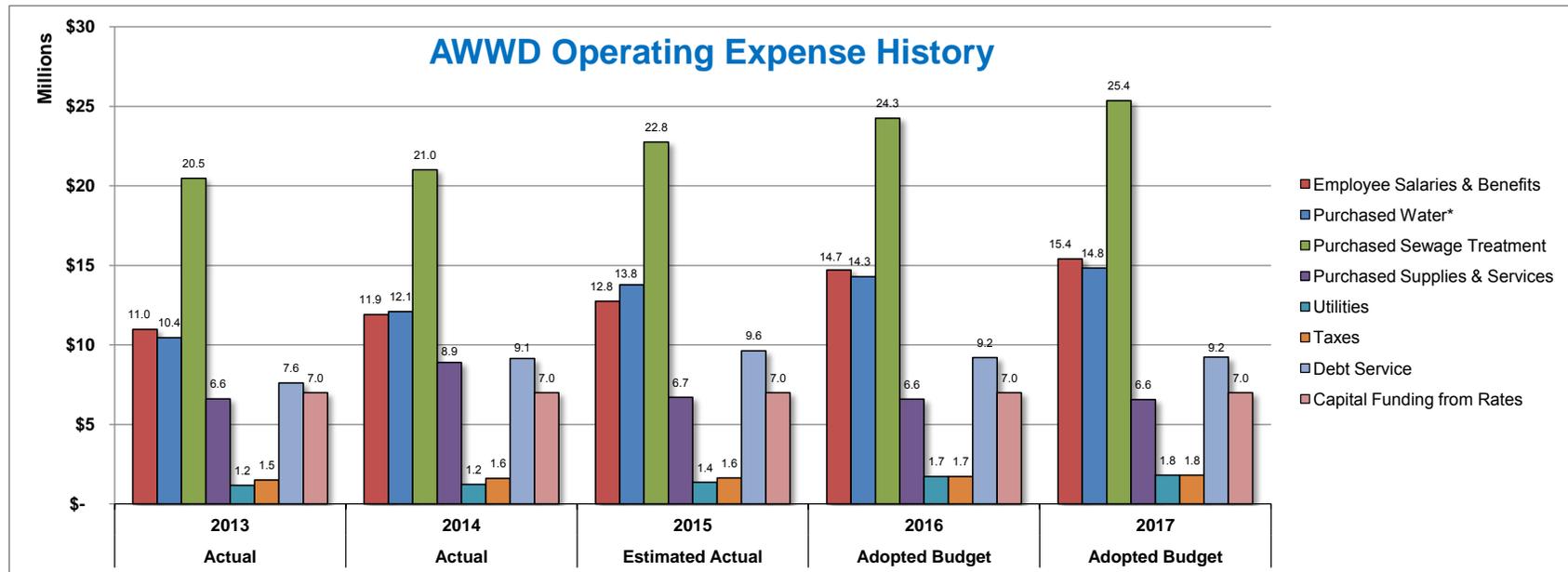
| | 2015 Wastewater Estimated Actual | 2016 Wastewater Adopted Budget | % Change | 2017 Wastewater Adopted Budget | % Change |
|--|---|---|-------------|---|-------------|
| Sources of Funds (Revenue) | | | | | |
| Operating Revenue - Rates and Charges | | | | | |
| Retail Service | \$ 38,788,300 | \$ 39,243,200 | 1% | \$ 40,828,800 | 4% |
| Wholesale Service | 2,309,000 | 2,343,700 | 2% | 2,452,600 | 5% |
| Penalties and Fees | 147,000 | 149,900 | 2% | 156,000 | 4% |
| Other Operating (Misc. Fees & Charges) | 332,900 | 342,600 | 3% | 352,700 | 3% |
| Total Operating Revenue - Rates and Charges | \$ 41,577,200 | \$ 42,079,400 | 1% | \$ 43,790,100 | 4% |
| Other Operating Revenue | | | | | |
| Interest | 769,100 | 1,054,440 | 37% | 1,054,440 | 0% |
| Total Other Operating Revenue | \$ 769,100 | \$ 1,054,440 | 37% | \$ 1,054,440 | 0% |
| Total Operating Sources of Funds | \$ 42,346,300 | \$ 43,133,840 | 2% | \$ 44,844,540 | 4% |
| Capital Program Revenue | | | | | |
| Transfer from Operating (Rates) | 3,500,000 | 3,500,000 | 0% | 3,500,000 | 0% |
| General Facilities Charges | 1,927,000 | 1,984,200 | 3% | 2,043,100 | 3% |
| Contributions by Developers | 1,161,900 | 1,171,400 | 1% | 338,100 | -71% |
| Outside Funding (Bonds / Loans) | - | - | n/a | - | n/a |
| Total Capital Program Revenue | \$ 6,588,900 | \$ 6,655,600 | 1% | \$ 5,881,200 | -12% |
| Total - All Sources of Funds | \$ 48,935,200 | \$ 49,789,440 | 2% | \$ 50,725,740 | 2% |
| Uses of Funds (Expenses) | | | | | |
| Operating Uses of Funds - By Department | | | | | |
| Commissioners | \$ 88,700 | \$ 41,000 | -54% | \$ 115,100 | 181% |
| Administrative Services | 791,800 | 1,107,100 | 40% | 1,075,900 | -3% |
| Planning & Development Services | 632,600 | 633,200 | 0% | 648,200 | 2% |
| Finance | 3,147,400 | 3,799,800 | 21% | 3,902,200 | 3% |
| Maintenance & Operations - Sewer | 3,949,700 | 4,812,500 | 22% | 4,962,100 | 3% |
| Purchased Sewage Treatment | 22,758,000 | 24,250,200 | 7% | 25,355,500 | 5% |
| Total Operating Uses of Funds - By Department | \$ 31,368,200 | \$ 34,643,800 | 10% | \$ 36,059,000 | 4% |
| Other District-Wide Operating Uses of Funds | | | | | |
| * Debt Service | 4,155,851 | 4,570,961 | 10% | 4,413,095 | -3% |
| Taxes | 374,500 | 394,000 | 5% | 414,000 | 5% |
| Capital Funding from Rates | 3,500,000 | 3,500,000 | 0% | 3,500,000 | 0% |
| Total Other District-Wide Operating Uses of Funds | \$ 8,030,351 | \$ 8,464,961 | 5% | \$ 8,327,095 | -2% |
| Total Operating Uses of Funds | \$ 39,398,551 | \$ 43,108,761 | 9% | \$ 44,386,095 | 3% |
| Capital Uses of Funds | | | | | |
| Capital Projects | 3,902,000 | 5,753,000 | 47% | 5,048,000 | -12% |
| Capital Support Items | 232,700 | 1,213,500 | 421% | 206,000 | -83% |
| Franchise / Outside Agency Participation | 502,000 | 629,000 | 25% | 190,000 | -70% |
| Total Capital Uses of Funds | \$ 4,636,700 | \$ 7,595,500 | 64% | \$ 5,444,000 | -28% |
| Total - All Uses of Funds | \$ 44,035,251 | \$ 50,704,261 | 15% | \$ 49,830,095 | -2% |
| Surplus / (Deficit) of Funds (Operating Only) | \$ 2,947,749 | \$ 25,079 | | \$ 458,445 | |
| Surplus / (Deficit) of Funds (Capital Only) | \$ 1,952,200 | \$ (939,900) | | \$ 437,200 | |
| Surplus / (Deficit) of Funds (Operating + Capital) | \$ 4,899,949 | \$ (914,821) | | \$ 895,645 | |

* Debt service is stated as sum of all debt service and the payments the District receives from outstanding ULID assessments.

Five-Year Operating Summary

| Expense | Actual 2013 | Actual 2014 | % Change | Estimated Actual 2015 | % Change | Adopted Budget 2016 | % Change | Adopted Budget 2017 | % Change |
|-------------------------------|----------------------|----------------------|-------------|--------------------------|-------------|------------------------|-------------|------------------------|-------------|
| Employee Salaries & Benefits | \$ 10,976,913 | \$ 11,900,327 | 8% | \$ 12,753,120 | 7% | \$ 14,706,190 | 15% | \$ 15,412,794 | 5% |
| Purchased Water* | 10,449,388 | 12,093,025 | 16% | 13,777,575 | 14% | 14,284,615 | 4% | 14,836,093 | 4% |
| Purchased Sewage Treatment | 20,479,778 | 21,016,546 | 3% | 22,758,037 | 8% | 24,250,169 | 7% | 25,355,519 | 5% |
| Purchased Supplies & Services | 6,607,554 | 8,891,767 | 35% | 6,697,927 | -25% | 6,584,772 | -2% | 6,557,146 | 0% |
| Utilities | 1,169,375 | 1,225,492 | 5% | 1,352,889 | 10% | 1,719,814 | 27% | 1,807,264 | 5% |
| Taxes | 1,496,121 | 1,607,046 | 7% | 1,632,715 | 2% | 1,717,000 | 5% | 1,803,000 | 5% |
| Debt Service | 7,608,467 | 9,138,844 | 20% | 9,626,695 | 5% | 9,210,188 | -4% | 9,227,226 | 0% |
| Capital Funding from Rates | 7,000,000 | 7,000,000 | 0% | 7,000,000 | 0% | 7,000,000 | 0% | 7,000,000 | 0% |
| Total | \$ 65,787,596 | \$ 72,873,047 | 11% | \$ 75,598,958 | 4% | \$ 79,472,748 | 5% | \$ 81,999,042 | 3% |

*The District changed how it accounted for water purchased and resold to the Clearview Water Supply Agency in 2013. The result is a reduction in both revenue and expense in 2013. The District changed back to the original accounting method in 2014 and will continue using that method.



Department Expense Budget Summary - 2016

| Expense Category | Administrative | | Planning & Development | | Water | | Sewer | | TOTAL | | TOTAL | | 2016-2015 Variance | |
|---|------------------|---------------------|------------------------|----------------------|--------------------------|--------------------------|----------------------|----------------------|---------------------|--------------|--------|---|--------------------|--|
| | Commissioners | Services | Services | Finance | Maintenance & Operations | Maintenance & Operations | 2016 Budget | 2015 Budget | 2016 Budget | 2015 Budget | Amount | % | | |
| Employee Salaries & Benefits | | | | | | | | | | | | | | |
| Salaries and Wages - Employees | \$ 54,720 | \$ 1,202,720 | \$ 2,022,595 | \$ 1,035,115 | \$ 3,467,930 | \$ 2,790,353 | \$ 10,573,433 | \$ 9,653,964 | \$ 919,469 | 9.5% | | | | |
| Less capitalized wages | | | (842,352) | | | | (842,352) | (867,071) | 24,719 | -2.9% | | | | |
| Employee Benefits | | | 6,085 | 4,901,864 | 33,580 | 33,580 | 4,975,109 | 4,319,065 | 656,044 | 15.2% | | | | |
| Subtotal Employee Wages & Benefits | 54,720 | 1,202,720 | 1,186,328 | 5,936,979 | 3,501,510 | 2,823,933 | 14,706,190 | 13,105,958 | 1,600,232 | 12.2% | | | | |
| Subtotal Purchased Water * | | | | | 14,284,615 | | 14,284,615 | 10,592,843 | 3,691,772 | 34.9% | | | | |
| Subtotal Purchased Sewage Treatment | | | | | | 24,250,169 | 24,250,169 | 22,716,257 | 1,533,912 | 6.8% | | | | |
| Purchased Supplies and Services | | | | | | | | | | | | | | |
| Computer Related | | 455,485 | | | | | 455,485 | 112,535 | 342,950 | 304.7% | | | | |
| Election Expenses | | | | | | | | 180,000 | (180,000) | -100.0% | | | | |
| Emergency Preparedness | | 27,300 | | | | | 27,300 | 8,080 | 19,220 | 237.9% | | | | |
| Fuel & Chemicals | | | | | 102,094 | 154,184 | 256,279 | 299,648 | (43,369) | -14.5% | | | | |
| Insurance Expenses | | | | 621,942 | | | 621,942 | 753,221 | (131,279) | -17.4% | | | | |
| Miscellaneous Expenses | 2,480 | 80,045 | 33,060 | 482,049 | 270,150 | 116,297 | 984,081 | 875,117 | 108,964 | 12.5% | | | | |
| Professional Services | | 305,100 | 32,000 | 421,510 | 97,038 | 114,604 | 970,252 | 917,309 | 52,943 | 5.8% | | | | |
| Repairs & Maintenance | | 44,390 | | 3,960 | 405,881 | 498,785 | 953,016 | 757,434 | 195,582 | 25.8% | | | | |
| Sludge Removal | | | | | | 170,800 | 170,800 | 123,706 | 47,094 | 38.1% | | | | |
| Supplies | | 39,600 | 11,285 | 31,000 | 1,415,315 | 235,266 | 1,732,467 | 2,270,434 | (537,967) | -23.7% | | | | |
| Training | 25,500 | 84,330 | 33,000 | 62,820 | 69,050 | 69,050 | 343,750 | 296,726 | 47,024 | 15.8% | | | | |
| Transportation Expenses | | | | | 34,700 | 34,700 | 69,400 | 76,632 | (7,232) | -9.4% | | | | |
| Subtotal Purchased Supplies and Services | 27,980 | 1,036,250 | 109,345 | 1,623,282 | 2,394,229 | 1,393,686 | 6,584,772 | 6,670,842 | (86,070) | -1.3% | | | | |
| Utilities | | | | | | | | | | | | | | |
| Purchased Power- Pumping and Storage (Water) | | | | | 1,063,788 | | 1,063,788 | 617,306 | 446,482 | 72.3% | | | | |
| Purchased Power- Lift Stations (Sewer) | | | | | | 48,332 | 48,332 | 59,800 | (11,468) | -19.2% | | | | |
| Utility Services - Facilities**** | | | | 36,329 | 24,785 | 546,579 | 607,693 | 435,552 | 172,141 | 39.5% | | | | |
| Subtotal Utilities | - | - | - | 36,329 | 1,088,574 | 594,911 | 1,719,814 | 1,112,658 | 607,156 | 54.6% | | | | |
| Total Department Budgets | \$ 82,700 | \$ 2,238,970 | \$ 1,295,673 | \$ 7,596,589 | \$ 21,268,928 | \$ 29,062,700 | \$ 61,545,560 | \$ 54,198,558 | \$ 7,347,002 | 13.6% | | | | |
| District Wide Expenses | | | | | | | | | | | | | | |
| Taxes | | | | 1,717,000 | | | 1,717,000 | 1,500,000 | 217,000 | 14.5% | | | | |
| Debt Service | | | | 9,210,188 | | | 9,210,188 | 9,334,021 | (123,833) | -1.3% | | | | |
| Capital funding from rates | | | | 7,000,000 | | | 7,000,000 | 7,000,000 | - | 0.0% | | | | |
| Total District Budget | \$ 82,700 | \$ 2,238,970 | \$ 1,295,673 | \$ 25,523,778 | \$ 21,268,928 | \$ 29,062,700 | \$ 79,472,748 | \$ 72,032,579 | \$ 7,440,169 | 10.3% | | | | |
| Water Portion | 41,690 | 1,131,850 | 662,494 | 13,259,064 | 21,268,928 | | 36,364,026 | 32,045,934 | 4,318,092 | 13.5% | | | | |
| Sewer Portion | 41,010 | 1,107,119 | 633,179 | 12,264,714 | | 29,062,700 | 43,108,722 | 39,986,645 | 3,122,077 | 7.8% | | | | |
| Total District Budget | \$ 82,700 | \$ 2,238,970 | \$ 1,295,673 | \$ 25,523,778 | \$ 21,268,928 | \$ 29,062,700 | \$ 79,472,748 | \$ 72,032,579 | \$ 7,440,169 | 10.3% | | | | |

Department Expense Budget Summary - 2017

| Expense Category | Administrative Services | | Planning & Development Services | | Finance | Water Maintenance & Operations | Sewer Maintenance & Operations | TOTAL 2017 Budget | TOTAL 2016 Budget | 2017-2016 Variance | |
|---|-------------------------|---------------------|---------------------------------|----------------------|----------------------|--------------------------------|--------------------------------|----------------------|---------------------|--------------------|---|
| | Commissioners | Services | Services | Services | | | | | | Amount | % |
| Employee Salaries & Benefits | | | | | | | | | | | |
| Salaries and Wages - Employees | \$ 54,720 | \$ 1,235,052 | \$ 2,069,608 | \$ 1,059,922 | \$ 3,701,164 | \$ 2,943,857 | \$ 11,064,323 | \$ 10,573,433 | \$ 490,891 | 4.6% | |
| Less capitalized wages | | | (860,987) | | | | (860,987) | (842,352) | (18,635) | 2.2% | |
| Employee Benefits | | | 6,085 | 5,136,873 | 33,250 | 33,250 | 5,209,458 | 4,975,109 | 234,349 | 4.7% | |
| Subtotal Employee Wages & Benefits | 54,720 | 1,235,052 | 1,214,706 | 6,196,795 | 3,734,414 | 2,977,107 | 15,412,794 | 14,706,190 | 706,605 | 4.8% | |
| Subtotal Purchased Water * | | | | | 14,836,093 | | 14,836,093 | 14,284,615 | 551,478 | 3.9% | |
| Subtotal Purchased Sewage Treatment | | | | | | 25,355,519 | 25,355,519 | 24,250,169 | 1,105,349 | 4.6% | |
| Purchased Supplies and Services | | | | | | | | | | | |
| Computer Related | | 425,072 | | | | | 425,072 | 455,485 | (30,413) | -6.7% | |
| Election Expenses | 148,000 | | | | | | 148,000 | - | 148,000 | n/a | |
| Emergency Preparedness | | 8,080 | | | | | 8,080 | 27,300 | (19,220) | -70.4% | |
| Fuel & Chemicals | | | | | 111,226 | 114,479 | 225,705 | 256,279 | (30,573) | -11.9% | |
| Insurance Expenses | | | | 646,220 | | | 646,220 | 621,942 | 24,278 | 3.9% | |
| Miscellaneous Expenses | 2,580 | 81,580 | 32,060 | 559,726 | 277,132 | 120,330 | 1,073,408 | 984,081 | 89,327 | 9.1% | |
| Professional Services | | 268,800 | 32,000 | 284,095 | | 100,685 | 884,460 | 970,252 | (85,793) | -8.8% | |
| Repairs & Maintenance | | 45,566 | | 4,361 | 337,724 | 418,312 | 805,962 | 953,016 | (147,054) | -15.4% | |
| Sludge Removal | | | | | | 181,840 | 181,840 | 170,800 | 11,040 | 6.5% | |
| Supplies | | 19,600 | 8,385 | 17,650 | 1,480,379 | 225,068 | 1,751,082 | 1,732,467 | 18,615 | 1.1% | |
| Training | 25,500 | 92,498 | 33,000 | 53,560 | 65,639 | 65,639 | 335,835 | 343,750 | (7,915) | -2.3% | |
| Transportation Expenses | | | | | 35,741 | 35,741 | 71,482 | 69,400 | 2,082 | 3.0% | |
| Subtotal Purchased Supplies and Services | 176,080 | 941,196 | 105,445 | 1,565,611 | 2,408,525 | 1,360,289 | 6,557,146 | 6,584,772 | (27,626) | -0.4% | |
| Utilities | | | | | | | | | | | |
| Purchased Power- Pumping and Storage (Water) | | | | | | 1,117,643 | 1,117,643 | 1,063,788 | 53,854 | 5.1% | |
| Purchased Power- Lift Stations (Sewer) | | | | | | | 50,749 | 48,332 | 2,417 | 5.0% | |
| Utility Services - Facilities**** | | | | 38,940 | 26,025 | 573,908 | 638,873 | 607,693 | 31,180 | 5.1% | |
| Subtotal Utilities | - | - | - | 38,940 | 1,143,667 | 624,657 | 1,807,264 | 1,719,814 | 87,450 | 5.1% | |
| Total Department Budgets | \$ 230,800 | \$ 2,176,248 | \$ 1,320,151 | \$ 7,801,346 | \$ 22,122,700 | \$ 30,317,572 | \$ 63,968,817 | \$ 61,545,560 | \$ 2,423,257 | 3.9% | |
| District Wide Expenses | | | | | | | | | | | |
| Taxes | | | | 1,803,000 | | | 1,803,000 | 1,717,000 | 86,000 | 5.0% | |
| Debt Service | | | | 9,227,226 | | | 9,227,226 | 9,210,188 | 17,037 | 0.2% | |
| Capital funding from rates | | | | 7,000,000 | | | 7,000,000 | 7,000,000 | - | 0.0% | |
| Total District Budget | \$ 230,800 | \$ 2,176,248 | \$ 1,320,151 | \$ 25,831,572 | \$ 22,122,700 | \$ 30,317,572 | \$ 81,999,042 | \$ 79,472,748 | \$ 2,526,294 | 3.2% | |
| Water Portion | 115,740 | 1,100,384 | 671,963 | 13,602,317 | 22,122,700 | | 37,613,103 | 36,364,026 | 1,249,077 | 3.4% | |
| Sewer Portion | 115,060 | 1,075,864 | 648,188 | 12,229,255 | | 30,317,572 | 44,385,939 | 43,108,722 | 1,277,218 | 3.0% | |
| Total District Budget | \$ 230,800 | \$ 2,176,248 | \$ 1,320,151 | \$ 25,831,572 | \$ 22,122,700 | \$ 30,317,572 | \$ 81,999,042 | \$ 79,472,748 | \$ 2,526,294 | 3.2% | |

Long-Range Financial Plan - Assumptions

Below is a table of the major assumptions used in the creation of AWWD's Long Range Financial Plan for Water and Sewer Funds.

| WATER-Specific | Source | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenues | | | | | | | | | | | | |
| Annual Growth in Number of Retail Connections | based on historical growth rates | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Retail Rate Increase Factor | used modeling to predict future revenue requirements | 0.0% | 2.0% | 2.5% | 0.0% | 0.0% | 0.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.5% |
| Wholesale Rate Increase Factor | based on purchased water inflation projections (see below) | 7.9% | 1.4% | 1.4% | 1.4% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Wholesale Consumption Increase Factor | based on historical rate, assumes new customers using more | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| Expenses | | | | | | | | | | | | |
| Purchased Power Inflation Factor | based on predictions from Snohomish PUD* and historical rates | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| Purchased Water Inflation Factor | based on projections provided by City of Everett** | 7.9% | 1.4% | 1.4% | 1.4% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |

| SEWER-Specific | Source | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenues | | | | | | | | | | | | |
| Annual Growth in Number of Retail Connections | based on historical growth rates | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Retail Rate Increase Factor | used modeling to predict future revenue requirements | 0.0% | 2.0% | 3.0% | 3.1% | 2.5% | 2.5% | 2.0% | 2.0% | 2.0% | 3.0% | 2.0% |
| Wholesale Rate Increase Factor | based on King County purchased treatment projections (see below) | 0.0% | 3.1% | 0.0% | 1.9% | 2.2% | 5.2% | 2.1% | 2.1% | 2.1% | 2.1% | 2.1% |
| Wholesale Customer Growth Factor | based on historical rate, assumes new customers using more | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% |
| Expenses | | | | | | | | | | | | |
| Purchased Power Inflation Factor | based on predictions from Snohomish PUD and historical rates | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| Purchased Sewage Treatment - King County *** | based on projections from King County, historical increases | 0.0% | 3.1% | 0.0% | 1.9% | 2.2% | 5.2% | 2.1% | 2.1% | 2.1% | 2.1% | 2.1% |
| Purchased Sewage Treatment - City of Everett *** | based on projections from City of Everett, historical increases | 6.2% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Purchased Sewage Treatment - NUD *** | based on projections from Northshore, historical increases | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |

| DISTRICT-WIDE EXPENSES | Source | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| GFC and Capital Contributions Increase Factor | based on 20-year average of Seattle area Construction Cost Index † | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| General Expense Inflation Factor | based on 10-year average of Seattle area Consumer Price Index (CPI) | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| Medical Benefits Inflation Factor | based on historical increases | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% |
| PERS Contribution Increase Factor †† | based on 10-year average of Seattle CPI plus factor for staff raises | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Other Benefits Increase Factor ††† | based on historical increases | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |
| Wages Increase Factor (COLA) | based on 6-year average of Seattle area Consumer Price Index | 1.6% | 2.0% | 1.7% | 1.7% | 2.0% | 2.0% | 2.0% | 2.0% | 2.5% | 2.5% | 2.5% |

* The District purchases all of its electric power from Snohomish Public Utility District.

** The District purchases all of its water from the City of Everett.

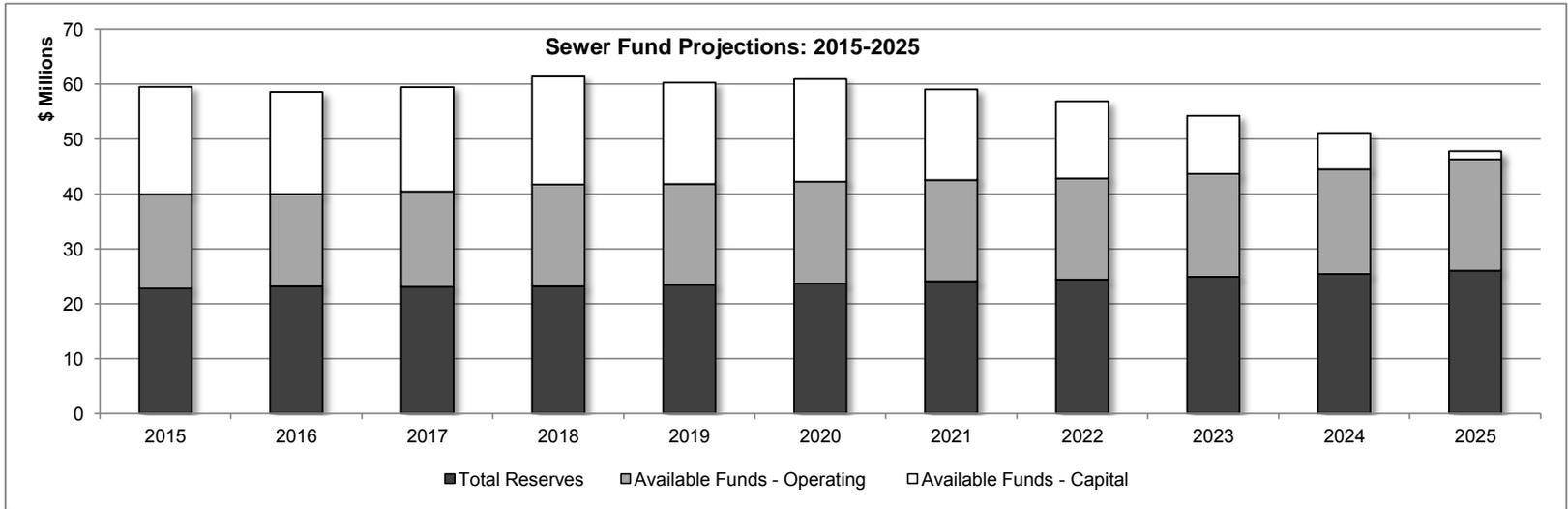
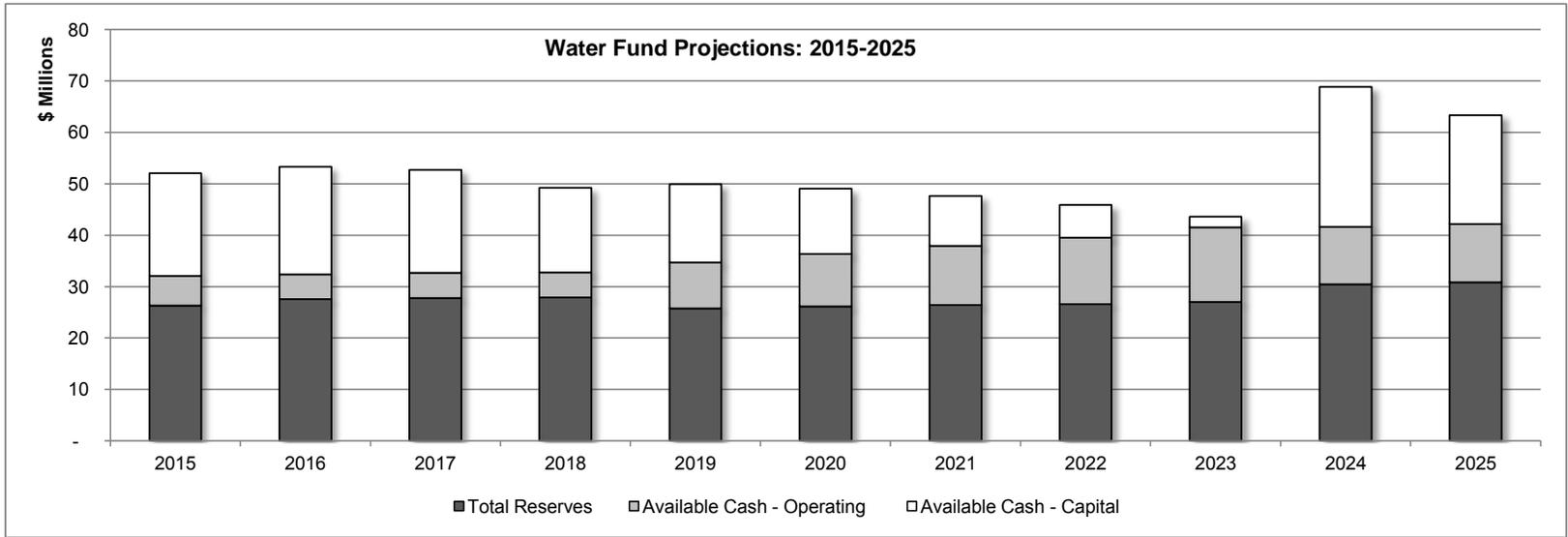
*** Aside from the District-owned wastewater treatment plant, AWWD sends wastewater to three other entities for treatment - King County, City of Everett, and Northshore Utility District (NUD).

† The Construction Cost Index is published by Engineering News-Record, a magazine and website dedicated to the engineering and construction industries.

†† PERS = Public Employees Retirement System, a Washington-State retirement benefit program for public employees.

††† Includes federal insurance contributions, workers compensation premiums, leave buy-back programs, and other benefits.

Long-Range Financial Plan - Projected Balances by Fund, 2015-2025



Source and Use of Funds - Water Operations 2015-2025 Budgeted and Projected Long-Range Plan

| | 2015 Estimated Actual | 2016 Adopted Budget | 2017 Adopted Budget | 2018 Projected | 2019 Projected | 2020 Projected | 2021 Projected | 2022 Projected | 2023 Projected | 2024 Projected | 2025 Projected |
|--|-----------------------------|---------------------------|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|
| Beginning Balances | | | | | | | | | | | |
| Available Operating Funds | \$ 4,742,071 | \$ 4,531,892 | \$ 4,546,899 | \$ 4,825,847 | \$ 6,954,028 | \$ 8,575,951 | \$ 9,920,896 | \$ 11,319,235 | \$ 12,470,449 | \$ 11,032,558 | \$ 10,776,920 |
| Available Capital Funds | 20,365,178 | 19,949,596 | 20,974,073 | 20,033,040 | 16,504,040 | 15,229,590 | 12,684,090 | 9,725,240 | 6,389,890 | 2,086,520 | 27,214,243 |
| Operating Reserve | 5,466,493 | 6,633,320 | 6,881,912 | 7,060,407 | 7,286,452 | 7,547,773 | 7,859,033 | 8,146,168 | 8,485,497 | 8,807,146 | 9,183,607 |
| Capital Reserve | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| Rate Stabilization Reserve | 7,064,153 | 7,064,153 | 7,064,153 | 7,064,153 | 7,064,153 | 7,064,153 | 7,064,153 | 7,064,153 | 7,064,153 | 7,064,153 | 7,064,153 |
| Wholesale Rate Stabilization Reserve (Water Only) | 343,339 | 429,174 | 429,174 | 321,880 | 402,350 | 502,938 | 502,938 | 377,203 | 471,504 | 589,380 | 589,380 |
| Debt Reserves | 3,426,849 | 3,426,849 | 3,426,849 | 3,426,849 | 1,015,453 | 1,015,453 | 1,015,453 | 1,015,453 | 1,015,453 | 4,015,453 | 4,015,453 |
| Total Beginning Balances | \$ 51,408,082 | \$ 52,034,984 | \$ 53,323,059 | \$ 52,732,176 | \$ 49,226,475 | \$ 49,935,858 | \$ 49,046,562 | \$ 47,647,452 | \$ 45,896,947 | \$ 43,595,210 | \$ 68,843,755 |
| OPERATING BUDGET | | | | | | | | | | | |
| Operating Sources of Funds (Revenue) | | | | | | | | | | | |
| Operating Revenue - Rates and Charges | | | | | | | | | | | |
| Retail Service | 24,514,800 | 24,353,900 | 25,337,800 | 26,490,700 | 27,020,400 | 27,560,700 | 28,111,900 | 29,247,600 | 30,429,200 | 31,658,600 | 32,937,700 |
| Wholesale Service | 8,878,900 | 9,320,400 | 9,579,300 | 9,819,500 | 10,090,500 | 10,527,300 | 10,987,200 | 11,475,600 | 12,024,200 | 12,603,900 | 13,217,000 |
| Penalties and Non Service Charges | 855,700 | 877,600 | 907,600 | 930,800 | 954,600 | 979,100 | 1,004,200 | 1,038,600 | 1,074,100 | 1,110,800 | 1,148,800 |
| Other Operating Fees and Charges | 482,000 | 385,900 | 418,600 | 431,100 | 444,200 | 457,900 | 472,200 | 487,000 | 502,300 | 518,600 | 535,700 |
| Water General Facility Charges (Operating Portion 50%) | 867,600 | 893,400 | 919,900 | 947,200 | 975,400 | 1,004,300 | 1,034,200 | 1,064,900 | 1,096,500 | 1,129,100 | 1,162,600 |
| Total Operating Revenue - Rates and Charges | \$ 35,599,000 | \$ 35,831,200 | \$ 37,163,200 | \$ 38,619,300 | \$ 39,485,100 | \$ 40,529,300 | \$ 41,609,700 | \$ 43,313,700 | \$ 45,126,300 | \$ 47,021,000 | \$ 49,001,800 |
| Other Operating Revenue | | | | | | | | | | | |
| Interest | 465,600 | 653,500 | 653,500 | 660,100 | 666,300 | 682,900 | 700,000 | 717,500 | 735,400 | 753,800 | 772,600 |
| Rental & Misc. Revenue | 139,600 | 143,000 | 146,600 | 150,300 | 154,100 | 158,000 | 162,000 | 166,100 | 170,300 | 174,600 | 179,000 |
| Funding from Rate Stabilization Reserves | - | - | - | - | - | - | - | - | - | - | - |
| Transfer from CIP for Meter Replacement | 1,000,000 | - | - | - | - | - | - | - | - | - | - |
| Total Other Operating Revenue | \$ 1,605,200 | \$ 796,500 | \$ 800,100 | \$ 810,400 | \$ 820,400 | \$ 840,900 | \$ 862,000 | \$ 883,600 | \$ 905,700 | \$ 928,400 | \$ 951,600 |
| Total Operating Sources of Funds | \$ 37,204,200 | \$ 36,627,700 | \$ 37,963,300 | \$ 39,429,700 | \$ 40,305,500 | \$ 41,370,200 | \$ 42,471,700 | \$ 44,197,300 | \$ 46,032,000 | \$ 47,949,400 | \$ 49,953,400 |
| Operating Uses of Funds | | | | | | | | | | | |
| Operating Uses of Funds - By Department | | | | | | | | | | | |
| Commissioners | 88,800 | 41,700 | 115,700 | 42,600 | 119,300 | 44,300 | 123,100 | 46,300 | 127,000 | 48,500 | 131,400 |
| Administrative Services | 813,900 | 1,131,900 | 1,100,400 | 1,123,000 | 1,146,000 | 1,171,500 | 1,197,500 | 1,224,100 | 1,251,300 | 1,282,600 | 1,314,700 |
| Planning & Development Services | 648,000 | 662,500 | 672,000 | 667,500 | 679,300 | 693,200 | 707,300 | 721,700 | 736,500 | 754,900 | 773,700 |
| Finance | 3,146,000 | 3,796,800 | 3,899,200 | 4,057,300 | 4,223,500 | 4,400,000 | 4,585,700 | 4,781,000 | 4,986,700 | 5,206,400 | 5,437,900 |
| Maintenance & Operations - Water | 7,506,100 | 6,984,300 | 7,286,600 | 7,456,200 | 7,630,300 | 7,820,400 | 8,015,600 | 8,216,200 | 8,422,100 | 8,654,500 | 8,893,500 |
| Purchased Water | 13,777,600 | 14,284,600 | 14,836,100 | 15,287,300 | 15,752,300 | 16,481,000 | 17,243,600 | 18,047,900 | 18,889,800 | 19,771,000 | 20,693,400 |
| Total Operating Uses of Funds - By Department | \$ 25,980,400 | \$ 26,901,800 | \$ 27,910,000 | \$ 28,633,900 | \$ 29,550,700 | \$ 30,610,400 | \$ 31,872,800 | \$ 33,037,200 | \$ 34,413,400 | \$ 35,717,900 | \$ 37,244,600 |
| Other District-Wide Operating Uses of Funds | | | | | | | | | | | |
| Taxes | 1,258,200 | 1,323,000 | 1,389,000 | 1,443,000 | 1,475,000 | 1,514,000 | 1,554,000 | 1,618,000 | 1,686,000 | 1,757,000 | 1,831,000 |
| Capital Funding from Rates | 3,500,000 | 3,500,000 | 3,500,000 | 4,000,000 | 4,000,000 | 4,500,000 | 4,500,000 | 5,000,000 | 5,000,000 | 5,500,000 | 5,500,000 |
| Debt Service Existing | 5,422,943 | 4,639,227 | 4,814,131 | 5,329,513 | 3,295,984 | 3,089,627 | 2,985,128 | 2,957,172 | 2,931,006 | 2,902,146 | 2,870,604 |
| Proposed Debt Service Payments | - | - | - | - | - | - | - | - | - | 1,951,543 | 1,951,543 |
| Total Other District-Wide Operating Uses of Funds | \$ 10,181,143 | \$ 9,462,227 | \$ 9,703,131 | \$ 10,772,513 | \$ 8,770,984 | \$ 9,103,627 | \$ 9,039,128 | \$ 9,575,172 | \$ 9,617,006 | \$ 12,110,689 | \$ 12,153,147 |
| Total Uses of Funds - Operating | \$ 36,161,543 | \$ 36,364,027 | \$ 37,613,131 | \$ 39,406,413 | \$ 38,321,684 | \$ 39,714,027 | \$ 40,911,928 | \$ 42,612,372 | \$ 44,030,406 | \$ 47,828,589 | \$ 49,397,747 |
| Surplus/(Deficit) of Operating Funds | \$ 1,042,657 | \$ 263,673 | \$ 350,169 | \$ 23,287 | \$ 1,983,816 | \$ 1,656,173 | \$ 1,559,772 | \$ 1,584,928 | \$ 2,001,594 | \$ 120,811 | \$ 555,653 |
| CAPITAL PROGRAM BUDGET | | | | | | | | | | | |
| Capital Sources of Funds | | | | | | | | | | | |
| Capital Funding from Rates | \$ 3,500,000 | \$ 3,500,000 | \$ 3,500,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,500,000 | \$ 4,500,000 | \$ 5,000,000 | \$ 5,000,000 | \$ 5,500,000 | \$ 5,500,000 |
| General Facility Charges (Capital Portion 50%) | 867,600 | 893,400 | 919,900 | 947,200 | 975,400 | 1,004,300 | 1,034,200 | 1,064,900 | 1,096,500 | 1,129,100 | 1,162,600 |
| Other Capital Contributions | 170,700 | 206,200 | 212,300 | 754,800 | 777,200 | 800,200 | 824,000 | 848,500 | 873,700 | 899,600 | 926,300 |
| Revenue Bond Proceeds | - | - | - | - | - | - | - | - | - | 30,000,000 | - |
| DWSRF / PWTF Loan Proceeds | 361,800 | 4,258,400 | 5,782,800 | - | - | - | - | - | - | - | - |
| Total Capital Sources of Funds | \$ 4,900,100 | \$ 8,858,000 | \$ 10,415,000 | \$ 5,702,000 | \$ 5,752,600 | \$ 6,304,500 | \$ 6,358,200 | \$ 6,913,400 | \$ 6,970,200 | \$ 37,528,700 | \$ 7,588,900 |
| Capital Uses of Funds | | | | | | | | | | | |
| Capital Projects | 3,320,000 | 6,107,000 | 10,371,000 | 8,578,000 | 6,723,000 | 8,045,000 | 8,283,900 | 8,529,900 | 8,783,200 | 9,044,100 | 9,312,700 |
| Capital Support Items | 669,700 | 1,213,500 | 206,000 | 350,000 | - | - | 350,000 | 360,400 | 371,100 | 382,100 | 393,400 |
| Capital Franchise, Outside Agency, & Participation | 326,000 | 513,000 | 779,000 | 303,000 | 304,000 | 805,000 | 683,100 | 1,358,400 | 2,119,300 | 2,974,700 | 3,934,900 |
| Total Capital Uses of Funds | \$ 4,315,700 | \$ 7,833,500 | \$ 11,356,000 | \$ 9,231,000 | \$ 7,027,000 | \$ 8,850,000 | \$ 9,317,000 | \$ 10,248,700 | \$ 11,273,600 | \$ 12,400,900 | \$ 13,641,000 |
| Less: Transfer to Operating - Meter Replacement | 1,000,000 | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) of Capital Funds | \$ (415,600) | \$ 1,024,500 | \$ (941,000) | \$ (3,529,000) | \$ (1,274,400) | \$ (2,545,500) | \$ (2,958,800) | \$ (3,335,300) | \$ (4,303,400) | \$ 25,127,800 | \$ (6,052,100) |
| Ending Balances | | | | | | | | | | | |
| Available Operating Funds | 5,784,555 | 4,795,490 | 4,897,049 | 4,849,147 | 8,937,860 | 10,232,156 | 11,480,636 | 12,904,080 | 14,472,083 | 11,153,380 | 11,332,569 |
| Available Capital Funds | 19,949,596 | 20,974,073 | 20,033,040 | 16,504,040 | 15,229,590 | 12,684,090 | 9,725,240 | 6,389,890 | 2,086,520 | 27,214,243 | 21,162,123 |
| Operating Reserve | 5,466,493 | 6,633,320 | 6,881,912 | 7,060,407 | 7,286,452 | 7,547,773 | 7,859,033 | 8,146,168 | 8,485,497 | 8,807,146 | 9,183,607 |
| Capital Reserve | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| Rate Stabilization Reserve - Retail | 7,064,153 | 7,064,153 | 7,064,153 | 7,064,153 | 7,064,153 | 7,064,153 | 7,064,153 | 7,064,153 | 7,064,153 | 7,064,153 | 7,064,153 |
| Rate Stabilization Reserve - Wholesale (Water Only) | 343,339 | 429,174 | 429,174 | 321,880 | 402,350 | 502,938 | 502,938 | 377,203 | 471,504 | 589,380 | 589,380 |
| Debt Service Reserves | 3,426,849 | 3,426,849 | 3,426,849 | 3,426,849 | 1,015,453 | 1,015,453 | 1,015,453 | 1,015,453 | 1,015,453 | 4,015,453 | 4,015,453 |
| Total Ending Balances | \$ 26,300,834 | \$ 27,553,496 | \$ 27,802,088 | \$ 27,873,289 | \$ 25,768,408 | \$ 26,130,317 | \$ 26,441,577 | \$ 26,602,977 | \$ 27,036,608 | \$ 30,476,132 | \$ 30,852,593 |

