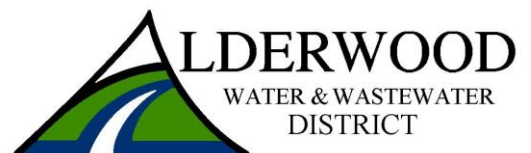


2018-2019 Adopted Budget



2018-2019 Adopted Budget Alderwood Water & Wastewater District

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



For the 2018 and 2019 Fiscal Years
(January 1 through December 31)

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Directory of Commissioners and Management

Current Board of Commissioners

Member	Position	Term Expires
Dean R. Lotz	President	December 31, 2019
Larry D. Jones	Vice-President	December 31, 2023
Paul D. McIntyre	Secretary	December 31, 2019
Donna J. Cross	Member	December 31, 2021
Michael R. Dixon	Member	December 31, 2023

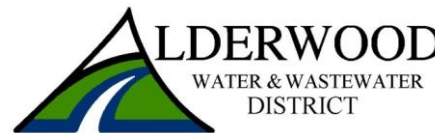
District Officials

Jeff Clarke	General Manager
Sridhar Krishnan	Finance Director
Joe Bolam	Director of Maintenance and Operations
John McClellan	Engineering and Development Director
Mike Pivec	Administrative Services Manager



Budget Message

November 6, 2017



Board of Commissioners

Alderwood Water & Wastewater District's Customers and Stakeholders:

District staff are pleased to present Alderwood Water & Wastewater District Proposed 2018-2019 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 provide reliable water and wastewater systems that serve our current and future ratepayers.

The Puget Sound region is facing residential and commercial growth at rates rarely if ever seen here. As Seattle and King County housing costs soar, development in south Snohomish County has intensified. Furthermore, there are no signs that this trend will abate any time soon. Light rail service will reach Lynnwood at the south end of our district in the early 2020's, and a station on 128th Street at our north end is expected to open in the 2030's. The traditional single-family nature of our area will increasingly intensify and building heights in several areas will push skyward.

These demands place new challenges on us as we strive to provide service to the community. During 2017 the District developed a Strategic Plan to help make decisions on what projects to pursue, and its influence will be seen throughout this Budget. We need more construction inspectors to keep up with development and assure that new infrastructure is properly installed for long-term service. As water lines installed in the early years of our existence begin to age out, we need engineers to plan and carry out their replacement and upsizing. Our capital program includes work to increase the capacity of the Picnic Point Treatment Facility, and to deliver more wastewater to it. And generally, we increasingly need staff to coordinate with other agencies and utilities as easements in dense developments get jammed full of pipes and wiring.

Doing this work efficiently, and responding quickly to public needs, demands a portfolio of modern technological tools. We are in the process of installing a comprehensive GIS system, which will be a significant component of a future asset management system. Staff is also preparing to take us into a document management system that will make us both more efficient and resilient to natural disasters.

The draft Budget being presented to you responds to all of these demands. It includes new staff positions to expand our capacity for capital projects, and to inspect work by developers. New staff to handle our IT needs are also requested, as well as staff in 2019 to develop easement maintenance and leak detection programs. The vehicle replacement program continues ahead as we analyze and update our fleet with the tool developed two years ago. We also include another Human Resources staff person to focus on training. In the highly competitive labor market we face, the District needs to provide staff with the training necessary to carry out their jobs.

While these additions will cost money up front, we expect them to contribute to the District's long-term efficiency and fiscal health. By all measures, our 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 revenue fluctuations. The rate increases adopted in 2016 have both increased revenue and better prepared us to weather flatter water usage, while generating few concerns from customers.

The table below summarizes the investments proposed in this budget to help modernize the utility and provide clean reliable water and wastewater services for a healthy community.

Category / Item	Comments	2018 Total	2019 Total
Information Technology			
Customer Service Software Improvements	Northstar Upgrade & business utilization review, Beacon Mobile solution	\$ 127,350	
WiFi Assessment and Implementation	Includes outside consulting on improvements, new hardware, support contract	121,000	16,000
Vehicle Tracking System	System will show real-time location of vehicles, equipment, and personnel	103,903	
CMMS System Upgrade	Upgrade to allow CMMS to work more effectively with upcoming GIS system	60,487	
SCADA- RA Factorytalk AssetCentre Software	For backup, archiving, disaster recovery for PLC, VFD drives, other devices		63,202
Facilities			
Office Space Modifications - Admin, M&O Buildings	Changes to workspace to accommodate proposed staff additions	\$ 154,268	
Lighting Upgrades for Energy Savings	Improvements at Admin and Treatment Plant; PUD rebate may follow	52,092	77,375
Satellite Inventory Storage	Installing storage containers at two sites for convenience, emergency preparation	37,530	19,909
Pump station 1 & 2 Site - Security Cameras	For added security at critical facility - Everett pump station site		121,769
Professional Services			
Asset Management Program - Consulting	Bringing consultants on board to help plan for Asset Management program	\$ 150,000	
Service of Electrical Gear- Pump Station 1	Factory service of medium voltage electrical gear; ideal to do this every 4-5 years	114,712	
Business process consulting	Lean process improvements, team building and coaching services	65,000	65,000
Cost of Service (COS)/Rate Study	Fiscal policies require performing a rate study every three years		125,000
Customer Service Survey	This version of the survey will target high-use customers - commercial, etc.		35,000
Staffing (New FTEs proposed in 2018-19 Budget)			
Two (2) Inspectors	Each to start 4/1/2018; increase capacity in development and capital inspection	\$ 196,235	\$ 247,849
Two (2) Engineers - Capital Projects Division	Each to start 7/1/2018; propped CIP assumes these FTEs are on board	171,355	316,474
Business Analyst / CMMS Administrator	To start 4/1/2018; focus on proper, consistent use of CMMS across District	92,222	126,651
IT Network Administrator	To start 4/1/2018: server mgmt, equip replacement, software mgmt & support, etc.	85,265	121,489
Planning Engineer	To start 2/1/2018; Living Plan updates; Outside agency work; Franchise / ILAs	156,984	174,086
Training Coordinator / HR Analyst	To start 4/1/2018; planning and logistical support for leadership, training programs	74,481	106,123
Admin Assistant - Engineering & Development Dept	To start 7/1/2018: support for CIP, development, inspection work groups	87,185	97,137
Two (2) Easement Maintenance utility workers	To start 1/1/2019, focus on clearing and maintaining District easements		170,175
Asset Management Program Manager	To start 1/1/2019; dedicated to advancing A.M. program after '18 facilitated process		153,562
Leak Detection utility worker	To start 7/1/2019, focus on reducing water loss using modern tools		47,394
Vehicles / Rolling Stock			
Replacement Vehicles - 2018	Replacing 8 fleet vehicles according to replacement program	\$ 639,470	
NEW - Electrical Department Cargo Trailer	For hauling heavy electrical testing equipment, supplies, etc.	8,730	
Replacement Vehicles - 2019	Replacing 5 fleet vehicles according to replacement program		427,005
NEW - Mini Excavator	Excavator to be used by proposed Easement Maintenance utility workers		89,900
NEW - Vehicle - Easement Maintenance Program	Vehicle for use by proposed Easement Maintenance utility workers		52,800
NEW - Vehicle - Leak Detection Program	Vehicle for use by proposed Leak Detection Utility Worker		43,935
Equipment / Tools			
Electrical / SCADA @ Treatment Plant	Electrical and SCADA spares, generator load bank, racking equipment, service	\$ 529,429	\$ 368,016
Replacement - CCTV Truck Components	Replacing old equipment, cameras, monitors, software; incl. installation and training	200,000	
NEW - Leak Detection Equipment	Correlating radio loggers - to be used by proposed leak detection utility worker	43,039	
NEW - generator load bank testing equipment	One additional reactive load bank to utilize in maintaining emergency generators	32,539	
NEW - Hydraulic Pipe Bursting Machine	Would allow for more efficient upgrades of long side services; lower asphalt costs	31,590	
Replacement - Air Compressors #3 & #4	Replacing two compressors from late 1990s, according to replacement program	29,810	30,415
Replacement - Chlorine, Fluoride Analyzers	Fluoride Analyzer for Everett Pump Station; Chlorine Analyzer to monitor levels	22,001	
Replacement - Sewer Equipment	Replacing Pump #2, Purchasing new Impellers for lift station redundancy	17,250	121,300
Replacement - Large Meter Repl Program	Upgrading old meters 3" and larger; 2 x 4" meters and 2 x 3" meters each year	17,000	17,000
Fitness Room Equipment Additions	Two new machines for staff fitness room	2,650	5,425
NEW - Directional Driller	Allows efficient upgrades of services in hard soil; prevents high asphalt repair costs		67,700
Annual Totals		\$ 3,423,577	\$ 3,307,692

Below you will find a summary of the proposed expenses for the coming two years, compared with 2016 and 2017 adopted budgets. As always, the District's two largest single expenditures are water purchases and purchased sewage treatment; those two items take up approximately 50% of the operating budget.