* 90 Days M&O Expense
 ** Accumulation of prior years
 *** \$10 million or 2% of original asset value

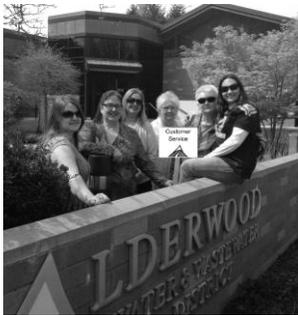
Source and Use of Funds - Sewer Operations

2015-2025 Budgeted and Projected Long-Range Plan

| | 2015 Estimated Actual | 2016 Adopted Budget | 2017 Adopted Budget | 2018 Projected | 2019 Projected | 2020 Projected | 2021 Projected | 2022 Projected | 2023 Projected | 2024 Projected | 2025 Projected |
|--|-----------------------------|---------------------------|---------------------------|----------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Beginning Balances | | | | | | | | | | | |
| Available Operating Funds | \$ 14,261,184 | \$ 16,778,939 | \$ 16,937,740 | \$ 17,261,457 | \$ 18,281,139 | \$ 18,161,239 | \$ 18,188,024 | \$ 18,141,195 | \$ 17,969,011 | \$ 18,223,525 | \$ 18,443,331 |
| Available Capital Funds | 17,576,825 | 19,529,022 | 18,589,148 | 19,026,348 | 19,706,248 | 18,444,048 | 18,664,748 | 16,524,548 | 14,032,148 | 10,596,678 | 6,618,051 |
| Operating Reserve | 5,265,024 | 5,694,865 | 5,927,482 | 6,062,362 | 6,302,925 | 6,543,168 | 6,951,130 | 7,213,244 | 7,513,224 | 7,803,939 | 8,134,542 |
| Capital Reserve | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| Rate Stabilization Reserve | 5,379,394 | 5,379,394 | 5,379,394 | 5,379,394 | 5,379,394 | 5,379,394 | 5,379,394 | 5,431,350 | 5,649,410 | 5,876,230 | 6,169,520 |
| Debt Reserves | 2,097,430 | 2,097,430 | 1,731,129 | 1,731,129 | 1,731,129 | 1,731,129 | 1,731,129 | 1,731,129 | 1,731,129 | 1,731,129 | 1,731,129 |
| Total Beginning Balances | \$ 54,579,857 | \$ 59,479,650 | \$ 58,564,893 | \$ 59,460,691 | \$ 61,400,834 | \$ 60,258,978 | \$ 60,914,425 | \$ 59,041,466 | \$ 56,894,922 | \$ 54,231,502 | \$ 51,096,574 |
| OPERATING BUDGET | | | | | | | | | | | |
| Operating Sources of Funds (Revenue) | | | | | | | | | | | |
| Operating Revenue - Rates and Charges | | | | | | | | | | | |
| Retail Service | \$ 38,788,300 | \$ 39,243,200 | \$ 40,828,800 | \$ 42,895,000 | \$ 45,109,400 | \$ 47,161,900 | \$ 49,307,900 | \$ 51,300,000 | \$ 53,372,700 | \$ 55,529,100 | \$ 58,338,800 |
| Wholesale Service | 2,309,000 | 2,343,700 | 2,452,600 | 2,542,800 | 2,643,000 | 2,805,600 | 2,909,300 | 3,013,500 | 3,121,400 | 3,233,200 | 3,356,400 |
| Penalties and Non Service Charges | 147,000 | 149,900 | 156,000 | 163,900 | 172,400 | 180,200 | 188,400 | 196,000 | 203,900 | 212,100 | 222,800 |
| Other Operating Fees and Charges | 332,900 | 342,600 | 352,700 | 363,000 | 373,700 | 384,600 | 395,900 | 407,600 | 419,500 | 431,900 | 444,600 |
| Total Operating Revenue - Rates and Charges | \$ 41,577,200 | \$ 42,079,400 | \$ 43,790,100 | \$ 45,964,700 | \$ 48,298,500 | \$ 50,532,300 | \$ 52,801,500 | \$ 54,917,100 | \$ 57,117,500 | \$ 59,406,300 | \$ 62,362,600 |
| Other Operating Revenue | | | | | | | | | | | |
| Interest | 769,100 | 1,054,440 | 1,054,440 | 1,080,800 | 1,107,800 | 1,135,400 | 1,163,700 | 1,192,700 | 1,222,500 | 1,253,100 | 1,284,400 |
| Other Nonoperating | - | - | - | - | - | - | - | - | - | - | - |
| Funding from Rate Stabilization Reserves | - | - | - | - | - | - | - | - | - | - | - |
| Total Other Operating Revenue | \$ 769,100 | \$ 1,054,440 | \$ 1,054,440 | \$ 1,080,800 | \$ 1,107,800 | \$ 1,135,400 | \$ 1,163,700 | \$ 1,192,700 | \$ 1,222,500 | \$ 1,253,100 | \$ 1,284,400 |
| Total Operating Sources of Funds | \$ 42,346,300 | \$ 43,133,840 | \$ 44,844,540 | \$ 47,045,500 | \$ 49,406,300 | \$ 51,667,700 | \$ 53,965,200 | \$ 56,109,800 | \$ 58,340,000 | \$ 60,659,400 | \$ 63,647,000 |
| Operating Uses of Funds | | | | | | | | | | | |
| Operating Uses of Funds - By Department | | | | | | | | | | | |
| Commissioners | 88,700 | 41,000 | 115,100 | 41,900 | 118,500 | 43,600 | 122,300 | 45,500 | 126,200 | 47,700 | 130,600 |
| Administration Services | 791,800 | 1,107,100 | 1,075,900 | 1,097,800 | 1,120,200 | 1,145,100 | 1,170,400 | 1,196,400 | 1,222,900 | 1,253,500 | 1,284,800 |
| Planning & Development Services | 632,600 | 633,200 | 648,200 | 643,200 | 654,300 | 667,600 | 681,100 | 694,800 | 708,900 | 726,600 | 744,800 |
| Finance | 3,147,400 | 3,799,800 | 3,902,200 | 4,060,400 | 4,226,700 | 4,403,300 | 4,589,000 | 4,784,500 | 4,990,300 | 5,210,100 | 5,441,700 |
| Maintenance & Operations - Sewer | 3,949,700 | 4,812,500 | 4,962,100 | 5,085,000 | 5,191,100 | 5,308,700 | 5,429,200 | 5,552,500 | 5,678,700 | 5,824,500 | 5,974,100 |
| Purchased Sewage Treatment | 22,758,000 | 24,250,200 | 25,355,500 | 25,951,200 | 27,031,900 | 28,236,000 | 30,294,000 | 31,606,800 | 32,978,400 | 34,411,600 | 35,909,200 |
| Total Operating Uses of Funds - By Department | \$ 31,368,200 | \$ 34,643,800 | \$ 36,059,000 | \$ 36,879,500 | \$ 38,342,700 | \$ 39,804,300 | \$ 42,286,000 | \$ 43,880,500 | \$ 45,705,400 | \$ 47,474,000 | \$ 49,485,200 |
| Other District-Wide Operating Uses of Funds | | | | | | | | | | | |
| Taxes | 374,500 | 394,000 | 414,000 | 435,000 | 457,000 | 478,000 | 500,000 | 520,000 | 541,000 | 563,000 | 591,000 |
| Capital Funding from Rates | 3,500,000 | 3,500,000 | 3,500,000 | 4,000,000 | 4,000,000 | 4,500,000 | 4,500,000 | 5,000,000 | 5,000,000 | 5,500,000 | 5,500,000 |
| Debt Service Existing (less ULID Revenues) | 4,155,851 | 4,570,961 | 4,413,095 | 4,470,886 | 6,486,166 | 6,450,684 | 6,411,921 | 6,363,378 | 6,321,505 | 6,278,738 | 6,228,143 |
| Proposed Debt Service Payments | - | - | - | - | - | - | - | - | - | - | - |
| Total Other District-Wide Operating Uses of Funds | \$ 8,030,351 | \$ 8,464,961 | \$ 8,327,095 | \$ 8,905,886 | \$ 10,943,166 | \$ 11,428,684 | \$ 11,411,921 | \$ 11,883,378 | \$ 11,862,505 | \$ 12,341,738 | \$ 12,319,143 |
| Total Uses of Funds - Operating | \$ 39,398,551 | \$ 43,108,761 | \$ 44,386,095 | \$ 45,785,386 | \$ 49,285,866 | \$ 51,232,984 | \$ 53,697,921 | \$ 55,763,878 | \$ 57,567,905 | \$ 59,815,738 | \$ 61,804,343 |
| Surplus/(Deficit) of Operating Funds | \$ 2,947,749 | \$ 25,079 | \$ 458,445 | \$ 1,260,114 | \$ 120,434 | \$ 434,716 | \$ 267,279 | \$ 345,922 | \$ 772,095 | \$ 843,662 | \$ 1,842,657 |
| CAPITAL PROGRAM BUDGET | | | | | | | | | | | |
| Capital Sources of Funds | | | | | | | | | | | |
| Capital Funding from Rates | \$ 3,500,000 | \$ 3,500,000 | \$ 3,500,000 | \$ 4,000,000 | \$ 4,000,000 | \$ 4,500,000 | \$ 4,500,000 | \$ 5,000,000 | \$ 5,000,000 | \$ 5,500,000 | \$ 5,500,000 |
| General Facility Charges | 1,927,000 | 1,984,200 | 2,043,100 | 2,103,800 | 2,166,300 | 2,230,600 | 2,296,800 | 2,365,000 | 2,435,200 | 2,507,500 | 2,582,000 |
| Other Capital Contributions | 1,161,900 | 1,171,400 | 338,100 | 348,100 | 358,500 | 369,100 | 380,000 | 391,300 | 402,900 | 414,800 | 427,100 |
| Revenue Bond Proceeds | - | - | - | - | - | - | - | - | - | - | - |
| DWSRF / PWTF Loan Proceeds | - | - | - | - | - | - | - | - | - | - | - |
| Total Capital Sources of Funds | \$ 6,588,900 | \$ 6,655,600 | \$ 5,881,200 | \$ 6,451,900 | \$ 6,524,800 | \$ 7,099,700 | \$ 7,176,800 | \$ 7,756,300 | \$ 7,838,100 | \$ 8,422,300 | \$ 8,509,100 |
| Capital Uses of Funds | | | | | | | | | | | |
| Capital Projects | 3,902,000 | 5,753,000 | 5,048,000 | 5,182,000 | 7,637,000 | 6,729,000 | 6,928,900 | 7,134,700 | 7,346,600 | 7,564,800 | 7,789,500 |
| Capital Support Items | 232,700 | 1,213,500 | 206,000 | 350,000 | - | - | 350,000 | 360,400 | 371,100 | 382,100 | 393,400 |
| Capital Franchise, Outside Agency, & Participation | 502,000 | 629,000 | 190,000 | 240,000 | 150,000 | 150,000 | 2,038,100 | 2,753,600 | 3,555,900 | 4,454,000 | 5,458,100 |
| Total Capital Uses of Funds | \$ 4,636,700 | \$ 7,595,500 | \$ 5,444,000 | \$ 5,772,000 | \$ 7,787,000 | \$ 6,879,000 | \$ 9,317,000 | \$ 10,248,700 | \$ 11,273,600 | \$ 12,400,900 | \$ 13,641,000 |
| Surplus/(Deficit) of Capital Funds | \$ 1,952,200 | \$ (939,900) | \$ 437,200 | \$ 679,900 | \$ (1,262,200) | \$ 220,700 | \$ (2,140,200) | \$ (2,492,400) | \$ (3,435,500) | \$ (3,978,600) | \$ (5,131,900) |
| Ending Balances | | | | | | | | | | | |
| Available Operating Funds | 17,208,780 | 16,804,055 | 17,396,338 | 18,521,701 | 18,401,482 | 18,595,986 | 18,455,266 | 18,487,051 | 18,741,060 | 19,067,225 | 20,286,057 |
| Available Capital Funds | 19,529,022 | 18,589,148 | 19,026,348 | 19,706,248 | 18,444,048 | 18,664,748 | 16,524,548 | 14,032,148 | 10,596,678 | 6,618,051 | 1,486,132 |
| * Operating Reserve | 5,265,024 | 5,694,865 | 5,927,482 | 6,062,362 | 6,302,925 | 6,543,168 | 6,951,130 | 7,213,244 | 7,513,224 | 7,803,939 | 8,134,542 |
| *** Capital Reserve | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| ** Rate Stabilization Reserve | 5,379,394 | 5,379,394 | 5,379,394 | 5,379,394 | 5,379,394 | 5,379,394 | 5,379,394 | 5,431,350 | 5,649,410 | 5,876,230 | 6,169,520 |
| Debt Service Reserves | 2,097,430 | 2,097,430 | 1,731,129 | 1,731,129 | 1,731,129 | 1,731,129 | 1,731,129 | 1,731,129 | 1,731,129 | 1,731,129 | 1,731,129 |
| Total Ending Balances | \$ 59,479,650 | \$ 58,564,893 | \$ 59,460,691 | \$ 61,400,834 | \$ 60,258,978 | \$ 60,914,425 | \$ 59,041,466 | \$ 56,894,922 | \$ 54,231,502 | \$ 51,096,574 | \$ 47,807,379 |

* 60 Days M&O Expense
 ** Accumulation of prior years
 *** \$10 million or 2% of original asset value

Revenues



2016-2017 Budget Revenue Report

Water Fund

| Acct. # | Description | Actual 2014 | Budget 2015 | Budget 2016 | Budget 2017 |
|---------------------------------------|--|----------------------|----------------------|----------------------|----------------------|
| WATER FUND REVENUE - OPERATING | | | | | |
| 1-00-461-101-000 | Metered Sales - Single Family | 14,692,136 | \$ 15,270,000 | \$ 15,285,700 | \$ 15,903,200 |
| 1-00-461-103-000 | Metered Sales - Single Family - Adjust. | (176,280) | - | (183,400) | (190,800) |
| 1-00-461-105-000 | Metered Sales - Senior Citizens Discount | (20,963) | (30,000) | (21,800) | (22,700) |
| 1-00-461-110-000 | Metered Sales - Disabled Customer Discount | (1,740) | - | (1,800) | (1,900) |
| 1-00-461-131-000 | Metered Sales - Multi-Family Units | 4,067,194 | 5,370,000 | 4,416,300 | 4,594,700 |
| 1-00-461-133-000 | Metered Sales - Multi-Family Units - Adjust. | (20,194) | - | (29,600) | (30,800) |
| 1-00-461-201-000 | Metered Sales - Single Commercial | 1,143,610 | 1,540,000 | 1,251,700 | 1,302,300 |
| 1-00-461-203-000 | Metered Sales - Single Commercial - Adjust. | (7,616) | - | (2,900) | (3,000) |
| 1-00-461-221-000 | Metered Sales - Multi-Commercial | 497,117 | 700,000 | 531,000 | 552,500 |
| 1-00-461-223-000 | Metered Sales - Multi-Commercial - Adjust. | (3,134) | - | (1,600) | (1,700) |
| 1-00-461-401-000 | Metered Sales - Municipality | 362,240 | - | 369,500 | 384,400 |
| 1-00-461-403-000 | Metered Sales - Municipality - Adjust. | 145 | - | - | - |
| 1-00-461-501-000 | Metered Sales - Hotel / Motel | 138,187 | - | 141,000 | 146,700 |
| 1-00-461-503-000 | Metered Sales - Hotel / Motel - Adjust. | (234) | - | - | - |
| 1-00-461-601-000 | Metered Sales - Mobile Home Parks | 634,237 | - | 699,000 | 727,200 |
| 1-00-461-603-000 | Metered Sales - Mobile Home Parks - Adjust. | - | - | (1,100) | (1,100) |
| 1-00-461-701-000 | Metered Sales - Recreational Vehicle Parks | 45,585 | - | 41,400 | 43,100 |
| 1-00-461-703-000 | Metered Sales - Recreational Vehicle Parks - Adjust. | (471) | - | - | - |
| 1-00-461-901-000 | Metered Sales - Construction Meters | 1,342 | - | 6,400 | 6,700 |
| 1-00-461-903-000 | Metered Sales - Construction Meters - Adjust. | (76) | - | - | - |
| | Subtotal Metered Revenue | \$ 21,351,086 | \$ 22,850,000 | \$ 22,499,800 | \$ 23,408,800 |
| 1-00-462-101-000 | Private Fire Protection Meters | 52,172 | 72,000 | 43,300 | 45,000 |
| 1-00-462-103-000 | Private Fire Protection Meters - Adjust. | 742 | - | 5,100 | 5,300 |
| 1-00-462-201-000 | Private Detector Check Meters | 41,837 | - | 42,800 | 44,500 |
| 1-00-462-203-000 | Private Detector Check Meters - Adjust. | 9,416 | - | (400) | (400) |
| | Subtotal Fire Revenue | \$ 104,167 | \$ 72,000 | \$ 90,800 | \$ 94,400 |
| 1-00-465-101-000 | Sales to Irrigation Customers | 1,693,079 | 1,304,000 | 1,761,500 | 1,832,700 |
| 1-00-465-103-000 | Sales to Irrigation Customers - Adjust. | 1,765 | - | 1,800 | 1,900 |
| | Subtotal Irrigation Revenue | \$ 1,694,844 | \$ 1,304,000 | \$ 1,763,300 | \$ 1,834,600 |
| 1-00-466-100-000 | Sales For Resale - Cities - Lynnwood | 1,799,452 | 1,910,000 | 1,941,600 | 1,969,600 |
| 1-00-466-200-000 | Sales For Resale - Cities - Edmonds | 1,492,894 | 1,610,000 | 1,610,800 | 1,634,000 |
| 1-00-466-300-000 | Sales For Resale - Cities - Mountlake Terrace | 841,340 | 920,000 | 907,800 | 920,900 |
| 1-00-466-400-000 | Sales For Resale - Cities - Silver Lake | - | - | 230,400 | 257,100 |
| 1-00-466-500-000 | Sales for Resale - Clearview Water Supply Agency | 3,201,262 | - | 3,827,600 | 3,951,400 |
| 1-00-466-600-000 | Sales For Resale - Mukilteo Water District | 687,385 | 430,000 | 802,200 | 846,300 |
| | Subtotal Resale Revenue | \$ 8,022,332 | \$ 4,870,000 | \$ 9,320,400 | \$ 9,579,300 |

| Acct. # | Description | Actual 2014 | Budget 2015 | Budget 2016 | Budget 2017 |
|------------------|--|----------------------|----------------------|----------------------|----------------------|
| 1-00-415-500-000 | Other Charges for Services | 601,532 | 0 | 505,700 | 520,700 |
| 1-00-470-000-000 | Turn Off - Turn On Charges | 82,400 | 85,000 | 82,500 | 85,800 |
| 1-00-471-000-000 | Miscellaneous Service Revenues | 176,269 | 200,000 | 175,200 | 182,300 |
| 1-00-473-000-000 | Late Penalties | 126,537 | 130,000 | 114,200 | 118,800 |
| 1-00-474-100-000 | Other Operating Revenue - Preliminary Engineering Charges | 33,717 | 25,000 | 33,700 | 34,700 |
| 1-00-474-200-000 | Other Operating Revenue - Water Use Permits | 44,822 | 15,000 | 46,600 | 48,000 |
| 1-00-474-400-000 | Other Operating Revenue - Miscellaneous | 599,862 | 50,000 | 75,000 | 100,000 |
| 1-00-474-500-000 | Other Operating Revenue - Taxable Sales | 82,040 | 50,000 | 90,800 | 93,100 |
| 1-00-474-600-000 | Other Revenues - Clearview Water Supply Agency | 140,569 | 100,000 | 139,800 | 142,800 |
| | Subtotal Other Operating Revenue | \$ 1,887,749 | \$ 655,000 | \$ 1,263,500 | \$ 1,326,200 |
| 1-00-415-100-000 | Capital Contributions - Customers (50% Operating Portion) | \$ 986,270 | \$ 776,250 | \$ 893,400 | \$ 919,900 |
| | Total Operating Water Revenue | \$ 34,046,447 | \$ 30,527,250 | \$ 35,831,200 | \$ 37,163,200 |
| | Other Revenue | | | | |
| 1-00-419-101-000 | Investment Income - Maintenance Fund | (58,564) | 95,000 | 95,000 | 95,000 |
| 1-00-419-102-000 | Investment Income - Capital Improvement | 130,478 | 150,000 | 150,000 | 150,000 |
| 1-00-419-104-000 | Investment Income - Water Bond Red/Reserve Fund | 174 | 175 | 200 | 200 |
| 1-00-419-109-000 | Investment Income - 2009 Bond Stabilization Fund | 2,809 | 7,500 | 7,500 | 7,500 |
| 1-00-419-110-000 | Investment Income - 2009 Bond Reserve Fund | 46,034 | 2,200 | 2,200 | 2,200 |
| 1-00-419-020-000 | Investment Income - 2010 Series B Water Cap Ref/Reserve Fund | 1,009 | 2,600 | 2,600 | 2,600 |
| 1-00-419-025-000 | Investment Income - 2010 Series B Water Cap Ref Fund | 303,459 | 385,000 | 385,000 | 385,000 |
| 1-00-419-300-000 | Other Investment Income | 560 | 11,000 | 11,000 | 11,000 |
| | Subtotal Interest Revenue | \$ 425,959 | \$ 653,475 | \$ 653,500 | \$ 653,500 |
| 1-00-421-100-000 | Misc. Non-Utility Income | - | - | - | - |
| 1-00-472-000-000 | Rents from Water Property | \$ 115,301 | \$ 113,000 | \$ 143,000 | \$ 146,600 |
| | Total Other Revenue | \$ 541,260 | \$ 766,475 | \$ 796,500 | \$ 800,100 |
| | Transfer from Capital for Meter Replacement Program | \$ 2,000,000 | \$ 1,000,000 | \$ - | \$ - |
| | Total Water Fund Revenue - Operating | \$ 36,587,707 | \$ 32,293,725 | \$ 36,627,700 | \$ 37,963,300 |

2016 and 2017 Water retail rate revenue assumes a 2.0% factor for growth in accounts.

Retail Revenue : No rate increases or increases in usage patterns are predicted for 2016. A 2.0% rate increase is assumed for 2017.

Wholesale Revenue : assumes a 7.9% increase in rate on 4-1-16 and a 1.45% increase on 4-1-17. Rate increase projections are tied to the purchased water cost increase projections the District receives from the City of Everett.

| Acct. # | Description | Actual 2014 | Budget 2015 | Budget 2016 | Budget 2017 |
|---|---|---------------------|-------------------|---------------------|---------------------|
| WATER FUND REVENUE - CAPITAL | | | | | |
| 1-00-415-100-000 | Capital Contributions - Customers (50% Capital Portion) | 986,270 | 776,250 | 893,400 | 919,900 |
| 1-00-415-200-000 | Capital Contributions - Developers | 45,097 | - | 38,500 | 39,600 |
| 1-00-415-400-000 | Capital Contributions - Inspection | 117,410 | - | 167,700 | 172,700 |
| Total Water Fund Revenue - Capital | | \$ 1,148,776 | \$ 776,250 | \$ 1,099,600 | \$ 1,132,200 |

2016-2017 Budget Revenue Report

Sewer Fund

| Acct. # | Description | Actual 2014 | Budget 2015 | Budget 2016 | Budget 2017 |
|---------------------------------------|---|----------------------|----------------------|----------------------|----------------------|
| SEWER FUND REVENUE - OPERATING | | | | | |
| 2-00-460-101-000 | Unmetered Service - Single Family | \$ 22,281,472 | \$ 23,740,000 | \$ 23,181,600 | \$ 24,118,100 |
| 2-00-460-103-000 | Unmetered Service - Single Family - Adjust. | (39,453) | - | (40,200) | (41,800) |
| 2-00-460-105-000 | Unmetered Service - Senior Citizens Discount | (42,500) | (48,000) | (43,300) | (45,000) |
| 2-00-460-110-000 | Unmetered Service - Disabled Customer Discount | (3,992) | (3,000) | (4,100) | (4,300) |
| | Subtotal Unmetered Revenue | \$ 22,195,527 | \$ 23,689,000 | \$ 23,094,000 | \$ 24,027,000 |
| 2-00-461-101-000 | Metered Service - Multi-Family Units | 9,731,536 | 9,660,000 | 10,534,300 | 10,959,900 |
| 2-00-461-103-000 | Metered Service - Multi-Family Units - Adjust. | (31,828) | - | (8,000) | (8,300) |
| 2-00-461-201-000 | Metered Service - Single Commercial | 2,085,321 | 2,170,000 | 2,311,100 | 2,404,500 |
| 2-00-461-203-000 | Metered Service - Single Commercial - Adjust. | (18,779) | - | (2,700) | (2,800) |
| 2-00-461-211-000 | Metered Service - Duplex Commercial | 1,064,967 | 800,000 | 1,156,100 | 1,202,800 |
| 2-00-461-213-000 | Metered Service - Duplex Commercial - Adjust. | (964) | - | (4,700) | (4,900) |
| 2-00-461-301-000 | Metered Service - Hotel / Motel | 349,733 | 360,000 | 427,300 | 444,600 |
| 2-00-461-303-000 | Metered Service - Hotel / Motel - Adjust. | (764) | - | - | - |
| 2-00-461-401-000 | Metered Service - Municipality | 264,539 | 130,000 | 281,400 | 292,800 |
| 2-00-461-501-000 | Metered Service - Mobile Home Parks | 1,212,448 | 1,250,000 | 1,366,000 | 1,421,200 |
| 2-00-461-503-000 | Metered Service - Mobile Home Parks - Adjust. | - | - | (2,200) | (2,300) |
| 2-00-461-601-000 | Metered Service - R.V. Parks | 101,085 | 106,000 | 90,600 | 94,300 |
| 2-00-461-603-000 | Metered Service - R.V. Parks - Adjust. | (1,290) | - | - | - |
| | Subtotal Metered Revenue | \$ 14,756,004 | \$ 14,476,000 | \$ 16,149,200 | \$ 16,801,800 |
| 2-00-466-101-000 | Revenue - Other Systems - Silver Lake W.D. | 1,675,319 | 1,090,000 | 1,819,300 | 1,903,800 |
| 2-00-466-201-000 | Revenue - Other Systems - City of Brier | 501,978 | 440,000 | 524,400 | 548,800 |
| | Subtotal Other Systems Revenue | \$ 2,177,297 | \$ 1,530,000 | \$ 2,343,700 | \$ 2,452,600 |
| 2-00-473-000-000 | Late Penalties | 144,353 | 152,145 | 149,900 | 156,000 |
| 2-00-474-100-000 | Other Operating Revenue - Preliminary Engineering Charges | 35,207 | 25,250 | 32,200 | 33,200 |
| 2-00-474-200-000 | Other Operating Revenue - Side Sewer Permits | 246,015 | 202,000 | 266,400 | 274,300 |
| 2-00-474-400-000 | Other Operating Revenue - Miscellaneous | 106,783 | 25,000 | 20,700 | 21,300 |
| 2-00-474-430-000 | Other Operating Revenue - Industrial Waste Surcharge | 21,870 | 20,000 | 23,300 | 23,900 |
| 2-00-474-500-000 | Other Operating Revenue - Taxable Sales | 17,519 | - | - | - |
| | Subtotal Other Operating Revenue | \$ 571,747 | \$ 424,395 | \$ 492,500 | \$ 508,700 |
| | Total Sewer Operating Revenue | \$ 39,700,575 | \$ 40,119,395 | \$ 42,079,400 | \$ 43,790,100 |

| Acct. # | Description | Actual 2014 | Budget 2015 | Budget 2016 | Budget 2017 |
|---|--|----------------------|----------------------|----------------------|----------------------|
| Other Revenue | | | | | |
| 2-00-419-101-000 | Investment Income - Maintenance Fund | 166,220 | 80,000 | 80,000 | 80,000 |
| 2-00-419-102-000 | Investment Income - Capital Improvement | 109,687 | 440,000 | 440,000 | 440,000 |
| 2-00-419-105-000 | Investment Income - W/S Bond Red/Res Fund | 39 | 115 | 100 | 100 |
| 2-00-419-107-000 | Investment Income - 2013 Sewer Rev Bonds | 43,091 | - | - | - |
| 2-00-419-109-000 | Investment Income - 2009 Bond Stabilization Fund | 751 | 1,550 | 1,600 | 1,600 |
| 2-00-419-030-000 | Investment Income - 2010 Series A Sewer Cap Ref/Reserve Fund | 364 | 775 | 800 | 800 |
| 2-00-419-020-000 | Investment Income - 2010 Series B Water Cap Ref/Reserve Fund | (43,901) | 47,000 | 47,000 | 47,000 |
| 2-00-419-025-000 | Investment Income - 2010 Series B Water Cap Ref Fund | 495,117 | 465,000 | 465,000 | 465,000 |
| 2-00-419-200-000 | Investment Income - ULID Assessments | 21,694 | 20,000 | 20,000 | 20,000 |
| Subtotal Interest Revenue | | \$ 793,062 | \$ 1,054,440 | \$ 1,054,500 | \$ 1,054,500 |
| 2-00-421-100-000 | Misc. Non-Utility Income | \$ - | \$ - | \$ - | \$ - |
| Total Other Revenue | | \$ 793,062 | \$ 1,054,440 | \$ 1,054,500 | \$ 1,054,500 |
| Total Sewer Fund Revenue - Operating | | \$ 40,493,636 | \$ 41,173,835 | \$ 43,133,900 | \$ 44,844,600 |

2016 and 2017 Sewer retail rate revenue assumes a 2.0% factor for growth in accounts.

Retail Revenue: No rate increases or increases in usage patterns are predicted for 2016. A 2.0% rate increase is assumed for 2017.

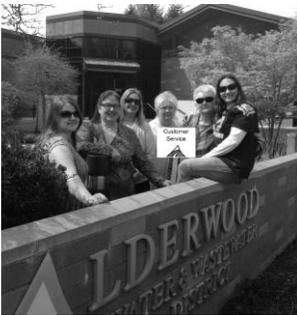
Wholesale Revenue: No rate increase projected for 2016. A 3.1% rate increase projected for 2017. Rate increases are tied to projected changes in King County wastewater service rates.

SEWER FUND REVENUE - CAPITAL

| | | | | | |
|---|--|---------------------|-------------------|---------------------|---------------------|
| 2-00-415-100-000 | Capital Contributions - Customers (Entire Amount is Capital Revenue) | 2,726,655 | 675,000 | 1,984,200 | 2,043,100 |
| 2-00-415-200-000 | Capital Contributions - Developers | 46,436 | - | 34,200 | 35,200 |
| 2-00-415-400-000 | Capital Contributions - Inspection | 151,379 | - | 294,200 | 302,900 |
| 2-00-417-369-901 | Judgements & Settlements - CIP * | - | - | 843,026 | - |
| Total Sewer Fund Revenue - Capital | | \$ 2,924,470 | \$ 675,000 | \$ 3,155,626 | \$ 2,381,200 |

* Judgements & Settlements - CIP is a new account that tracks revenue from local agencies in cases where the District has undertaken capital projects on behalf of those agencies. The budgeted amounts reflect a known settlement.

Board of Commissioners



Board of Commissioners

Mission

The Board of Commissioners is the five-member elected body responsible for determining the strategic direction and establishing the mission for the organization. Through the Board's leadership, AWWD strives to provide high quality, reliable water and wastewater services at fair and reasonable rates to meet the current and future needs of our ratepayers and the extended community.

Functions

The Board provides its strategic direction by analyzing proposals and options and subsequently directing staff to move forward with approved projects and initiatives during its weekly open meetings and work sessions that take place on Monday evenings. The Commissioners communicate their desired actions directly to the General Manager during the open public meetings as well as during smaller (typically one-on-one) meetings with the General Manager.

Commissioners individually represent the District throughout the week through their attendance and participation at special events, on committees, and at other meetings.

Budget Highlights

2016-2017 Changes

- Two Board positions will be up for election during 2017. A total of \$180,000 has been appropriated for the election expense, assuming that there will be primary and general elections for both positions during the second half of 2017.
- The **Salaries & Wages – Elected Officials** line item assumes that each Commissioner will attend the maximum permissible number of meetings (96) each year and will earn the maximum annual wage (\$10,944) for each year.
- Based upon historical attendance and participation patterns by the Board members at conferences, it is recommended that a total of \$20,000 (\$10,000 in the water budget and \$10,000 in the wastewater budget) annually be included as placeholders for the **Conferences** line items in both 2016 and 2017.

Expense History

Board of Commissioners

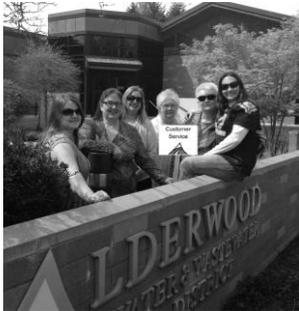
| Commissioners | | | | | | 2017 Proposed | 2016 Proposed | 2015 Budget | 2014 Variance | 2014 Budget | 2014 Actual |
|--|----|-----|-----|-----|--|-------------------|------------------|-------------------|------------------|------------------|------------------|
| Operating Expenses - Water | | | | | | | | | | | |
| 1 | 11 | 603 | 801 | 000 | Salaries and Wages - Elected Officials | \$ 27,360 | \$ 27,360 | \$ 27,360 | \$ 10,716 | \$ 27,360 | \$ 16,644 |
| 1 | 11 | 631 | 806 | 000 | Professional Services - County Auditor/Elections | 74,000 | - | 90,000 | - | - | - |
| 1 | 11 | 635 | 801 | 000 | Conferences | 10,250 | 10,250 | 19,475 | 15,687 | 19,000 | 3,313 |
| 1 | 11 | 635 | 802 | 000 | Training | 2,750 | 2,750 | 1,975 | 886 | 1,900 | 1,014 |
| 1 | 11 | 635 | 803 | 000 | Travel | - | - | - | (232) | - | 232 |
| 1 | 11 | 645 | 802 | 000 | Dues | - | - | - | - | - | - |
| 1 | 11 | 645 | 805 | 000 | Misc. Expenses - Other | 1,380 | 1,330 | 1,480 | (208) | 1,380 | 1,588 |
| Sub Total - Water | | | | | | \$ 115,740 | \$ 41,690 | \$ 140,290 | \$ 26,850 | \$ 49,640 | \$ 22,790 |
| Operating Expenses - Wastewater | | | | | | | | | | | |
| 2 | 11 | 703 | 801 | 000 | Salaries and Wages - Elected Officials | \$ 27,360 | \$ 27,360 | \$ 27,360 | \$ 10,716 | \$ 27,360 | \$ 16,644 |
| 2 | 11 | 731 | 806 | 000 | Professional Services - County Auditor/Elections | 74,000 | - | 90,000 | - | - | 0 |
| 2 | 11 | 735 | 801 | 000 | Conferences | 9,750 | 9,750 | 17,925 | 14,322 | 17,500 | 3,178 |
| 2 | 11 | 735 | 802 | 000 | Training | 2,750 | 2,750 | 1,975 | 943 | 1,900 | 957 |
| 2 | 11 | 735 | 803 | 000 | Travel | - | - | - | (232) | - | 232 |
| 2 | 11 | 745 | 805 | 000 | Misc. Expenses - Other | 1,200 | 1,150 | 1,300 | 82 | 1,200 | 1,118 |
| Sub Total - Wastewater | | | | | | \$ 115,060 | \$ 41,010 | \$ 138,560 | \$ 25,832 | \$ 47,960 | \$ 22,128 |
| Total Operating Expenses - Board of Commissioners | | | | | | \$ 230,800 | \$ 82,700 | \$ 278,850 | \$ 52,682 | \$ 97,600 | \$ 44,918 |

Expense Justification

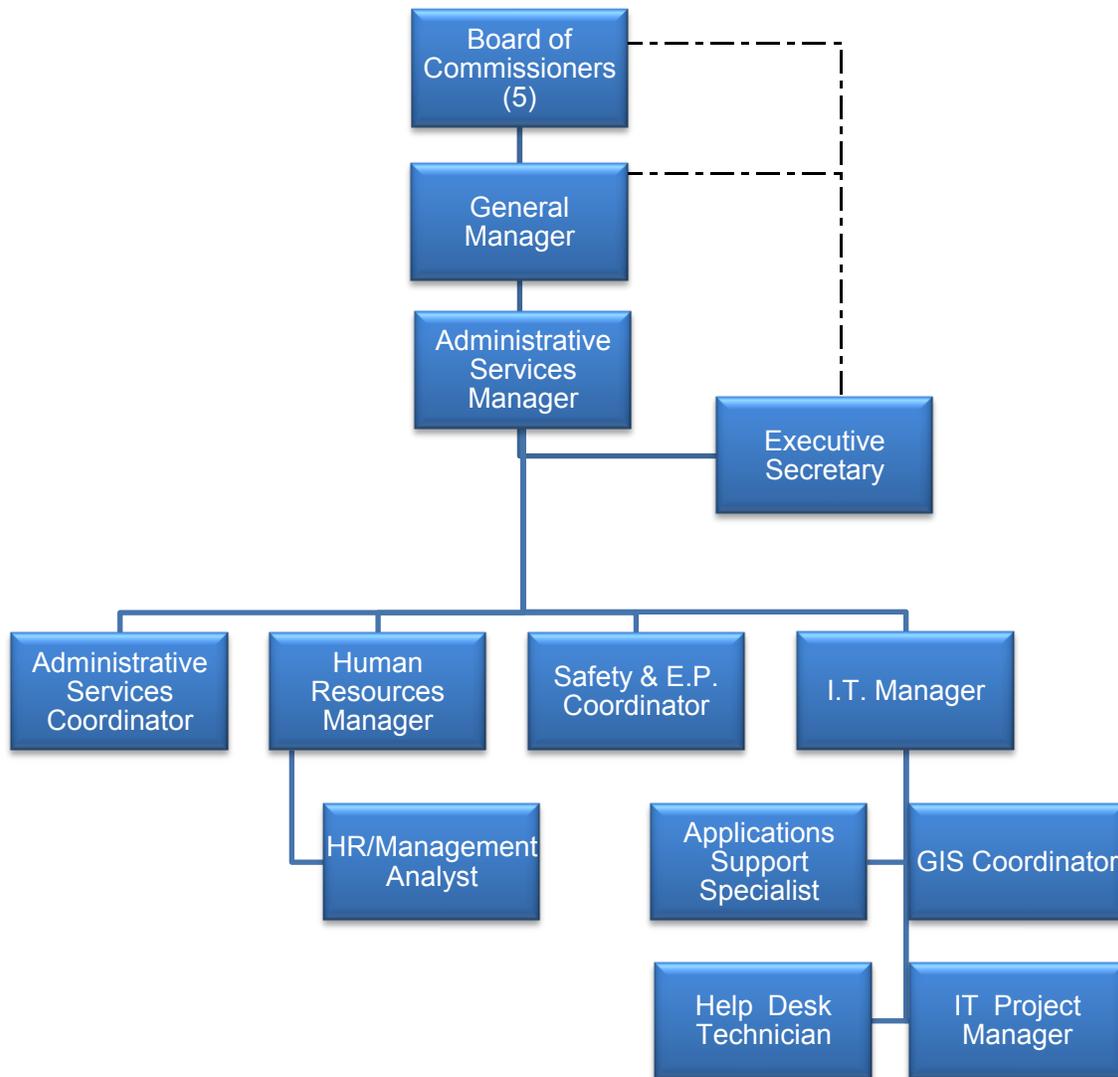
Board of Commissioners

| | For Year 2016 | | | For Year 2017 | | |
|---|---------------|-----------|-----------|---------------|------------|------------|
| | Total | Water | WW | Total | Water | WW |
| COMMISSIONER OPERATING EXPENSES | | | | | | |
| Salaries and Wages-Regular | \$ 54,720 | \$ 27,360 | \$ 27,360 | \$ 54,720 | \$ 27,360 | \$ 27,360 |
| Professional Services - County Auditor/Elections | | | | | | |
| Commissioner Elections (2 Positions) | \$ - | \$ - | \$ - | \$ 148,000 | \$ 74,000 | \$ 74,000 |
| Conferences: | | | | | | |
| AWWA 1 Attendee - June | \$ 3,500 | \$ 3,500 | \$ - | \$ 3,500 | \$ 3,500 | \$ - |
| WEFTEC 1 Attendee - October | 3,000 | - | 3,000 | 3,000 | - | 3,000 |
| AWWA PNWS Conf. 2 Attendees - May | 5,000 | 2,500 | 2,500 | 5,000 | 2,500 | 2,500 |
| WASWD SPRING 3 Attendees - April | 4,500 | 2,250 | 2,250 | 4,500 | 2,250 | 2,250 |
| WASWD FALL 3 Attendees - September | 4,000 | 2,000 | 2,000 | 4,000 | 2,000 | 2,000 |
| Total | \$ 20,000 | \$ 10,250 | \$ 9,750 | \$ 20,000 | \$ 10,250 | \$ 9,750 |
| Training: | | | | | | |
| Retreat | \$ 5,000 | 2,500 | \$ 2,500 | \$ 5,000 | \$ 2,500 | \$ 2,500 |
| WASWD Commissioner Training (January) | 500 | 250 | 250 | 500 | 250 | 250 |
| Total | \$ 5,500 | \$ 2,750 | \$ 2,750 | \$ 5,500 | \$ 2,750 | \$ 2,750 |
| Misc. Expenses: | | | | | | |
| Snacks & Beverages for Work Sessions | \$ 1,400 | \$ 700 | \$ 700 | \$ 1,400 | \$ 700 | \$ 700 |
| US Water News | 180 | 180 | - | 180 | 180 | - |
| Mileage to Meetings | 900 | 450 | 450 | 1,000 | 500 | 500 |
| Total | \$ 2,480 | \$ 1,330 | \$ 1,150 | \$ 2,580 | \$ 1,380 | \$ 1,200 |
| Total Commissioner Operating Expenses | \$ 82,700 | \$ 41,690 | \$ 41,010 | \$ 230,800 | \$ 115,740 | \$ 115,060 |

Administrative Services



Administrative Services



2016-2017 Postion Summary

Administrative Services

| Position | 2014-2015 | | | 2016-2017 | Salary Range | | Grade |
|--------------------------------|-----------|-------------------|-------------------|-----------|--------------|--------|-------|
| | Positions | Budget Reductions | Decision Packages | | 2016 | | |
| Admin Services Manager | 1 | | | 1 | 7,820 - | 10,480 | 21 |
| IT Manager | 1 | | | 1 | 7,307 - | 9,793 | 20 |
| HR Administrator | 1 | | | 1 | 6,831 - | 9,154 | 19 |
| IT Project Manager | 1 | | | 1 | 6,831 - | 9,154 | 19 |
| GIS Coordinator | 1 | | | 1 | 5,575 - | 7,470 | 16 |
| Admin Services Coordinator | 1 | | | 1 | 5,210 - | 6,982 | 15 |
| Application Support Specialist | 1 | | | 1 | 5,210 - | 6,982 | 15 |
| Safety & EP Coordinator | 1 | | | 1 | 5,210 - | 6,982 | 15 |
| HR/Management Analyst | 1 | | | 1 | 4,870 - | 6,526 | 14 |
| Executive Secretary | 1 | | | 1 | 4,553 - | 6,100 | 13 |
| Help Desk Technician | 1 | | | 1 | 4,253 - | 5,699 | 12 |
| General Manager | 1 | | | 1 | | 16,049 | * |
| | 12 | 0 | 0 | 12 | | | |

* Contract and salary is set by the Board

Administrative Services

Mission

The Administrative Services Department's mission is to effectively coordinate and manage the functions associated with information technology (IT), human resources, safety and emergency preparation, and administrative support services for the District.

Functions

All day-to-day activities related to the following functions are supported by this department:

- *Information Technology* – computer hardware, software applications, geographic information systems (GIS), and network communications.
- *Human Resources* – recruitment and selection, labor relations, benefits and compensation administration, job classification, and training.
- *Safety and Emergency Preparation* – safety training, accident prevention, personal protective equipment, and planning for emergency situations and continuity of business.
- *Administrative Support* – contract and insurance administration, risk management, and administrative support for Board of Commissioners and General Manager.

The department also provides lead administrative support to the Clearview Water Supply Agency (CWSA) – a three-member water distribution entity comprised of AWWD, the Silver Lake Water and Sewer District, and the Cross Valley Water District.

2016-2017 Goals

Information Technology

- Create efficiencies, improve data integrity, and increase access to information by consolidating Payroll, Timekeeping, and Human Resources functions into a single application.
- Protect and enhance staff productivity and business information by upgrading or replacing software more than two versions old and implementing an enterprise GIS solution.
- Improve both internal and external communications by redeveloping our website and developing and implementing an intranet.

Human Resources

- Improve staff capability and productivity and enhance employees' potential for future growth by effectively marketing, coordinating, and delivering an extensive training program that includes a comprehensive Leadership Development component to prepare AWWD employees to serve in promotional and leadership positions within the organization.
- Successfully negotiate a mutually-agreeable successor collective bargaining agreement with the Washington State Council of County and City Employees Local No. 1811-A.
- Increase the number and impact of Wellness Program activities offered through AWWD so that employee participation continues to grow and employees adopt more healthy behaviors.

Safety and Emergency Preparation

- Develop, implement, and communicate leading indicator measurements for workplace safety.
- Prepare, define, and implement a Unified Emergency Plan for the organization in order to streamline emergency preparation and response procedures into a well-coordinated and user-friendly plan of action.
- Lower the annual number of annual work-related OSHA Form 300-reportable injuries to three or less.
- Lower the organization Labor and Industries' Experience Modification Factor to 1.00 or less.

Administrative Support

- Purchase, install, and implement an Electronic Content Management System computer application for the management, storage, and retrieval of AWWD's records.
- Reduce the generation of paper records through process improvements and the use of enhanced technological tools.

Budget Highlights

2016-2017 Changes

Two full-time equivalent positions, Information Technology (IT) Project Manager and Human Resources (HR)/Management Analyst, appear in the Administrative Services Department budget for the first time. The HR/Management Analyst position was added in 2014 by Board approval, while the IT Project Manager position was approved by the Board as a service addition during 2015.

- Funds are being requested in the amount of \$30k for a space needs/space utilization survey to identify ways to optimize and/or increase the amount of usable office, parking, and/or storage space available to employees at the Administrative Building and M&O Facility work sites.
- A cross-departmental team is seeking funding to purchase and implement a highly-integrated Payroll/Human Resources/Timekeeping software application solution. The estimate expense range of this proposed purchase is \$260k-\$460k. Maintenance and licensing fees are estimated to be an additional \$26k-\$92k per year.
- A comprehensive solution to records management issues, in the form of an Electronic Content Management System (ECMS), will be identified and procured during the 2016-2017 biennium. The estimated expense cost of procuring an ECMS is \$275k-\$550k.
- A request in the estimated amount of \$175k-\$222k is included to further the organization's progress in producing a more fully-integrated GIS system.

Expense History

Administrative Services

Administrative Services Department

Operating Expenses - Water

| | | 2017 | 2016 | 2015 | 2014 | 2014 | 2014 |
|--------------------------|----------------|---------------------|---------------------|-------------------|------------------|-------------------|-------------------|
| | | Proposed | Proposed | Budget | Variance | Budget | Actual |
| 1 | 12 601 801 000 | \$ 617,526 | \$ 601,360 | \$ 496,710 | \$ (10,471) | \$ 485,435 | \$ 495,906 |
| 1 | 12 601 802 000 | - | - | 3,000 | 3,000 | 3,000 | - |
| 1 | 12 604 800 000 | - | - | - | - | - | - |
| 1 | 12 620 801 000 | 7,500 | 7,500 | 14,000 | 7,084 | 13,500 | 6,416 |
| 1 | 12 620 804 000 | 100 | 100 | 200 | 213 | 200 | (13) |
| 1 | 12 620 805 000 | 200 | 200 | 400 | 68 | 400 | 332 |
| 1 | 12 620 806 000 | 2,000 | 12,000 | 750 | 6,507 | 8,700 | 2,193 |
| 1 | 12 623 801 000 | 29,891 | 36,592 | 7,995 | 175 | 9,220 | 9,045 |
| 1 | 12 623 802 000 | 134,792 | 118,363 | 13,120 | 5,707 | 13,045 | 7,338 |
| 1 | 12 623 803 000 | 10,500 | 10,500 | 8,000 | (1,271) | 7,500 | 8,771 |
| 1 | 12 623 804 000 | 35,763 | 60,903 | 24,900 | 796 | 26,550 | 25,754 |
| 1 | 12 631 803 000 | 34,500 | 33,000 | 57,500 | 19,675 | 55,000 | 35,325 |
| 1 | 12 631 804 000 | 51,800 | 49,200 | 40,875 | 43,392 | 53,375 | 9,983 |
| 1 | 12 631 807 000 | 21,750 | 21,500 | 29,250 | 3,779 | 28,000 | 24,221 |
| 1 | 12 631 808 000 | 850 | 850 | 850 | 442 | 850 | 408 |
| 1 | 12 631 809 000 | 29,500 | 52,000 | 2,500 | (8,610) | 2,500 | 11,110 |
| 1 | 12 635 801 000 | 21,509 | 18,175 | 12,325 | 9,557 | 13,825 | 4,268 |
| 1 | 12 635 802 000 | 27,090 | 26,240 | 18,645 | 6,886 | 18,645 | 11,759 |
| 1 | 12 635 803 000 | - | - | - | (49) | - | 49 |
| 1 | 12 639 801 000 | 400 | 400 | 400 | 400 | 400 | - |
| 1 | 12 639 802 000 | 19,500 | 19,000 | 15,300 | 321 | 14,800 | 14,479 |
| 1 | 12 639 803 000 | 483 | 420 | 400 | 400 | 400 | - |
| 1 | 12 639 804 000 | 400 | 375 | 400 | (369) | 400 | 769 |
| 1 | 12 639 805 000 | - | - | - | - | - | - |
| 1 | 12 639 806 000 | 2,000 | 2,000 | 3,000 | 616 | 3,000 | 2,384 |
| 1 | 12 645 802 000 | 34,790 | 34,173 | 30,495 | 3,633 | 29,430 | 25,797 |
| 1 | 12 645 803 000 | 100 | 100 | 200 | 200 | 200 | - |
| 1 | 12 645 805 000 | 10,025 | 9,875 | 10,425 | (1,570) | 10,425 | 11,995 |
| 1 | 12 645 806 000 | - | - | - | - | - | - |
| 1 | 12 659 800 000 | 4,040 | 13,650 | 400 | 400 | 400 | - |
| 1 | 12 661 800 000 | 3,375 | 3,375 | 4,050 | (912) | 3,875 | 4,787 |
| Sub Total - Water | | \$ 1,100,384 | \$ 1,131,850 | \$ 796,090 | \$ 89,997 | \$ 803,075 | \$ 713,078 |

Operating Expenses - Wastewater

| | | | | | | | |
|---|----------------|------------|------------|------------|-------------|------------|---------|
| 2 | 12 701 801 000 | \$ 617,526 | \$ 601,360 | \$ 496,710 | \$ (10,380) | \$ 485,435 | 495,815 |
| 2 | 12 701 802 000 | - | - | 3,000 | 3,000 | 3,000 | 0 |
| 2 | 12 704 800 000 | - | - | - | - | - | - |

Expense History

Administrative Services

| | | 2017 | 2016 | 2015 | 2014 | 2014 | 2014 |
|---|----------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|
| | | Proposed | Proposed | Budget | Variance | Budget | Actual |
| Administrative Services Department | | | | | | | |
| 2 | 12 720 801 000 | 7,500 | 7,500 | 14,000 | 8,363 | 13,500 | 5,137 |
| 2 | 12 720 804 000 | 100 | 100 | 200 | 200 | 200 | 0 |
| 2 | 12 720 805 000 | 200 | 200 | 400 | 257 | 400 | 143 |
| 2 | 12 720 806 000 | 2,000 | 12,000 | 750 | 8,191 | 8,700 | 509 |
| 2 | 12 723 801 000 | 29,891 | 36,592 | 11,100 | 3,302 | 12,325 | 9,023 |
| 2 | 12 723 802 000 | 137,973 | 121,133 | 14,520 | 7,202 | 14,445 | 7,243 |
| 2 | 12 723 803 000 | 10,500 | 10,500 | 8,000 | (808) | 7,500 | 8,308 |
| 2 | 12 723 804 000 | 35,763 | 60,903 | 24,900 | 796 | 26,550 | 25,754 |
| 2 | 12 731 803 000 | 34,500 | 33,000 | 57,500 | 12,699 | 55,000 | 42,301 |
| 2 | 12 731 804 000 | 51,800 | 49,200 | 40,875 | 43,392 | 53,375 | 9,983 |
| 2 | 12 731 807 000 | 13,750 | 13,500 | 14,250 | (10,169) | 14,000 | 24,169 |
| 2 | 12 731 808 000 | 850 | 850 | 850 | 442 | 850 | 408 |
| 2 | 12 731 809 000 | 29,500 | 52,000 | 2,500 | (8,582) | 2,500 | 11,082 |
| 2 | 12 735 801 000 | 16,809 | 13,675 | 7,825 | 5,693 | 9,325 | 3,632 |
| 2 | 12 735 802 000 | 27,090 | 26,240 | 18,645 | 7,377 | 18,645 | 11,268 |
| 2 | 12 735 803 000 | - | - | - | - | - | - |
| 2 | 12 739 801 000 | 400 | 400 | 400 | 400 | 400 | 0 |
| 2 | 12 739 802 000 | 19,500 | 19,000 | 15,300 | 716 | 14,800 | 14,084 |
| 2 | 12 739 803 000 | 483 | 420 | 400 | 400 | 400 | 0 |
| 2 | 12 739 804 000 | 400 | 375 | 400 | (427) | 400 | 827 |
| 2 | 12 739 805 000 | - | - | - | - | - | - |
| 2 | 12 739 806 000 | 2,000 | 2,000 | 3,000 | 616 | 3,000 | 2,384 |
| 2 | 12 745 802 000 | 19,790 | 19,172 | 19,495 | 3,100 | 18,430 | 15,330 |
| 2 | 12 745 803 000 | 100 | 100 | 200 | 200 | 200 | 0 |
| 2 | 12 745 805 000 | 10,025 | 9,875 | 10,425 | (1,056) | 10,425 | 11,481 |
| 2 | 12 759 800 000 | 4,040 | 13,650 | 400 | 400 | 400 | 0 |
| 2 | 12 761 800 000 | 3,375 | 3,375 | 4,050 | (789) | 3,875 | 4,664 |
| Sub Total - Sewer | | \$ 1,075,864 | \$ 1,107,119 | \$ 770,095 | \$ 74,533 | \$ 778,080 | \$ 703,547 |
| Total Operating Expenses | | \$ 2,176,248 | \$ 2,238,970 | \$ 1,566,185 | \$ 164,530 | \$ 1,581,155 | \$ 1,416,625 |

Expense Justification

Administrative Services

| | For Year 2016 | | | For Year 2017 | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Total | Water | WW | Total | Water | WW |
| ADMINISTRATIVE SERVICES OPERATING EXPENSES | | | | | | |
| Salaries and Wages-Regular | \$ 1,202,720 | \$ 601,360 | \$ 601,360 | \$ 1,235,052 | \$ 617,526 | \$ 617,526 |
| Salaries and Wages-OT | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Office Supplies - Administrative Building | \$ 15,000 | \$ 7,500 | \$ 7,500 | \$ 15,000 | \$ 7,500 | \$ 7,500 |
| Office Forms | \$ 200 | \$ 100 | \$ 100 | \$ 200 | \$ 100 | \$ 100 |
| Publications | \$ 400 | \$ 200 | \$ 200 | \$ 400 | \$ 200 | \$ 200 |
| Small Tools and Equipment | \$ 24,000 | \$ 12,000 | \$ 12,000 | \$ 4,000 | \$ 2,000 | \$ 2,000 |
| Professional Services - Other | | | | | | |
| <i>True Benefits, drug testing, background checks, code</i> | \$ 74,000 | \$ 37,000 | \$ 37,000 | \$ 59,000 | \$ 29,500 | \$ 29,500 |
| <i>Space Needs / Utilization Study</i> | 30,000 | 15,000 | 15,000 | - | - | - |
| Total | \$ 104,000 | \$ 52,000 | \$ 52,000 | \$ 59,000 | \$ 29,500 | \$ 29,500 |
| Computer Software | | | | | | |
| <i>Adobe Acrobat Pro</i> | \$ 6,400 | \$ 3,200 | \$ 3,200 | \$ - | \$ - | \$ - |
| <i>Pre Treatment Software (Linko)</i> | 4,004 | 2,002 | 2,002 | - | - | - |
| <i>Veritas BackupExec Modules</i> | 4,884 | 2,442 | 2,442 | 5,617 | 2,808 | 2,808 |
| <i>Veritas BackupExec for GIS</i> | | | | | | |
| <i>Hydraulic Modeling Software</i> | | | | | | |
| <i>New Employees- Software</i> | 800 | 400 | 400 | 920 | 460 | 460 |
| <i>Microsoft Office Enterprise Subscription</i> | 26,100 | 13,050 | 13,050 | 26,100 | 13,050 | 13,050 |
| <i>Smart Draw</i> | 3,300 | 1,650 | 1,650 | 3,300 | 1,650 | 1,650 |
| <i>CMMS Upgrade</i> | 23,846 | 11,923 | 11,923 | 23,846 | 11,923 | 11,923 |
| <i>Software for new computers for new M&O Staff (7)</i> | 3,850 | 1,925 | 1,925 | - | - | - |
| Total | \$ 73,184 | \$ 36,592 | \$ 36,592 | \$ 59,783 | \$ 29,891 | \$ 29,891 |
| Computer Software Maintenance Agreements | | | | | | |
| <i>H2ONet Maintenance Renewal</i> | \$ 1,700 | \$ 850 | \$ 850 | \$ 1,955 | \$ 978 | \$ 978 |
| <i>Sewer Modeling Software</i> | 2,000 | - | 2,000 | 2,300 | - | 2,300 |
| <i>Pre-Treatment Software (Linko, formerly Fog Plus)</i> | 1,870 | - | 1,870 | 2,151 | - | 2,151 |
| <i>AutoDesk Design Suite Standard - Map</i> | 1,236 | 618 | 618 | 1,422 | 711 | 711 |
| <i>AutoDesk Design Suite Premium Networked (x2)</i> | 2,473 | 1,236 | 1,236 | 2,843 | 1,422 | 1,422 |
| <i>AutoDesk Design Suite Premium Stand-Alone</i> | 1,236 | 618 | 618 | 1,422 | 711 | 711 |
| <i>AutoDesk Design Suite Standard Networked</i> | 1,236 | 618 | 618 | 1,422 | 711 | 711 |
| <i>ArcGIS for Server Workgroup (2 cores)</i> | 3,200 | 1,600 | 1,600 | 3,600 | 1,800 | 1,800 |
| <i>ArcGIS Data Interoperability</i> | 640 | 320 | 320 | 720 | 360 | 360 |
| <i>ArcGIS for Desktop Basic Secondary (x3)</i> | 1,125 | 563 | 562 | 1,294 | 647 | 647 |
| <i>ArcGIS for Desktop Basic w/ Ext Primary</i> | 1,250 | 625 | 625 | 1,440 | 720 | 720 |
| <i>ArcGIS for Desktop Advanced Primary</i> | 3,750 | 1,875 | 1,875 | 4,320 | 2,160 | 2,160 |
| <i>XC2 Water Quality Support</i> | 1,100 | 1,100 | - | 1,270 | 1,270 | - |
| <i>McAfee End Point Protection (AntiVirus-Spyware)</i> | 1,840 | 920 | 920 | 2,116 | 1,058 | 1,058 |
| <i>Barracuda Anti-Spam</i> | 1,840 | 920 | 920 | 2,116 | 1,058 | 1,058 |
| <i>Screen Connect (x2)</i> | 1,500 | 750 | 750 | 1,725 | 863 | 863 |
| <i>ThruFax Support</i> | 800 | 400 | 400 | 830 | 415 | 415 |
| <i>VMWare Maintenance (Virtual Server OIS)</i> | 1,200 | 600 | 600 | 1,380 | 690 | 690 |
| <i>CMMS Annual Maint (Plus Project Closeout in 2016)</i> | 88,000 | 44,000 | 44,000 | 30,000 | 15,000 | 15,000 |
| <i>Great Plains GL Software</i> | 15,000 | 7,500 | 7,500 | 17,500 | 8,750 | 8,750 |
| <i>Kronos Time & Attendance</i> | 18,600 | 9,300 | 9,300 | 8,000 | 4,000 | 4,000 |
| <i>NorthStar/Cognos Report Writer</i> | 64,900 | 32,450 | 32,450 | 69,940 | 34,970 | 34,970 |
| <i>Human Resources Payroll Timekeeping Software</i> | - | - | - | 50,000 | 25,000 | 25,000 |
| <i>Wireless Optimized VPN</i> | 6,000 | 3,000 | 3,000 | 6,000 | 3,000 | 3,000 |
| <i>Electronic Content Management System</i> | - | - | - | 35,000 | 17,500 | 17,500 |
| <i>Hydraulic Modeling Software</i> | - | - | - | 4,000 | 2,000 | 2,000 |
| <i>EADOCS</i> | 17,000 | 8,500 | 8,500 | 18,000 | 9,000 | 9,000 |
| Total | \$ 239,496 | \$ 118,363 | \$ 121,133 | \$ 272,765 | \$ 134,792 | \$ 137,973 |
| Computer Operating Supplies | | | | | | |

Expense Justification

Administrative Services

| | For Year 2016 | | | For Year 2017 | | |
|---|-------------------|------------------|------------------|-------------------|------------------|------------------|
| | Total | Water | WW | Total | Water | WW |
| <i>Expendable & semi-permanent items related to IT</i> | \$ 21,000 | \$ 10,500 | \$ 10,500 | \$ 21,000 | \$ 10,500 | \$ 10,500 |
| Computer Equipment | | | | | | |
| <i>Workstation Class Computers</i> | \$ 19,600 | \$ 9,800 | \$ 9,800 | \$ 4,600 | \$ 2,300 | \$ 2,300 |
| <i>Desktop Class Computers</i> | 7,500 | 3,750 | 3,750 | 8,625 | 4,313 | 4,313 |
| <i>Laptop Class Computers</i> | 23,000 | 11,500 | 11,500 | 29,095 | 14,548 | 14,548 |
| <i>Printers, Laser Jet</i> | 5,400 | 2,700 | 2,700 | 6,210 | 3,105 | 3,105 |
| <i>Monitors, 24" LCD</i> | 5,500 | 2,750 | 2,750 | 6,325 | 3,163 | 3,163 |
| <i>Network Switch</i> | 3,500 | 1,750 | 1,750 | 4,025 | 2,013 | 2,013 |
| <i>New Employee Workstations</i> | 2,300 | 1,150 | 1,150 | 2,645 | 1,323 | 1,323 |
| <i>Replacement Hardware</i> | 22,700 | 11,350 | 11,350 | 10,000 | 5,000 | 5,000 |
| <i>Tablet Computers for Inspection Staff</i> | 16,205 | 8,103 | 8,103 | - | - | - |
| <i>Desktop Computers for new M&O Staff (7)</i> | 16,100 | 8,050 | 8,050 | - | - | - |
| Total | \$ 121,805 | \$ 60,903 | \$ 60,903 | \$ 71,525 | \$ 35,763 | \$ 35,763 |
| Professional Services - Legal Services | \$ 66,000 | \$ 33,000 | \$ 33,000 | \$ 69,000 | \$ 34,500 | \$ 34,500 |
| Professional Services - Computing Services | | | | | | |
| <i>Website redevelopment consulting services</i> | \$ 35,000 | \$ 17,500 | \$ 17,500 | \$ - | \$ - | \$ - |
| <i>AutoCad to ARCVIEW Transition</i> | 3,000 | 1,500 | 1,500 | 3,000 | 1,500 | 1,500 |
| <i>IT Disaster Recovery Plan</i> | 6,000 | 3,000 | 3,000 | 6,000 | 3,000 | 3,000 |
| <i>GIS Disaster Recovery Plan</i> | 5,000 | 2,500 | 2,500 | 5,000 | 2,500 | 2,500 |
| <i>GIS Server Migration</i> | 8,000 | 4,000 | 4,000 | 8,000 | 4,000 | 4,000 |
| <i>GIS Programming Services</i> | 2,500 | 1,250 | 1,250 | 2,500 | 1,250 | 1,250 |
| <i>Software integration consulting services</i> | 10,000 | 5,000 | 5,000 | 10,000 | 5,000 | 5,000 |
| <i>Conduct security audits and assessments</i> | - | - | - | 10,000 | 5,000 | 5,000 |
| <i>Web platform hosting services</i> | 3,300 | 1,650 | 1,650 | 3,500 | 1,750 | 1,750 |
| <i>Develop and enhance intranet</i> | - | - | - | 30,000 | 15,000 | 15,000 |
| <i>Long-term infrastructure operations contract</i> | 20,000 | 10,000 | 10,000 | 20,000 | 10,000 | 10,000 |
| <i>Website Archiving</i> | 3,600 | 1,800 | 1,800 | 3,600 | 1,800 | 1,800 |
| <i>GPS Software and Support</i> | 2,000 | 1,000 | 1,000 | 2,000 | 1,000 | 1,000 |
| Total | \$ 98,400 | \$ 49,200 | \$ 49,200 | \$ 103,600 | \$ 51,800 | \$ 51,800 |
| Professional Services - Printing & Binding | | | | | | |
| <i>NewsWaves Newsletters</i> | \$ 27,000 | \$ 13,500 | \$ 13,500 | \$ 27,500 | \$ 13,750 | \$ 13,750 |
| <i>Annual CCR/Water Quality Report</i> | 8,000 | 8,000 | - | 8,000 | 8,000 | - |
| Total | \$ 35,000 | \$ 21,500 | \$ 13,500 | \$ 35,500 | \$ 21,750 | \$ 13,750 |
| Professional Services - Alarm Monitoring | | | | | | |
| <i>Alarm System / Administration Building</i> | \$ 1,000 | \$ 500 | \$ 500 | \$ 1,000 | \$ 500 | \$ 500 |
| <i>Fire Inspection / Administration Building</i> | 700 | 350 | 350 | 700 | 350 | 350 |
| Total | \$ 1,700 | \$ 850 | \$ 850 | \$ 1,700 | \$ 850 | \$ 850 |
| Professional Licenses | | | | | | |
| <i>Administration</i> | \$ 200 | \$ 100 | \$ 100 | \$ 200 | \$ 100 | \$ 100 |
| Conferences | | | | | | |
| National | | | | | | |
| <i>AWWA (W) General Manager</i> | \$ 3,000 | \$ 3,000 | \$ - | \$ 3,200 | \$ 3,200 | \$ - |
| <i>WEFTEC (S) General Manager</i> | 3,500 | - | 3,500 | 3,500 | - | 3,500 |
| <i>AWWA (W) for Admin Services Manager</i> | 3,000 | 3,000 | - | 3,000 | 3,000 | - |
| <i>GIS Users' Conference (K. Burns, D. Landry)</i> | 7,500 | 3,750 | 3,750 | 16,138 | 8,069 | 8,069 |
| <i>GIS Water Conference (K. Burns, D. Landry, G. Crofoot)</i> | 4,200 | 2,100 | 2,100 | 4,830 | 2,415 | 2,415 |
| <i>HR Conference (M. Pruitt)</i> | 3,000 | 1,500 | 1,500 | - | - | - |
| Regional | | | | | | |
| <i>AWWA PNWS</i> | 1,500 | 1,500 | - | 1,500 | 1,500 | - |
| <i>WASWD Spring</i> | 1,500 | 750 | 750 | 1,500 | 750 | 750 |
| <i>WASWD Fall</i> | 1,800 | 900 | 900 | 1,800 | 900 | 900 |
| <i>PNPCA</i> | 1,000 | - | 1,000 | 1,000 | - | 1,000 |
| <i>WA URISA (GIS)</i> | 350 | 175 | 175 | 350 | 175 | 175 |