OPERATING FUND - Expenses paid from Current-Year Rate Revenue:

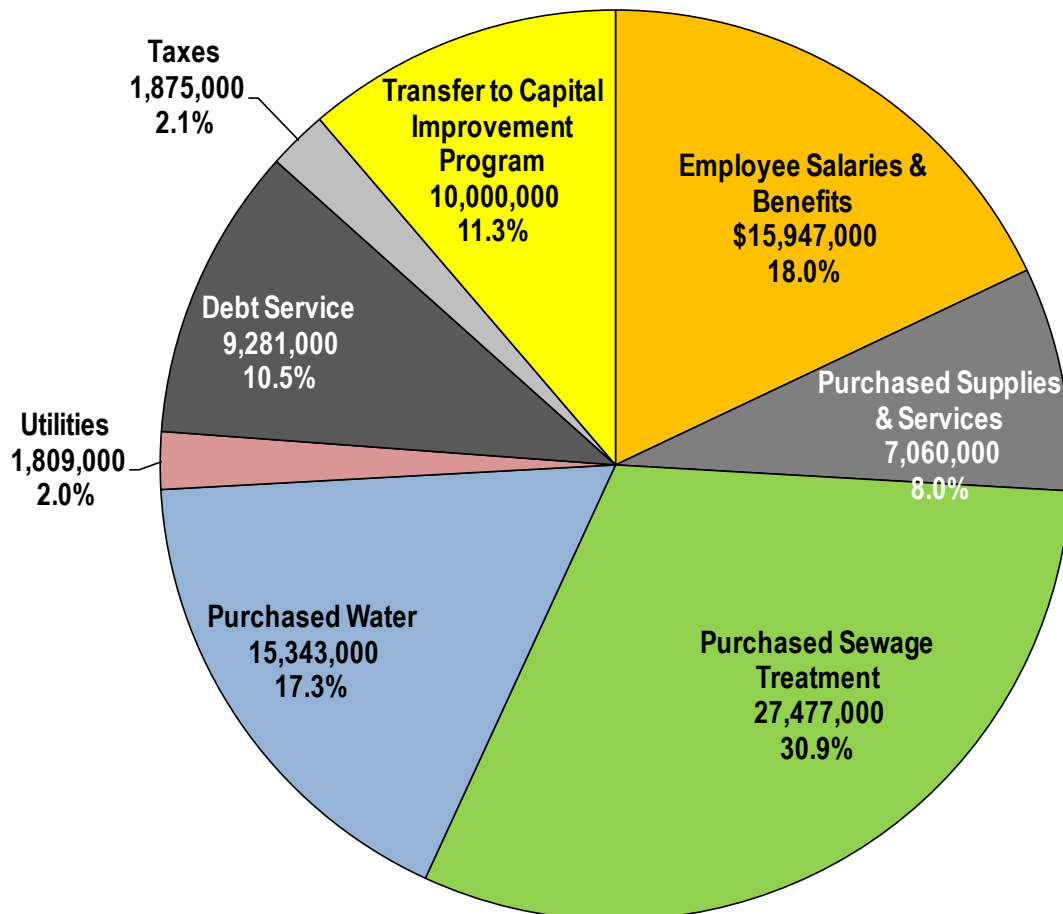
COMBINED OPERATING EXPENSES	Adopted Budget 2016	Adopted Budget 2017	% Change	Adopted Budget 2018	% Change	Adopted Budget 2019	% Change
Employee Salaries & Benefits	\$ 14,706,200	\$ 15,358,100	4.4%	\$ 15,947,000	3.8%	\$ 17,471,000	9.6%
Purchased Supplies & Services	6,584,800	6,557,000	-0.4%	6,435,000	-1.9%	6,787,000	5.5%
Purchased Sewage Treatment	24,350,000	30,205,500	24.0%	27,477,000	-9.0%	28,432,000	3.5%
Purchased Water	14,284,600	14,836,100	3.9%	15,343,000	3.4%	15,749,000	2.6%
Utilities	1,719,800	1,807,300	5.1%	1,809,000	0.1%	2,000,000	10.6%
Debt Service	9,210,000	9,227,000	0.2%	9,281,000	0.6%	9,589,000	3.3%
Taxes	1,717,000	1,803,000	5.0%	1,875,000	4.0%	1,968,000	5.0%
Transfer to Capital Improvement Program	7,000,000	7,000,000	0.0%	7,000,000	0.0%	6,000,000	-14.3%
TOTAL	\$ 79,572,400	\$ 86,794,000	9.1%	\$ 85,167,000	-1.9%	\$ 87,996,000	3.3%

OPERATING FUND - Additional Expenses paid from Available Cash:

COMBINED OPERATING EXPENSES	Adopted Budget 2016	Adopted Budget 2017	% Change	Adopted Budget 2018	% Change	Adopted Budget 2019	% Change
Transfer to Capital Improvement Program	-	-	n/a	3,000,000	n/a	4,500,000	50.0%
Purchased Supplies & Services (one-time costs)	-	-	n/a	625,000	n/a	358,000	-42.7%
TOTAL	\$ -	\$ -	n/a	\$ 3,625,000	n/a	\$ 4,858,000	34.0%

OPERATING FUND - Total Expenses

GRAND TOTAL	\$ 79,572,400	\$ 86,794,000	9.1%	\$ 88,792,000	2.3%	\$ 92,854,000	4.6%
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2018 Operating Fund Expense Budget - Water & Sewer Funds Combined

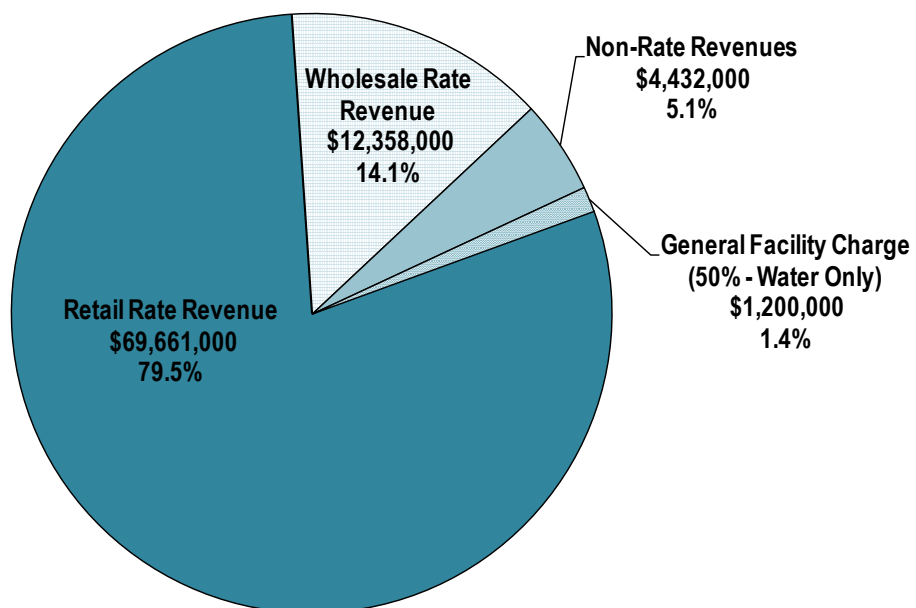
The proposed budget was developed with the understanding that the following factors could influence the District's actual expenditures in ways that are hard to predict at this point:

- External:
 - King County's North Creek Project, which upon completion will divert sewage currently flowing to Everett for treatment to King County's Brightwater treatment plant.
 - Everett Sewage Contract Negotiations are currently in progress and the outcome of the discussions could impact expenditures.
- Internal:
 - New Director of the Engineering & Development Department
 - Strategic Facilities Plan recommendations
 - Picnic Point Wastewater Treatment Plant Improvements
 - Asset Management Program -- The proposed program has the potential to change how the District is operated in the future.

Depending on the impact of the factors listed above, Staff might be bringing forward amendments to the Adopted 2018-2019 Budget for the Board's review and approval in the next two years.

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 2019. Once that is completed, we expect to meet with the Board to discuss long term rate strategies to assure support for necessary programs. In 2016 the Board adopted a series of rate changes--for 2017, 2018, and 2019--under the assumption that a variety of costs would go up in future years, and our current proposal does not require any further adjustment to those rates.

2018 Operating Revenue Budget - Water and Sewer Funds Combined



The adopted Budget includes a Capital Improvement Plan (CIP) for 2018 - 19. This is significantly larger than seen in recent years. The two-year CIP for 2016-17 totaled \$32 million. The adopted 2018-19 CIP comes to \$66.3 million. This includes three significant and expensive capital projects: the D-1 Transmission Line (\$6.7 million); Lift Station 23 and associated improvements ((\$16.2 million); and the Membrane Replacement project at the Picnic Point Treatment Plant (\$18 million). This reflects a focus on funding projects currently under contract and deemed to be high priority projects. A major goal of the next two years is to develop an Asset Management program at the District to inform future budgets and capital improvement programs while delivering services at the lowest reasonable cost over the long term.