Expense Justification

Administrative Services

| | For Year 2016 | | | For Year 2017 | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | Total | Water | WW | Total | Water | WW |
| <i>PNWA Annual Conference</i> | 1,500 | 1,500 | - | 1,500 | 1,500 | - |
| Total | \$ 31,850 | \$ 18,175 | \$ 13,675 | \$ 38,318 | \$ 21,509 | \$ 16,809 |
| Training | | | | | | |
| <i>Board Retreat</i> | \$ 5,000 | \$ 2,500 | \$ 2,500 | \$ 5,000 | \$ 2,500 | \$ 2,500 |
| <i>Administrative Secretary Training (Jones)</i> | 900 | 450 | 450 | 1,000 | 500 | 500 |
| <i>Admin Services Coordinator Training (Earnheart)</i> | 900 | 450 | 450 | 1,000 | 500 | 500 |
| <i>Certification Training (IT staff)</i> | 4,000 | 2,000 | 2,000 | 4,600 | 2,300 | 2,300 |
| <i>IT Project Management Training (G. Crofoot & D. Landry)</i> | 3,000 | 1,500 | 1,500 | 3,450 | 1,725 | 1,725 |
| <i>IT Troubleshooting Training (Chim)</i> | 3,000 | 1,500 | 1,500 | 3,450 | 1,725 | 1,725 |
| <i>Safety Industry (C. Russell)</i> | 1,200 | 600 | 600 | 1,200 | 600 | 600 |
| <i>First Aid/AED/CPR</i> | 3,000 | 1,500 | 1,500 | 3,000 | 1,500 | 1,500 |
| <i>Hearing Conservation Testing & Training</i> | 1,600 | 800 | 800 | 1,600 | 800 | 800 |
| <i>Confined Spaces Training</i> | 2,000 | 1,000 | 1,000 | 2,000 | 1,000 | 1,000 |
| <i>Construction Safety Day Training</i> | 180 | 90 | 90 | 180 | 90 | 90 |
| <i>Flagging Training</i> | 2,700 | 1,350 | 1,350 | 2,700 | 1,350 | 1,350 |
| <i>Electrical Safety</i> | 3,000 | 1,500 | 1,500 | 3,000 | 1,500 | 1,500 |
| <i>Leadership Development Training</i> | 7,000 | 3,500 | 3,500 | 7,000 | 3,500 | 3,500 |
| <i>Fall Protection Safety</i> | 1,900 | 950 | 950 | 1,900 | 950 | 950 |
| <i>Safety Awareness Campaign</i> | 300 | 150 | 150 | 300 | 150 | 150 |
| <i>Safety Recognition</i> | 500 | 250 | 250 | 500 | 250 | 250 |
| <i>Trenching & Excavating Training</i> | 1,900 | 950 | 950 | 1,900 | 950 | 950 |
| <i>HR Seminars</i> | 800 | 400 | 400 | 800 | 400 | 400 |
| <i>Supervisor Training</i> | 1,200 | 600 | 600 | 1,200 | 600 | 600 |
| <i>WAPELRA Regional Conference (Pruitt)</i> | 1,000 | 500 | 500 | 1,000 | 500 | 500 |
| <i>Labor Relations Institute (Pruitt)</i> | 1,000 | 500 | 500 | 1,000 | 500 | 500 |
| <i>Governor's Safety Conference</i> | 600 | 300 | 300 | 600 | 300 | 300 |
| <i>Partners in Emergency Preparedness Conference</i> | 600 | 300 | 300 | 600 | 300 | 300 |
| <i>L & I Video Expense (Shipping)</i> | 200 | 100 | 100 | 200 | 100 | 100 |
| <i>GIS Training</i> | 5,000 | 2,500 | 2,500 | 5,000 | 2,500 | 2,500 |
| Total | \$ 52,480 | \$ 26,240 | \$ 26,240 | \$ 54,180 | \$ 27,090 | \$ 27,090 |
| Repairs & Maintenance - Computer Non Contracted | | | | | | |
| <i>Replacement of failed hardware components</i> | \$ 800 | \$ 400 | \$ 400 | \$ 800 | \$ 400 | \$ 400 |
| Repairs & Maintenance - Equipment | | | | | | |
| <i>HVAC System</i> | \$ 5,000 | \$ 2,500 | \$ 2,500 | \$ 5,000 | \$ 2,500 | \$ 2,500 |
| <i>Tri-Care Phone Software & Hardware Maintenance</i> | 11,000 | 5,500 | 5,500 | 12,000 | 6,000 | 6,000 |
| <i>Copiers</i> | 18,000 | 9,000 | 9,000 | 18,000 | 9,000 | 9,000 |
| <i>Elevator (includes Annual Permit)</i> | 2,200 | 1,100 | 1,100 | 2,200 | 1,100 | 1,100 |
| <i>Security System Software</i> | 1,000 | 500 | 500 | 1,000 | 500 | 500 |
| <i>Miscellaneous emergency repairs</i> | 800 | 400 | 400 | 800 | 400 | 400 |
| Total | \$ 38,000 | \$ 19,000 | \$ 19,000 | \$ 39,000 | \$ 19,500 | \$ 19,500 |
| Repairs & Maintenance - Computers | | | | | | |
| <i>Cisco Firewall Annual Maintenance</i> | \$ 840 | \$ 420 | \$ 420 | \$ 966 | \$ 483 | \$ 483 |
| Repairs & Maintenance - Janitorial Services | | | | | | |
| <i>Door mat cleaning</i> | \$ 750 | \$ 375 | \$ 375 | \$ 800 | \$ 400 | \$ 400 |
| Repairs to Structures, Grounds & Improvements | | | | | | |
| <i>Slip Safe Application For Tiles & Other Misc Exp</i> | \$ 4,000 | \$ 2,000 | \$ 2,000 | \$ 4,000 | \$ 2,000 | \$ 2,000 |
| Dues & Subscriptions | | | | | | |
| <i>WASWD</i> | \$ 20,000 | \$ 10,000 | \$ 10,000 | \$ 20,000 | \$ 10,000 | \$ 10,000 |
| <i>AMWA</i> | 4,000 | 4,000 | - | 4,000 | 4,000 | - |
| <i>AWWA</i> | 6,000 | 6,000 | - | 6,000 | 6,000 | - |
| <i>WEF (Executive Membership)</i> | 350 | 175 | 175 | 350 | 175 | 175 |
| <i>Sno-King Coalition</i> | 5,000 | 2,500 | 2,500 | 6,000 | 3,000 | 3,000 |
| <i>Water ISAC</i> | 2,000 | 1,000 | 1,000 | 2,000 | 1,000 | 1,000 |

Expense Justification

Administrative Services

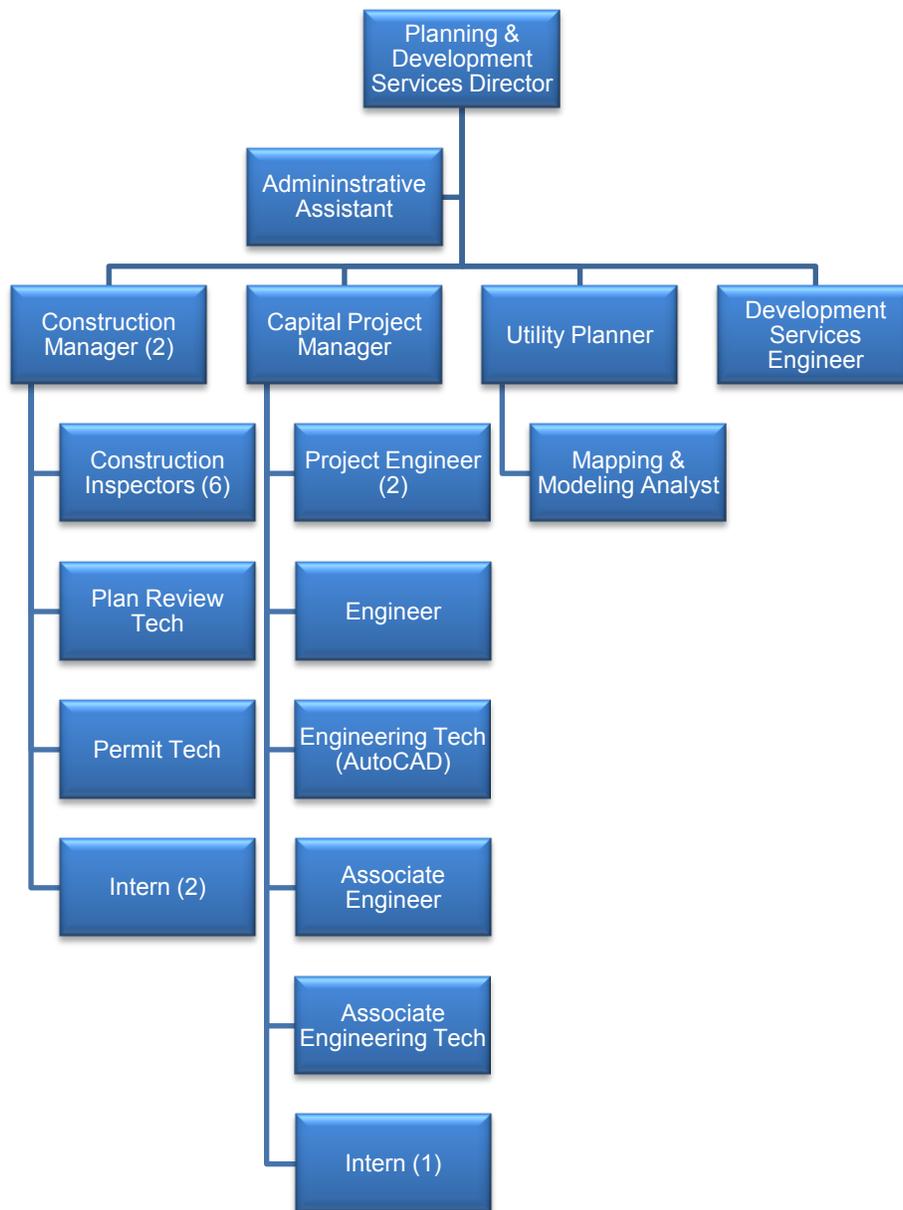
| | For Year 2016 | | | For Year 2017 | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Total | Water | WW | Total | Water | WW |
| <i>Puget Sound Regional Council (PSRC)</i> | 500 | 250 | 250 | 500 | 250 | 250 |
| <i>Public Official Bond (General Manager)</i> | 100 | 50 | 50 | 100 | 50 | 50 |
| <i>Project Management Institute (IT)</i> | 330 | 165 | 165 | 330 | 165 | 165 |
| <i>Survey Monkey</i> | 300 | 150 | 150 | 300 | 150 | 150 |
| <i>Archbright</i> | 3,600 | 1,800 | 1,800 | 3,800 | 1,900 | 1,900 |
| <i>NW Incident Management Team (NWIMT)</i> | 500 | 250 | 250 | 500 | 250 | 250 |
| <i>Washington Department of General Administration</i> | 2,400 | 1,200 | 1,200 | 2,400 | 1,200 | 1,200 |
| <i>Washington Water Utilities Council (WWUC)</i> | 5,000 | 5,000 | - | 5,000 | 5,000 | - |
| <i>Revised Code of Washington (RCW)</i> | 500 | 250 | 250 | 500 | 250 | 250 |
| <i>Evergreen Safety Council</i> | 300 | 150 | 150 | 300 | 150 | 150 |
| <i>L&I Workers' Right To Know Program Fee</i> | 270 | 135 | 135 | 290 | 145 | 145 |
| <i>Society For Human Resource Management</i> | 300 | 150 | 150 | 300 | 150 | 150 |
| <i>WA Public Employees Labor Relations Association</i> | 500 | 250 | 250 | 500 | 250 | 250 |
| <i>American Society for Training and Development</i> | 250 | 125 | 125 | 250 | 125 | 125 |
| <i>Wellness Councils of America</i> | 200 | 100 | 100 | 200 | 100 | 100 |
| <i>Notary Bond (T. Jones)</i> | 50 | 25 | 25 | 50 | 25 | 25 |
| <i>Washington Drug Free Business Dues</i> | 150 | 75 | 75 | 150 | 75 | 75 |
| <i>Seattle Times</i> | 300 | 150 | 150 | 300 | 150 | 150 |
| <i>Everett Herald</i> | 280 | 140 | 140 | 280 | 140 | 140 |
| <i>Tri-City Construction Council (Retrospective Prog.)</i> | 65 | 33 | 32 | 80 | 40 | 40 |
| <i>Costco Membership</i> | 100 | 50 | 50 | 100 | 50 | 50 |
| Total | \$ 53,345 | \$ 34,173 | \$ 19,172 | \$ 54,580 | \$ 34,790 | \$ 19,790 |
| Misc. Expenses - Other | | | | | | |
| <i>Wellness Program & Activities</i> | \$ 8,000 | \$ 4,000 | \$ 4,000 | \$ 8,000 | \$ 4,000 | \$ 4,000 |
| <i>Drug Tests</i> | 1,000 | 500 | 500 | 1,000 | 500 | 500 |
| <i>Meetings</i> | 400 | 200 | 200 | 400 | 200 | 200 |
| <i>Cell phone service</i> | 2,700 | 1,350 | 1,350 | 3,000 | 1,500 | 1,500 |
| <i>Parking Fees</i> | 150 | 75 | 75 | 150 | 75 | 75 |
| <i>Employee Recognition (EAB & plaques)</i> | 6,000 | 3,000 | 3,000 | 6,000 | 3,000 | 3,000 |
| <i>AED supplies (cases, back up battery)</i> | 1,500 | 750 | 750 | 1,500 | 750 | 750 |
| Total | \$ 19,750 | \$ 9,875 | \$ 9,875 | \$ 20,050 | \$ 10,025 | \$ 10,025 |
| Advertising Expense | | | | | | |
| <i>Board Meetings</i> | \$ 150 | \$ 75 | \$ 75 | \$ 150 | \$ 75 | \$ 75 |
| <i>Employment Advertising</i> | 6,000 | 3,000 | 3,000 | 6,000 | 3,000 | 3,000 |
| <i>Display Advertisements</i> | 400 | 200 | 200 | 400 | 200 | 200 |
| <i>Public Relations & Hearings</i> | 200 | 100 | 100 | 200 | 100 | 100 |
| Total | \$ 6,750 | \$ 3,375 | \$ 3,375 | \$ 6,750 | \$ 3,375 | \$ 3,375 |
| Emergency Preparedness | | | | | | |
| <i>Replenishing Emergency Supplies</i> | \$ 7,800 | \$ 3,900 | \$ 3,900 | \$ 8,080 | \$ 4,040 | \$ 4,040 |
| <i>Home Emergency Kits for Staff</i> | 19,500 | 9,750 | 9,750 | - | - | - |
| Total | \$ 27,300 | \$ 13,650 | \$ 13,650 | \$ 8,080 | \$ 4,040 | \$ 4,040 |
| Total Administration | \$ 2,238,970 | \$ 1,131,850 | \$ 1,107,119 | \$ 2,176,248 | \$ 1,100,384 | \$ 1,075,864 |

Planning & Development Services



Organization Chart

Planning & Development Services



2016-2017 Position Summary

Planning & Development Services

| Position | 2014-2015 | Budget | Decision | 2016-2017 | Salary Range | | Grade |
|----------------------------------|-----------|------------|----------|-----------|--------------|--------|-------|
| | Positions | Reductions | Packages | Positions | 2016 | | |
| Planning & Dev Services Director | 1 | | | 1 | 8,367 | 11,214 | 22 |
| Capital Projects Manager | 1 | | | 1 | 7,307 | 9,793 | 20 |
| Project Engineer | 2 | | | 2 | 6,831 | 9,154 | 19 |
| Construction Project Manager | 1 | | | 1 | 6,384 | 8,555 | 18 |
| Construction Project Manager | 1 | | | 1 | 6,384 | 8,555 | 18 |
| Development Services Engineer | 1 | | | 1 | 6,384 | 8,555 | 18 |
| Engineer | 1 | | | 1 | 5,965 | 7,995 | 17 |
| Utility Planner | 1 | | | 1 | 5,965 | 7,995 | 17 |
| Associate Engineer | 1 | | | 1 | 5,210 | 6,982 | 15 |
| Mapping/Modeling Analyst | 1 | | | 1 | 5,210 | 6,982 | 15 |
| Construction Inspector | 6 | | | 6 | 4,870 | 6,526 | 14 |
| Engr Tech AutoCAD | 1 | | | 1 | 4,870 | 6,526 | 14 |
| Plan Review Technician | 1 | | | 1 | 4,870 | 6,526 | 14 |
| Permit Technician | 1 | | | 1 | 4,553 | 6,100 | 13 |
| Associate Engineering Technician | 1 | | | 1 | 4,253 | 5,699 | 12 |
| Adminstrative Assistant | 1 | | | 1 | 3,975 | 5,327 | 11 |
| | 22 | 0 | 0 | 22 | | | |

Planning and Development Services

Mission

Planning and Development Services provides quality Development, Engineering, and Planning services to our customers and regional agencies through planning, design, design review, contract management, project management, and development support.

Functions

Planning and Development Services work areas including:

- Development Services
- Planning
- Design
- Capital Improvements
- Construction & Inspection
- Conservation
- Administration

The Planning and Development Services Department will continue to work with other Departments and the District Board of Commissioners to provide efficient, customer-oriented planning and engineering services that assist in replacing, improving and expanding water and sewer facilities in the District's service area.

2016-2017 Goals

Customer Service

- Return all calls and emails within one business day.
- Provide prompt, respectful, professional, and helpful service to internal and external customers.
- Embrace the Proposed Team Expectations outlined by the leadership on October 8, 2014.
- Implement the Developer Extension process improvement.
 - Ensure plans submitted comply with District submittal check list or address first review comments
 - Complete first review within 4 weeks of receipt (recently 6-8 weeks)
 - Complete second review within 2 weeks of receipt (recently 6 weeks)
 - Move to an electronic plan review and record keeping process

Department Operations

- Streamline Department processes for maximum efficiency and responsiveness.
 - See Developer's Extension process improvement under customer service as an example
- Research and propose tools and strategies for efficiency.
- Adhere to State Records Retention Schedules and appropriate disposal of records that have met their retention periods.
- Increase in-house services including planning, design, construction management and inspection services.
 - Allows the creation of project teams that will include representatives from PDS (project engineer, construction manager and inspector) and maintenance and operations from project inception to project close out
 - Increases project ownership by District staff
 - Saves ratepayer money over hiring consultants
- Develop and implement standard practices to deliver projects from start to finish.
- Move to improved Geographic Information (GIS) and Asset Management Systems.
 - The District's current GIS is really a series of attached photos of Quarter Section sheets showing the District facilities with information on where to find the record documents ("As Built" drawings)
 - The District initiative to migrate to an Enterprise GIS will allow for analysis in minutes to hours that currently take days or weeks
- Develop and regularly update the District's 10-year Capital Improvement Program and population forecasts so that new General Facility Charges can be developed and updated regularly.
- Continue expansion of use of the Computerized Maintenance Management System to track necessary information needed across departments.
- Provide mentoring, training and cross training within the Department to meet the needs of the District and its growing customer base while growing employee skills and leadership abilities.
- Develop increased understanding of the Department's Emergency Preparedness roles and responsibilities.
- Work together to encourage collaboration, communication and consistency within the District.
- Enhance collaboration with other agencies, including our water provider, wastewater treatment partners, wholesale customers and land use agencies.

Budget Highlights

Operational

- Purchase new Hydraulic Models for Water & Wastewater Systems. This software will be included in the Administrative Services Department's IT budget.
 - The existing models are stand-alone requiring regular manual updating
 - The proposed models operate using GIS data requiring no manual updates
 - Programs are similar to the current water model (H2O-net)
 - Training included in the Department training budget
 - Purchase of the model to occur after Enterprise GIS is implemented
- A contract for Wetland Monitoring was signed in 2015 and payments also began in 2015. This is an already approved ongoing expense that will be new in the 2016/17 budget.
- Replace Inspection laptop computers with tablets once technology is field tested. This purchase will be included in the Administrative Service Department's IT budget.
- Work with maintenance and operations staff to develop a fleet management system which will include a replacement schedule for Inspection vehicles.

Capital

- Replace water mains and repair/replace the sewer mains in the Elberta Road area.
- Complete Olympus Meadows Trunk Sewer upgrades.
- Plan for the recoating of Reservoirs 2 and 3.
- Complete portions of the Eastside Pressure Reduction Project.
 - Harvest Road Sewer portion in 2016
 - Water Transmission Main portion in 2017
- Make significant progress on the listed improvements at the Picnic Point Wastewater Treatment Facility.
- Replace the transmission main crossing Interstate 5 (I-5) at 164th Street SW.
 - The existing 30-inch concrete cylinder pipe is at risk due to the overpass abutment, which is constructed on top of the transmission main
 - A new crossing of I-5 was constructed as a part of the Martha Lake Gateway Project at approximately 171st Street SW
 - The westerly project extension would connect to the existing main at 170th Street SW and Alder Way and construct the new 30-inch main to 164th SW to connect to the existing 30-inch pipe
 - The easterly project extension would connect to the existing at 169th Place SW and 17th Ave W and construct the new 30-inch main to 164th SW to connect to the existing 30-inch pipe
 - The existing 30-inch main on 164th Street SW between Ash Way and Meadow Road will be abandoned
- Repair of exposed pipe where North Creek crosses 228th Street SE.
- Develop Asset Management System and create 100 year CIP for both utilities.

Expense History

Planning & Development Services

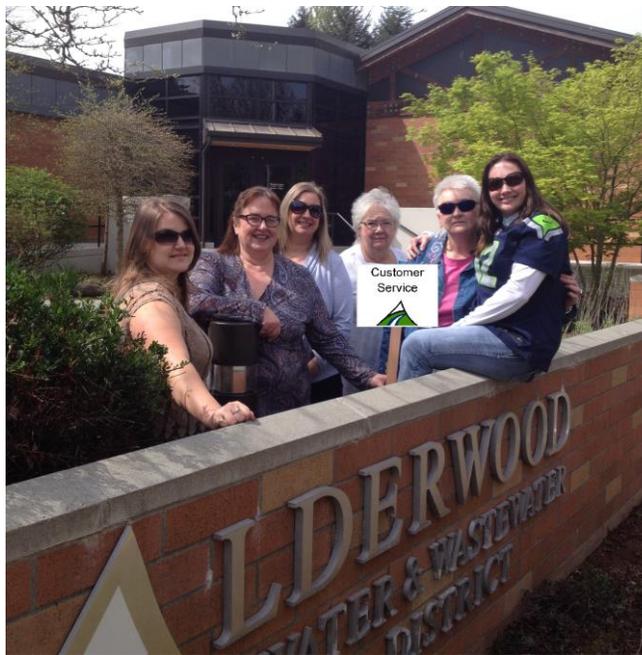
| | | | | | | 2017 | 2016 | 2015 | 2014 | 2014 | 2014 |
|--|----|-----|-----|-----|--|---------------------|---------------------|---------------------|-------------------|---------------------|-------------------|
| | | | | | | Budget | Budget | Budget | Variance | Budget | Actual |
| Engineering Department | | | | | | | | | | | |
| Operating Expenses - Water | | | | | | | | | | | |
| 1 | 21 | 601 | 801 | 000 | Salaries and Wages | \$ 1,034,804 | \$ 1,011,298 | \$ 989,869 | \$ 102,748 | \$ 967,142 | \$ 864,394 |
| 1 | 21 | 601 | 802 | 000 | Salaries and Wages - Overtime | - | - | 100 | 100 | 100 | - |
| 1 | 21 | 602 | 801 | 000 | Capitalized Wages & Salaries - Offset | (430,493) | (421,176) | (429,911) | 19,380 | (420,716) | (408,537) |
| Wages Subtotal | | | | | | <u>604,311</u> | <u>590,122</u> | <u>560,058</u> | <u>122,228</u> | <u>546,526</u> | <u>455,857</u> |
| 1 | 21 | 608 | 801 | 000 | Uniform Clothing & Boots | 3,043 | 3,043 | 3,325 | 1,227 | 3,475 | 2,248 |
| 1 | 21 | 604 | 800 | 000 | Temporary Services | - | - | 7,680 | 7,680 | 7,680 | - |
| 1 | 21 | 620 | 801 | 000 | Office Supplies | - | - | - | (200) | - | 200 |
| 1 | 21 | 620 | 804 | 000 | Office Forms | - | - | - | - | - | - |
| 1 | 21 | 620 | 805 | 000 | Publications | 1,125 | 4,025 | 750 | 181 | 750 | 569 |
| 1 | 21 | 620 | 806 | 000 | Small Tool and Equip | 3,150 | 3,970 | 5,150 | 4,218 | 7,120 | 2,902 |
| 1 | 21 | 631 | 801 | 000 | Professional Services | - | - | 18,500 | 16,616 | 18,500 | 1,884 |
| 1 | 21 | 631 | 803 | 000 | Professional Services - Legal Services | - | - | - | - | - | - |
| 1 | 21 | 631 | 809 | 000 | Professional Services - Other | 16,000 | 16,000 | 15,000 | 3,723 | 12,500 | 8,777 |
| 1 | 21 | 635 | 801 | 000 | Conferences | 7,800 | 7,800 | 13,000 | 8,386 | 13,000 | 4,614 |
| 1 | 21 | 635 | 802 | 000 | Training | 8,700 | 8,700 | 9,450 | 2,839 | 9,450 | 6,611 |
| 1 | 21 | 635 | 803 | 000 | Travel | - | - | 250 | 43 | 250 | 207 |
| 1 | 21 | 645 | 802 | 000 | Dues | 2,085 | 2,085 | 1,100 | 516 | 1,100 | 584 |
| 1 | 21 | 645 | 803 | 000 | Professional Licenses | - | - | 1,180 | 187 | 1,255 | 1,068 |
| 1 | 21 | 645 | 805 | 000 | Misc. Expenses - Other | 2,500 | 2,500 | 2,250 | 1,713 | 2,250 | 537 |
| 1 | 21 | 645 | 806 | 000 | Conservation | 18,250 | 19,250 | 44,000 | 42,925 | 43,000 | 75 |
| 1 | 21 | 645 | 806 | 000 | Toilet Rebate Program | 5,000 | 5,000 | - | (7,425) | - | 7,425 |
| Sub Total - Water | | | | | | <u>\$ 671,963</u> | <u>\$ 662,494</u> | <u>\$ 681,693</u> | <u>\$ 204,858</u> | <u>\$ 666,856</u> | <u>\$ 493,557</u> |
| Operating Expenses - Wastewater | | | | | | | | | | | |
| 2 | 21 | 701 | 801 | 000 | Salaries and Wages | \$ 1,034,804 | \$ 1,011,298 | \$ 1,033,360 | \$ 150,068 | \$ 1,008,933 | \$ 858,865 |
| 2 | 21 | 701 | 802 | 000 | Salaries and Wages - Overtime | - | - | 100 | 100 | 100 | - |
| 2 | 21 | 731 | 801 | 000 | Capitalized Wages & Salaries - Offset | (430,493) | (421,176) | (437,160) | (19,145) | (427,682) | (408,537) |
| Wages Subtotal | | | | | | <u>604,311</u> | <u>590,122</u> | <u>596,300</u> | <u>131,023</u> | <u>581,352</u> | <u>450,329</u> |
| 2 | 21 | 708 | 801 | 000 | Uniform Clothing & Boots | 3,043 | 3,043 | 3,325 | 1,227 | 3,475 | 2,248 |
| 2 | 21 | 704 | 800 | 000 | Temporary Services | - | - | 7,680 | 7,680 | 7,680 | - |
| 2 | 21 | 720 | 801 | 000 | Office Supplies | - | - | - | (64) | - | 64 |
| 2 | 21 | 720 | 804 | 000 | Office Forms | - | - | - | - | - | - |
| 2 | 21 | 720 | 805 | 000 | Publications | 125 | 125 | 750 | (227) | 750 | 977 |
| 2 | 21 | 720 | 806 | 000 | Small Tool and Equip | 3,985 | 3,165 | 4,985 | 1,313 | 5,915 | 4,602 |
| 2 | 21 | 731 | 801 | 000 | Professional Services | - | - | 13,000 | 11,734 | 13,000 | 1,266 |
| 2 | 21 | 731 | 803 | 000 | Professional Services - Legal Services | - | - | 5,500 | 5,500 | 5,500 | - |
| 2 | 21 | 731 | 809 | 000 | Professional Serv - Other | 16,000 | 16,000 | 15,000 | 3,952 | 12,500 | 8,548 |
| 2 | 21 | 735 | 801 | 000 | Conferences | 7,800 | 7,800 | 13,000 | 8,122 | 13,000 | 4,878 |
| 2 | 21 | 735 | 802 | 000 | Training | 8,700 | 8,700 | 9,450 | 2,691 | 9,450 | 6,759 |
| 2 | 21 | 735 | 803 | 000 | Travel | - | - | 250 | 26 | 250 | 224 |
| 2 | 21 | 745 | 802 | 000 | Dues | 1,725 | 1,725 | 900 | 394 | 900 | 506 |
| 2 | 21 | 745 | 803 | 000 | Professional Licenses | - | - | 1,180 | 682 | 1,255 | 573 |
| 2 | 21 | 745 | 805 | 000 | Misc. Expense - Other | 2,500 | 2,500 | 2,250 | 533 | 2,250 | 1,717 |
| Sub Total - Wastewater | | | | | | <u>\$ 648,188</u> | <u>\$ 633,179</u> | <u>\$ 673,570</u> | <u>\$ 174,585</u> | <u>\$ 657,277</u> | <u>\$ 482,691</u> |
| Total Operating Expenses | | | | | | <u>\$ 1,320,151</u> | <u>\$ 1,295,673</u> | <u>\$ 1,355,263</u> | <u>\$ 379,443</u> | <u>\$ 1,324,132</u> | <u>\$ 976,248</u> |

Expense Justification

Planning & Development Department

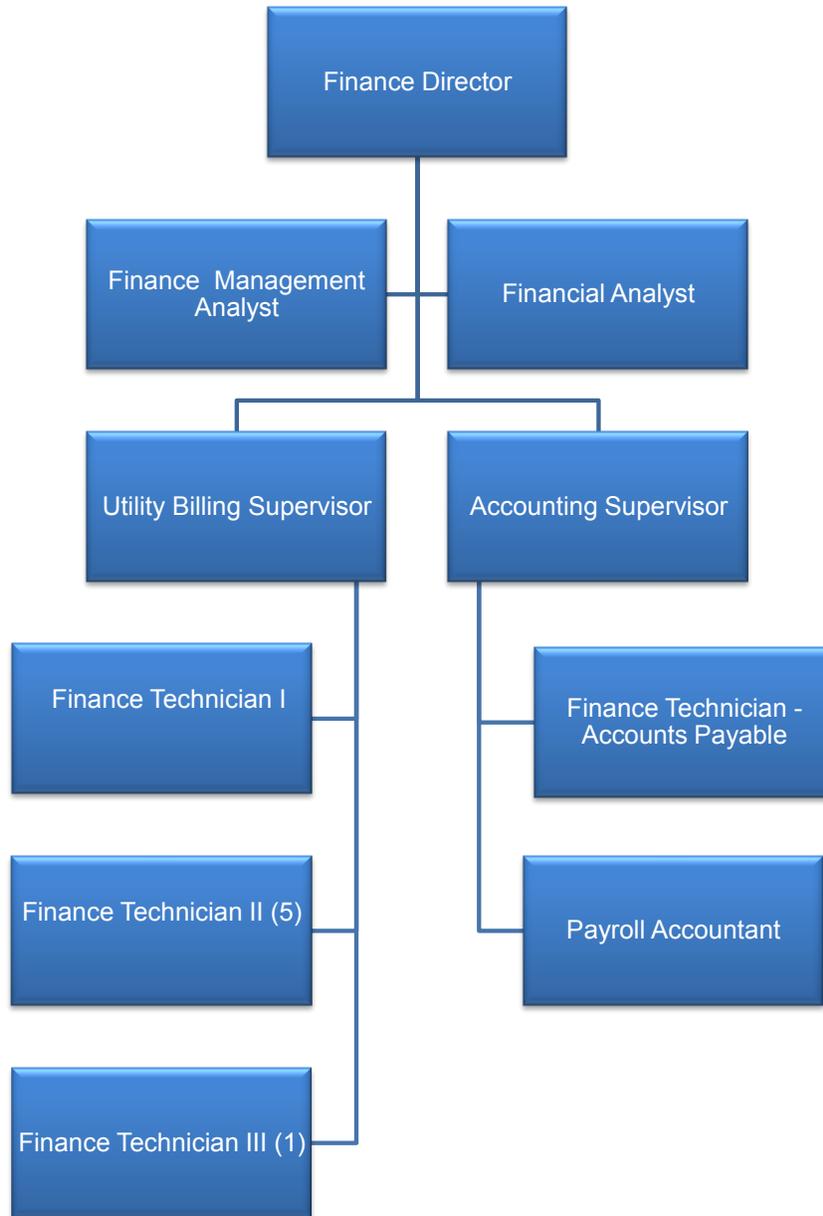
| | | For Year 2016 | | | For Year 2017 | | |
|--|--|---------------------------|---------------------------|--------------|---------------|--------------|--------------|
| | | Total | Water | WW | Total | Water | WW |
| PLANNING & DEVELOPMENT OPERATING EXPENSES | | | | | | | |
| Salaries and Wages (Includes Overtime) | | \$ 2,022,595 | \$ 1,011,298 | \$ 1,011,298 | \$ 2,069,608 | \$ 1,034,804 | \$ 1,034,804 |
| (Less Capitalized Wages) | | \$ (842,352) | \$ (421,176) | \$ (421,176) | \$ (860,987) | \$ (430,493) | \$ (430,493) |
| Net Salaries and Wages | | Total \$ 1,180,243 | \$ 590,122 | \$ 590,122 | \$ 1,208,621 | \$ 604,311 | \$ 604,311 |
| Uniform Clothing & Boots | | Qty | Cost | | | | |
| | Uniforms for Inspection staff | 7 | 655 | \$ 4,585 | \$ 2,293 | \$ 2,293 | \$ 4,585 |
| | Uniform items for other PDS staff | 1 | 1,500 | 1,500 | 750 | 750 | 1,500 |
| Total | | | Total \$ 6,085 | \$ 3,043 | \$ 3,043 | \$ 6,085 | \$ 3,043 |
| Publications | | Qty | Cost | | | | |
| | 2 Books @ \$125 per copy | 2 | 125 | \$ 250 | \$ 125 | \$ 125 | \$ 250 |
| | AWWA Standards | 1 | 700 | 700 | 700 | 700 | 700 |
| | AWWA Manuals | 1 | 3,200 | 3,200 | 3,200 | 300 | 300 |
| Total | | | Total \$ 4,150 | \$ 4,025 | \$ 125 | \$ 1,250 | \$ 1,125 |
| Small Tools & Equipment | | Qty | Cost | | | | |
| | Smart Level | 1 | 165 | \$ 165 | \$ - | \$ 165 | \$ - |
| | Replace metal detector | 1 | 900 | 900 | 900 | - | - |
| | Vitamin C | 1 | 70 | 70 | 70 | - | 70 |
| | Fittings for flushing | 1 | 400 | 400 | 400 | - | 400 |
| | wrenches,450ea | 1 | 2,000 | 2,000 | 500 | 1,500 | 2,000 |
| | Valve box magnets (2016) | 6 | 100 | 600 | 600 | - | 500 |
| | 11" x 17" color scanner/copier/printer | 1 | 500 | 500 | 250 | 250 | - |
| | Corrosion sensors (2 total 1 ea year) | 1 | 2,000 | 2,000 | 1,000 | 1,000 | 2,000 |
| | Other | 1 | 500 | 500 | 250 | 250 | 1,250 |
| Total | | | Total \$ 7,135 | \$ 3,970 | \$ 3,165 | \$ 7,135 | \$ 3,150 |
| Professional Services - Other | | | | | | | |
| | Critical Area Monitoring(Wetland Monitoring) | | \$ 20,000 | \$ 10,000 | \$ 10,000 | \$ 20,000 | \$ 10,000 |
| | Large Format Copier Service | | 2,000 | 1,000 | 1,000 | 2,000 | 1,000 |
| | On Call Services Potholing | | 5,000 | 2,500 | 2,500 | 5,000 | 2,500 |
| | On Call Services Geotechnical | | 5,000 | 2,500 | 2,500 | 5,000 | 2,500 |
| Total | | | Total \$ 32,000 | \$ 16,000 | \$ 16,000 | \$ 32,000 | \$ 16,000 |
| Conferences | | Qty | Cost | | | | |
| | National Conference | 2 | 2,800 | \$ 5,600 | \$ 2,800 | \$ 2,800 | \$ 5,600 |
| | Regional Conferences | 5 | 2,000 | 10,000 | 5,000 | 5,000 | 10,000 |
| Total | | | Total \$ 15,600 | \$ 7,800 | \$ 7,800 | \$ 15,600 | \$ 7,800 |
| Training | | Qty | Cost | | | | |
| | Training | 21 | 500 | \$ 10,500 | \$ 5,250 | \$ 5,250 | \$ 10,500 |
| | CAD/GIS Training | 3 | 1,100 | 3,300 | 1,650 | 1,650 | 3,300 |
| | UCC Training | 1 | 2,100 | 2,100 | 1,050 | 1,050 | 1,050 |
| | Training for Intern Program | 3 | 500 | 1,500 | 750 | 750 | 1,500 |
| Total | | | Total \$ 17,400 | \$ 8,700 | \$ 8,700 | \$ 17,400 | \$ 8,700 |
| Dues | | Qty | Cost | | | | |
| | APWA | 3 | 125 | \$ 375 | \$ 188 | \$ 188 | \$ 375 |
| | WEF | 3 | 125 | 375 | 188 | 188 | 375 |
| | ASCE | 3 | 200 | 600 | 300 | 300 | 600 |
| | NACE | 1 | 200 | 200 | 100 | 100 | 200 |
| | 15 Water Certs | 15 | 45 | 675 | 675 | - | 675 |
| | 9 Sewer Certs | 9 | 35 | 315 | - | 315 | - |
| | AICP | 1 | 550 | 550 | 275 | 275 | 550 |
| | PE | 6 | 120 | 720 | 360 | 360 | 720 |
| Total | | | Total \$ 3,810 | \$ 2,085 | \$ 1,725 | \$ 3,810 | \$ 2,085 |
| Misc. Expenses - Other | | | | | | | |
| | U Haul Storage \$3,600 | 2 | 1,760 | \$ 3,520 | \$ 1,760 | \$ 1,760 | \$ 3,520 |
| | all other expenses | 1 | 1,480 | 1,480 | 740 | 740 | 1,480 |
| Total | | | Total \$ 5,000 | \$ 2,500 | \$ 2,500 | \$ 5,000 | \$ 2,500 |
| Conservation/Toilet Rebate Program | | | | | | | |
| | Toilet Rebates | | \$ 5,000 | \$ 5,000 | \$ - | \$ 5,000 | \$ - |
| | Counter handouts | | 500 | 500 | - | 2,000 | 2,000 |
| | Water Shortage Response | | | | | | |
| | 8 vinyl banners | | 1,500 | 1,500 | - | - | - |
| | vehicle magnets | 20 | 50 | 1,000 | 1,000 | - | - |
| | customer mailing | | 16,000 | 16,000 | - | 16,000 | 16,000 |
| | HOA mailing | | 250 | 250 | - | 250 | 250 |
| Total | | | Total \$ 24,250 | \$ 24,250 | \$ - | \$ 23,250 | \$ 23,250 |
| Total | | | Total \$ 1,295,673 | \$ 662,494 | \$ 633,179 | \$ 1,320,151 | \$ 671,963 |
| | | | | | | | \$ 648,188 |

Finance



Organization Chart

Finance



2016-2017 Postion Summary

Finance

| Position | 2014-2015 | Budget | Decision | 2016-2017 | Salary Range | Grade |
|----------------------------|-----------|------------|----------|-----------|----------------|-------|
| | Positions | Reductions | Packages | Positions | 2016 | |
| Finance Director | 1 | | | 1 | 8,367 - 11,214 | 22 |
| Accounting Supervisor | 1 | | | 1 | 6,384 - 8,555 | 18 |
| Utility Billing Supervisor | 1 | | | 1 | 5,575 - 7,470 | 16 |
| Financial Analyst | 1 | | | 1 | 5,210 - 6,982 | 15 |
| Finance Management Analyst | 1 | | | 1 | 4,870 - 6,526 | 14 |
| Payroll Accountant | 1 | | | 1 | 4,553 - 6,100 | 13 |
| Finance Technician III | 1 | | | 1 | 3,975 - 5,327 | 11 |
| Finance Technician II | 6 | | | 6 | 3,717 - 4,980 | 10 |
| Finance Technician I | 1 | | | 1 | 3,472 - 4,652 | 9 |
| | 14 | 0 | 0 | 14 | | |

Finance

Budget Message

During 2016-17 the Department has three major focal points: improved productivity through process improvement and IT integration, increased staff capabilities through an aggressive training program, and financial planning including a new rate study. These efforts will help the Department provide excellent service, in utility billing, accounting and financial planning.