In closing, Staff looks forward to discussing this proposed Budget with the Board. The proposed budget reflects the ongoing commitment to ensure that the District can meet the needs of the community today and in the future.

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 2016 was 26.6 mgd with a maximum day demand of 44.0 mgd. The following table shows historical demand for the water system:

	2012	2013	2014	2015	2016
Peak Flows (mgd)	40.8	44.6	46.6	51.4	44.0
Daily Average Flows (mgd)	26.8	27.5	27.2	27.9	26.6

Note: These peak and average numbers include all flows from Pump Stations 1 & 2 and the Clearview Pump Station. AWWD shares the flows from the Clearview Pump 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 2016, the District served 51,800 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 2016, the District served 39,100 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.

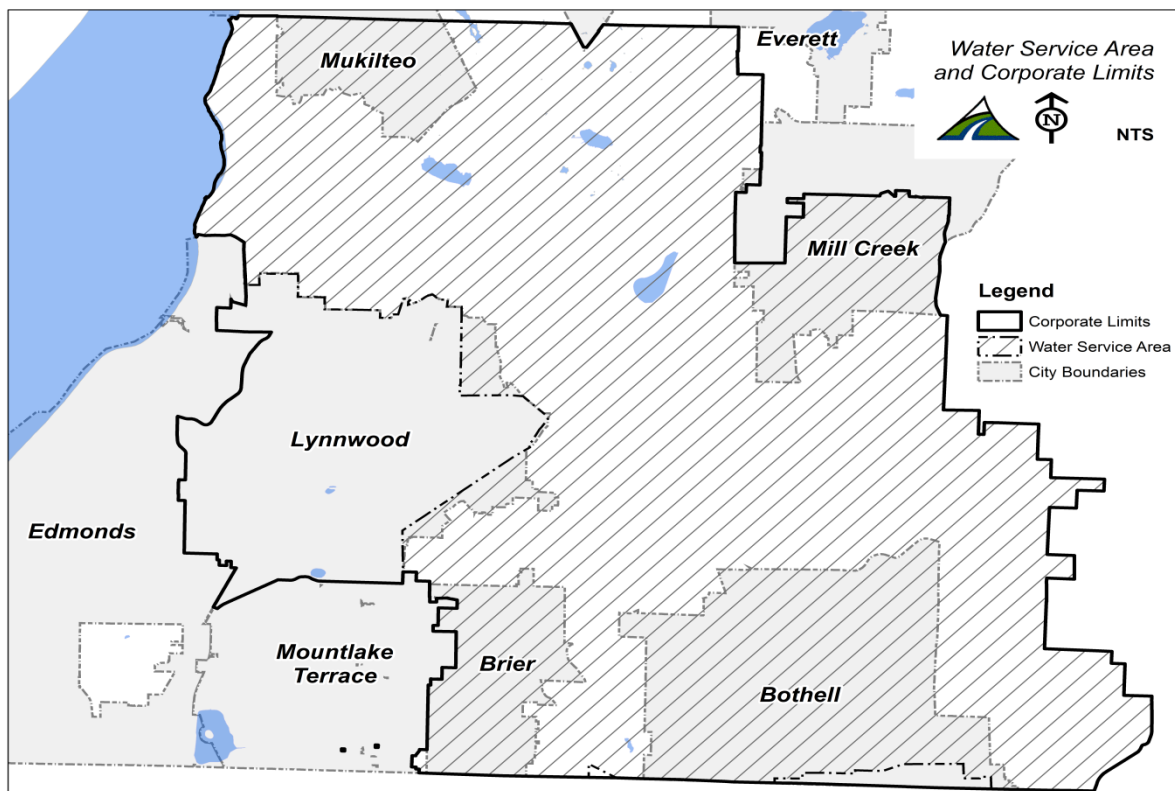
Of all District retail wastewater accounts, approximately 97% are residential. These accounts contribute approximately 81% of the total revenue in the Wastewater Fund. Approximately 13,000 properties within the District's wastewater service area have septic systems. As these septic systems fail with 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.

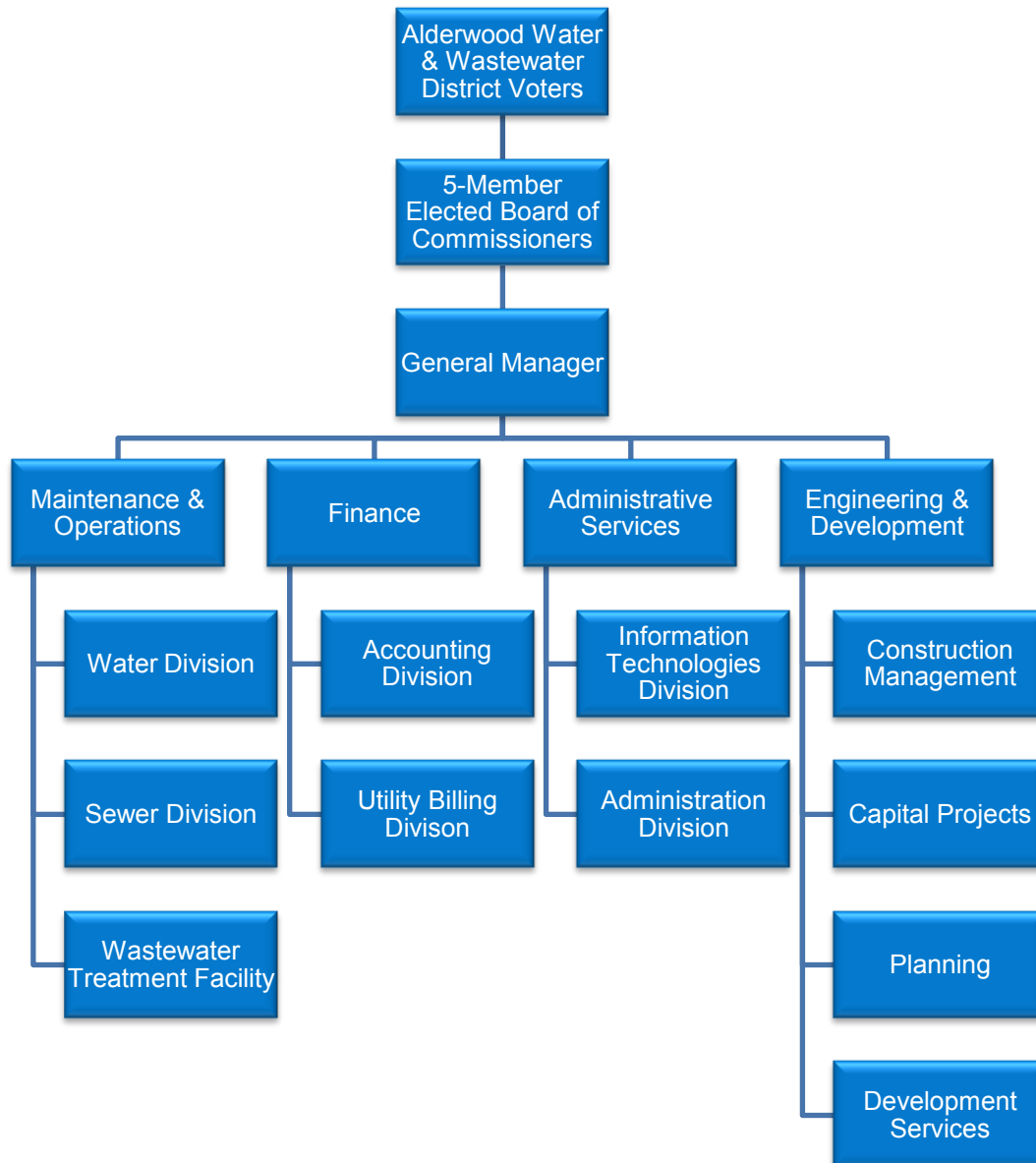
District Facilities: The District's renovated Picnic Point Wastewater Treatment Facility became fully operational in 2013. The expanded and state-of-the-art plant is capable of processing 4 million gallons a day ("mgd") and a maximum peak-hour flow of 8.8 mgd equivalent. The Picnic Point plant serves 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 12 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 450 miles of sanitary sewer mains and laterals for local collection and transmission to treatment facilities.

Water Service Area and Corporate Limits



Organizational Chart





Our Vision, Mission, and Values

Vision. Water for life, forever.

Mission. Clean, reliable water and wastewater services for a healthy community.

Values.

- **Integrity** means we do the right thing.
 - **Learning** drives our people and culture.
 - **Stewardship** because water is essential to life.
 - **Safety** as our employees and our community deserve care.
- Efficiency** enables us to deliver excellent value to our customers.

AWWD strives to build and maintain a system that will function for the next 100 years and beyond. We protect the natural environment, conserve water resources, and provide critical services, every day. This Strategic Plan is a guide to how we can best serve customers today and in the future.

Our world is changing.

Development, population growth, demographics, and technology affect the work we do and how we do it. To adapt to these changes and grow with the region, we must work in partnership with our communities and peers. We are evolving with our industry and strive to lead while learning from our peers and collaborating with our partners.

Our physical system is aging.

Some parts of the system need repair and others need replacement. We take a proactive, progressive approach to managing our infrastructure. As we develop a comprehensive infrastructure management program, we will minimize the cost of owning and operating our assets, all while delivering the high service levels our community expects.

Our commitment to the future.

Balancing our responsibility to future generations with our day-to-day demands isn't easy, which is why we developed this Strategic Plan to guide us. Delivering clean, safe drinking water and reliable wastewater services is important work, and we look forward to building on our current efforts... with forever in mind.

Strategic Plan Goals and Strategies

Serve You Today and Plan for Tomorrow

1. ***Serve You Today***

- A. Ensure our water is safe and reliable.
- B. Engage and communicate with today's customers.

2. ***Plan for Tomorrow***

- A. Maintain affordable and sustainable rates.
- B. Grow with the region.
- C. Take a leadership role in regional utility advocacy.
- D. Prepare for emergencies.
- E. Focus on resiliency.

Strengthen Our Foundation

3. ***Protect Our Water Supply***

- A. Continue to build our relationships with wholesale partners.
- B. Adapt our water and wastewater strategies to prepare for future regulations, conservation goals, and climate change.

4. ***Manage Our Information and Our Physical Assets***

- A. Develop and implement a comprehensive information management program.
- B. Develop and implement a formal and comprehensive asset management program.
- C. Expand the preventative maintenance program to increase asset life and reduce reactive maintenance.

5. ***Build a Learning Organization***

- A. Develop clear professional development pathways and mentoring opportunities.
- B. Establish a formal succession planning program.
- C. Strive for continuous improvement



Budget Overview



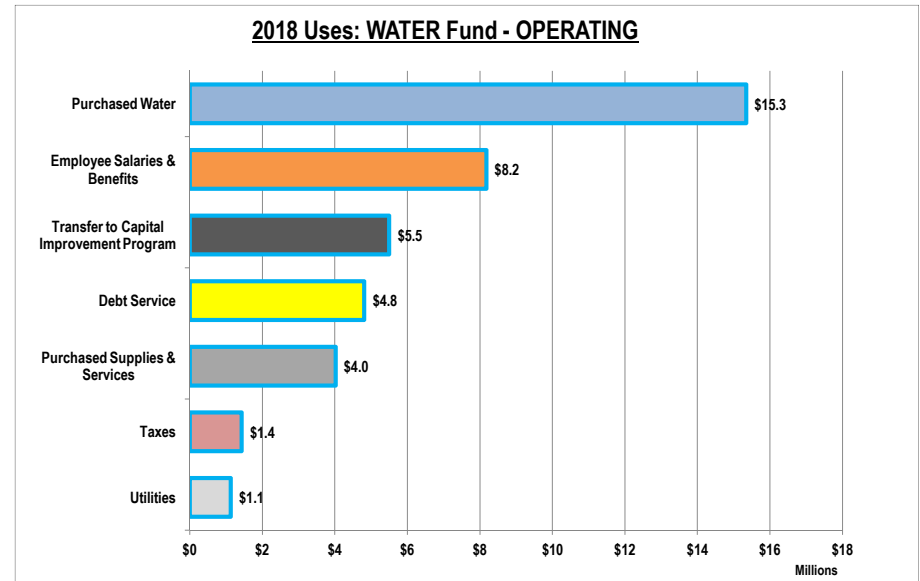
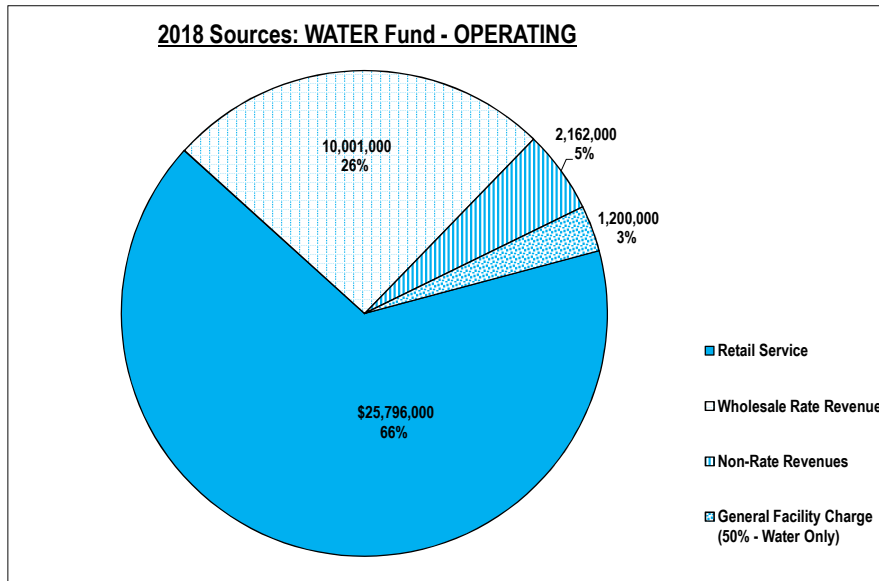
Summary Statement

Water Funds

	2017 Water Estimated Actual	2018 Water Adopted Budget	% Change	2019 Water Adopted Budget	% Change
OPERATING BUDGET					
<u>Sources of Funds (Revenue)</u>					
Retail Rate Revenue	\$ 24,453,000	\$ 25,796,000	5%	\$ 26,763,000	4%
Wholesale Rate Revenue	9,627,000	10,001,000	4%	10,308,000	3%
Non Rate Revenue	2,010,000	2,162,000	8%	2,178,000	1%
General Facilities Charges (operating - 50%)	1,713,000	1,200,000	-30%	1,260,000	5%
Total Sources of Funds - Operating	\$ 37,803,000	\$ 39,159,000	4%	\$ 40,509,000	3%
<u>Uses of Funds (Expenses)</u>					
Operating Expenses paid from Current-Year Revenue					
Employee Salaries & Benefits	\$ 7,561,000	\$ 8,178,000	8%	\$ 8,977,000	10%
Purchased Supplies & Services	3,448,000	3,663,000	6%	3,832,000	5%
Purchased Water	14,093,000	15,343,000	9%	15,749,000	3%
Utilities	1,071,000	1,129,000	5%	1,187,000	5%
Debt Service	4,814,000	4,810,000	0%	3,103,000	-35%
Taxes	1,382,000	1,434,000	4%	1,488,000	4%
Transfer to Capital Improvement Program (CIP)	3,500,000	4,000,000	14%	4,000,000	0%
Total - Operating Expenses paid from Current-Year Revenue	\$ 35,869,000	\$ 38,557,000	7%	\$ 38,336,000	-1%
Surplus / (Deficit) of Current-Year Operating Funds	1,934,000	602,000		2,173,000	
Transfer to CIP (paid from Available Balance)	\$ -	\$ 1,500,000	n/a	\$ 2,000,000	33%
One-Time Supplies & Services (paid from Available Balance)	-	357,000	n/a	140,000	-61%
Total Operating Uses of Funds	\$ 35,869,000	\$ 40,414,000	13%	\$ 40,476,000	0%
CAPITAL BUDGET					
<u>Sources of Funds (Revenue)</u>					
Transfer from Current-Year Rate Revenue	\$ 3,500,000	\$ 4,000,000	14%	\$ 4,000,000	0%
Transfer from Operating Fund Available Balance	-	1,500,000	n/a	2,000,000	33%
General Facilities Charges (capital - 50%)	1,713,000	1,200,000	-30%	1,260,000	5%
Other Revenue - Developer Fees, Interest	203,000	790,000	289%	772,000	-2%
State Revolving Fund Proceeds	203,000	5,486,000	2602%	608,000	-89%
Total Sources of Funds - Capital	\$ 5,619,000	\$ 12,976,000	131%	\$ 8,640,000	-33%
<u>Uses of Funds (Expenses)</u>					
Meters	\$ -	\$ 17,000	n/a	\$ 47,000	176%
Distribution	1,169,000	3,737,000	220%	1,187,000	-68%
Transmission	1,195,000	6,337,000	430%	2,788,000	-56%
Pump Stations	-	25,000	n/a	347,000	1288%
ACV & PRVs	78,000	1,287,000	1550%	3,338,000	n/a
Storage	457,000	25,000	-95%	2,528,000	n/a
Supply	21,000	100,000	376%	100,000	0%
Capital Support Items	713,000	874,000	23%	501,000	-43%
Franchise & Outside Agency	592,000	1,959,000	231%	582,000	-70%
Total Uses of Funds - Capital	\$ 4,225,000	\$ 14,361,000	240%	\$ 11,418,000	-20%
Surplus / (Deficit) of Current-Year Capital Funds	1,394,000	(1,385,000)		(2,778,000)	