Functions

The Finance Department is responsible for customer service, utility billing, accounting, financial planning and reporting.

All day-to-day **financial operations** activities are managed by the department including:

- *Customer Accounts* – utility billing, customer service, and all related record keeping.
- *Accounting* – cost accounting, accounts payable and receivable, financial reporting, auditing, and maintenance of financial records. Accounting also provides professional staff support for Clearview Water Supply Agency.
- *Payroll* – bi-weekly payroll and employee benefits and labor contract implementation.
- *Treasury* – cash and debt management.

The department also provides financial planning services including coordination and preparation of the District's Budget and Capital Improvement Program and provision of financial planning and analysis support to other departments, the General Manager, and the Board of Commissioners.

2016-2017 Goals

Staff Development

- Training and conferences to educate staff to better utilize new tools.
- Encourage staff to utilize the District's tuition reimbursement program.
- Support staff participation on committees and other inter-departmental work groups.

Strengthening Workgroups & Improving Workflows

- Encourage collaboration to take advantage of new reconfigured workspace.
- Cross-train staff as potential back-ups for critical positions.
- Improve 10 processes using Lean/continuous improvement tools and techniques.

Customer Service

- 95 percent of all calls to main phone line (425-743-4605) are answered within 5 seconds.
- Provide prompt, respectful, professional, and helpful customer service to internal and external customers.

Financial Operations

- Maintain internal controls and meet all accounting, reporting, and auditing requirements.
- Deliver accurate payroll, health benefits and labor contract implementation.
- Comply with required annual audits by State and Federal agencies and any related reporting.

Financial Planning

- Put into practice the adopted fiscal policies, with particular attention to building a sustainable Budget and Capital Improvement Program.
- Develop and implement a new investment policy and strategy with the assistance of the District's Investment Advisor, which will result in an investment program that will increase earnings and remain flexible and adaptive to the District's changing needs.

IT Integration

- Implement a new software solution that meets the requirements of Human Resources, Payroll and Timekeeping so that the three functional areas can operate more efficiently and effectively. The new system will help the District reduce/eliminate duplicative data entry, improve workflow, offer customers self-service options, increase transparency, and support better decision making.
- Evaluate and implement an integrated finance (accounting, budgeting, and reporting) and customer service (utility billing) software solution that leverages process improvements and helps the staff provide better information and customer service.

Budget Highlights

Changes in 2016-2017 Budget over 2015 Estimates

- Employee Benefits increasing \$486,000 or 10.9% in 2016 due to several factors: higher enrollment (more FTEs), annual COLA adjustments (1.6% in 2016 and an estimated 2% in 2017), increases in PERS contributions rates from 9.21% to 11.18% - a 20% increase, increase in expected buy-backs, and several new benefits (matching programs, wellness incentives, Commute-Trip Reduction program). An increase of \$132,000 or 2.9% is expected in 2017.
- Anticipating \$93,000 (55%) increase in Credit Card Fees in 2016. With addition of new online customer payment portal, we expect a sharp increase in the number of credit card transactions, and thus higher fees. Expecting a \$66,000 (25%) increase in 2017 for same reason.
- 2016 Salaries increasing \$32,000 or 3.3% due to a 1.6% COLA in 2016. Expecting a 2017 increase of \$23,000 or 2.4% due to an estimated 2.0% COLA in 2017.
- In 2016, expecting a \$30,000 or 3.8% increase in Insurance Premiums. This is an early estimate from Risk Management Pool staff and may change. The earthquake portion of premium may increase steeply due to market-wide changes, according to RMP staff. For 2017, we have budgeted for a \$45,000 or 7.5% increase in premiums.
- Budgeting for a \$9,000 or 5.9% increase in 2016 Postage budget due to normal increases in customer accounts and anticipated special mailings. For 2017, we are budgeting for a \$10,000 or 6.2% increase over 2016 budget.
- In 2016, budgeting for a \$16,000 or 188% increase in Conferences (expanding staff attendance at regional conferences, and anticipating new software-related conferences). In 2017, expecting a \$1,000 or 4% increase over 2016 budget.

- In 2016, budgeting for a \$21,000 or 111% increase in Training (adding Lean trainings and expecting higher attendance at local associations' luncheon trainings). In 2017, budgeting for a \$10,000 or 26% *decrease* compared to 2016 budget due to fewer expected tuition reimbursements and fewer non-annual trainings expected.

Expense History

Finance

| Finance Operating Expenses | | 2017 Proposed | 2016 Proposed | 2015 Budget | 2014 Variance | 2014 Budget | 2014 Actual |
|-----------------------------------|---|------------------|------------------|----------------|------------------|----------------|----------------|
| Operating Expenses - Water | | | | | | | |
| 1 31 601 801 000 | Salaries and Wages-Regular | \$ 529,961 | \$ 517,558 | \$ 502,488 | \$ 40,753 | \$ 484,066 | \$ 443,313 |
| 1 31 601 802 000 | Salaries and Wages-Overtime | - | - | 3,331 | 2,745 | 2,745 | - |
| 1 31 604 800 000 | Temporary Services | 14,080 | 14,080 | - | (4,155) | - | 4,155 |
| 1 31 606 801 000 | Employee Benefits-Fica | 428,660 | 406,260 | 370,810 | 21,780 | 357,856 | 336,076 |
| 1 31 606 802 000 | Employee Benefits-Pers 1 | 18,898 | 18,526 | 14,507 | 1,237 | 13,862 | 12,625 |
| 1 31 606 803 000 | Employee Benefits-Pers 2 | 564,783 | 533,397 | 401,039 | 22,065 | 386,842 | 364,777 |
| 1 31 606 810 000 | Employee Benefits-Pers 3 | 40,640 | 39,479 | 26,959 | (2,797) | 26,078 | 28,875 |
| 1 31 606 804 000 | Employee Benefits-Med Ins Wa. Regence | 910,191 | 866,848 | 914,644 | 87,375 | 816,646 | 729,271 |
| 1 31 606 805 000 | Employee Benefits-HSA | 25,000 | 27,500 | - | (31,500) | - | 31,500 |
| 1 31 606 806 000 | Employee Benefits-Dental | 87,744 | 83,565 | 88,348 | 6,914 | 78,882 | 71,968 |
| 1 31 606 807 000 | Employee Benefits-Life | 6,210 | 6,086 | 15,694 | 9,517 | 15,397 | 5,880 |
| 1 31 606 808 000 | Employee Benefits-Long Term Disability | 11,118 | 10,566 | 10,313 | 665 | 10,013 | 9,348 |
| 1 31 606 809 000 | Employee Benefits-Sec 125 plan fees | 1,211 | 1,211 | 1,262 | 1,295 | 1,250 | (46) |
| 1 31 606 811 000 | Employee Benefits-VEBA | 228,527 | 217,644 | 218,650 | (3,577) | 195,223 | 198,800 |
| 1 31 606 812 000 | Employee Benefits-Cobra | - | - | - | - | - | - |
| 1 31 606 813 000 | Employee Benefits-Short-Term Disability | 10,114 | 9,427 | 9,598 | 547 | 9,301 | 8,754 |
| 1 31 607 802 000 | Employee Benefits-Workers Comp | 148,455 | 145,381 | 125,559 | 11,177 | 125,549 | 114,372 |
| 1 31 608 801 000 | Employee Benefits - 401A Employer Match | 108,968 | 103,136 | - | - | - | - |
| 1 31 609 801 000 | Employee Benefits-Vacation buy back | 32,907 | 31,765 | 18,461 | 1,346 | 19,142 | 17,796 |
| 1 31 609 802 000 | Employee Benefits-Sick leave buy back | 39,322 | 39,187 | 24,639 | 14,179 | 23,550 | 9,371 |
| 1 31 609 803 000 | Employee Benefits-Floating holiday buy back | 4,988 | 4,750 | 4,498 | 483 | 4,388 | 3,905 |
| 1 31 609 804 000 | Employee Benefits-Other | 85,658 | 82,352 | 22,373 | (77,064) | 20,873 | 97,937 |
| 1 31 609 805 000 | Employee Benefits- Capitalized Benefits | (185,569) | (176,732) | (138,109) | 45,200 | (131,532) | (176,732) |
| 1 31 620 801 000 | Office Supplies | - | - | - | (715) | - | 715 |
| 1 31 620 804 000 | Office Forms | 4,600 | 4,350 | 4,050 | 5,430 | 6,850 | 1,420 |
| 1 31 620 805 000 | Publications | 975 | 950 | 1,230 | 990 | 1,150 | 160 |
| 1 31 620 806 000 | Small Tool and Equip | 3,250 | 10,200 | 3,250 | 2,286 | 3,250 | 964 |
| 1 31 631 809 000 | Professional Serv - Other | 127,093 | 195,800 | 154,125 | (18,403) | 180,675 | 199,078 |
| 1 31 633 801 000 | Communication - Telephone Services | 7,970 | 7,590 | 7,200 | 255 | 6,875 | 6,620 |
| 1 31 633 802 000 | Communication - Cellular Telephone Services | 5,440 | 5,180 | 3,200 | (493) | 3,150 | 3,643 |
| 1 31 633 804 000 | Communication - Answering Service | - | - | - | - | - | - |
| 1 31 633 805 000 | Communication - Fax/Computer Lines | 9,960 | 9,490 | 10,100 | 2,338 | 9,650 | 7,312 |
| 1 31 633 806 000 | Communication - Postage | 84,560 | 79,660 | 73,750 | 1,031 | 69,250 | 68,219 |
| 1 31 635 801 000 | Conferences | 12,400 | 11,910 | 7,100 | 5,207 | 7,100 | 1,893 |
| 1 31 635 802 000 | Training | 14,380 | 19,500 | 12,600 | 10,009 | 12,250 | 2,242 |
| 1 31 637 801 000 | Utilities - Natural Gas - Admin Building | 1,910 | 1,738 | 3,400 | 1,342 | 3,100 | 1,758 |
| 1 31 637 802 000 | Utilities - Electricity | 15,930 | 14,877 | 14,600 | 1,234 | 14,100 | 12,866 |

Expense History

Finance

| Finance Operating Expenses | | 2017 Proposed | 2016 Proposed | 2015 Budget | 2014 Variance | 2014 Budget | 2014 Actual |
|-----------------------------------|---|----------------------|----------------------|----------------------|-------------------|----------------------|----------------------|
| Operating Expenses - Water | | | | | | | |
| 1 31 637 803 000 | Utilities - Garbage Disposal | 1,630 | 1,550 | 1,425 | (72) | 1,350 | 1,422 |
| 1 31 639 802 000 | Repairs & Maintenance - Equipment | 2,180 | 1,980 | 1,675 | (194) | 1,600 | 1,794 |
| 1 31 645 802 000 | Dues | 799 | 761 | 528 | 60 | 515 | 455 |
| 1 31 645 803 000 | Professional Licenses | 215 | 215 | 400 | 390 | 390 | - |
| 1 31 645 804 000 | Recordings | 6,489 | 6,489 | 5,900 | 2,125 | 5,900 | 3,775 |
| 1 31 645 805 000 | Misc. Expense - Other | 500 | 500 | 500 | 465 | 500 | 35 |
| 1 31 645 806 000 | Bank Service Charges - Credit Cards | 163,930 | 131,140 | 94,500 | 2,874 | 78,500 | 75,626 |
| 1 31 655 800 000 | Insurance Premiums | 315,610 | 303,471 | 369,110 | 34,457 | 343,359 | 308,902 |
| 1 31 656 800 000 | Insurance - Direct Payments | 7,500 | 7,500 | 7,500 | 3,468 | 7,500 | 4,032 |
| 1 31 657 800 000 | Insurance - Other/Settlement | - | - | - | (29,154) | - | 29,154 |
| | Sub total | \$ 3,899,186 | \$ 3,796,837 | \$ 3,411,204 | \$ 173,113 | \$ 3,217,143 | \$ 3,044,030 |
| | Excise Taxes/Other | 1,389,000 | 1,323,000 | 1,150,000 | (35,266) | 1,150,000 | 1,185,266 |
| | Capital Funding from Rates | 3,500,000 | 3,500,000 | 3,500,000 | - | 3,500,000 | 3,500,000 |
| | Debt Service-Principal | 3,588,595 | 3,293,095 | 3,774,897 | - | 2,959,897 | 2,959,897 |
| | Debt Service-Interest | 1,225,536 | 1,346,133 | 1,451,372 | - | 1,561,970 | 1,561,970 |
| | Total Operating Expenses - Water | \$ 13,602,317 | \$ 13,259,064 | \$ 13,287,473 | \$ 137,847 | \$ 12,389,010 | \$ 12,251,163 |

Expense History

Finance

| Finance Operating Expenses | | 2017 Budget | 2016 Budget | 2015 Budget | 2014 Variance | 2014 Budget | 2014 Actual |
|--|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| Operating Expenses - Wastewater | | | | | | | |
| 2 | 31 701 801 000 | \$ 529,961 | \$ 517,558 | \$ 502,488 | \$ 40,871 | \$ 484,066 | \$ 443,195 |
| 2 | 31 701 802 000 | - | - | 3,331 | 2,745 | 2,745 | - |
| 2 | 31 704 800 000 | 14,080 | 14,080 | - | (4,155) | - | 4,155 |
| 2 | 31 706 801 000 | 428,660 | 406,260 | 370,810 | 21,780 | 357,856 | 336,076 |
| 2 | 31 706 802 000 | 18,898 | 18,526 | 14,507 | 1,237 | 13,862 | 12,625 |
| 2 | 31 706 803 000 | 564,783 | 533,397 | 401,039 | 22,065 | 386,842 | 364,776 |
| 2 | 31 706 810 000 | 40,640 | 39,479 | 26,959 | (2,797) | 26,078 | 28,875 |
| 2 | 31 706 804 000 | 910,191 | 866,848 | 914,644 | 86,035 | 816,646 | 730,612 |
| 2 | 31 706 805 000 | 25,000 | 27,500 | - | (31,500) | - | 31,500 |
| 2 | 31 706 806 000 | 87,744 | 83,565 | 88,348 | 6,914 | 78,882 | 71,968 |
| 2 | 31 706 807 000 | 6,210 | 6,086 | 15,694 | 9,517 | 15,397 | 5,880 |
| 2 | 31 706 808 000 | 11,118 | 10,566 | 10,313 | 665 | 10,013 | 9,348 |
| 2 | 31 706 809 000 | 1,211 | 1,211 | 1,262 | 1,295 | 1,250 | (46) |
| 2 | 31 706 811 000 | 228,527 | 217,644 | 218,650 | (3,577) | 195,223 | 198,800 |
| 2 | 31 706 813 000 | 10,114 | 9,427 | 9,598 | 547 | 9,301 | 8,754 |
| 2 | 31 707 802 000 | 148,455 | 145,381 | 125,559 | 11,177 | 125,549 | 114,372 |
| 2 | 31 708 801 000 | 108,968 | 103,136 | - | - | - | - |
| 2 | 31 709 801 000 | 32,907 | 31,765 | 18,461 | 1,346 | 19,142 | 17,796 |
| 2 | 31 709 802 000 | 39,322 | 39,187 | 24,639 | 14,179 | 23,550 | 9,371 |
| 2 | 31 709 803 000 | 4,988 | 4,750 | 4,498 | 483 | 4,388 | 3,905 |
| 2 | 31 709 804 000 | 85,658 | 82,352 | 22,373 | (75,709) | 20,873 | 96,582 |
| 2 | 31 709 805 000 | (184,345) | (175,566) | (135,808) | 46,226 | (129,341) | (175,566) |
| 2 | 31 720 801 000 | - | - | - | (644) | - | 644 |
| 2 | 31 720 804 000 | 4,600 | 4,350 | 4,050 | 5,430 | 6,850 | 1,420 |
| 2 | 31 720 805 000 | 975 | 950 | 1,230 | 963 | 1,150 | 187 |
| 2 | 31 720 806 000 | 3,250 | 10,200 | 3,250 | 2,286 | 3,250 | 964 |
| 2 | 31 731 809 000 | 128,843 | 197,550 | 154,125 | (15,444) | 180,675 | 196,119 |
| 2 | 31 733 801 000 | 7,970 | 7,590 | 7,200 | 289 | 6,875 | 6,586 |
| 2 | 31 733 802 000 | 5,440 | 5,180 | 3,200 | (775) | 3,150 | 3,925 |
| 2 | 31 733 804 000 | - | - | - | - | - | - |
| 2 | 31 733 805 000 | 9,960 | 9,490 | 10,100 | 2,738 | 9,650 | 6,912 |
| 2 | 31 733 806 000 | 84,560 | 79,660 | 73,750 | 983 | 69,250 | 68,268 |
| 2 | 31 735 801 000 | 12,400 | 11,910 | 7,100 | 5,207 | 7,100 | 1,893 |
| 2 | 31 735 802 000 | 14,380 | 19,500 | 12,600 | 10,095 | 12,250 | 2,156 |
| 2 | 31 737 801 000 | 1,910 | 1,738 | 3,400 | 1,499 | 3,100 | 1,601 |

Expense History

Finance

| Finance Operating Expenses | | 2017 Budget | 2016 Budget | 2015 Budget | 2014 Variance | 2014 Budget | 2014 Actual |
|--|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Operating Expenses - Wastewater | | | | | | | |
| 2 31 737 802 000 | Utilities - Electricity | 15,930 | 14,877 | 14,600 | 1,234 | 14,100 | 12,866 |
| 2 31 737 803 000 | Utilities - Garbage Disposal | 1,630 | 1,550 | 1,425 | (72) | 1,350 | 1,422 |
| 2 31 739 802 000 | Repairs & Maintenance - Equipment | 2,180 | 1,980 | 1,675 | (194) | 1,600 | 1,794 |
| 2 31 745 802 000 | Dues | 799 | 761 | 528 | 110 | 515 | 405 |
| 2 31 745 803 000 | Professional Licenses | 215 | 215 | 400 | 390 | 390 | - |
| 2 31 745 804 000 | Recordings | 6,489 | 6,489 | 5,900 | 816 | 5,900 | 5,084 |
| 2 31 745 805 000 | Misc. Expense - Other | 500 | 500 | 500 | 14 | 500 | 486 |
| 2 31 745 806 000 | Bank Service Charges - Credit Cards | 163,930 | 131,140 | 94,500 | 2,874 | 78,500 | 75,626 |
| 2 31 755 800 000 | Insurance Premiums | 315,610 | 303,471 | 369,110 | 34,457 | 343,359 | 308,902 |
| 2 31 756 800 000 | Insurance - Direct Payments | 7,500 | 7,500 | 7,500 | (2,500) | 7,500 | 10,000 |
| | Sub total | \$ 3,902,160 | \$ 3,799,753 | \$ 3,413,505 | \$ 199,098 | \$ 3,219,335 | \$ 3,020,237 |
| | Excise Taxes/Other | \$ 414,000 | 394,000 | 350,000 | (71,780) | 350,000 | 421,780 |
| | Capital Funding from Rates | 3,500,000 | 3,500,000 | 3,500,000 | - | 3,500,000 | 3,500,000 |
| | Debt Service-Principal | 1,680,891 | 1,820,261 | 1,339,427 | - | 1,568,881 | 1,568,881 |
| | Debt Service-Interest | 2,797,804 | 2,837,400 | 2,864,325 | - | 3,048,097 | 3,048,097 |
| | ULID assessment payments | (65,600) | (86,700) | (96,500) | 85,912 | (104,000) | (189,912) |
| Total Operating Expenses - Wastewater | | \$ 12,229,255 | \$ 12,264,714 | \$ 11,371,257 | \$ 11,371,257 | \$ 11,582,313 | \$ 11,582,313 |
| Total Operating Expenses - Finance | | \$ 25,831,572 | \$ 25,523,778 | \$ 24,658,730 | \$ 11,509,104 | \$ 23,971,323 | \$ 23,833,476 |

Expense Justification

Finance

| | For Year 2016 | | | For Year 2017 | | |
|--|---------------|------------|------------|---------------|--------------|--------------|
| | Total | Water | WW | Total | Water | WW |
| FINANCE OPERATING EXPENSES | | | | | | |
| Salaries and Wages (Includes Overtime) | \$ 1,035,115 | \$ 517,558 | \$ 517,558 | \$ 1,059,922 | \$ 529,961 | \$ 529,961 |
| Temporary Services | | | | | | |
| Billing and Accounting Assistance | \$ 28,160 | \$ 14,080 | \$ 14,080 | \$ 28,160 | \$ 14,080 | \$ 14,080 |
| Employee Benefits | | | | | | |
| Employee Benefits-net | \$ 4,901,864 | 2,450,349 | 2,451,515 | \$ 5,136,873 | \$ 2,567,824 | \$ 2,569,048 |
| <i>Employee benefits are accumulated in the Finance department for the entire district</i> | | | | | | |
| Small Tools and Equipment | | | | | | |
| Office Furniture Replacement | \$ 4,000 | \$ 2,000 | \$ 2,000 | \$ 4,000 | \$ 2,000 | \$ 2,000 |
| Misc. (Printers, Calculators, Replacements) | 2,500 | 1,250 | 1,250 | 2,500 | 1,250 | 1,250 |
| Replacement Phones & Headsets | 13,900 | 6,950 | 6,950 | - | - | - |
| Total | \$ 20,400 | \$ 10,200 | \$ 10,200 | \$ 6,500 | \$ 3,250 | \$ 3,250 |
| Office Forms: | | | | | | |
| Administration Building | \$ 8,700 | \$ 4,350 | \$ 4,350 | \$ 9,200 | \$ 4,600 | \$ 4,600 |
| Publications: | | | | | | |
| AP Publications | \$ 300 | \$ 150 | \$ 150 | \$ 300 | \$ 150 | \$ 150 |
| Financial Statement Updates/Guides | 250 | 125 | 125 | 300 | 150 | 150 |
| GAAP Publications | 300 | 150 | 150 | 300 | 150 | 150 |
| FASB/GASB Updates | 250 | 125 | 125 | 250 | 125 | 125 |
| Payroll Guides/Updates | 300 | 150 | 150 | 300 | 150 | 150 |
| Budget Guides | - | - | - | - | - | - |
| Rate/Industry Materials | - | - | - | - | - | - |
| Misc. Items | 500 | 250 | 250 | 500 | 250 | 250 |
| Total | \$ 1,900 | \$ 950 | \$ 950 | \$ 1,950 | \$ 975 | \$ 975 |
| Professional Services -other | | | | | | |
| <i>Finance</i> | | | | | | |
| Cost of Service / Rate Study | \$ 100,000 | \$ 50,000 | \$ 50,000 | \$ - | \$ - | \$ - |
| Customer Survey - Consulting Services | 25,000 | 12,500 | 12,500 | - | - | - |
| Strategic Planning - Consulting Services | 25,000 | 12,500 | 12,500 | - | - | - |
| Government Portfolio Advisors | 39,000 | 19,500 | 19,500 | 39,000 | 19,500 | 19,500 |
| State Audit (Includes Single Audit) | 29,500 | 14,750 | 14,750 | 32,745 | 16,373 | 16,373 |
| Arbitrage Reports (Willdan) | 5,250 | 2,625 | 2,625 | 6,000 | 3,000 | 3,000 |
| Snohomish Co ULID contract | 1,750 | - | 1,750 | 1,750 | - | 1,750 |
| City of Brier Franchise Maintenance Fee | 1,000 | 500 | 500 | 1,000 | 500 | 500 |
| City of Mill Creek Franchise Maintenance Fee | 1,000 | 500 | 500 | 1,000 | 500 | 500 |
| City of Mukilteo Franchise Maintenance Fee | 500 | 250 | 250 | 500 | 250 | 250 |
| BONY Bond Fees | 1,500 | 750 | 750 | 1,550 | 775 | 775 |
| US Bank Fees | 20,000 | 10,000 | 10,000 | 21,000 | 10,500 | 10,500 |
| Outsourced Payroll (Paychex) | 12,400 | 6,200 | 6,200 | 13,020 | 6,510 | 6,510 |
| Lock box (AFTS) | 14,000 | 7,000 | 7,000 | 14,000 | 7,000 | 7,000 |
| Shredding (LeMay) | 1,000 | 500 | 500 | 1,050 | 525 | 525 |
| IVR System (Teleworks) | 2,550 | 1,275 | 1,275 | 2,700 | 1,350 | 1,350 |
| Escrow Final Bills (WebCheck) | 38,500 | 19,250 | 19,250 | 41,500 | 20,750 | 20,750 |
| Advertising (RFPs, Public Hearings, etc.) | 1,000 | 500 | 500 | 1,000 | 500 | 500 |
| Bill/Notice Print & Mail (AFTS) | 74,400 | 37,200 | 37,200 | 78,120 | 39,060 | 39,060 |
| Total | \$ 393,350 | \$ 195,800 | \$ 197,550 | \$ 255,935 | \$ 127,093 | \$ 128,843 |
| Bank Service Charges- Credit Cards | | | | | | |
| Paymentus | \$ 262,300 | \$ 131,140 | \$ 131,140 | \$ 327,900 | \$ 163,930 | \$ 163,930 |
| Communications | | | | | | |
| Communications- Telephone Services | \$ 15,180 | \$ 7,590 | \$ 7,590 | \$ 15,940 | \$ 7,970 | \$ 7,970 |
| Communications- Cellular | \$ 10,360 | \$ 5,180 | \$ 5,180 | \$ 10,880 | \$ 5,440 | \$ 5,440 |
| Communications- Fax/Computer Lines | \$ 18,980 | \$ 9,490 | \$ 9,490 | \$ 19,920 | \$ 9,960 | \$ 9,960 |
| Communications- Postage | \$ 159,320 | \$ 79,660 | \$ 79,660 | \$ 169,120 | \$ 84,560 | \$ 84,560 |
| Conferences: | | | | | | |
| GFOA National (1 Participant) | \$ 2,600 | \$ 1,300 | \$ 1,300 | \$ 2,730 | \$ 1,365 | \$ 1,365 |
| WPTA Local (3 Participants) | 3,420 | 1,710 | 1,710 | 3,580 | 1,790 | 1,790 |
| WFOA Local (3 Participants) | 3,500 | 1,750 | 1,750 | 3,660 | 1,830 | 1,830 |
| Kronos National (1 Participant) | 3,000 | 1,500 | 1,500 | 3,150 | 1,575 | 1,575 |
| Dynamics GP National (2 Participants) | 7,600 | 3,800 | 3,800 | 7,980 | 3,990 | 3,990 |
| Northstar National (2 Participants) | 3,700 | 1,850 | 1,850 | 3,700 | 1,850 | 1,850 |
| Total | \$ 23,820 | \$ 11,910 | \$ 11,910 | \$ 24,800 | \$ 12,400 | \$ 12,400 |

Expense Justification

Finance

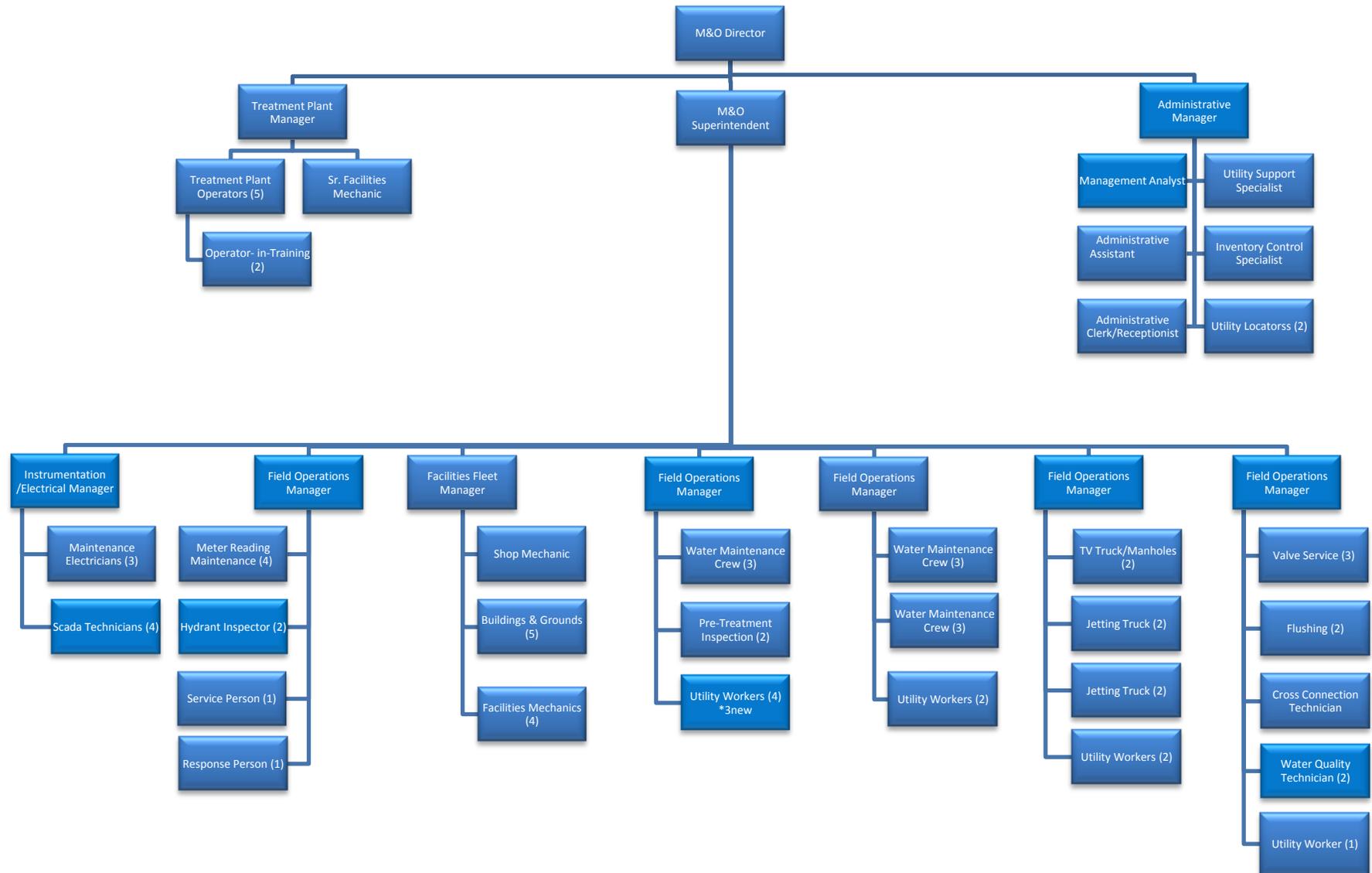
| | For Year 2016 | | | For Year 2017 | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Total | Water | WW | Total | Water | WW |
| Training: | | | | | | |
| Staff Training | \$ 23,960 | \$ 11,980 | \$ 11,980 | \$ 25,100 | \$ 12,550 | \$ 12,550 |
| Staff Tuition Reimbursement | 8,540 | 4,270 | 4,270 | 2,340 | 1,170 | 1,170 |
| Training other | 6,500 | 3,250 | 3,250 | 1,320 | 660 | 660 |
| Total | \$ 39,000 | \$ 19,500 | \$ 19,500 | \$ 28,760 | \$ 14,380 | \$ 14,380 |
| Utilities-Natural Gas-Admin Bldg: | | | | | | |
| Total | \$ 3,476 | \$ 1,738 | \$ 1,738 | \$ 3,820 | \$ 1,910 | \$ 1,910 |
| Utilities-Electricity-Admin Bldg: | | | | | | |
| Total | \$ 29,753 | \$ 14,877 | \$ 14,877 | \$ 31,860 | \$ 15,930 | \$ 15,930 |
| Utilities-Garbage disposal: | | | | | | |
| Total | \$ 3,100 | \$ 1,550 | \$ 1,550 | \$ 3,260 | \$ 1,630 | \$ 1,630 |
| Repairs and Maintenance: | | | | | | |
| Total | \$ 3,960 | \$ 1,980 | \$ 1,980 | \$ 4,361 | \$ 2,180 | \$ 2,180 |
| Dues: | | | | | | |
| GFOA National (National, 1 Member) | \$ 294 | \$ 147 | \$ 147 | \$ 309 | \$ 154 | \$ 154 |
| WFOA Local (4 Members) | 210 | 105 | 105 | 221 | 110 | 110 |
| WPTA Local (2 Members) | 121 | 60 | 60 | 127 | 63 | 63 |
| APA National/Local(3 Members) | 802 | 401 | 401 | 842 | 421 | 421 |
| SCCFOA Local (1 Member) | 42 | 21 | 21 | 44 | 22 | 22 |
| PSFOA Local (Organization) | 53 | 26 | 26 | 55 | 28 | 28 |
| Total | \$ 1,521 | \$ 761 | \$ 761 | \$ 1,598 | \$ 799 | \$ 799 |
| Professional licenses: | | | | | | |
| Bonds required | \$ 400 | \$ 200 | \$ 200 | \$ 400 | \$ 200 | \$ 200 |
| Notary - Roxanne (expires 2016; 4 yr term) | 30 | 15 | 15 | - | - | - |
| Notary - Kathy (expires 2016; 4 yr term) | - | - | - | 30 | 15 | 15 |
| Total | \$ 430 | \$ 215 | \$ 215 | \$ 430 | \$ 215 | \$ 215 |
| Recording: | | | | | | |
| Total | \$ 12,978 | \$ 6,489 | \$ 6,489 | \$ 12,978 | \$ 6,489 | \$ 6,489 |
| Misc. Expenses: | | | | | | |
| Total | \$ 1,000 | \$ 500 | \$ 500 | \$ 1,000 | \$ 500 | \$ 500 |
| Insurance Premiums: | | | | | | |
| Water & Sewer Risk Management Pool Premiums (includes supplemental earthquake coverage) | \$ 606,942 | \$ 303,471 | \$ 303,471 | \$ 631,220 | \$ 315,610 | \$ 315,610 |
| Insurance Deductible: \$ 5,000 X 3 | \$ 15,000 | \$ 7,500 | \$ 7,500 | \$ 15,000 | \$ 7,500 | \$ 7,500 |
| The following items are split based on actual relationship to water and wastewater: | | | | | | |
| Excise Taxes/Property taxes: | | | | | | |
| Total | \$ 1,717,000 | \$ 1,323,000 | \$ 394,000 | \$ 1,803,000 | \$ 1,389,000 | \$ 414,000 |
| Capital Funding from Rates: | | | | | | |
| Total | \$ 7,000,000 | \$ 3,500,000 | \$ 3,500,000 | \$ 7,000,000 | \$ 3,500,000 | \$ 3,500,000 |
| Debt Service: | | | | | | |
| Principal | \$ 5,113,355 | \$ 3,293,095 | \$ 1,820,261 | \$ 5,269,486 | \$ 3,588,595 | \$ 1,680,891 |
| Interest | 4,183,533 | 1,346,133 | 2,837,400 | 4,023,340 | 1,225,536 | 2,797,804 |
| Less ULID assessment collections | (86,700) | - | (86,700) | (65,600) | - | (65,600) |
| Total | \$ 9,210,188 | \$ 4,639,227 | \$ 4,570,961 | \$ 9,227,226 | \$ 4,814,131 | \$ 4,413,095 |
| Grand Total | \$ 25,523,798 | \$ 13,259,064 | \$ 12,264,714 | \$ 25,831,612 | \$ 13,602,317 | \$ 12,229,255 |

Maintenance & Operations



2016 Organization Chart

Maintenance & Operations



2016-2017 Position Summary

Maintenance & Operations

| Position | 2014-2015 Positions | Budget Reductions | Decision Packages | 2016-2017 Positions | Salary Range 2016 | Grade |
|--------------------------------------|------------------------|----------------------|----------------------|------------------------|----------------------|-------|
| Maintenance & Operations Director | 1 | | | 1 | 8,367 - 11,214 | 22 |
| Maint & Operations Superintendent | 1 | | | 1 | 7,307 - 9,793 | 20 |
| Instrumentation / Electrical Manager | 0 | | 1 | 1 | 6,831 - 9,154 | 19 |
| WWTP Manager | 1 | | | 1 | 6,831 - 9,154 | 19 |
| Administrative Manager | 0 | | 1 | 1 | 6,384 - 8,555 | 18 |
| Field Operations Manager | 3 | | 2 | 5 | 6,384 - 8,555 | 18 |
| Fleet and Facilities Manager | 1 | | | 1 | 6,384 - 8,555 | 18 |
| Lead Maintenance Electrician | 1 | | | 1 | 5,965 - 7,995 | 17 |
| Lead SCADA Technician | 1 | | | 1 | 5,965 - 7,995 | 17 |
| Meter Supervisor | 1 | 1 | | 0 | 5,575 - 7,470 | 16 |
| Senior SCADA Technician | 0 | | 1 | 1 | 5,575 - 7,470 | 16 |
| Heavy Equipment Mechanic | 1 | | | 1 | 5,210 - 6,982 | 15 |
| Lead Facilities Mechanic | 1 | | | 1 | 5,210 - 6,982 | 15 |
| Lead WWTP Operator | 1 | | | 1 | 5,210 - 6,982 | 15 |
| Maintenance Electrician | 2 | | | 2 | 5,210 - 6,982 | 15 |
| Scada Technician | 2 | | | 2 | 5,210 - 6,982 | 15 |
| Cross Connection Technician | 1 | | | 1 | 4,870 - 6,526 | 14 |
| Lead Water / Sewer Service Wkr | 8 | | | 8 | 4,870 - 6,526 | 14 |
| Management Analyst | 0 | | 1 | 1 | 4,870 - 6,526 | 14 |
| Pretreatment Inspector | 2 | | | 2 | 4,870 - 6,526 | 14 |
| Senior Facilities Mechanic | 3 | | | 3 | 4,870 - 6,526 | 14 |
| Senior WWTP Operator | 2 | | | 2 | 4,870 - 6,526 | 14 |
| Water Quality Technician | 1 | | 1 | 2 | 4,870 - 6,526 | 14 |
| Facilities Mechanic | 1 | | | 1 | 4,553 - 6,100 | 13 |
| Lead B/G Service Worker | 1 | | | 1 | 4,553 - 6,100 | 13 |
| WWTP Operator | 2 | | | 2 | 4,553 - 6,100 | 13 |
| Inventory Control Technician | 1 | | | 1 | 4,253 - 5,699 | 12 |
| Water/Sewer Service Worker II | 12 | | | 12 | 4,253 - 5,699 | 12 |
| Administrative Assistant | 1 | | | 1 | 3,975 - 5,327 | 11 |
| WWTP Operator in Training | 2 | | | 2 | 3,975 - 5,327 | 11 |
| Buildings/Grounds Service Worker | 2 | | | 2 | 3,717 - 4,980 | 10 |
| Water/Sewer Service Worker I | 15 | | 4 | 19 | 3,717 - 4,980 | 10 |
| Receptionist/Administrative Clerk | 1 | | | 1 | 3,472 - 4,652 | 9 |
| Utility Maintenance Worker | 1 | | | 1 | 3,472 - 4,652 | 9 |
| Buildings/Grounds Service Worker I | 2 | | | 2 | 3,245 - 4,349 | 8 |
| | 75 | 1 | 11 | 85 | | |

Maintenance and Operations

Mission

The Maintenance and Operations (M&O) Department is responsible for operating and maintaining the water distribution system in a safe, professional, and fiscally responsible manner. To provide safe, high quality drinking water to our customers at reasonable rates. M&O also provides public health, safety, and environmental protection through effective operation and maintenance of the sanitary sewer system.