2018 Summary of Sources of Uses

Water Fund - OPERATING



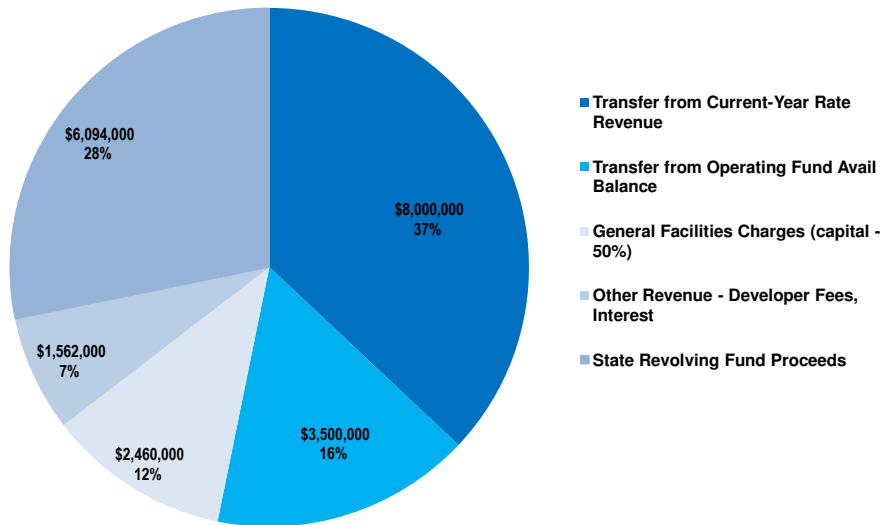
NOTES:

- In the above chart, "Transfers to Capital Improvement Program" includes \$1.5 million transferred from existing available cash balance (this is in addition to the \$4.0 million transferred from 2018 rate revenue).










- In the above chart, "Purchased Supplies & Services" includes \$357,000 in one-time purchases of supplies and services paid from existing available cash balance (this is in addition to the \$3.66 million in regular/ongoing purchases of supplies and services paid from 2018 rate revenue).

2018-2019 Capital Improvement Program - WATER

Sources of Funds for 2018 - 2019 Capital Improvement Program



2018 - 2019 Capital Improvement Program - WATER

	2018 Budget	2019 Budget	2018-19 Total
 Meters	\$ 17,000	\$ 47,000	\$ 64,000
 Distribution	3,737,000	1,187,000	4,924,000
 Transmission	6,337,000	2,788,000	9,125,000
 Pump Stations	25,000	347,000	372,000
 ACV & PRVs	1,287,000	3,338,000	4,625,000
 Storage	25,000	2,528,000	2,553,000
 Supply	100,000	100,000	200,000
 Capital Support Items	874,000	501,000	1,375,000
 Franchise & Outside Agency	1,959,000	582,000	2,541,000
TOTAL	\$ 14,361,000	\$ 11,418,000	\$ 25,779,000

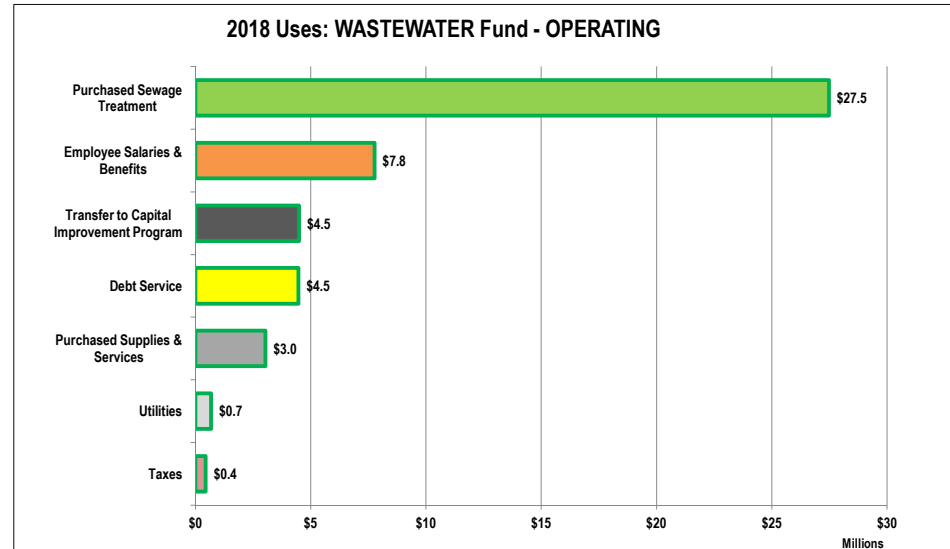
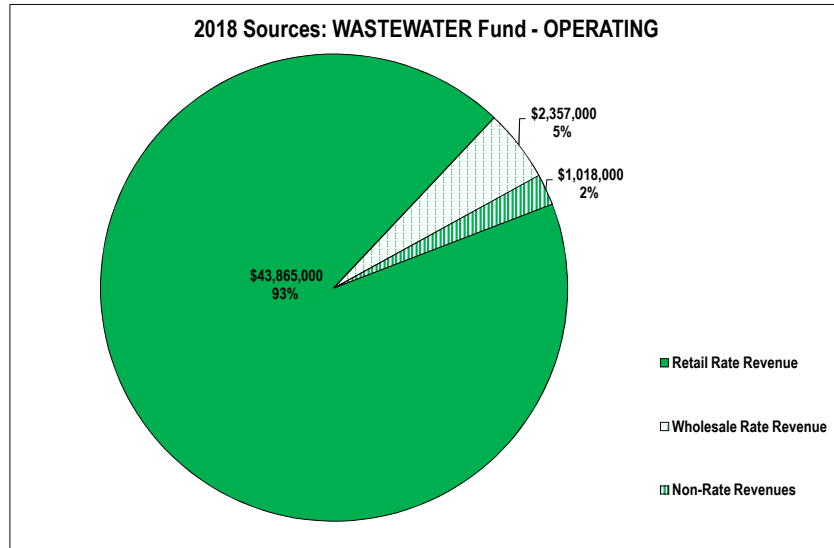
Summary Statement

Wastewater Funds

	2017 Wastewater Estimated Actual	2018 Wastewater Adopted Budget	% Change	2019 Wastewater Adopted Budget	% Change
OPERATING BUDGET					
Sources of Funds (Revenue)					
Retail Rate Revenue	\$ 40,980,000	\$ 43,865,000	7%	\$ 46,498,000	6%
Wholesale Rate Revenue	2,316,000	2,357,000	2%	2,435,000	3%
Non Rate Revenue	1,179,000	1,018,000	-14%	1,018,000	0%
Total Sources of Funds - Operating	\$ 44,475,000	\$ 47,240,000	6%	\$ 49,951,000	6%
Uses of Funds (Expenses)					
Operating Expenses paid from Current-Year Revenue					
Employee Salaries & Benefits	\$ 7,020,000	\$ 7,769,000	11%	\$ 8,494,000	9%
Purchased Supplies & Services	2,589,000	2,772,000	7%	2,955,000	7%
* Purchased Sewage Treatment	30,157,000	27,477,000	-9%	28,432,000	3%
Utilities	615,000	680,000	11%	813,000	20%
Debt Service	4,479,000	4,471,000	0%	6,486,000	45%
Taxes	401,000	441,000	10%	480,000	9%
Rate-Funded Capital Transfer	3,500,000	3,000,000	-14%	2,000,000	-33%
Total - Operating Expenses paid from Current-Year Revenue	\$ 48,761,000	\$ 46,610,000	-4%	\$ 49,660,000	7%
Surplus / (Deficit) of Current-Year Operating Funds	(4,286,000)	630,000		291,000	
Transfer to CIP (paid from Available Balance)	\$ -	\$ 1,500,000	n/a	\$ 2,500,000	67%
One-Time Supplies & Services (paid from Available Balance)	-	268,000	n/a	218,000	-19%
Total Operating Uses of Funds	\$ 48,761,000	\$ 48,378,000	-1%	\$ 52,378,000	8%
CAPITAL BUDGET					
Sources of Funds (Revenue)					
Transfer from Current-Year Rate Revenue	3,500,000	3,000,000	-14%	2,000,000	-33%
Transfer from Operating Fund Avail Balance	-	1,500,000	n/a	2,500,000	67%
General Facilities Charges	3,286,000	4,190,000	28%	4,441,000	6%
Other Revenue - Developer Fees, Interest	254,000	933,000	267%	518,000	-44%
Outside Funding (Bonds / Loans)	-	-	n/a	-	n/a
Total Sources of Funds - Capital	\$ 7,040,000	\$ 9,623,000	37%	\$ 9,459,000	-2%
Uses of Funds (Expenses)					
Laterals	\$ 149,000	\$ -	-100%	\$ -	n/a
Mains	2,691,000	5,360,000	99%	1,756,000	-67%
Trunks	995,000	343,000	-66%	2,796,000	715%
Lift Stations & Force mains	576,000	7,306,000	1168%	932,000	-87%
Wastewater Treatment	1,135,000	19,518,000	1620%	534,000	-97%
Capital Support Items	624,000	999,000	60%	578,000	-42%
Franchise & Outside Agency	65,000	240,000	269%	200,000	-17%
Total Uses of Funds - Capital	\$ 6,235,000	\$ 33,766,000	442%	\$ 6,796,000	-80%
Surplus / (Deficit) of Current-Year Capital Funds	\$ 805,000	\$ (24,143,000)		\$ 2,663,000	

* A \$3.24 Million one-time corrective payment to King County was recorded in 2017. This payment covered the cost of previously unreported AWWD customers whose wastewater flows are sent to King County for treatment.

2018 Summary of Sources of Uses Wastewater Fund - OPERATING



NOTES:

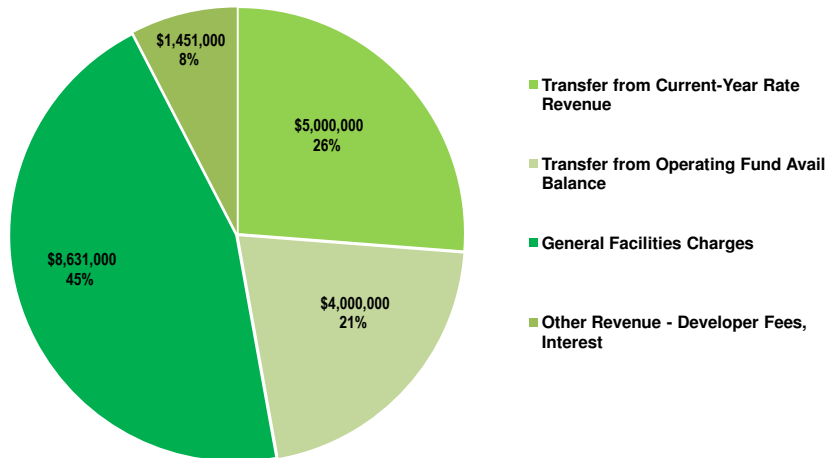
- In the above chart, "Transfers to Capital Improvement Program" includes \$1.5 million transferred from existing available cash balance (this is in addition to the \$3.0 million transferred from 2018 rate revenue).

- In the above chart, "Purchased Supplies & Services" includes \$268,000 in one-time purchases of supplies and services paid from existing available cash balance (this is in addition to the \$2.77 million in regular/ongoing purchases of supplies and services paid from 2018 rate revenue).








Summary of Sources of Uses

2018-2019 Capital Improvement Program - WASTEWATER

Sources of Funds for 2018 - 2019 Capital Improvement Program

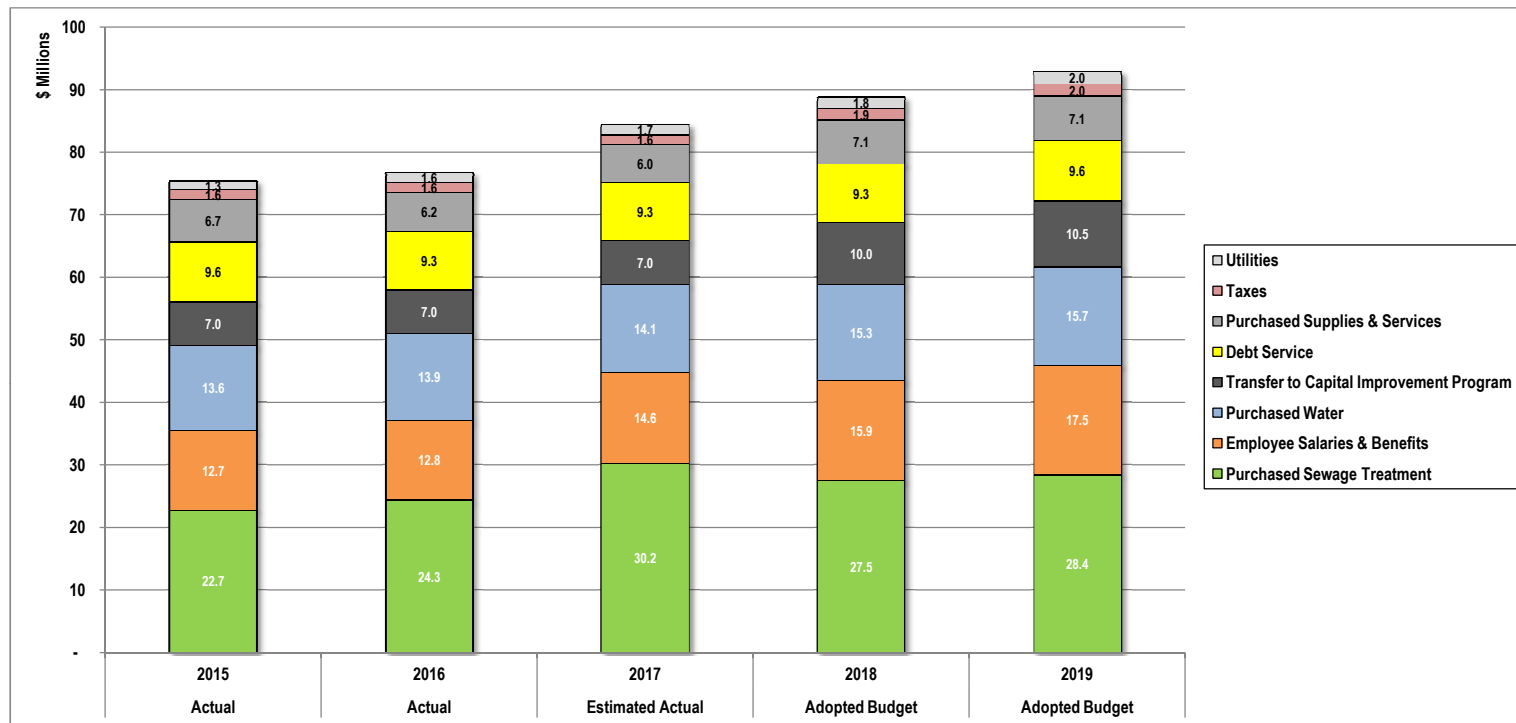


2018 - 2019 Capital Improvement Program - WASTEWATER

	2018 Budget	2019 Budget	2018-19 Total
 Laterals	\$ -	\$ -	\$ -
 Mains	5,360,000	1,756,000	7,116,000
 Trunks	343,000	2,796,000	3,139,000
 Lift Stations & Force mains	7,306,000	932,000	8,238,000
 Wastewater Treatment	19,518,000	534,000	20,052,000
 Capital Support Items	999,000	578,000	1,577,000
 Franchise & Outside Agency	240,000	200,000	440,000
TOTAL	\$ 33,766,000	\$ 6,796,000	\$ 40,562,000

Five-Year Operating Expense Summary - Water and Wastewater Funds Combined

COMBINED OPERATING EXPENSES	Actual 2015	Actual 2016	% Change	Estimated Actual 2017	% Change	Adopted Budget 2018	% Change	Adopted Budget 2019	% Change
Employee Salaries & Benefits	\$ 12,653,000	\$ 12,789,000	1.1%	\$ 14,582,000	14.0%	\$ 15,947,000	9.4%	\$ 17,471,000	9.6%
Purchased Supplies & Services	6,724,000	6,222,000	-7.5%	6,037,000	-3.0%	7,060,000	16.9%	7,145,000	1.2%
Purchased Sewage Treatment	22,741,000	24,330,000	7.0%	30,157,000	23.9%	27,477,000	-8.9%	28,432,000	3.5%
Purchased Water	13,636,000	13,868,000	1.7%	14,093,000	1.6%	15,343,000	8.9%	15,749,000	2.6%
Utilities	1,345,000	1,611,000	19.8%	1,685,000	4.6%	1,809,000	7.4%	2,000,000	10.6%
Debt Service	9,627,000	9,297,000	-3.4%	9,293,000	0.0%	9,281,000	-0.1%	9,589,000	3.3%
Taxes	1,628,000	1,587,000	-2.5%	1,574,000	-0.8%	1,875,000	19.1%	1,968,000	5.0%
Transfer to Capital Improvement Program	7,000,000	7,000,000	0.0%	7,000,000	0.0%	10,000,000	42.9%	10,500,000	5.0%
TOTAL	\$ 75,354,000	\$ 76,704,000	1.8%	\$ 84,421,000	10.1%	\$ 88,792,000	5.2%	\$ 92,854,000	4.6%



NOTES - 2018:

- "Transfers to Capital Improvement Program" in 2018 includes \$3.0 million transferred from available operating cash balance (this is in addition to the \$7.0 million transferred from 2018 rate revenue).
- "Purchased Supplies & Services" in 2018 includes \$625,000 in one-time purchases of supplies and services paid from existing available cash balance (this is in addition to the \$6.44 million in regular/ongoing purchases of supplies and services paid from 2018 rate revenue).