Functions

The Maintenance and Operations (M&O) Department consists currently of 75 positions that take care of the maintenance and operations of the water distribution and the wastewater collection system, as well as the wastewater treatment plant.

All day-to-day maintenance and operations activities are supported by the following work groups:

- *Water* – main line maintenance and repair, service upgrades and installations, meter reading and maintenance, fire hydrant maintenance and repair, pavement repairs.
- *Water Quality* – main line flushing, water sampling, reservoir monitoring and cleaning, chlorine analyzing, pressure-reducing valve maintenance and repair, cross connection control, valve operation and maintenance.
- *Meter Department* – meter reading, meter maintenance, response, customer service.
- *Wastewater* – sewer main cleaning, manhole inspection and adjustments, closed circuit television mainline inspection, sewer tap installation, side sewer repair, mainline repairs.
- *Wastewater Treatment Plant* – Treatment plant process monitoring, maintenance and repair of equipment and processes.
- *Pretreatment* – monitoring the fats, oils, and grease program, monitor and implement commercial discharge to make sure we meet our NPDES permit, flow monitoring, inflow and infiltration studies.
- *Fleet and Facilities* – maintenance and operation of all electrical systems for all of the District's facilities, SCADA system monitoring and repair, instrumentation and control system maintenance, water pumping station operation and maintenance, wastewater lift station operation and maintenance, fleet management and repair, special projects.
- *Front Office* – customer service, administrative support duties, document management, CMMS system monitoring and support.

Maintenance and Operations staff also support the Clearview water supply agency by taking the lead in the maintenance and operations of the Clearview water pumping station.

2016-2017 Goals

Department Organization

A key goal of the 2016-17 budget cycle is to set up the Maintenance and Operations Department to be properly organized to better handle assigning and supervision of staff so that the department may take on work programs that we cannot accomplish with current staff levels. Given staff loads and work assignments, existing Field Operations managers cannot devote enough time to proper in-field supervision. Areas that have hindered the Supervisors include administrative work, permitting, work order management, budget, performance evaluations, reports, and filing. Another issue is that some Supervisors are required to handle both water and wastewater crews, which has led to some confusion. The reorganization will address this issue.

The Department will address these issues and others by implementing the following:

- Increase the number of supervisors from the current seven eleven. This, along with the reorganization of duties, will decrease the direct reports for each supervisor. The average number of direct reports per supervisor will decrease from 11.2 to 8.2.
- Establish an Administrative Support work group. This group will be able to take on administrative work from supervisors, analyze work practices to make efficiency recommendations, administer inventory, and provide CMMS support.
- With decreased duties, each supervisor will be able to oversee his/her staff more effectively, spending needed time with staff in the field so they will have more time to establish better relations with staff and gain a better understanding of needs to more effectively schedule staff times and tasks.
- Move current staff from each crew into a floater work group to help cover needed work in each work group, or to be able to redirect staff to start work on work programs we do not have time to work on.
- Add one person to the fire hydrant inspection program. Currently the program is administered by one person and it takes approximately 5 -6 years to complete the inspection of every fire hydrant in the district. In part this is because the inspector is assigned to do monitoring of work that is done around our main water lines. This task will be reassigned to another work group and the inspectors will concentrate on fire hydrant inspections and maintenance. With a second person the goal is to bring the 5 – 6 years down to 2 – 3 years.
- Move the Pretreatment work group from the treatment plant up to the main M&O office for more effective supervision and implementation of the program.
- Study work group practices and see where we can make process improvements. This will include the amount of staff needed on crews, and if we can adjust work practices to do programs that we cannot currently work on.
- Add staff to the SCADA department to make an effort to catch up with backlogged work on our SCADA system which we do not currently have enough man power to accomplish, as well as to keep up with the preventative maintenance of that program in the future.
- Add staff to the Water Quality department to address increased workload due to added sampling mandated by the Department of Health.
- Upgrade CMMS functionality. With assistance from IT, purchase a field device that will allow crews to take CMMS into the field with them. This will improve the ability to move assets within the asset tree while in the field, and interface with our new GIS system as it comes on line in the near future.

Some of the programs we currently do not have time to work on include:

- Easement clearing
- Manhole inspection
- Leak detection
- Increased fire hydrant inspection
- Flow monitoring and Inflow and Infiltration studies

Water

- Establish our work practices to see where we can conserve water to prepare for possible drought in 2016-17. This would affect main line flushing, as well as sewer main flushing in that we would decide how much water should be used to accomplish these tasks.
- Establish a leak detection program to find possible losses of water from the distribution system to help to conserve the amount of water loss each year.
- Add resources to the fire hydrant inspection program in order to speed up the frequency of how often our fire hydrants are inspected and repaired.

Wastewater

- Through reorganization, we will look to increase the scope of the Pretreatment work group. Added to the program will be flow monitoring, commercial discharge monitoring, and inflow and infiltration study.
- Use recently purchased mobile television inspection equipment to inspect the sewer trunk lines and easements lines that we have not been able to inspect due to lack of access for our equipment.

Budget Highlights

2016-2017 Changes

- Staffing changes. Addition of two Supervisory level positions in order to relieve direct report responsibilities for each Supervisor. This will help to improve communications, and allow Supervisors to spend more time in the field keeping up to date with crew activities, as well as build good working relationships between field and supervisory staff.
- Adding an Administrative Services workgroup to the department. Included in this will be an Administrative Manager, and an analyst position that will help to look at the work processes that are currently employed by the workgroups to look for efficiencies that can be gained.
- Adding new vehicles and equipment to replace aging units. Staff will be working on meeting upcoming alternative fuels requirements for our fleet. This will include hybrid, as well as biodiesel vehicles and equipment. Additional goal will be to work with Finance and establish a sound vehicle and equipment replacement program to more efficiently replace our equipment in the future.
- Purchase and implementation of a new remote access security system. Called Waterfall, this system will allow us safe and secure remote access to our current SCADA system so crews and staff can access the system at any time to get real up to date information to assist them in more effectively completing their duties.

Water Division



Expense History

Water Operations

| MAINTENANCE AND OPERATION EXPENSES-WATER | | | | | | 2017 Proposed | 2016 Proposed | 2015 Budget | 2014 Budget | 2014 Actual |
|--|----|-----|-----|-----|--|------------------|------------------|----------------|----------------|----------------|
| 1 | 41 | 510 | 101 | 000 | Purchased Water - Pump Station #3 | \$ 3,667,082 | \$ 3,557,000 | \$ - | \$ - | \$ 3,201,262 |
| 1 | 41 | 515 | 101 | 000 | Purchased Power - Pump Station #3 | 284,299 | 270,600 | - | - | - |
| Source of Supply - Operating | | | | | | | | | | |
| 1 | 41 | 610 | 107 | 000 | Purchased Water - Everett | 8,840,334 | 8,466,034 | 7,330,232 | 6,899,225 | 3,642,173 |
| 1 | 41 | 610 | 108 | 000 | Purchased Water | - | - | - | - | 3,182,720 |
| 1 | 41 | 610 | 110 | 000 | Purchased Water - Pump Station CV | 2,328,678 | 2,261,581 | 3,262,611 | 3,151,520 | 2,066,874 |
| 1 | 41 | 615 | 107 | 000 | Purchased Power - Pump Station #1 | 302,388 | 287,818 | 495,961 | 472,343 | 340,861 |
| 1 | 41 | 615 | 108 | 000 | Purchased Power - Pump Station #2 | 486,649 | 463,200 | 83,994 | 79,994 | 271,284 |
| 1 | 41 | 615 | 109 | 000 | Purchased Power - Reservoir #1 | - | - | - | - | - |
| 1 | 41 | 615 | 110 | 000 | Purchased Power - Reservoir #2 & 3 | 3,927 | 3,738 | 2,902 | 2,763 | 3,390 |
| 1 | 41 | 615 | 111 | 000 | Purchased Power - Booster Pump Station | 35,407 | 33,701 | 32,136 | 30,605 | 33,530 |
| 1 | 41 | 615 | 112 | 000 | Purchased Power - Nike Reservoir | 627 | 597 | 826 | 787 | 685 |
| 1 | 41 | 615 | 113 | 000 | Purchased Power - Canyon Park Reservoir | 2,133 | 2,030 | 602 | 573 | 1,180 |
| 1 | 41 | 615 | 114 | 000 | Purchased Power - PRV Station | 1,530 | 1,456 | 775 | 765 | 642 |
| 1 | 41 | 615 | 115 | 000 | Purchased Power - Well #5 | 181 | 172 | 110 | 105 | 119 |
| 1 | 41 | 615 | 116 | 000 | Purchased Power - Other Facilities | 501 | 477 | - | - | 225 |
| 1 | 41 | 633 | 101 | 000 | Communication - Telephone | 824 | 792 | 824 | 792 | 51 |
| 1 | 41 | 641 | 101 | 000 | Property Lease-Pum Stations 1 & 2 | 79,179 | 77,626 | 79,549 | 77,232 | 76,404 |
| Subtotal | | | | | | 16,033,739 | 15,426,822 | 11,290,522 | 10,716,704 | 12,821,400 |
| Source of Supply - Maintenance | | | | | | | | | | |
| 1 | 41 | 601 | 201 | 000 | Salaries and Wages - Regular | 253,649 | 227,648 | 182,037 | 177,558 | 181,199 |
| 1 | 41 | 601 | 202 | 000 | Salaries and Wages - Overtime | - | - | 2,081 | 2,001 | - |
| 1 | 41 | 601 | 203 | 000 | Duty Pay | - | - | 40,824 | 39,254 | - |
| 1 | 41 | 620 | 202 | 000 | Maintenance Supplies | 7,450 | 7,450 | 9,950 | 9,950 | 8,710 |
| 1 | 41 | 620 | 206 | 000 | Small Tools & Equipment | 1,000 | 1,000 | 2,200 | 2,400 | 4,288 |
| 1 | 41 | 639 | 206 | 000 | Repairs to Structures, Grounds & Improvement | 16,690 | 16,050 | 17,140 | 16,050 | 5,730 |
| 1 | 41 | 639 | 207 | 000 | Repairs & Maintenance - Electrical | 44,625 | 44,625 | 55,105 | 54,560 | 38,528 |
| 1 | 41 | 639 | 208 | 000 | Repairs & Maintenance - Mechanical | 11,250 | 11,250 | 11,250 | 18,000 | 8,968 |
| Subtotal | | | | | | 334,664 | 308,023 | 320,587 | 319,773 | 247,422 |
| Water Treatment - Operations | | | | | | | | | | |
| 1 | 41 | 601 | 301 | 000 | Salaries and Wages - Regular | 155,883 | 142,909 | 141,872 | 139,090 | 139,799 |

Expense History

Water Operations

| | | | | | | 2017 | 2016 | 2015 | 2014 | 2014 |
|--|----|-----|-----|-----|---|-----------|-----------|-----------|-----------|-----------|
| | | | | | | Proposed | Proposed | Budget | Budget | Actual |
| MAINTENANCE AND OPERATION EXPENSES-WATER | | | | | | | | | | |
| 1 | 41 | 601 | 302 | 000 | Salaries and Wages - Overtime | - | - | 736 | 702 | - |
| 1 | 41 | 618 | 301 | 000 | Chemicals - Chlorine | 10,553 | 10,553 | 10,553 | 10,553 | 9,629 |
| 1 | 41 | 631 | 305 | 000 | Professional Services - Laboratory Services | 39,657 | 37,707 | 35,807 | 34,207 | 30,577 |
| Subtotal | | | | | | 206,093 | 191,169 | 188,968 | 184,552 | 180,005 |
| Water Treatment - Maintenance | | | | | | | | | | |
| 1 | 41 | 601 | 401 | 000 | Salaries and Wages - Regular | 286,925 | 271,727 | 216,479 | 209,527 | 207,946 |
| 1 | 41 | 601 | 402 | 000 | Salaries and Wages - Overtime | - | - | 2,004 | 1,899 | - |
| 1 | 41 | 620 | 406 | 000 | Small Tools and Equipment | 4,451 | 5,317 | 4,451 | 5,317 | 3,023 |
| 1 | 41 | 639 | 402 | 000 | Repairs & Maintenance - Equipment | 2,100 | 2,700 | 2,100 | 2,700 | 2,302 |
| 1 | 41 | 639 | 406 | 000 | Repairs to Structures, Grounds & Improvements | 400 | 400 | 400 | 400 | - |
| 1 | 41 | 639 | 407 | 000 | Repairs & Maintenance - Electrical | 500 | 500 | 500 | 500 | - |
| 1 | 41 | 639 | 408 | 000 | Repairs & Maintenance - Mechanical | 1,000 | 1,000 | 1,000 | 1,000 | 575 |
| Subtotal | | | | | | 295,376 | 281,644 | 226,934 | 221,343 | 213,845 |
| Transmission and Distribution - Operations | | | | | | | | | | |
| 1 | 41 | 601 | 501 | 000 | Salaries and Wages - Regular | 68,412 | 65,637 | - | - | - |
| 1 | 41 | 601 | 503 | 000 | Duty Pay | - | - | 13,547 | 13,026 | - |
| Subtotal | | | | | | 68,412 | 65,637 | 13,547 | 13,026 | - |
| Transmission and Distribution - Maintenance | | | | | | | | | | |
| 1 | 41 | 601 | 601 | 000 | Salaries and Wages - Regular | 1,362,972 | 1,286,279 | 1,065,189 | 1,025,266 | 1,056,648 |
| | | | | | Less Capitalized Labor | - | - | - | - | - |
| 1 | 41 | 601 | 602 | 000 | Salaries and Wages - Overtime | - | - | 23,000 | 22,500 | - |
| 1 | 41 | 620 | 602 | 000 | Maintenance Supplies | 1,343,840 | 1,262,034 | 1,852,559 | 1,802,117 | 4,502,112 |
| 1 | 41 | 620 | 606 | 000 | Small Tools and Equipment | 11,430 | 9,550 | 14,030 | 13,790 | 11,226 |
| 1 | 41 | 639 | 606 | 000 | Rep.-Structures, Grounds & Imp.(Mains & Services) | 109,240 | 177,512 | 109,240 | 109,240 | 45,496 |
| 1 | 41 | 639 | 607 | 000 | Repairs & Maintenance - Electrical | 7,305 | 7,305 | 7,305 | 7,120 | 8,646 |
| 1 | 41 | 639 | 608 | 000 | Repairs & Maintenance - Mechanical | - | - | - | - | - |
| Subtotal | | | | | | 2,834,786 | 2,742,681 | 3,071,323 | 2,980,033 | 5,624,128 |
| Customer Accounts Expense - Operations | | | | | | | | | | |
| 1 | 41 | 601 | 701 | 000 | Salaries and Wages - Regular | 434,274 | 397,801 | 349,098 | 337,181 | 394,224 |
| 1 | 41 | 601 | 702 | 000 | Salaries and Wages - Overtime | - | - | 1,745 | 1,686 | - |
| 1 | 41 | 620 | 702 | 000 | Maintenance Supplies | 11,217 | 10,247 | 11,995 | 11,008 | 13,452 |

Expense History

Water Operations

| | | | | | | 2017 | 2016 | 2015 | 2014 | 2014 |
|---|----|-----|-----|-----|--|----------|----------|---------|---------|---------|
| | | | | | | Proposed | Proposed | Budget | Budget | Actual |
| MAINTENANCE AND OPERATION EXPENSES-WATER | | | | | | | | | | |
| 1 | 41 | 620 | 706 | 000 | Small Tools and Equipment | 500 | 500 | 500 | 500 | 622 |
| 1 | 41 | 631 | 704 | 000 | Professional Services | 11,845 | 11,000 | 13,000 | 13,000 | 11,723 |
| 1 | 41 | 639 | 702 | 000 | Repairs & Maintenance - Equipment | 1,800 | 1,500 | 3,500 | 3,200 | 135 |
| Subtotal | | | | | | 459,636 | 421,048 | 379,839 | 366,575 | 420,156 |
| Administrative and General Expenses - Operations | | | | | | | | | | |
| 1 | 41 | 601 | 801 | 000 | Salaries and Wages - Regular | 986,799 | 927,681 | 796,632 | 766,828 | 765,137 |
| 1 | 41 | 601 | 802 | 000 | Salaries and Wages - Overtime | - | - | 4,397 | 4,151 | - |
| 1 | 41 | 604 | 800 | 000 | Temporary Services | 16,800 | 16,800 | 19,040 | 19,040 | 552 |
| 1 | 41 | 608 | 801 | 000 | Employee Benefits - Uniforms | 19,055 | 19,830 | 14,271 | 13,750 | 24,966 |
| 1 | 41 | 608 | 802 | 000 | Employee Benefits - Boots | 14,195 | 13,750 | 11,543 | 11,138 | 10,092 |
| 1 | 41 | 616 | 801 | 000 | Fuel - Gasoline | 63,525 | 57,750 | 74,305 | 69,685 | 60,711 |
| 1 | 41 | 616 | 802 | 000 | Fuel - Diesel | 36,671 | 33,338 | 43,117 | 40,005 | 33,367 |
| 1 | 41 | 616 | 803 | 000 | Fuel - Other | 477 | 454 | 477 | 454 | 522 |
| 1 | 41 | 620 | 801 | 000 | Office Supplies/Forms | 5,149 | 4,951 | 4,582 | 4,406 | 5,255 |
| 1 | 41 | 620 | 802 | 000 | Maintenance Supplies | 63,584 | 61,982 | 58,207 | 53,519 | 50,894 |
| 1 | 41 | 620 | 805 | 000 | Publications | 374 | 350 | 374 | 350 | 379 |
| 1 | 41 | 620 | 806 | 000 | Small Tools, Equipment and Furniture | 25,970 | 46,295 | 33,145 | 32,759 | 28,234 |
| 1 | 41 | 631 | 806 | 000 | Professional Service - Locating | 14,830 | 13,910 | - | - | 17,338 |
| 1 | 41 | 631 | 808 | 000 | Professional Service - Alarm Monitoring | 966 | 930 | 17,506 | 16,550 | 966 |
| 1 | 41 | 631 | 809 | 000 | Professional Service - Other | 250 | 250 | 250 | 250 | 599 |
| 1 | 41 | 633 | 801 | 000 | Communication - Telephone Services | 18,125 | 17,262 | 25,002 | 25,002 | 11,529 |
| 1 | 41 | 633 | 802 | 000 | Communication - Cellular Telephone Service | 18,895 | 17,975 | 16,438 | 15,838 | 18,353 |
| 1 | 41 | 633 | 803 | 000 | Communication - Paging Service | 106 | 101 | 66 | 66 | 152 |
| 1 | 41 | 633 | 805 | 000 | Communication - Fax/Computer Lines | 20,361 | 19,391 | 1,020 | 1,020 | 19,748 |
| 1 | 41 | 633 | 807 | 000 | Communication - Radios | 715 | 680 | 545 | 515 | 307 |
| 1 | 41 | 635 | 801 | 000 | Conferences | 12,148 | 12,113 | 12,148 | 12,113 | 7,308 |
| 1 | 41 | 635 | 802 | 000 | Training | 53,492 | 56,938 | 44,220 | 46,612 | 26,997 |
| 1 | 41 | 635 | 803 | 000 | Travel | - | - | 200 | 175 | 185 |
| 1 | 41 | 637 | 801 | 000 | Utilities - Natural Gas - M&O Building | 8,286 | 7,892 | 13,356 | 12,720 | 8,618 |
| 1 | 41 | 637 | 802 | 000 | Utilities - Electricity - M&O Building/Storage | 12,938 | 12,322 | 19,478 | 18,550 | 14,707 |
| 1 | 41 | 637 | 803 | 000 | Utilities - Garbage Disposal | 4,800 | 4,572 | 5,565 | 5,300 | 3,756 |
| 1 | 41 | 639 | 802 | 000 | Repairs & Maintenance - Equipment | 35,088 | 35,088 | 38,650 | 35,088 | 18,954 |

Expense History

Water Operations

| | | | | | | 2017 Proposed | 2016 Proposed | 2015 Budget | 2014 Budget | 2014 Actual |
|---|----|-----|-----|-----|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| MAINTENANCE AND OPERATION EXPENSES-WATER | | | | | | | | | | |
| 1 | 41 | 639 | 806 | 000 | Repairs to Structures, Grounds & Improvements | 5,275 | 5,500 | 5,900 | 5,500 | 4,283 |
| 1 | 41 | 639 | 807 | 000 | Repairs & Maintenance - Electrical | 17,485 | 17,485 | 17,485 | 17,413 | 17,290 |
| 1 | 41 | 639 | 808 | 000 | Repairs & Maintenance - Mechanical | 10,013 | 10,013 | 10,013 | 9,350 | 6,588 |
| 1 | 41 | 639 | 809 | 000 | Repairs & Maintenance - Telemetry, CMMS | 74,954 | 74,954 | 48,718 | 46,486 | 41,073 |
| 1 | 41 | 641 | 800 | 000 | Misc. Rentals | 3,650 | 3,650 | 3,650 | 3,650 | 79 |
| 1 | 41 | 645 | 801 | 000 | Permits | 130,095 | 127,600 | 117,800 | 100,600 | 88,642 |
| 1 | 41 | 645 | 802 | 000 | Dues | 818 | 818 | 818 | 818 | 71 |
| 1 | 41 | 645 | 803 | 000 | Professional Licenses | 4,215 | 4,105 | 3,775 | 3,633 | 2,136 |
| 1 | 41 | 645 | 805 | 000 | Misc. Expenses - Other | 150 | 150 | 150 | 150 | 118 |
| 1 | 41 | 650 | 800 | 000 | Transportation Expenses | 35,741 | 34,700 | 38,316 | 37,200 | 21,798 |
| 1 | 41 | 659 | 800 | 000 | Emergency Preparedness | - | - | 3,640 | 3,500 | 3,820 |
| Subtotal | | | | | | 1,715,992 | 1,661,575 | 1,504,799 | 1,434,184 | 1,315,523 |
| Landscape and Janitorial Operations | | | | | | | | | | |
| 1 | 41 | 601 | 901 | 000 | Salaries and Wages - Regular | 152,250 | 148,249 | 127,276 | 121,894 | 105,328 |
| 1 | 41 | 601 | 902 | 000 | Salaries and Wages - Overtime | - | - | 500 | 500 | - |
| 1 | 41 | 620 | 902 | 000 | Maintenance Supplies | 2,741 | 2,741 | 2,619 | 2,530 | 1,939 |
| 1 | 41 | 620 | 906 | 000 | Small Tools and Equipment | 2,674 | 2,899 | 3,299 | 3,188 | 3,892 |
| 1 | 41 | 631 | 904 | 000 | Professional Services - Other | 16,337 | 16,441 | 10,175 | 10,531 | - |
| Subtotal | | | | | | 174,002 | 170,329 | 143,869 | 138,643 | 111,159 |
| Total Maintenance and Operation Expenses-Water | | | | | | \$22,122,700 | \$21,268,928 | \$17,140,388 | \$16,374,834 | \$20,933,639 |

Expense Justification

Maintenance & Operations - Water

| MAINTENANCE AND OPERATION EXPENSES - WATER | Total | 2016 | 2017 |
|--|---------------|---------------|---------------|
| Salaries (including Overtime and Duty Pay) | \$ 7,169,094 | \$ 3,467,930 | \$ 3,701,164 |
| Temporary Services | \$ 33,600 | \$ 16,800 | \$ 16,800 |
| Includes hiring an office temp to assist to cover vacations and/or sick leave | | | |
| Employee Benefits - Uniforms | \$ 66,830 | \$ 33,580 | \$ 33,250 |
| Uniforms and Boots are provided for M&O and Engineering's Field Inspection Staff. | | | |
| • Uniforms | \$ 38,885 | | |
| • Boots | \$ 27,945 | | |
| Purchased Water | \$ 29,120,709 | \$ 14,284,615 | \$ 14,836,093 |
| • AWWD Everett purchases | \$ 24,530,450 | | |
| • AWWD CWSA purchases | \$ 4,590,259 | | |
| Includes purchased water from Pump Stations 1, 2 and 3, and purchases from Clearview Water Supply Agency. | | | |
| Purchased Power | \$ 2,181,431 | \$ 1,063,788 | \$ 1,117,643 |
| • Pump Stations 1 & 2 | \$ 1,540,055 | | |
| • Pump Station - Clearview (#3) | \$ 554,899 | | |
| • Other Water Facilities | \$ 86,477 | | |
| Includes power costs for pump stations 1 and 2, pump station Clearview (#3), reservoirs 1, 2 and 3, the booster pump station, Nike reservoir, Canyon Park reservoir, the PRV station, and Well #5. | | | |
| Fuel, Diesel and Other Fuel | \$ 192,214 | \$ 91,541 | \$ 100,673 |
| • Gasoline | \$ 121,275 | | |
| For vehicles and equipment. | | | |
| • Diesel | \$ 70,009 | | |
| For vehicles, equipment & backup generators. | | | |
| • Other | \$ 930 | | |
| Propane. | | | |
| Chemicals | \$ 21,106 | \$ 10,553 | \$ 10,553 |
| Chlorine and other chemicals, DPD packets and fluoride testing tablets | | | |
| Supplies | \$ 2,895,694 | \$ 1,415,315 | \$ 1,480,379 |
| • Office Supplies/Forms | \$ 10,101 | | |
| Includes, paper, laminating supplies, field supplies, maps, business forms, business cards, writing supplies, calendars, office tools and equipment, maps, letterhead, office equipment maintenance contracts, door hangers, and copier cartridges. | | | |
| • Maintenance Supplies | \$ 2,773,285 | | |
| Paper products, meals for Crew members when job requires working overtime, film and developing, cleaning supplies, sand, bark, gravel, rock, asphalt restoration, waste soil removal, telemetry supplies, paint and painting supplies such as Locator paint, equipment and facilities paint, and brushes. | | | |
| • Publications | \$ 724 | | |
| AWWA manuals & handbooks; Uniform Plumbing Code, trade magazines, daily paper, updated CFRs, Drinking Water and Backflow Prevention subscriptions, American Backflow Assn. subscriptions. | | | |
| • Small Tools, Equip. | \$ 111,585 | | |
| Covers replacement tools and small equipment that break or are no longer in good working condition. Examples include shovels, rakes, nozzles, clamps, wrenches, pliers, flashlights. Also included are all safety supplies from first-aid supplies to rain gear and rubber boots, as well as the small tools and equipment needed to support Pump Stations 1 and 2 and locating equipment; G.e. pipe horns for crew trucks. Office furniture has also been moved to this account as well as water quality equipment. | | | |
| Professional Services | \$ 164,123 | \$ 80,238 | \$ 83,885 |
| • Lab Testing Services | \$ 77,364 | | |

Expense Justification

Maintenance & Operations - Water

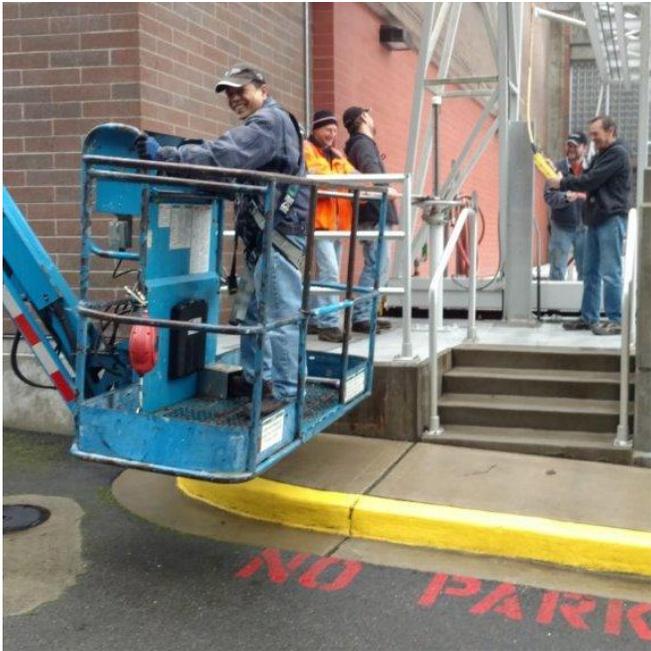
| MAINTENANCE AND OPERATION EXPENSES - WATER | Total | 2016 | 2017 |
|---|-------|---------|-----------------------|
| Bacteria, HAA5s and THMs. | | | |
| • Meter reading equipment support | \$ | 22,845 | |
| • Utility Locating | \$ | 28,740 | |
| • Alarm Monitoring - M&O Only | \$ | 1,896 | |
| • Janitorial/Landscaping | \$ | 32,778 | |
| • Other | \$ | 500 | |
| M&O audiograms, antifreeze disposal, solvent cleaner services, oil filter disposal, M&O Hepatitis B Shots. | | | |
| Communication Services | \$ | 115,227 | \$ 56,201 \$ 59,026 |
| • Telephone | \$ | 37,003 | |
| • Cell Phones | \$ | 36,870 | |
| • Paging Service | \$ | 207 | |
| • Fax/Computer Lines | \$ | 39,752 | |
| • Radios & TV Service | \$ | 1,395 | |
| Conferences and Training | \$ | 134,689 | \$ 69,050 \$ 65,639 |
| • Conferences | \$ | 24,260 | |
| Includes registration, lodging, meals and transportation to attend WEF national, NBMA regional, and AWWA national and regional conferences. | | | |
| • Training | \$ | 110,429 | |
| Includes WOW, CEU training seminars, safety training, business training classes, Ken Kerri classes, supervisory training, certification review classes and exams, Biofest, and PNPCA short schools. | | | |
| Utilities for Facilities | \$ | 50,810 | \$ 24,785 \$ 26,025 |
| • Natural Gas | \$ | 16,178 | |
| • Electricity | \$ | 25,260 | |
| • Garbage Disposal | \$ | 9,372 | |
| Repairs | \$ | 743,604 | \$ 405,881 \$ 337,724 |
| • Equipment | \$ | 78,275 | |
| Repair and maintenance to all equipment. | | | |
| • Structures & Grounds | \$ | 331,067 | |
| Fence repairs, Janitorial service, tree service, and valve box adjustment out source service. | | | |
| • Electrical | \$ | 139,830 | |
| Electrical supplies, infrared testing, M. & O. lighting, cathodic testing of reservoirs and trans mains. | | | |
| • Mechanical | \$ | 44,525 | |
| Repair and maintenance to Pump Station 1 & 2 mechanical systems, and M&O and Administration Building HVAC systems. | | | |
| • Telemetry, CMMS | \$ | 149,907 | |
| Repair and maintenance. | | | |
| Rentals | \$ | 7,300 | \$ 3,650 \$ 3,650 |
| • Misc. Rentals | \$ | 7,300 | |
| Includes heavy equipment, power tools and office furniture. | | | |
| Permits, Dues, Licenses, Property Leases | \$ | 424,755 | \$ 210,299 \$ 214,456 |
| • Permits | \$ | 257,695 | |
| Includes Certificates of Occupancy, Special Fuel Users Tax, Fire inspection, Right-of-way permits, PSAPA, compressor, and DOH permit. | | | |
| • Dues | \$ | 1,635 | |
| Includes membership dues, business related associations, PNPCA, WEF, SCUCC, AWWA, and APWA. | | | |
| • Professional Licenses | \$ | 8,320 | |
| Includes license renewal fees for Water Distribution Manager, Water Distribution Specialist, Cross Connection Control Certificates, Backflow Assembly Tester, CDL (renewals, physicals & test). | | | |

Expense Justification

Maintenance & Operations - Water

| MAINTENANCE AND OPERATION EXPENSES - WATER | Total | 2016 | 2017 |
|--|---------------|---------------|---------------|
| • Misc. Other Expenses | \$ 300 | | |
| • Property leases for Pump Stations 1 & 2 | \$ 156,805 | | |
| Transportation Expenses | \$ 70,441 | \$ 34,700 | \$ 35,741 |
| Vehicle repair and maintenance includes servicing, supplies, tires and wheels, towing, outside repair service, emissions tests, etc. | | | |
| Emergency Prep (Funds moved to Admin Services Budget) | - | - | - |
| Total Maintenance and Operation Expenses - Water | \$ 43,391,627 | \$ 21,268,928 | \$ 22,122,700 |

Wastewater Division



Expense History

Maintenance & Operations - Wastewater

| MAINTENANCE AND OPERATION EXPENSES-WASTEWATER | | 2017 Budget | 2016 Budget | 2015 Budget | 2014 Variance | 2014 Budget | 2014 Actual |
|--|---|----------------|----------------|----------------|------------------|----------------|----------------|
| Collection & Transmission - Maintenance | | | | | | | |
| 2 42 701 201 000 | Salaries and Wages - Regular | \$ 529,987 | \$ 483,224 | \$ 520,364 | \$ 62,767 | \$ 498,664 | \$ 435,897 |
| 2 42 701 202 000 | Salaries and Wages - Overtime | - | - | 11,614 | 10,969 | 10,969 | - |
| 2 42 701 203 000 | Duty Pay | - | - | 7,626 | 7,203 | 7,203 | - |
| 2 42 720 202 000 | Maintenance Supplies | 65,660 | 61,580 | 29,951 | (15,636) | 28,159 | 43,795 |
| 2 42 720 206 000 | Small Tools and Equipment | 29,375 | 24,690 | 31,540 | 1,875 | 41,490 | 39,616 |
| 2 42 739 202 000 | Repairs & Maintenance - Equipment | 7,462 | 16,100 | 3,822 | (3,547) | 3,600 | 7,147 |
| 2 42 739 206 000 | Repairs to Structures, Grounds & Improvements | 146,456 | 219,161 | 146,456 | 137,302 | 144,403 | 7,101 |
| 2 42 739 208 000 | Repairs & Maintenance - Mechanical | - | - | - | (335) | - | 335 |
| | | <u>778,940</u> | <u>804,755</u> | <u>751,373</u> | <u>200,597</u> | <u>734,488</u> | <u>533,892</u> |
| Pumping Expenses - Operations | | | | | | | |
| 2 42 715 302 000 | Purchased Power - Lift Station #2 | - | - | 2,300 | (2,761) | 2,184 | 4,945 |
| 2 42 715 303 000 | Purchased Power - Lift Station #3 | 28 | 26 | - | (21) | - | 21 |
| 2 42 715 304 000 | Purchased Power - Lift Station #4 | 1,152 | 1,097 | 1,050 | (17) | 995 | 1,012 |
| 2 42 715 305 000 | Purchased Power - Lift Station #5 | 17,477 | 16,645 | 16,050 | 118 | 15,275 | 15,157 |
| 2 42 715 306 000 | Purchased Power - Lift Station #6 | 7,015 | 6,681 | 6,950 | 408 | 6,610 | 6,202 |
| 2 42 715 307 000 | Purchased Power - Lift Station #7 | - | - | 7,600 | 505 | 7,250 | 6,745 |
| 2 42 715 311 000 | Purchased Power - Lift Station #11 | 6,761 | 6,439 | 7,150 | 1,855 | 6,800 | 4,945 |
| 2 42 715 316 000 | Purchased Power - Lift Station #16 | 1,034 | 985 | 900 | (27) | 850 | 877 |
| 2 42 715 317 000 | Purchased Power - Lift Station #17 | 3,090 | 2,943 | 2,900 | 326 | 2,750 | 2,424 |
| 2 42 715 318 000 | Purchased Power - Lift Station #18 | 2,863 | 2,727 | - | (419) | - | 419 |
| 2 42 715 319 000 | Purchased Power - Lift Station #19 | 1,605 | 1,529 | 1,700 | (238) | 1,300 | 1,538 |
| 2 42 715 320 000 | Purchased Power - Lift Station #20 | 3,614 | 3,442 | 2,350 | (906) | 2,228 | 3,134 |
| 2 42 715 321 000 | Purchased Power - Lift Station #21 | - | - | 10,850 | 1,391 | 10,350 | 8,959 |
| 2 42 715 322 000 | Purchased Power - Lift Station #22 | 4,683 | 4,460 | - | - | - | - |
| 2 42 715 325 000 | Purchased Power - Lift Station #25 | 1,426 | 1,358 | - | - | - | - |
| 2 42 718 303 000 | Chemicals - Odor Control | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | - |
| | | <u>51,749</u> | <u>49,332</u> | <u>60,800</u> | <u>1,216</u> | <u>57,592</u> | <u>56,376</u> |
| Pumping Expenses - Maintenance | | | | | | | |
| 2 42 701 401 000 | Salaries and Wages - Regular | 215,730 | 209,860 | 233,057 | 2,373 | 224,188 | 221,815 |
| 2 42 701 402 000 | Salaries and Wages - Overtime | - | - | 3,315 | 3,134 | 3,134 | - |
| 2 42 701 403 000 | Duty Pay | - | - | 4,855 | 4,590 | 4,590 | - |
| 2 42 720 402 000 | Maintenance Supplies | 3,250 | 3,250 | 3,250 | 562 | 3,000 | 2,438 |
| 2 42 720 406 000 | Small Tools and Equipment | 3,585 | 3,585 | 3,585 | 1,989 | 3,490 | 1,501 |
| 2 42 739 406 000 | Repairs to Structures, Grounds & Improvements | 8,000 | 8,000 | 8,000 | 2,773 | 7,200 | 4,427 |
| 2 42 739 407 000 | Repairs & Maintenance - Electrical | 28,210 | 28,210 | 36,210 | 18,649 | 35,655 | 17,006 |