NOTES - 2019:

- "Transfers to Capital Improvement Program" in 2019 includes \$4.5 million transferred from available operating cash balance (this is in addition to the \$6.0 million transferred from 2019 rate revenue).
- "Purchased Supplies & Services" in 2019 includes \$358,000 in one-time purchases of supplies and services paid from existing available cash balance (this is in addition to the \$6.79 million in regular/ongoing purchases of supplies and services paid from 2018 rate revenue).

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	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Revenues											
Annual Growth in Number of Retail Connections:											
- Single-Family	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%
- Multi-Family	based on historical growth rates	0.7%	0.7%	1.0%	1.0%	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%
- Commercial	based on historical growth rates	2.0%	2.0%	1.0%	1.0%	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Retail Rate Increase Factor	used modeling to predict future revenue requirements	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Wholesale Rate Increase Factor	based on purchased water inflation projections (see below)	1.7%	2.3%	3.0%	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	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expenses											
Purchased Power Inflation Factor	based on predictions from Snohomish PUD* and historical rates	5.4%	5.1%	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**	1.7%	2.3%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

WASTEWATER-Specific	Source	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Revenues											
Annual Growth in Number of Retail Connections:											
- Single-Family	based on historical growth rates	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.0%	2.0%	2.0%	2.0%
- Multi-Family	based on historical growth rates	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	2.0%	2.0%	2.0%	2.0%
- Commercial	based on historical growth rates	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	2.0%	2.0%	2.0%	2.0%
Retail Rate Increase Factor	used modeling to predict future revenue requirements	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Wholesale Rate Increase Factor	based on King County purchased treatment projections (see below)	0.0%	3.7%	0.0%	2.6%	2.6%	2.0%	2.0%	2.0%	2.0%	2.0%
Wholesale Customer Growth Factor	based on historical rate, assumes new customers using more	1.0%	1.0%	1.0%	1.0%	1.0%	1.5%	1.5%	1.5%	1.5%	1.5%
Expenses											
Purchased Power Inflation Factor	based on predictions from Snohomish PUD and historical rates	4.0%	4.0%	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%	3.7%	0.0%	2.6%	2.6%	2.0%	2.0%	2.0%	2.0%	2.0%
Purchased Sewage Treatment - City of Everett ***	based on projections from City of Everett, historical increases	6.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

DISTRICT-WIDE EXPENSES	Source	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
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%
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%
Medical Benefits Inflation Factor	based on historical increases	4.0%	9.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
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%
Wages Increase Factor (COLA)	based on 6-year average of Seattle area Consumer Price Index	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.5%	2.5%	2.5%	2.5%

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

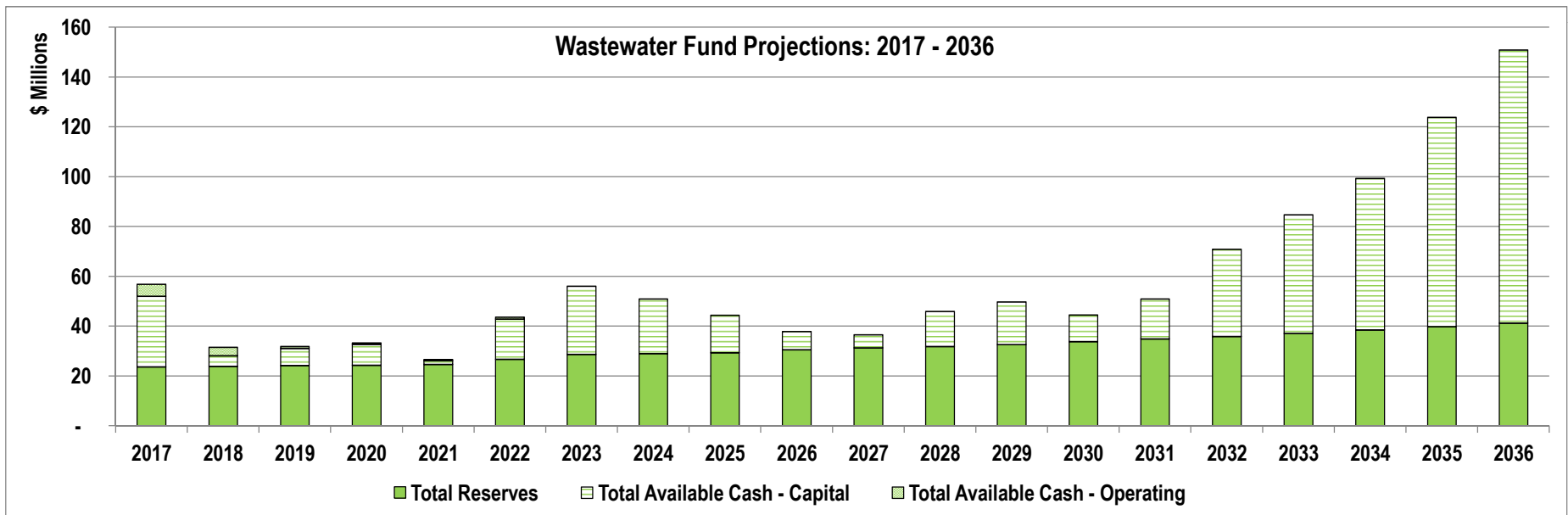
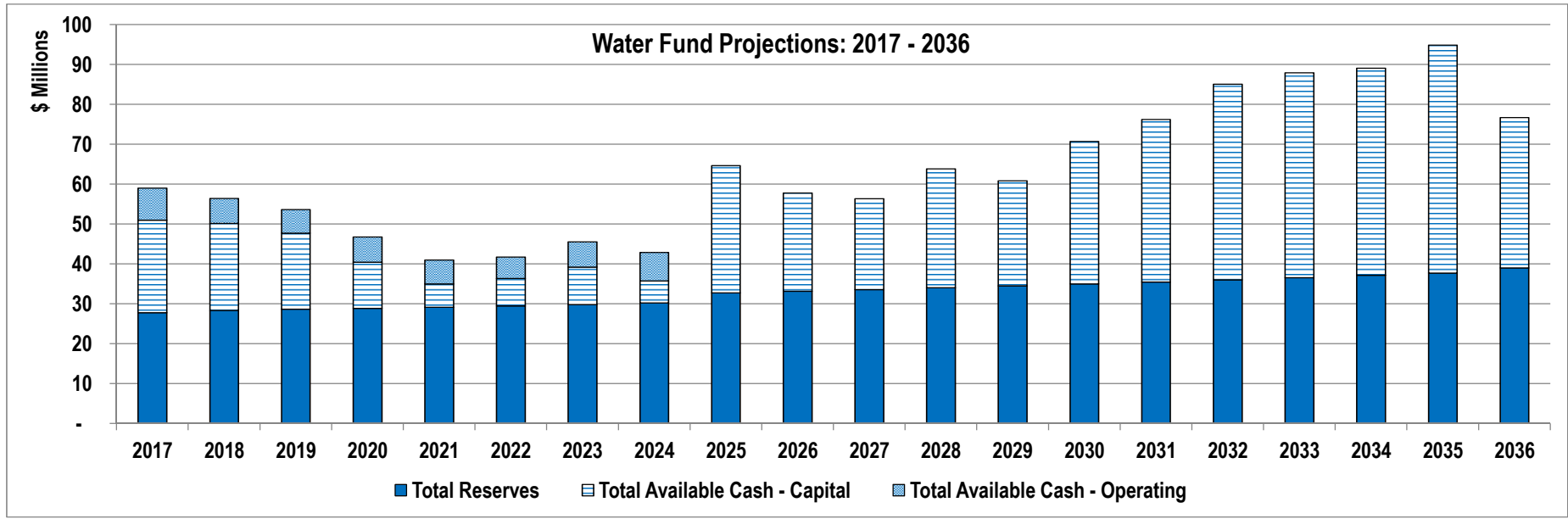
** The District purchases all of its water from the City of Everett.