Expense History

Maintenance & Operations - Wastewater

| MAINTENANCE AND OPERATION EXPENSES-WASTEWATER | | 2017 Budget | 2016 Budget | 2015 Budget | 2014 Variance | 2014 Budget | 2014 Actual |
|---|---|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| 2 42 739 408 000 | Repairs & Maintenance - Mechanical | 8,000 | 8,000 | 9,250 | 8,925 | 12,500 | 3,575 |
| 2 42 739 410 000 | Repairs & Maintenance - Inspection & Cleaning | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | - |
| | | <u>271,775</u> | <u>265,905</u> | <u>306,522</u> | <u>47,996</u> | <u>298,757</u> | <u>250,762</u> |
| Treatment & Disposal - Operations | | | | | | | |
| 2 42 701 501 000 | Salaries and Wages - Regular | 354,623 | 348,087 | 290,913 | (44,327) | 279,947 | 324,274 |
| 2 42 701 502 000 | Salaries and Wages - Overtime | - | - | 6,651 | 6,351 | 6,351 | - |
| 2 42 701 503 000 | Duty Pay | - | - | 19,921 | 19,022 | 19,022 | - |
| 2 42 710 501 000 | Purch. Sewage Treatment - King County / METRO | 23,619,495 | 22,593,054 | 20,507,260 | (250,723) | 18,814,000 | 19,064,723 |
| 2 42 710 502 000 | Purch. Sewage Treatment - City of Everett | 1,676,757 | 1,600,150 | 2,101,813 | 57,645 | 1,955,175 | 1,897,530 |
| 2 42 710 503 000 | Purch. Sewage Treatment - City of Lynnwood | - | - | - | (97) | - | 97 |
| 2 42 710 504 000 | Purch. Sewage Treatment - Northshore Utility | 59,267 | 56,965 | 107,184 | 46,892 | 101,088 | 54,196 |
| 2 42 711 501 000 | Sludge Removal Exp. - Transportation & Disposal | 143,000 | 132,000 | 85,176 | (29,665) | 81,900 | 111,565 |
| 2 42 711 502 000 | Sludge Removal Exp. - Testing | 1,200 | 1,200 | 600 | (1,870) | 600 | 2,470 |
| 2 42 711 503 000 | Sludge Removal Exp. - Chemicals | 16,600 | 16,600 | 16,848 | (20,023) | 16,200 | 36,223 |
| 2 42 711 505 000 | Sludge Removal Exp. - Misc. | 1,040 | 1,000 | 1,082 | 1,000 | 1,000 | - |
| 2 42 716 502 000 | Fuel - Diesel | 12,807 | 11,088 | 15,523 | 14,414 | 14,414 | - |
| 2 42 718 501 000 | Chemicals - Chlorine/Other | - | 46,475 | 32,448 | (929) | 31,200 | 32,129 |
| 2 42 718 502 000 | Chemicals - Laboratory | - | 4,080 | 4,326 | 2,187 | 4,000 | 1,813 |
| 2 42 720 503 000 | Laboratory Supplies | 4,570 | 5,040 | 4,799 | 248 | 4,490 | 4,242 |
| 2 42 720 505 000 | Publications | 460 | 460 | 410 | 402 | 410 | 8 |
| 2 42 731 505 000 | Professional Services - Laboratory Services | 3,675 | 3,500 | 3,675 | 640 | 3,500 | 2,860 |
| 2 42 737 501 000 | Utility Services - Natural Gas | 97,225 | 92,595 | - | (71,544) | - | 71,544 |
| 2 42 737 502 000 | Utility Services - Electricity | 400,502 | 381,430 | 296,628 | (29,416) | 282,512 | 311,928 |
| 2 42 737 503 000 | Utility Services - Garbage Disposal | 50,157 | 47,768 | 23,276 | (24,150) | 22,168 | 46,318 |
| 2 42 741 500 000 | Operating Rentals and Leases | 3,988 | 3,888 | 3,902 | (271) | 3,788 | 4,059 |
| 2 42 745 501 000 | Misc. Expenses - Permits | 27,625 | 26,685 | 28,454 | 8,940 | 26,685 | 17,745 |
| | | <u>26,472,990</u> | <u>25,372,067</u> | <u>23,550,889</u> | <u>(315,273)</u> | <u>21,668,450</u> | <u>21,983,723</u> |
| Treatment & Disposal - Maintenance | | | | | | | |
| 2 42 701 601 000 | Salaries and Wages - Regular | 547,533 | 519,211 | 400,116 | (30,068) | 384,904 | 414,972 |
| 2 42 701 602 000 | Salaries and Wages - Overtime | - | - | 3,795 | 3,610 | 3,610 | - |
| 2 42 711 604 000 | Sludge Removal - Repair & Maintenance - Equipment | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | - |
| 2 42 720 602 000 | Maintenance Supplies | 8,320 | 8,130 | 8,320 | (5,947) | 8,130 | 14,077 |
| 2 42 720 606 000 | Small Tools and Equipment | 8,000 | 8,000 | 8,000 | (4,397) | 8,000 | 12,397 |
| 2 42 731 609 000 | Professional Services - Other | 106,000 | 26,000 | 106,000 | 6,483 | 26,000 | 19,517 |
| 2 42 739 602 000 | Repairs & Maintenance - Equipment | 3,600 | 3,600 | 3,000 | (95,338) | 3,000 | 98,338 |
| 2 42 739 606 000 | Repairs to Structures, Grounds & Improvements | 2,200 | 2,200 | 2,080 | (3,367) | 2,000 | 5,367 |
| 2 42 739 607 000 | Repairs & Maintenance - Electrical | 47,500 | 47,500 | 34,000 | (25,463) | 34,000 | 59,463 |

Expense History

Maintenance & Operations - Wastewater

| MAINTENANCE AND OPERATION EXPENSES-WASTEWATER | | 2017 Budget | 2016 Budget | 2015 Budget | 2014 Variance | 2014 Budget | 2014 Actual |
|---|--|----------------|----------------|----------------|------------------|----------------|----------------|
| 2 42 739 608 000 | Repairs & Maintenance - Mechanical | 12,500 | 12,500 | 12,500 | 612 | 12,500 | 11,888 |
| | | 755,653 | 647,141 | 597,811 | (133,876) | 502,144 | 636,020 |
| Treatment & Disposal - Operations - PreTreatment | | | | | | | |
| 2 42 701 701 000 | Salaries and Wages - Regular | 164,673 | 161,637 | 171,648 | 16,889 | 168,283 | 151,394 |
| 2 42 701 702 000 | Salaries and Wages - Overtime | - | - | 892 | 858 | 858 | - |
| 2 42 720 702 000 | Maintenance Supplies | 810 | 767 | 810 | 380 | 767 | 387 |
| 2 42 720 706 000 | Small Tools and Equipment | 548 | 548 | 548 | 548 | 548 | - |
| 2 42 731 705 000 | Professional Services - Laboratory Services | 40,022 | 36,773 | 27,325 | 6,874 | 26,274 | 19,400 |
| 2 42 739 702 000 | Repair & Maintenance - Equipment | 6,570 | 5,475 | 5,694 | 1,739 | 5,475 | 3,736 |
| | | 212,623 | 205,199 | 206,917 | 27,288 | 202,205 | 174,916 |
| Administrative and General Expenses - Operations | | | | | | | |
| 2 42 701 801 000 | Salaries and Wages - Regular | 1,000,647 | 941,275 | 789,835 | (11,446) | 760,164 | 771,610 |
| 2 42 701 802 000 | Salaries and Wages - Overtime | - | - | 4,187 | 3,953 | 3,953 | - |
| 2 42 704 800 000 | Temporary Services | 16,800 | 16,800 | 19,040 | 18,488 | 19,040 | 552 |
| 2 42 708 801 000 | Employee Benefits - Uniforms | 19,055 | 19,830 | 14,271 | (13,609) | 13,750 | 27,359 |
| 2 42 708 802 000 | Employee Benefits - Boots | 14,195 | 13,750 | 11,543 | 1,090 | 11,138 | 10,048 |
| 2 42 716 801 000 | Fuel - Gasoline | 63,525 | 57,750 | 74,305 | 8,974 | 69,685 | 60,711 |
| 2 42 716 802 000 | Fuel - Diesel | 36,671 | 33,338 | 43,117 | 6,638 | 40,005 | 33,367 |
| 2 42 716 803 000 | Fuel - Other | 477 | 454 | 477 | (68) | 454 | 522 |
| 2 42 720 801 000 | Office Supplies/Forms | 5,149 | 4,951 | 4,582 | (350) | 4,406 | 4,756 |
| 2 42 720 802 000 | Maintenance Supplies | 63,584 | 61,982 | 77,896 | 22,317 | 71,449 | 49,132 |
| 2 42 720 805 000 | Publications | 374 | 350 | 374 | (182) | 350 | 532 |
| 2 42 720 806 000 | Small Tools, Equipment and Furniture | 25,970 | 46,295 | 33,145 | 4,647 | 32,759 | 28,112 |
| 2 42 731 806 000 | Prof. Services - Locating | 14,830 | 13,910 | - | (17,338) | - | 17,338 |
| 2 42 731 808 000 | Professional Service - Alarm Monitoring | 966 | 930 | 17,506 | 14,671 | 16,550 | 1,879 |
| 2 42 731 809 000 | Professional Service - Other | 250 | 250 | 250 | (110) | 250 | 360 |
| 2 42 733 801 000 | Communication - Telephone Services | 22,954 | 21,861 | 25,002 | 6,876 | 25,002 | 18,126 |
| 2 42 733 802 000 | Communication - Cellular Telephone Service | 18,895 | 17,975 | 16,438 | (2,233) | 15,838 | 18,071 |
| 2 42 733 803 000 | Communication - Paging Service | 106 | 101 | 66 | (4) | 66 | 70 |
| 2 42 733 805 000 | Communication - Fax/Computer Lines | 22,689 | 21,609 | 1,020 | (17,840) | 1,020 | 18,860 |
| 2 42 733 807 000 | Communication - Radios/TV | 715 | 680 | 545 | 208 | 515 | 307 |
| 2 42 735 801 000 | Conferences | 12,148 | 12,113 | 12,148 | 4,116 | 12,113 | 7,997 |
| 2 42 735 802 000 | Training | 53,492 | 56,938 | 44,220 | 19,849 | 46,612 | 26,763 |
| 2 42 735 803 000 | Travel | - | - | 200 | 133 | 175 | 43 |
| 2 42 737 801 000 | Utilities - Natural Gas - M&O Building | 8,286 | 7,892 | 13,356 | 4,315 | 12,720 | 8,405 |
| 2 42 737 802 000 | Utilities - Electricity - M&O Building/Storage | 12,938 | 12,322 | 19,478 | 2,278 | 18,550 | 16,272 |
| 2 42 737 803 000 | Utilities - Garbage Disposal | 4,800 | 4,572 | 5,565 | 1,584 | 5,300 | 3,716 |

Expense History

Maintenance & Operations - Wastewater

| MAINTENANCE AND OPERATION EXPENSES-WASTEWATER | | 2017 Budget | 2016 Budget | 2015 Budget | 2014 Variance | 2014 Budget | 2014 Actual |
|--|---|----------------------|----------------------|----------------------|--------------------|----------------------|----------------------|
| 2 42 739 802 000 | Repairs & Maintenance - Equipment | 35,088 | 35,088 | 38,650 | 16,184 | 35,088 | 18,904 |
| 2 42 739 806 000 | Repairs to Structures, Grounds & Improvements | 5,275 | 5,500 | 5,900 | 1,512 | 5,500 | 3,988 |
| 2 42 739 807 000 | Repairs & Maintenance - Electrical | 17,485 | 17,485 | 17,485 | 2,027 | 17,413 | 15,386 |
| 2 42 739 808 000 | Repairs & Maintenance - Mechanical | 10,013 | 10,013 | 10,013 | 2,877 | 9,350 | 6,473 |
| 2 42 739 809 000 | Repairs & Maintenance - Telemetry | 74,954 | 74,954 | 48,718 | (23,469) | 46,486 | 69,955 |
| 2 42 741 800 000 | Misc. Rentals | 3,650 | 3,650 | 3,650 | 3,571 | 3,650 | 79 |
| 2 42 745 801 000 | Permits | 14,525 | 14,775 | 14,525 | (3,319) | 14,775 | 18,094 |
| 2 42 745 802 000 | Dues | 818 | 818 | 818 | 748 | 818 | 71 |
| 2 42 745 803 000 | Professional Licenses | 4,215 | 4,105 | 3,775 | 1,989 | 3,633 | 1,645 |
| 2 42 745 805 000 | Misc. Expenses - Other | 150 | 150 | 150 | 98 | 150 | 52 |
| 2 42 750 800 000 | Transportation Expenses | 35,741 | 34,700 | 38,316 | 16,354 | 37,200 | 20,846 |
| 2 42 759 800 000 | Emergency Preparedness | - | - | 3,640 | (320) | 3,500 | 3,820 |
| | | <u>1,621,427</u> | <u>1,569,161</u> | <u>1,414,206</u> | <u>75,210</u> | <u>1,359,427</u> | <u>1,284,217</u> |
| Landscape and Janitorial Operations | | | | | | | |
| 2 42 701 901 000 | Salaries and Wages - Regular | 130,665 | 127,059 | 127,276 | 16,579 | 121,894 | 105,316 |
| 2 42 701 902 000 | Salaries and Wages - Overtime | - | - | 1,275 | 1,220 | 1,220 | - |
| 2 42 720 902 000 | Maintenance Supplies | 2,741 | 2,741 | 2,619 | 747 | 2,530 | 1,783 |
| 2 42 720 906 000 | Small Tools and Equipment | 2,674 | 2,899 | 3,299 | (245) | 3,188 | 3,433 |
| 2 42 731 904 000 | Professional Services - Other | 16,337 | 16,441 | 10,175 | 10,531 | 10,531 | - |
| | | <u>152,417</u> | <u>149,140</u> | <u>144,644</u> | <u>28,831</u> | <u>139,363</u> | <u>110,532</u> |
| Total Maintenance and Operation Expenses-Wastewater | | <u>\$ 30,317,573</u> | <u>\$ 29,062,700</u> | <u>\$ 27,033,164</u> | <u>\$ (68,012)</u> | <u>\$ 24,962,427</u> | <u>\$ 25,030,438</u> |

Expense Justification

Maintenance & Operations - Wastewater

| MAINTENANCE AND OPERATION EXPENSES - WASTEWATER | Total | 2016 | 2017 |
|--|---------------|---------------|---------------|
| Salaries (Including Overtime & Duty Pay) | \$ 5,734,210 | \$ 2,790,353 | \$ 2,943,857 |
| Temporary Services | \$ 33,600 | \$ 16,800 | \$ 16,800 |
| Includes hiring an office temp to assist to cover vacations of the clerical staff and summer staff. | | | |
| Employee Benefits - Uniforms | \$ 66,830 | \$ 33,580 | \$ 33,250 |
| Uniforms and Boots are provided for M&O and Engineering's Field Inspection Staff. | | | |
| • Uniforms | \$ 38,885 | | |
| • Boots | \$ 27,945 | | |
| Purchased Sewage Treatment | \$ 49,605,688 | \$ 24,250,169 | \$ 25,355,519 |
| • King County/METRO | \$ 46,212,549 | | |
| • City of Everett | \$ 3,276,907 | | |
| • Northshore Utility | \$ 116,232 | | |
| Sludge Removal Expenses | \$ 352,640 | \$ 170,800 | \$ 181,840 |
| Sludge costs are based on estimates using 2010 to date quantities and rate projections. | | | |
| • Transportation & Disposal | \$ 275,000 | | |
| • Testing | \$ 2,400 | | |
| We are required to monitor the metals in our biosolids. This will provide for six full metal screens. | | | |
| • Chemicals | \$ 33,200 | | |
| Polymer used to enhance dewatering. | | | |
| • R & M of Equipment: | \$ 40,000 | | |
| Parts for the gravity thickener, belt press, conveyor belt, cross conveyor and the transport trailers. | | | |
| • Misc. Expenses | \$ 2,040 | | |
| Purchased Power | \$ 99,081 | \$ 48,332 | \$ 50,749 |
| Includes power costs for all 13 wastewater lift stations. | | | |
| Fuel, Diesel and Other Fuel | \$ 216,109 | \$ 102,629 | \$ 113,479 |
| • Gasoline | \$ 121,275 | | |
| For vehicles and equipment for all locations | | | |
| • Diesel | \$ 93,903 | | |
| For vehicles, equipment & backup generators | | | |
| • Other | \$ 930 | | |
| Chemicals | \$ 52,555 | \$ 51,555 | \$ 1,000 |
| • Odor Control for lift Stations: liquid oxygen | \$ 2,000 | | |
| • Chlorine for disinfections & odor control at TP | \$ 46,475 | | |
| • Laboratory Chemicals | \$ 4,080 | | |
| Supplies | \$ 460,335 | \$ 235,266 | \$ 225,068 |
| • Office Supplies | \$ 10,101 | | |
| Includes, but not limited to, paper, laminating supplies, field supplies, maps, business forms, business cards, writing supplies, calendars, office tools and equipment, maps, letterhead, office equipment maintenance contracts, door hangers, and copier cartridges. | | | |
| • Maintenance Supplies | \$ 282,814 | | |
| Paper products, meals for Crew members when job requires working overtime, film and developing, cleaning supplies, sand, bark, gravel, rock, asphalt restoration and waste soil removal, telemetry supplies, paint and painting supplies such as locator paint, equipment and facilities paint, and brushes. | | | |

Expense Justification

Maintenance & Operations - Wastewater

MAINTENANCE AND OPERATION EXPENSES - WASTEWATER

Total

2016

2017

• Laboratory Supplies \$ 9,610

Glassware, filters, and other paraphernalia used in the Treatment Plant laboratory and by the Pre-Treatment Inspector in the field.

• Publications \$ 1,644

AWWA manuals & handbooks; Uniform Plumbing Code, trade magazines, daily paper, updated CFRs, Drinking Water and Backflow Prevention subscriptions, American Backflow Assn. Subscriptions.

• Small Tools and Equipment \$ 156,167

Covers replacement tools and small equipment that break or are no longer in good working condition. Examples include shovels, rakes, nozzles, clamps, wrenches, pliers, flashlights. Also includes all safety supplies from first-aid supplies to rain gear and rubber boots, as well as the small tools and equipment needed to support the maintenance shop. Includes M&O messaging board, training accessories and misc. office furniture.

Professional Services \$ 279,884 \$ 97,804 \$ 182,080

• Lab Testing Services \$ 83,970

Includes all testing services for the WWTP and Pre-Treatment, except for biosolids testing.

• Utility Locating \$ 28,740

• Alarm Monitoring - M&O only \$ 1,896

• Outsourced Landscaping/Janitorial \$ 32,778

• Other \$ 132,500

M&O audiograms, antifreeze disposal, solvent cleaner services, oil filter disposal, M&O Hepatitis B Shots.

Communication Services \$ 127,585 \$ 62,226 \$ 65,359

• Telephone Service \$ 44,815

• Cellular Telephone Service \$ 36,870

• Paging Service \$ 207

• Fax/Computer lines \$ 44,298

• Radios/TV \$ 1,395

Conferences, Training, Travel \$ 134,689 \$ 69,050 \$ 65,639

• Conferences \$ 24,260

Includes registration, lodging, meals and transportation to attend WEF national and regional, and NBMA regional.

• Training \$ 110,429

Includes WOW, CEU training seminars, safety training, business training classes, Ken Kerri classes, supervisory training, certification review classes and exams, Biofest, and PNPCA short schools.

Utilities for Facilities \$ 1,120,487 \$ 546,579 \$ 573,908

• Natural Gas \$ 205,999

• Electricity \$ 807,192

• Garbage Disposal \$ 107,297

Repairs & Maintenance \$ 917,097 \$ 498,785 \$ 418,312

• Equipment \$ 112,982

Repairs to VacCon, backhoes, loaders, GenSets, saws, blowers, lab equipment, air monitoring equipment, cameras, forklift, pumps, flow monitoring equipment, service for fire extinguishers, solvent cleaner and air compressors.

• Structures & Grounds \$ 396,793

Fence repairs, landscape repairs, floor repairs, Hanitorial service, manhole repairs, asphalt overlays, tree

Expense Justification

Maintenance & Operations - Wastewater

| MAINTENANCE AND OPERATION EXPENSES - WASTEWATER | Total | 2016 | 2017 |
|--|----------------------|----------------------|----------------------|
| spraying. | | | |
| • Electrical | \$ 186,390 | | |
| Repairs to motors at lift stations, the treatment plant, M&O facilities and the Administration building, infrared testing, power factor testing, small motor repair and replacement, VFDs, blower motors, M&O light replacement. | | | |
| • Mechanical | \$ 61,025 | | |
| Repairs to pumps, WWTP equipment, spare impellers, blower room filters, chain hoist inspections, air scrubber carbon and M&O HVAC repairs. | | | |
| • Inspection & Cleaning | \$ 10,000 | | |
| Contracted TV Inspection of sewer lines, cleaning of IS #5 wet well, if necessary, and miscellaneous side sewer TV inspections. | | | |
| • Telemetry, CMMS | \$ 149,907 | | |
| Repair and maintenance. | | | |
| Rentals | \$ 15,177 | \$ 7,538 | \$ 7,638 |
| • Operating Rentals & leases | \$ 7,877 | | |
| Includes WWTP rentals of manlift, boom truck, rotohammer, office furniture, etc. It also includes rental of a portable office for the new Treatment Plant Supervisor. | | | |
| • Misc. Rentals | \$ 7,300 | | |
| Includes M&O administration and the collections system rentals of forklift, boom truck, loader, pumps, etc., if needed. | | | |
| Permits, Dues, licenses | \$ 93,865 | \$ 46,533 | \$ 47,333 |
| • Permits | \$ 83,610 | | |
| Includes all permits applicable to the treatment plant, lift stations, field work, and the M&O facilities. Examples include: NPDES, Biosolids, BNRR, lab accreditation, PE test, Fire, PSAPC, compressor, occupancy, fuel tax, air pollution, vapor recovery, and R-O-W permits. | | | |
| • Dues | \$ 1,635 | | |
| Includes membership dues to business related associations such as PNPCA, WEF and UICC. | | | |
| • Professional licenses | \$ 8,320 | | |
| Includes license renewal fees for wastewater treatment, wastewater collections, water distribution and manager, cross connection control, CDI renewals, physicals and driving tests. | | | |
| • Misc. Other Expenses | \$ 300 | | |
| Transportation Expenses | \$ 70,441 | \$ 34,700 | \$ 35,741 |
| Vehicle repair and maintenance includes servicing, supplies, tires and wheels, towing, outside repair service, emissions tests, etc. | | | |
| Emergency Prep (Funds moved to Admin Services Budget) | - | - | - |
| Total Maintenance and Operation Expenses - Wastewater | \$ 59,380,272 | \$ 29,062,700 | \$ 30,317,573 |

Capital Improvement Plan



Capital Improvement Plan

A Capital Improvement Plan (CIP) identifies, prioritizes and schedules projects to address system deficiencies and needs. The needs are typically:

- 1) Reoccurring maintenance issues and/or repairs;
- 2) Preventative maintenance issues;
- 3) Infrastructure upsizing for future growth; and
- 4) Infrastructure replacement at the end of service life.

Numerous models for development of a CIP can be utilized. For example, the District's last sewer comprehensive plan identified service options for extension by development, reoccurring maintenance concerns and capacity limitations based on modeling. In addition to those criteria, the District plans on moving towards considering infrastructure service life. The District also plans on developing future Capital Improvement Plans with input from a wide range of staff and other sources regarding needs that may not be captured by more traditional evaluation approaches.

The Capital Improvement Plan included in this budget reflects an interim measure as the District prepares to invest in a more rigorous asset management approach for evaluating, prioritizing, and funding capital needs. The interim approach is based on the District current practice of transferring \$7 million (\$3.5 million each to water and wastewater capital funds) of rate revenues into the capital improvement fund each year. District has on average completed \$14 million of capital improvements annually--the equivalent of an annual capital project completion factor. The proposed CIP reflects the inclusion of this annual capital project completion factor.

The proposed Capital Improvement Plan includes the following categories of projects:

- Capital Projects: Those projects directly related to constructing, rehabilitating, replacing or other non-routine maintenance activities for infrastructure used to deliver water and wastewater services. This typically includes pipes, pumps, stations, reservoirs, treatment facilities, etc.
- Capital Support Items: Those projects and capital costs related to the indirect assets necessary to provide water and wastewater services. This typically includes administration and maintenance buildings and grounds, large software systems, vehicles, communication systems and other District-wide assets.
- Capital Franchise, Outside Agency & Participation: Those projects caused or driven by non-District entities. These are typically infrastructure relocation projects required when another agency does a capital project of their own, such as a road reconstruction. Alternatively, the project may be partnering with a developer or other agency by participating in the incremental cost of upsizing their project to meet our future needs.

The District intends to refine and develop the CIP as more information is gathered through the development of an asset management program and the Living Plan. Any changes to the CIP will be brought forward to the Board for discussion and approval.

Capital Improvement Plan 2016-17 Budget and Forecast

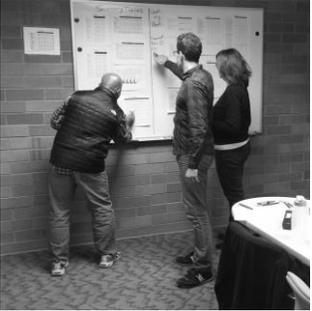
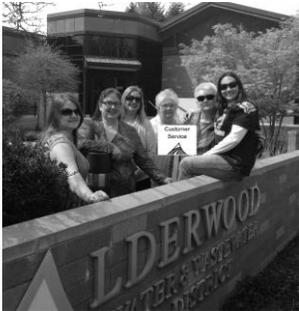
| | ADOPTED BUDGET | | | | | | |
|--|----------------|----------------|--------------|--------------|----------------|----------------|----------------|
| | Actual 2014 | Projected 2015 | Adopted 2016 | Adopted 2017 | Projected 2018 | Projected 2019 | Projected 2020 |
| SEWER SYSTEM PROJECTS | | | | | | | |
| TOTAL SEWER COST | \$12,117,000 | \$4,479,000 | \$7,595,500 | \$5,444,000 | \$5,772,000 | \$7,787,000 | \$6,879,000 |
| Sewer System - Capital Project | \$11,315,000 | \$3,902,000 | \$5,753,000 | \$5,048,000 | \$5,182,000 | \$7,637,000 | \$6,729,000 |
| Sewer System - Capital Support Items | \$0 | \$75,000 | \$1,213,500 | \$206,000 | \$350,000 | \$0 | \$0 |
| Sewer System - Capital Franchise, Outside Agency & Participation | \$802,000 | \$502,000 | \$629,000 | \$190,000 | \$240,000 | \$150,000 | \$150,000 |
| WATER SYSTEM PROJECTS | | | | | | | |
| TOTAL WATER COST | \$5,342,000 | \$3,721,000 | \$7,833,500 | \$11,356,000 | \$9,231,000 | \$7,027,000 | \$8,850,000 |
| Water System - Capital Project | \$4,330,000 | \$3,320,000 | \$6,107,000 | \$10,371,000 | \$8,578,000 | \$6,723,000 | \$8,045,000 |
| Water System - Capital Support Items | \$0 | \$75,000 | \$1,213,500 | \$206,000 | \$350,000 | \$0 | \$0 |
| Water System - Capital Franchise, Outside Agency & Participation | \$1,012,000 | \$326,000 | \$513,000 | \$779,000 | \$303,000 | \$304,000 | \$805,000 |
| <u>TOTAL WATER & SEWER</u> | \$17,459,000 | \$8,200,000 | \$15,429,000 | \$16,800,000 | \$15,003,000 | \$14,814,000 | \$15,729,000 |

Note:

The above numbers have been adjusted downward to reflect the estimated maximum delivery capacity of the organization & a normal level of project schedule disruptions.

The project list for each year contains a higher total goal than the total authorization listed above. However some projects experience delays due to complications in design, easement purchases, or permitting. Rather than budget for unrealistic amounts, this plan includes the first attempt at derating the project goals for likely actual project delivery. Future budgets will be adjusted as further data is collected.

Appendix



Fiscal Policies

AWWD Res. No. 2615-2013

The purpose of establishing fiscal policies for AWWD is to promote the financial integrity and stability of the water and wastewater systems and to provide guidance and consistency in decision-making for the District's management. It is intended that these policies will be reviewed periodically.

1. Revenue Sufficiency

AWWD will establish water and sewer rates sufficient on an annual basis to meet all utility cash requirements including; operating expenses, debt service, rate funded capital costs and additions to reserves.

- AWWD will prepare a biennial budget document every other calendar year that provides a basic understanding of the planned spending for each utility fund for the coming 2-year period.
- In support of the budget process, AWWD will develop a rate forecast. The rate forecast shall contain a 5-year planning horizon with revised rates for up to a 3-year period. Any subsequent rate changes will be adopted by the Board.
- Rates and charges will be set for each utility at a level to remain a self-supporting utility.
- If possible, changes in rate levels should be gradual and uniform to the extent costs can be projected.

2. Rate Equity

The District will establish rates and charges which equitably recover the cost of service from each utility's customers. Changes in rate structure will be accompanied by a cost of service analysis establishing the equity of such changes.

- A cost allocation review should be conducted every three years and will utilize industry standard methodology [American Water Works Association, Water Environment Federation, etc.]. Cost of service adjustments should be based on the rate study results as well as Board discretion to incorporate the changes over a period of time to avoid rate shocks.
- AWWD will establish rates and fees which equitably recover service costs commensurate with how costs are incurred.
- Changes in rate structure will be accompanied by a cost of service analysis establishing the equity of such changes.
- Rates and fees will incorporate both a fixed charge for the up-front fixed costs associated with serving customers and a usage/volumetric charge that attempts to recover the variable costs of operating the utility.
- AWWD will impose a connection charge, also known as a General Facility Charge (GFC), on new or expanded development to reflect an appropriate capital investment by new

customers commensurate with system costs, including both existing assets and future improvements that serve such growth.

- AWWD will review and adjust, when appropriate, the miscellaneous fees and charges schedules based on an inflationary cost index such as the Engineering News Record (ENR) construction cost index.
- AWWD will review and adjust, if appropriate, connection charges annually based upon the ENR construction cost index or similar inflationary cost index.

3. Sustainability of Infrastructure

In conjunction with establishing or planning its capital program, AWWD will develop a corresponding capital-financing plan that supports execution of that program and is capable of sustaining long-term utility capital requirements. The capital program will incorporate system expansion, upgrades & improvements, and system repair & replacement. The intention is to establish an integrated capital funding strategy.

- Capital Facilities Planning

- Comprehensive plans for the water and wastewater utilities will be completed or updated as required by state law.
- AWWD should maintain, for each utility, a capital projects schedule of at least six years in duration and consistent with the comprehensive long-range plans for each system.
- The six-year capital projects schedule should be adopted by the Board.
- The schedule will include the project description, scheduled year of construction, total estimated cost (including additional O&M) and funding source(s).

- Capital Facilities Funding

- Revenue received from new customers connecting to the water and/or wastewater system is used to fund capacity enhancing AWWD's infrastructure and/or associated debt service.
- Capital Funding from user rates shall be used to preserve the District's existing infrastructure. Contributions should fund current construction and engineering costs. Funding should target replacement cost or depreciation expense. Debt Funding will be used when it is judged to be appropriate based on the long-term capital needs and AWWD's ability to repay the indebtedness in light of all sources and uses of cash. The term of the debt should not exceed the reasonable useful life of the asset being acquired or constructed.

4. Reserves

Reserve balances are funds that are set aside for a specific project, task, covenant requirement, and/or emergencies. These balances are maintained in order to meet short-term cash flow requirements, while at the same time minimizing the risks associated with meeting financial obligations and continued operational needs under adverse conditions. The following reserve levels are established for AWWD:

- Operating Reserve

The purpose of an Operating Reserve is to maintain financial viability of the utilities despite short-term variability in revenues and expenses, primarily caused by billing cycles, payroll cycles, accounts receivable/payable, and weather variability. The Operating Reserve targets should be as of January 1 of each calendar year, with the Operating Reserve balance expected to vary during the course of the calendar year. The following Operating Reserve targets are established:

- Water Utility – 90 days of annual O&M expenses
- Wastewater Utility – 60 days of annual O&M Expenses

The water utility minimum is set higher since revenue is more susceptible to year-to-year variations in water demand due to weather variations and water conservation objectives.

- Capital Reserve

The Capital Reserve is a method of attempting to level out the capital funding requirements, thereby eliminating peaks and valleys in the overall revenue requirement. This reserve can vary from year to year depending upon projects anticipated and funding sources. The target for the Capital Reserve should be set equal to the greater of \$10 million per utility or 2% of original asset value. Since this Capital Reserve is also intended to cover capital contingencies, the target should include an amount sufficient to cover major failures of plant and equipment. It is not intended to fund all costs in a catastrophic loss such as an earthquake, but would appropriately cover more isolated failures. The following Capital Reserves targets are established:

- Water Utility – Greater of \$10 million or 2% of original asset value.
- Wastewater Utility – Greater of \$10 million or 2% of original asset value.

- Rate Stabilization Reserve

AWWD will maintain a Rate Stabilization Reserve to be used to mitigate major year-to-year fluctuations in revenues or expenses. Use of Rate Stabilization Reserves shall only occur by direct Board action based upon unplanned revenue shortfalls or unexpected expenses. Funding of the Rate Stabilization Reserve will be from a surplus of operating funds from the prior year or as a budgeted expense by the Board. Use of the Rate Stabilization Reserve funds will, when allowed by the Board, be considered revenue for purposes of debt coverage. The following Rate Stabilization Reserves targets are established.

- Water Utility – 15% of annual rate revenue
- Wastewater Utility – 10% of annual rate revenue

- Bond Reserve Fund and Bond Redemption Funds

AWWD will maintain Bond Reserve Funds and Bond Redemption Funds as required by bond covenants or loan agreements, and shall maintain Fund balances consistent with those corresponding debt covenants/agreements.

5. Fixed Asset Inventories

AWWD will maintain accurate inventories of all physical assets, to include the condition, life span and cost to ensure proper stewardship of public property. The Director of Finance will establish policies and appropriate procedures to manage fixed assets, including establishing the threshold dollar amount for which fixed asset records are maintained and how often physical inventories will be taken.

6. Accounting

AWWD is to maintain a uniform system of accounts, and maintain accounting practices that follow Generally Accepted Accounting Principles (GAAP) for its accounting procedures and financial statement preparation.

- AWWD will comply with the Uniform System of Accounts for Class A Water Utilities and the National Association of Regulatory Utility Commissioners accounting manuals and practices. AWWD will cooperate and comply with all audits and investigations by the Washington State Auditor's Office.

7. Investment Policy

AWWD has adopted an Investment Policy which complies with the State of Washington's eligible investments for public funds per the Revised Code of Washington (RCW) 39.59.020 and 39.59.030. The Board adopted Investment Policy will be reviewed and modified periodically to ensure that it continues to meet the financial objectives of the District and continues to serve the best interest of the District.

8. Debt Issuance

- Rates for Debt Service Coverage
Water and wastewater rates shall be maintained at a level necessary to provide annual combined (water and wastewater) net revenues that satisfy a debt service coverage factor of no less than 1.25 times annual debt service. The District will budget for a factor of 1.75 to further protect AWWD's financial risk and provide a favorable measure for rating agencies.
- Arbitrage
AWWD should engage an arbitrage consultant to assist the District in meeting IRS arbitrage compliance and reporting requirements when applicable.
- IRS Post Bond Issuance Compliance
AWWD should maintain and comply with the IRS checklist of post-bond issuance compliance requirements.
- Competitive Bond Sale
All bond sales should be issued on a competitive rather than a negotiated basis. The Board may authorize the use of a negotiated sale if conditions are such that it is in the best interests of the District to issue a bond on a negotiated basis. Competitive and negotiated bond sales shall be conducted with the assistance of a Financial Advisor who only represents the District's interests. The Financial Advisor's only compensation shall be a fixed fee.

- Annual Reporting NRMSIR

AWWD should comply with bond covenants regarding the annual undertaking of reporting to the Nationally Recognized Municipal Securities Information Repository (NRMSIR) by electronically filing with the Electronic Municipal Market Access system (EMMA) or its successor. Refer to the bond resolutions for a complete list of filing requirements.

Post Issuance Compliance Policy for Governmental Bonds

AWWD Res. No. 2620-2013

- I. *Scope.* This Post Issuance Compliance Policy addresses the Alderwood Water & Wastewater District's (the "District") compliance with federal tax, federal securities and state law requirements and contractual obligations applicable to the District's tax-advantaged governmental bond issues. The policy applies generally to all of the District's tax-exempt governmental bonds, and other bonds subject to comparable requirements, such as its taxable direct-pay Build America Bonds. As used in this policy, references to "bonds" include bonds, lines of credit, bond anticipation notes, and equipment and other financing leases.
- II. *Purpose.* This policy is intended to improve the District's ability to:
 - Prevent violations in bond requirements from occurring in the first place,
 - Timely identify potential violations, and
 - Correct identified violations through appropriate remedial steps.
- III. *Schedule of Review.* The policy is to be reviewed at least annually and upon each issuance of new bonds, including refunding bonds. In connection with this periodic review, the District will consider whether the policy should be amended or supplemented:
 - To address any particular requirements associated with the new bond issue, or
 - To reflect general changes in requirements since the prior bond issue.
- IV. *Requirements at Bond Closing.* Numerous federal tax, federal securities and state law requirements must be met in connection with a bond issue. Rate and other covenant requirements will also need to be satisfied. These requirements are addressed in the bond transcript completed at bond closing, and confirmed in certain respects by the legal opinions included in the bond transcript.
- V. *Requirements After Bond Closing.* Other federal tax, federal securities law and state law requirements and contractual obligations require on-going monitoring after the issuance of the bonds.
 - 1) Officials or employees responsible for review. The following officers and employees of the District are identified as the responsible persons for reviewing compliance with the District's post-issuance obligations. Each responsible individual is to institute a calendaring system to track compliance with tasks in a timely manner.
 - a) Federal tax requirements, including arbitrage, use of proceeds, use of facilities and IRS filings:

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- Arbitrage, IRS Filings: Director of Finance
 - Use of Proceeds: Director of Finance and Capital Projects Manager
 - Use of Facilities: Director of Finance and Capital Projects Manager
- b) Continuing disclosure requirements:
- Annual Filing: Director of Finance
 - Material Event Notices: Director of Finance
 - Prior to filing each annual filing or material event notice, the Director of Finance is to circulate the draft filing or notice to bond counsel for review.
- c) The Director of Finance and General Manager are responsible for reviewing all other requirements under this policy.
- d) The responsible persons identified above may need to confer, from time to time, with the District's bond counsel, and/or financial advisor, to confirm the applicability and scope of the requirements outlined in this policy. For reference, the contact information for these advisors is provided below:
- Pacifica Law Group LLP, as bond counsel
 - a. Deanna Gregory at 206-245-1716 or Deanna.gregory@pacificallawgroup.com, or
 - b. Stacey Crawshaw-Lewis at 206-245-1714 or Stacey.Lewis@pacificallawgroup.com
 - c. Edward McCullough at 206-245-1727 or Edward.mccullough@pacificallawgroup.com
- 2) Training of the responsible official/employee. The District provides opportunities for training to the responsible individuals, specifically including the following training opportunities:
- a) At or after bond closing, a conference call or meeting with bond counsel to review the requirements applicable to a new bond issue.
 - b) Access to other training opportunities as offered and applicable to the District's bond issuances.
- 3) Records to be Maintained. The following documents are maintained in connection with each bond issue. The goal is to retain adequate records to substantiate compliance with federal tax, securities law, state law and other contractual requirements applicable to the District's bonds. Generally records should be maintained for the term of the bonds (plus any refunding) plus four years. The following records are to be maintained:
- a) Complete bond transcript (provided by bond counsel) in CD or hard copy.
 - b) Records of investment of bond proceeds in a format showing the date and amount of each investment, its interest rate and/or yield, the date any earnings are received and the amount earned, and the date each investment matures and if sold prior to maturity, the sale date and sale price.
 - c) Records of expenditure of bond proceeds in a format showing the amount, timing and the type of expenditure.

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- d) Records of invoices or requisitions, together with supporting documentation showing payee, payment amount and type of expenditure, particularly for projects involving multiple sources of funds.
 - e) Records necessary to document the allocation of bond proceeds and other sources of funds to particular projects or portions of projects.
 - f) Records documenting the final allocation of bond proceeds to projects, including any reallocations of bond proceeds, in a format showing the timing and substance of the reallocation, if applicable.
 - g) Records demonstrating compliance with arbitrage and rebate requirements, including arbitrage calculations, documentation of spending exceptions to rebate, rebate reports and IRS filings and payments.
 - h) Copies of contracts relating to the use of the bond-financed facility including leases, concession agreements, management agreements and other agreements that give usage rights or legal entitlements with respect to the facility to nongovernmental persons (e.g., advertising displays, cell tower leases, and naming rights agreements).
 - i) Copies of contracts relating to ongoing compliance with respect to the bonds.
 - j) Copies of any filings or correspondence with the IRS, the SEC or other regulatory body.
- 4) Investment of Bond Proceeds. In general, bond proceeds and certain other funds can only be invested at a rate that exceeds the yield on the bonds under limited circumstances. Furthermore, amounts earned by investing above the bond yield must be rebated to the IRS, unless the District qualifies as a small issuer or a spending exception is met. The arbitrage and rebate requirements for each bond issue are detailed in the federal tax certificate. The Director of Finance will monitor the investment and expenditure of the funds and accounts listed below. The Director of Finance determines whether the bond issue meets the requirement for one of the expenditure exceptions to arbitrage rebate. The Director of Finance will determine whether a rebate calculation is necessary and, if so, will perform the calculation or engage a rebate consultant. The Director of Finance will arrange for the payment of any required rebate to the IRS together with the appropriate IRS form on the dates described below.
- a) Funds to Monitor.
 - Bond or debt service funds/accounts
 - Project or construction funds/accounts
 - Debt service reserve funds/accounts
 - Other accounts with bond proceeds or amounts pledged to pay bonds
 - b) Arbitrage Reports; Rebate May Be Due.
 - During construction, monitor expenditures to confirm satisfaction of expected exception to rebate (such as six month exception, 18 month exception, 24 month exception)
 - The first rebate payment is due five years after date of issue plus 60 days
 - Rebate is due every succeeding five years, if there are unspent gross proceeds of the bonds
 - Final rebate payment is due 60 days after early redemption or retirement of the bonds
 - c) Limitations on Type of Investments. Bond proceeds must be invested as permitted under state law. In addition, the bond resolution or any bond insurance agreement may further limit the permitted investments. To monitor compliance with these investment restrictions, the District limits the investment of bond proceeds to those authorized by Chapter 39.59 of the Revised Code of Washington (RCW).

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- 5) Use of Bond Proceeds During the Construction Period. Monitoring the expenditure of bond proceeds is necessary to assure that the required amount of bond proceeds are expended for capital expenditures and that not more than 10% of the bond proceeds are expended for projects that will be used for or in a private trade or business (including by the federal government and nonprofit entities).
- a) The Director of Finance is responsible for reviewing the transcript for the bonds, and in particular the authorizing documents and the federal tax certificate, as well as invoices and other expenditure records to monitor that the bond proceeds are spent on authorized project costs.
 - b) If, at the completion of the project, there are unspent bond proceeds, the Director of Finance, conferring with bond counsel and the District's General Manager, will direct application of the excess proceeds for permitted uses under federal tax law, state law, and bond authorization documents.
 - c) If the project involves bond proceeds and other sources of funds and included both governmental and nongovernmental use of the financed facilities the Director of Finance will undertake a final reconciliation of bond proceeds expenditures with project costs no later than 18 months after the later of the date of expenditure or the date that the project is placed in service (but in no event more than five years after the date of issue).
- 6) Use of Bond-Financed Facilities. Monitoring (and limiting) any private use of the bond-financed facility is important to maintaining the federal tax treatment of governmental bonds. In general, no more than 10% of the bond-financed facility can be used in a private trade or business (including by the federal government and nonprofit entities). Private use can arise through any of the following arrangements, either directly or indirectly.
- a) Types of Private Use
 - Selling all or a portion of the facility
 - Leasing all or a portion of the facility
 - Entering into a management contract for the facility (except for qualified management contracts under IRS Rev. Proc. 97-13)
 - Use of all or a portion of the facility for research purposes under a research contract (except for qualified research contracts under IRS Rev. Proc. 97-14)
 - Entering into contracts giving "special legal entitlement" to the facility (for example, selling advertising space or naming rights)
 - b) Procedures for monitoring private use; procedures reasonably expected to timely identify noncompliance.
 - All leases and other contracts involving bond-financed property will be sent prior to execution to the Director of Finance for review.
 - c) Procedures ensuring that the District will take steps to timely correct noncompliance.
 - If the District takes official action to sell, lease or otherwise change the use of bond-financed facilities to private use, action should be taken under Treas. Reg. § 1.141-12 within 90 days to apply net proceeds of the sale or lease of the facility to other qualifying capital expenditure or to redeem or defease bonds. Upon a determination that there has been or could be a change in use of a bond-financed facility under the monitoring procedures described above, the Director of Finance shall consult with bond counsel and apply net proceeds of the change in use as required.

-
- 7) Continuing Disclosure. The District is required to make annual filings with the Municipal Securities Rulemaking Board (“MSRB”) as described in the continuing disclosure undertaking for each bond issue (which may include tax-exempt or taxable bonds), and to file notice of certain material events.
- a) Submissions will be made in electronic form through the MSRB’s web-based system known as Electronic Municipal Market Access (“EMMA”), currently available at <http://www.emma.msrb.org>.
- b) Annual filings to be made:
- Financial information and operating data about the District included in the Official Statement for the bonds
 - Change in fiscal year; other information described in the continuing disclosure undertaking
 - Audited financial statements
 - These reports must be filed no later than nine months after the end of the District’s fiscal year end (e.g. September 30) for the District’s bonds (the District’s fiscal year currently ends December 31).
- c) Material event notices:
- The District is required to provide or cause to be provided to the MSRB, in a timely manner, notice of certain events with respect to the bonds. Amendments to SEC Rule 15c2-12 (the “Rule”) in 2010 expanded the list of events requiring disclosure and added a 10-day compliance period for undertakings effective after December 1, 2010.
 - Generally, if any of the following events occur, the District shall provide, or cause to be provided, to the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of the any of the following events with respect to the bonds:
 1. Principal and interest payment delinquencies
 2. Non-payment related defaults, if material
 3. Unscheduled draws on debt service reserves reflecting financial difficulties
 4. Unscheduled draws on credit enhancements reflecting financial difficulties
 5. Substitution of credit or liquidity providers, or their failure to perform
 6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the bonds
 7. Modifications to the rights of bondholders, if material
 8. Bond calls, if material, and tender offers
 9. Defeasances
 10. Release, substitution, or sale of property securing repayment of the Bonds, if material
 11. Rating changes (both upgrades and downgrades)
 12. Bankruptcy, insolvency, receivership or similar event of the District
 13. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
 14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

- d) Procedure for ensuring that notice of the above events is provided to the responsible individual(s) identified above: Director of Finance.
- e) Periodic check of information regarding bonds on EMMA. Periodically and at least prior to each new bond issue, the District will search EMMA for its continuing disclosure filings to confirm proper filings have been made.
- 8) Compliance with Bond Covenants. Particularly for revenue bond issues, the District has made rate and other covenants for the benefit of bond owners. The District monitors compliance with these bond covenants on an annual basis, as part of its annual audit process. These covenants are summarized below:

| Covenant | Requirement | Document; Section | Timing |
|-----------------------------------|--|--|---|
| Rates | Fair and equitable and sufficient to pay all operation and maintenance expenses, amounts to fund bond funds, and taxes, assessments and other charges. | Resolution No. 2618-2013; Section 13(a) | Annual review as part of the budget process. |
| Insurance | Must at all times carry fire and extended coverage, public liability and property damage. | Resolution No. 2618-2013; Section 13(g) | Review annually as part of insurance renewal. |
| Sale or disposition of property | By resolution with limitations set forth in Bond Resolution. | Resolution No. 2618-2013; Limited by Section 13(c) | Review upon any proposed disposition of assets. |
| Debt Service Reserve Fund Balance | The lesser of Maximum Annual Debt Service or 125% of Average Annual Debt Service on Parity Bonds. | Resolution No. 2618-2013; page 14, definition of "Reserve Requirement" | Annual review as part of the budget process. |
| Coverage Requirement | Net Revenues of the System must be at least equal to 1.25 times the Annual Debt Service in that year on Parity Bonds. | Resolution No. 2618-2013; page 8, definition of "Coverage Requirement" | Annual review as part of the budget process. |

Debt Service Schedule

Water Fund

| | 2009 Refunding Bond | | 2010 Series B Bond | | PWTF- PW-00-691-001 | | PWTF-PW-99-791-001 | | DWSRF - DM12-952-098 | | Total Junior Debt | | Total Debt Service | |
|--------------|---------------------|------------------|--------------------|-------------------|---------------------|---------------|--------------------|----------------|----------------------|----------------|-------------------|----------------|--------------------|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Interest | Principal |
| 2009 | - | - | - | - | 77,777 | 9,333 | 182,121 | 20,033 | - | - | 259,897 | 29,367 | 29,367 | 259,897 |
| 2010 | 990,000 | 965,312 | - | 758,225 | 77,777 | 8,555 | 182,121 | 18,211 | - | - | 259,897 | 26,767 | 1,750,304 | 1,249,897 |
| 2011 | 2,430,000 | 865,950 | - | 934,798 | 77,777 | 7,778 | 182,121 | 16,391 | - | - | 259,897 | 24,169 | 1,824,917 | 2,689,897 |
| 2012 | 2,555,000 | 793,050 | - | 934,798 | 77,777 | 7,000 | 182,121 | 14,570 | - | - | 259,897 | 21,570 | 1,749,418 | 2,814,897 |
| 2013 | 2,640,000 | 716,400 | - | 934,798 | 77,777 | 6,222 | 182,121 | 12,748 | - | - | 259,897 | 18,971 | 1,670,169 | 2,899,897 |
| 2014 | 2,700,000 | 610,800 | - | 934,798 | 77,777 | 5,444 | 182,121 | 10,927 | - | - | 259,897 | 16,372 | 1,561,970 | 2,959,897 |
| 2015 | 3,515,000 | 502,800 | - | 934,798 | 77,777 | 4,667 | 182,121 | 9,106 | 133,197 | 63,478 | 393,095 | 77,251 | 1,514,849 | 3,908,095 |
| 2016 | 2,900,000 | 362,200 | - | 934,798 | 77,777 | 3,889 | 182,121 | 7,285 | 133,197 | 37,961 | 393,095 | 49,135 | 1,346,133 | 3,293,095 |
| 2017 | 3,015,000 | 246,200 | 180,500 | 934,798 | 77,777 | 3,111 | 182,121 | 5,464 | 133,197 | 35,963 | 393,095 | 44,538 | 1,225,536 | 3,588,595 |
| 2018 | 3,140,000 | 125,600 | 184,300 | 927,217 | 77,777 | 2,333 | 182,121 | 3,642 | 133,197 | 33,965 | 393,095 | 39,941 | 1,092,758 | 3,717,395 |
| 2019 | | | 1,428,800 | 919,385 | 77,777 | 1,556 | 182,121 | 1,821 | 133,197 | 31,967 | 393,095 | 35,344 | 954,729 | 1,821,895 |
| 2020 | | | 1,470,600 | 857,946 | 77,777 | 778 | | | 133,197 | 29,969 | 210,974 | 30,747 | 888,693 | 1,681,574 |
| 2021 | | | 1,514,300 | 790,299 | | | | | 133,197 | 27,971 | 133,197 | 27,971 | 818,270 | 1,647,497 |
| 2022 | | | 1,558,000 | 720,641 | | | | | 133,197 | 25,973 | 133,197 | 25,973 | 746,614 | 1,691,197 |
| 2023 | | | 1,605,500 | 648,973 | | | | | 133,197 | 23,975 | 133,197 | 23,975 | 672,948 | 1,738,697 |
| 2024 | | | 1,654,900 | 572,711 | | | | | 133,197 | 21,978 | 133,197 | 21,978 | 594,689 | 1,788,097 |
| 2025 | | | 1,708,100 | 489,966 | | | | | 133,197 | 19,980 | 133,197 | 19,980 | 509,946 | 1,841,297 |
| 2026 | | | 1,765,100 | 401,999 | | | | | 133,197 | 17,982 | 133,197 | 17,982 | 419,981 | 1,898,297 |
| 2027 | | | 1,825,900 | 309,331 | | | | | 133,197 | 15,984 | 133,197 | 15,984 | 325,315 | 1,959,097 |
| 2028 | | | 1,890,500 | 211,646 | | | | | 133,197 | 13,986 | 133,197 | 13,986 | 225,631 | 2,023,697 |
| 2029 | | | 1,957,000 | 108,614 | | | | | 133,197 | 11,988 | 133,197 | 11,988 | 120,601 | 2,090,197 |
| 2030 | | | | | | | | | 133,197 | 9,990 | 133,197 | 9,990 | 9,990 | 133,197 |
| 2031 | | | | | | | | | 133,197 | 7,992 | 133,197 | 7,992 | 7,992 | 133,197 |
| 2032 | | | | | | | | | 133,197 | 5,994 | 133,197 | 5,994 | 5,994 | 133,197 |
| 2033 | | | | | | | | | 133,197 | 3,996 | 133,197 | 3,996 | 3,996 | 133,197 |
| 2034 | | | | | | | | | 133,197 | 1,998 | 133,197 | 1,998 | 1,998 | 133,197 |
| TOTAL | 23,885,000 | 5,188,312 | 18,743,500 | 14,260,539 | 933,318 | 60,666 | 2,003,329 | 120,199 | 2,663,943 | 443,090 | 5,600,590 | 623,955 | 20,072,806 | 48,229,090 |

Note: This schedule assumes that in 2018 the District will begin payments on a \$10,403,000 Drinking Water State Revolving Fund loan. It is estimated that the payments on this loan will be \$519,360 per year from 2018 - 2041.

Debt Service Schedule

Sewer Fund

| | 2010 Series A | | 2010 Series B | | 2013 Sewer Revenue Bond | | PWTF-Pre108 | | PWTF-Pre126 | | PTWF - WWTP Upgrade | | WA Revolve Fund | | Total Junior Debt | | TOTAL | |
|--------------|------------------|----------------|-------------------|-------------------|-------------------------|-------------------|----------------|---------------|----------------|---------------|---------------------|----------------|------------------|------------------|-------------------|------------------|-------------------|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2009 | | | | | | | 52,632 | 4,474 | 53,363 | 4,474 | 360,234 | 28,970 | | | 466,228 | 37,917 | 466,228 | 37,917 |
| 2010 | 1,705,000 | 61,949 | - | 1,237,104 | | | 52,632 | 4,211 | 53,363 | 4,269 | 360,234 | 30,620 | | | 466,228 | 39,099 | 2,171,228 | 1,338,152 |
| 2011 | 400,000 | 42,275 | - | 1,525,197 | | | 52,632 | 3,947 | 53,363 | 4,002 | 382,109 | 29,033 | | | 488,103 | 36,982 | 888,103 | 1,604,454 |
| 2012 | 355,000 | 34,275 | - | 1,525,197 | | | 52,632 | 3,684 | 53,363 | 3,735 | 382,109 | 28,658 | 421,752 | 192,537 | 909,855 | 228,614 | 1,264,855 | 1,788,086 |
| 2013 | 350,000 | 27,175 | - | 1,525,197 | - | - | 52,632 | 3,421 | 53,363 | 3,469 | 382,109 | 26,748 | 375,512 | 238,776 | 863,615 | 272,414 | 1,213,615 | 1,824,786 |
| 2014 | 405,000 | 20,175 | - | 1,525,197 | 290,000 | 1,243,017 | 52,632 | 3,158 | 53,363 | 3,202 | 382,109 | 24,837 | 385,778 | 228,511 | 873,881 | 259,708 | 1,568,881 | 3,048,097 |
| 2015 | - | 12,075 | - | 1,525,197 | 455,000 | 1,080,331 | 52,632 | 2,895 | 53,363 | 2,935 | 382,109 | 22,927 | 396,323 | 217,965 | 884,427 | 246,722 | 1,339,427 | 2,864,325 |
| 2016 | 460,000 | 12,075 | - | 1,525,197 | 465,000 | 1,066,681 | 52,632 | 2,632 | 53,363 | 2,668 | 382,109 | 21,016 | 407,158 | 207,131 | 895,261 | 233,447 | 1,820,261 | 2,837,400 |
| 2017 | | | 294,500 | 1,525,197 | 480,000 | 1,052,731 | 52,632 | 2,368 | 53,363 | 2,401 | 382,109 | 19,105 | 418,288 | 196,001 | 906,391 | 219,876 | 1,680,891 | 2,797,804 |
| 2018 | | | 300,700 | 1,512,828 | 500,000 | 1,033,531 | 52,632 | 2,105 | 53,363 | 2,135 | 382,109 | 17,195 | 429,723 | 184,566 | 917,826 | 206,001 | 1,718,526 | 2,752,360 |
| 2019 | | | 2,331,200 | 1,500,048 | 520,000 | 1,013,531 | 52,632 | 1,842 | 53,363 | 1,868 | 382,109 | 15,284 | 441,470 | 172,819 | 929,573 | 191,813 | 3,780,773 | 2,705,393 |
| 2020 | | | 2,399,400 | 1,399,807 | 545,000 | 987,531 | 52,632 | 1,579 | 53,363 | 1,601 | 382,109 | 13,374 | 453,538 | 160,751 | 941,641 | 177,304 | 3,886,041 | 2,564,643 |
| 2021 | | | 2,470,700 | 1,289,434 | 575,000 | 960,281 | 52,632 | 1,316 | 53,363 | 1,334 | 382,109 | 11,463 | 465,936 | 148,353 | 954,039 | 162,466 | 3,999,739 | 2,412,181 |
| 2022 | | | 2,542,000 | 1,175,782 | 600,000 | 931,531 | 52,632 | 1,053 | 53,363 | 1,067 | 382,109 | 9,553 | 478,673 | 135,615 | 966,776 | 147,288 | 4,108,776 | 2,254,602 |
| 2023 | | | 2,619,500 | 1,058,850 | 630,000 | 901,531 | 52,632 | 789 | 53,363 | 800 | 382,109 | 7,642 | 491,759 | 122,530 | 979,862 | 131,762 | 4,229,362 | 2,092,143 |
| 2024 | | | 2,700,100 | 934,424 | 665,000 | 870,031 | 52,632 | 526 | 53,363 | 534 | 382,109 | 5,732 | 505,202 | 109,087 | 993,305 | 115,879 | 4,358,405 | 1,920,334 |
| 2025 | | | 2,786,900 | 799,419 | 685,000 | 850,081 | 52,632 | 263 | 53,363 | 267 | 382,109 | 3,821 | 519,012 | 95,277 | 1,007,115 | 99,628 | 4,479,015 | 1,749,128 |
| 2026 | | | 2,879,900 | 655,893 | 705,000 | 828,675 | | | | | 382,109 | 1,911 | 533,200 | 81,089 | 915,309 | 82,999 | 4,500,209 | 1,567,567 |
| 2027 | | | 2,979,100 | 504,699 | 735,000 | 800,475 | | | | | | | 547,776 | 66,513 | 547,776 | 66,513 | 4,261,876 | 1,371,686 |
| 2028 | | | 3,084,500 | 345,317 | 765,000 | 771,075 | | | | | | | 562,751 | 51,538 | 562,751 | 51,538 | 4,412,251 | 1,167,930 |
| 2029 | | | 3,193,000 | 177,212 | 795,000 | 740,475 | | | | | | | 578,134 | 36,155 | 578,134 | 36,155 | 4,566,134 | 953,841 |
| 2030 | | | | | 825,000 | 708,675 | | | | | | | 593,938 | 20,350 | 593,938 | 20,350 | 1,418,938 | 729,025 |
| 2031 | | | | | 860,000 | 675,675 | | | | | | | 303,030 | 4,114 | 303,030 | 4,114 | 1,163,030 | 679,789 |
| 2032 | | | | | 895,000 | 636,975 | | | | | | | - | - | - | - | 895,000 | 636,975 |
| 2033 | | | | | 935,000 | 596,700 | | | | | | | - | - | - | - | 935,000 | 596,700 |
| 2034 | | | | | 980,000 | 554,625 | | | | | | | - | - | - | - | 980,000 | 554,625 |
| 2035 | | | | | 1,025,000 | 510,525 | | | | | | | - | - | - | - | 1,025,000 | 510,525 |
| 2036 | | | | | 1,070,000 | 464,400 | | | | | | | - | - | - | - | 1,070,000 | 464,400 |
| 2037 | | | | | 1,120,000 | 416,250 | | | | | | | - | - | - | - | 1,120,000 | 416,250 |
| 2038 | | | | | 1,170,000 | 364,450 | | | | | | | - | - | - | - | 1,170,000 | 364,450 |
| 2039 | | | | | 1,225,000 | 310,338 | | | | | | | - | - | - | - | 1,225,000 | 310,338 |
| 2040 | | | | | 1,280,000 | 253,681 | | | | | | | - | - | - | - | 1,280,000 | 253,681 |
| 2041 | | | | | 1,340,000 | 194,481 | | | | | | | - | - | - | - | 1,340,000 | 194,481 |
| 2042 | | | | | 1,400,000 | 132,506 | | | | | | | - | - | - | - | 1,400,000 | 132,506 |
| 2043 | | | | | 1,465,000 | 67,756 | | | | | | | - | - | - | - | 1,465,000 | 67,756 |
| TOTAL | 3,675,000 | 209,999 | 30,581,500 | 23,267,195 | 25,000,000 | 21,018,549 | 894,737 | 40,264 | 907,164 | 40,760 | 6,834,211 | 317,888 | 9,308,953 | 2,669,677 | 17,945,064 | 3,068,589 | 77,201,564 | 47,564,331 |

**ALDERWOOD WATER & WASTEWATER DISTRICT
SNOHOMISH COUNTY, WASHINGTON
RESOLUTION NO. 2662-2016**

**A RESOLUTION of the Board of Commissioners of Alderwood Water &
Wastewater District, Snohomish County, Washington, Establishing the 2016-2017
Biennium Budget for the Water and Sewer Funds
and repealing Resolution No. 2659-2015**

WHEREAS, Alderwood Water & Wastewater District (the "District") is a special purpose district authorized by RCW 57 to provide water and wastewater service; and

WHEREAS, RCW 57.08.081 directs the Board of Commissioners of any district to provide for revenues by setting rates and charges for furnishing water and sewer service at a sufficient level to cover the costs of maintenance and operations, debt service payments and all other charges necessary for the efficient and proper operation of the system, including capital expenditures; and

WHEREAS, the Finance Director has provided the Board of Commissioners (Board) for the District with estimates of revenues and expenses for the 2016 and 2017 fiscal years based on estimates provided by departments and reviewed by the General Manager; and

WHEREAS, although chapter 57 of the RCW does not require that a special purpose water/sewer district adopt an annual or biennial budget, the Board and District management have deemed it an effective financial planning tool; and

WHEREAS, the Board adopted Resolution No 2659-2015 on December 7, 2015, which established the 2016-2017 Biennium Budget for the Water and Sewer Funds; and

WHEREAS, in the production of the final 2016-2017 budget document, District staff discovered errors in the production of the numbers in Exhibit A to Resolution 2659-2015; and

WHEREAS, these errors have since been corrected by District staff;

NOW THEREFORE, BE IT RESOLVED BY the Board of Commissioners of Alderwood Water & Wastewater District, Snohomish County, Washington that:

Section 1. Attached hereto and identified as Exhibit A, in summary form, are the total estimated operating revenues and appropriations for each utility fund and the aggregate totals for all funds for the 2016 and 2017 fiscal years (Jan. 1 – Dec. 31).

Section 2. Attached hereto and identified as Exhibit B is the Capital Improvement Plan (CIP) budget for 2016 and 2017.

Section 3. Resolution 2659-2015 is hereby repealed in its entirety.

PASSED AND ADOPTED BY THE BOARD OF COMMISSIONERS OF THE ALDERWOOD WATER & WASTEWATER DISTRICT, Snohomish County, Washington, at a regular meeting thereof held on this 4th day of January 2016.

Michael R. Dixon, President

Dean R. Lotz, Vice President

Larry D. Jones, Secretary

Donna J. Cross, Commissioner

Paul D. McIntyre, Commissioner

ATTEST:

Larry D. Jones
Secretary

**Alderwood Water & Wastewater District
2016-2017 Operating Budgets
Exhibit A**

| | 2016 | | 2017 | | 2017 | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|--------------------------------|--------------------------------|
| | Water Operating Budget | Sewer Operating Budget | Water Operating Budget | Sewer Operating Budget | AWWD Total Operating Budget | AWWD Total Operating Budget |
| Beginning Balances | | | | | | |
| Available Operating Funds | \$ 4,531,892 | \$ 16,778,939 | \$ 21,310,831 | \$ 21,310,831 | \$ 21,484,639 | \$ 21,484,639 |
| Operating Reserve | 6,633,320 | 5,694,865 | 12,328,186 | 5,927,482 | 12,809,393 | 12,809,393 |
| Rate Stabilization Reserve | 7,064,153 | 5,379,394 | 12,443,547 | 5,379,394 | 12,443,547 | 12,443,547 |
| Wholesale Rate Stabilization Reserve (Water) * | 429,174 | | 429,174 | | 429,174 | 429,174 |
| Debt Reserves | 3,426,849 | 2,097,430 | 5,524,279 | 1,731,129 | 5,157,978 | 5,157,978 |
| Total - Beginning Balances | \$ 22,085,388 | \$ 29,950,628 | \$ 52,036,016 | \$ 29,975,745 | \$ 52,324,731 | \$ 52,324,731 |
| Sources | | | | | | |
| Operating Rate Revenue | | | | | | |
| Retail Service | \$ 24,353,900 | \$ 39,243,200 | \$ 63,597,100 | \$ 40,828,800 | \$ 66,166,600 | \$ 66,166,600 |
| Wholesale Service | 9,320,400 | 2,343,700 | 11,664,100 | 2,452,600 | 12,031,900 | 12,031,900 |
| Penalties and Fees | 877,600 | 149,900 | 1,027,500 | 156,000 | 1,063,600 | 1,063,600 |
| Other Operating (Misc. Fees & Charges) | 385,900 | 342,600 | 728,500 | 352,700 | 771,300 | 771,300 |
| General Facility Charges (Water) ** | 893,400 | | 893,400 | | 919,900 | 919,900 |
| Nonoperating Revenue | | | | | | |
| Interest | 653,500 | 1,054,440 | 1,707,940 | 1,054,440 | 1,707,940 | 1,707,940 |
| Rental & Misc. Revenues | 143,000 | | 143,000 | | 146,600 | 146,600 |
| Total - All Sources | \$ 36,627,700 | \$ 43,133,840 | \$ 79,761,540 | \$ 44,844,540 | \$ 82,807,840 | \$ 82,807,840 |
| Uses | | | | | | |
| By Department | | | | | | |
| Commissioners | \$ 41,700 | \$ 41,000 | \$ 82,700 | \$ 115,100 | \$ 230,800 | \$ 230,800 |
| Administrative Services | 1,131,900 | 1,107,100 | 2,239,000 | 1,075,900 | 2,176,300 | 2,176,300 |
| Planning & Development Services | 662,500 | 633,200 | 1,295,700 | 648,200 | 1,320,200 | 1,320,200 |
| Finance | 3,796,800 | 3,799,800 | 7,596,600 | 3,902,200 | 7,801,400 | 7,801,400 |
| Maintenance & Operations - Water | 6,984,300 | | 6,984,300 | 7,286,600 | 7,286,600 | 7,286,600 |
| Purchased Water | 14,284,600 | | 14,284,600 | 14,836,100 | 14,836,100 | 14,836,100 |
| Maintenance & Operations - Sewer | | 4,812,500 | 4,812,500 | 4,962,100 | 4,962,100 | 4,962,100 |
| Purchased Sewer Treatment | | 24,250,200 | 24,250,200 | 25,355,500 | 25,355,500 | 25,355,500 |
| Total Department Uses of Funds | \$ 26,901,800 | \$ 34,643,800 | \$ 61,545,600 | \$ 36,059,000 | \$ 63,969,000 | \$ 63,969,000 |
| Other Uses of Funds | | | | | | |
| Debt Service | \$ 4,639,227 | \$ 4,570,961 | \$ 9,210,188 | \$ 4,413,095 | \$ 9,227,226 | \$ 9,227,226 |
| Taxes | 1,323,000 | 394,000 | 1,717,000 | 414,000 | 1,803,000 | 1,803,000 |
| Capital Funding from Rates | 3,500,000 | 3,500,000 | 7,000,000 | 3,500,000 | 7,000,000 | 7,000,000 |
| Total Other Uses of Funds | \$ 9,462,227 | \$ 8,464,961 | \$ 17,927,188 | \$ 8,327,095 | \$ 18,030,226 | \$ 18,030,226 |
| Total - All Uses | \$ 36,364,027 | \$ 43,108,761 | \$ 79,472,788 | \$ 44,386,095 | \$ 81,999,226 | \$ 81,999,226 |
| Surplus / (Deficit) of Operating Funds | \$ 263,673 | \$ 25,079 | \$ 288,752 | \$ 458,445 | \$ 808,614 | \$ 808,614 |
| Ending Balances | | | | | | |
| Available Operating Funds | \$ 4,795,490 | \$ 16,804,055 | \$ 21,599,545 | \$ 17,396,338 | \$ 22,293,387 | \$ 22,293,387 |
| Operating Reserve | 6,633,320 | 5,694,865 | 12,328,186 | 5,927,482 | 12,809,393 | 12,809,393 |
| Rate Stabilization Reserve | 7,064,153 | 5,379,394 | 12,443,547 | 5,379,394 | 12,443,547 | 12,443,547 |
| Wholesale Rate Stabilization Reserve | 429,174 | | 429,174 | | 429,174 | 429,174 |
| Debt Reserves | 3,426,849 | 2,097,430 | 5,524,279 | 1,731,129 | 5,157,978 | 5,157,978 |
| Total - Ending Balances | \$ 22,348,986 | \$ 29,975,745 | \$ 52,324,731 | \$ 30,434,343 | \$ 53,133,479 | \$ 53,133,479 |

* The Wholesale Rate Stabilization Reserve only exists for wholesale water customers of the District. While the District does have wholesale sewer customers, the agreements with those customers do not call for the maintenance of a wholesale sewer rate stabilization reserve.

** General Facilities Charges (GFCs) for water service are split 50/50 between the capital and operating funds. GFCs for sewer service are allocated entirely to the capital fund.

**Alderwood Water & Wastewater District
2016-2017 Capital Improvement Plan Budgets
Exhibit B**

| | 2016 | | 2016 | | 2017 | | 2017 | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-----------------------------------|-----------------------------------|
| | Water Capital Plan Budget | Sewer Capital Plan Budget | Water Capital Plan Budget | Sewer Capital Plan Budget | Water Capital Plan Budget | Sewer Capital Plan Budget | AWWD Total Capital Plan Budget | AWWD Total Capital Plan Budget |
| Beginning Balances | | | | | | | | |
| Available Capital Funds | \$ 19,949,596 | \$ 19,529,022 | \$ 19,949,596 | \$ 19,529,022 | \$ 20,974,096 | \$ 18,589,122 | \$ 39,563,218 | \$ 39,563,218 |
| Capital Reserve | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 20,000,000 | 20,000,000 |
| Total - Beginning Balances | \$ 29,949,596 | \$ 29,529,022 | \$ 29,949,596 | \$ 29,529,022 | \$ 30,974,096 | \$ 28,589,122 | \$ 59,563,218 | \$ 59,563,218 |
| Sources | | | | | | | | |
| Transfer from Operating (Rates) | \$ 3,500,000 | \$ 3,500,000 | \$ 3,500,000 | \$ 3,500,000 | \$ 3,500,000 | \$ 3,500,000 | \$ 7,000,000 | \$ 7,000,000 |
| General Facilities Charges * | 893,400 | 1,984,200 | 893,400 | 1,984,200 | 919,900 | 2,043,100 | 2,963,000 | 2,963,000 |
| Contributions by Developers | 206,200 | 1,171,400 | 206,200 | 1,171,400 | 212,300 | 338,100 | 550,400 | 550,400 |
| Outside Funding (Bonds / Subsidized Loans) | 4,258,400 | - | 4,258,400 | - | 5,782,800 | - | 5,782,800 | 5,782,800 |
| Total - All Sources | \$ 8,858,000 | \$ 6,655,600 | \$ 8,858,000 | \$ 6,655,600 | \$ 10,415,000 | \$ 5,881,200 | \$ 16,296,200 | \$ 16,296,200 |
| Uses | | | | | | | | |
| Capital Projects | \$ 6,107,000 | \$ 5,753,000 | \$ 6,107,000 | \$ 5,753,000 | \$ 10,371,000 | \$ 5,048,000 | \$ 15,419,000 | \$ 15,419,000 |
| Capital Support Items | 1,213,500 | 1,213,500 | 1,213,500 | 1,213,500 | 206,000 | 206,000 | 412,000 | 412,000 |
| Franchise / Outside Agency Participation | 513,000 | 629,000 | 513,000 | 629,000 | 779,000 | 190,000 | 969,000 | 969,000 |
| Total - All Uses | \$ 7,833,500 | \$ 7,595,500 | \$ 7,833,500 | \$ 7,595,500 | \$ 11,356,000 | \$ 5,444,000 | \$ 16,800,000 | \$ 16,800,000 |
| Surplus / (Deficit) of Capital Funds | \$ 1,024,500 | \$ (939,900) | \$ 1,024,500 | \$ (939,900) | \$ (941,000) | \$ 437,200 | \$ (503,800) | \$ (503,800) |
| Ending Balances | | | | | | | | |
| Available Capital Reserve | \$ 20,974,096 | \$ 18,589,122 | \$ 20,974,096 | \$ 18,589,122 | \$ 20,033,040 | \$ 19,026,348 | \$ 39,059,388 | \$ 39,059,388 |
| Capital Reserve | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 20,000,000 | 20,000,000 |
| Total - Ending Balances | \$ 30,974,096 | \$ 28,589,122 | \$ 30,974,096 | \$ 28,589,122 | \$ 30,033,040 | \$ 29,026,348 | \$ 59,059,388 | \$ 59,059,388 |

* General Facilities Charges (GFCs) for water service are split 50/50 between the capital and operating funds. GFCs for sewer service are allocated entirely to the capital fund.