*** 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.

Long-Range Financial Plan - Projected Balances by Fund, 2017-2036



Sources and Uses of Funds - WATER - Operating and Capital

2017-2027 Budgeted and Projected Long-Range Plan

	2017 Estimated Actual	2018 Adopted Budget	2019 Adopted Budget	2020 Projected
Beginning Balances				
Operating Fund Balance (incl. Operating Reserve & Available Cash)	\$ 12,914,000	\$ 14,847,000	\$ 13,591,000	\$ 13,624,000
Capital Fund Balance (incl. Capital Reserve & Available Cash)	31,811,000	33,206,000	31,822,000	29,032,000
Rate Stabilization Reserve	7,064,000	7,064,000	7,064,000	7,064,000
Wholesale Rate Stabilization Reserve (Water Only)	345,000	345,000	345,000	345,000
Debt Reserves	3,590,000	3,590,000	3,590,000	3,590,000
Total Beginning Balances	\$ 55,724,000	\$ 59,052,000	\$ 56,412,000	\$ 53,655,000

OPERATING BUDGET

Operating Sources of Funds (Revenue)

<u>Operating Revenue - Rates and Charges</u>				
Retail Rate Revenue	\$ 24,453,000	\$ 25,796,000	\$ 26,763,000	\$ 27,754,000
Wholesale Rate Revenue	9,627,000	10,001,000	10,308,000	10,754,000
Non Rate Revenue	2,010,000	2,162,000	2,178,000	2,217,000
General Facilities Charges (operating - 50%)	1,713,000	1,200,000	1,260,000	1,289,000
Total Operating Sources of Funds	\$ 37,803,000	\$ 39,159,000	\$ 40,509,000	\$ 42,014,000

Operating Uses of Funds

<u>Operating Expenses paid from Current-Year Revenue</u>				
Employee Salaries & Benefits	\$ 7,561,000	\$ 8,178,000	\$ 8,977,000	\$ 9,158,000
Purchased Supplies & Services	3,448,000	3,663,000	3,832,000	3,863,000
Purchased Water	14,093,000	15,343,000	15,749,000	16,127,000
Utilities	1,071,000	1,129,000	1,187,000	1,209,000
Total Operating Uses of Funds - By Category	\$ 26,173,000	\$ 28,313,000	\$ 29,745,000	\$ 30,357,000

Other District-Wide Operating Uses of Funds

Taxes	\$ 1,382,000	\$ 1,434,000	\$ 1,488,000	\$ 1,545,000
Transfer to Capital From Current-Year Rate Revenue	3,500,000	4,000,000	4,000,000	4,500,000
Debt Service - Existing	4,814,000	4,810,000	3,103,000	2,896,000
Debt Service - New / Proposed Debt	-	-	-	-
Total Other District-Wide Operating Uses of Funds	\$ 9,696,000	\$ 10,244,000	\$ 8,591,000	\$ 8,941,000

Total Uses of Funds - Operating

	\$ 35,869,000	\$ 38,557,000	\$ 38,336,000	\$ 39,298,000
Surplus/(Deficit) of Operating Funds	\$ 1,934,000	\$ 602,000	\$ 2,173,000	\$ 2,716,000

Add'l Transfer to Capital From Available Operating Cash Balance	\$ -	\$ 1,500,000	\$ 2,000,000	\$ 2,000,000
One-time non-Capital purchases paid from Avail Operating Cash	\$ -	\$ 357,000	\$ 140,000	\$ 150,000

CAPITAL PROGRAM BUDGET

Capital Sources of Funds

Transfer from Current-Year Rate Revenue	\$ 3,500,000	\$ 4,000,000	\$ 4,000,000	\$ 4,500,000
Transfer from Operating Fund Avail Balance	-	1,500,000	2,000,000	2,000,000
General Facilities Charges (capital - 50%)	1,713,000	1,200,000	1,260,000	1,289,000
Other Revenue - Interest, Capital Contributions	203,000	790,000	772,000	730,000
State Revolving Fund Proceeds	203,000	5,486,000	608,000	-
Revenue Bond Proceeds	-	-	-	-
Total Capital Sources of Funds	\$ 5,619,000	\$ 12,976,000	\$ 8,640,000	\$ 8,519,000

Capital Uses of Funds

Meters	\$ -	\$ 17,000	\$ 47,000	\$ 515,000
Distribution	1,169,000	3,737,000	1,187,000	2,716,000
Transmission	1,195,000	6,337,000	2,788,000	5,383,000
Pump Stations	-	25,000	347,000	260,000
ACV & PRVs	78,000	1,287,000	3,338,000	1,336,000
Storage	457,000	25,000	2,528,000	2,475,000
Supply	21,000	100,000	100,000	579,000
Capital Support Items	713,000	874,000	501,000	1,260,000
Franchise & Outside Agency	592,000	1,959,000	582,000	1,406,000
Total Capital Uses of Funds	\$ 4,225,000	\$ 14,361,000	\$ 11,418,000	\$ 15,930,000
Surplus/(Deficit) of Capital Funds	\$ 1,394,000	\$ (1,385,000)	\$ (2,778,000)	\$ (7,411,000)

Ending Balances

Operating Fund Balance (incl. Operating Reserve & Available Cash)	\$ 14,848,000	\$ 13,592,000	\$ 13,624,000	\$ 14,190,000
Capital Fund Balance (incl. Capital Reserve & Available Cash)	33,205,000	31,821,000	29,044,000	21,621,000
Rate Stabilization Reserve - Retail	7,064,000	7,064,000	7,064,000	7,064,000
Rate Stabilization Reserve - Wholesale (Water Only)	345,000	345,000	345,000	345,000
Debt Reserves	3,590,000	3,590,000	3,590,000	3,590,000
Total Ending Balances	\$ 10,999,000	\$ 10,999,000	\$ 10,999,000	\$ 10,999,000

Target Minimum - Operating Fund Balance (90 Day Reserve)	\$ 6,794,000	\$ 7,329,000	\$ 7,689,000	\$ 7,846,000
Target Minimum - Capital Fund Balance (Capital Reserve)	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000

Budget Overview



2021	2022	2023	2024	2025	2026	2027
Projected	Projected	Projected	Projected	Projected	Projected	Projected
\$ 14,189,000	\$ 14,161,000	\$ 13,903,000	\$ 15,185,000	\$ 16,354,000	\$ 9,622,000	\$ 10,031,000
21,620,000	15,839,000	16,829,000	19,386,000	15,516,000	41,904,000	34,618,000
7,064,000	7,064,000	7,064,000	7,064,000	7,064,000	7,064,000	7,064,000
345,000	345,000	345,000	345,000	345,000	345,000	345,000
3,590,000	3,590,000	3,590,000	3,590,000	3,590,000	5,718,000	5,718,000
\$ 46,808,000	\$ 40,999,000	\$ 41,731,000	\$ 45,570,000	\$ 42,869,000	\$ 64,653,000	\$ 57,776,000

\$ 28,781,000	\$ 29,847,000	\$ 30,995,000	\$ 32,187,000	\$ 33,426,000	\$ 34,712,000	\$ 36,048,000
11,224,000	11,723,000	12,287,000	12,885,000	13,517,000	14,186,000	14,897,000
2,266,000	2,305,000	2,343,000	2,409,000	2,473,000	2,432,000	2,486,000
1,353,000	1,420,000	1,574,000	1,653,000	1,737,000	1,824,000	1,916,000
\$ 43,624,000	\$ 45,295,000	\$ 47,199,000	\$ 49,134,000	\$ 51,153,000	\$ 53,154,000	\$ 55,347,000

\$ 9,531,000	\$ 9,929,000	\$ 10,354,000	\$ 10,839,000	\$ 11,359,000	\$ 11,915,000	\$ 12,512,000
3,962,000	4,115,000	4,145,000	4,264,000	4,416,000	4,499,000	4,576,000
16,851,000	17,614,000	18,421,000	19,265,000	20,148,000	21,071,000	22,036,000
1,256,000	1,305,000	1,357,000	1,411,000	1,467,000	1,525,000	1,585,000
\$ 31,600,000	\$ 32,963,000	\$ 34,277,000	\$ 35,779,000	\$ 37,390,000	\$ 39,010,000	\$ 40,709,000

\$ 1,605,000	\$ 1,667,000	\$ 1,737,000	\$ 1,807,000	\$ 1,881,000	\$ 1,957,000	\$ 2,037,000
4,500,000	5,000,000	5,000,000	5,500,000	5,500,000	6,000,000	6,000,000
2,792,000	2,764,000	2,738,000	2,709,000	2,677,000	2,644,000	2,610,000
-	-	-	-	2,128,000	2,128,000	2,128,000
\$ 8,897,000	\$ 9,431,000	\$ 9,475,000	\$ 10,016,000	\$ 12,186,000	\$ 12,729,000	\$ 12,775,000

\$ 40,497,000	\$ 42,394,000	\$ 43,752,000	\$ 45,795,000	\$ 49,576,000	\$ 51,739,000	\$ 53,484,000
\$ 3,127,000	\$ 2,901,000	\$ 3,447,000	\$ 3,339,000	\$ 1,577,000	\$ 1,415,000	\$ 1,863,000

\$ 3,000,000	\$ 3,000,000	\$ 2,000,000	\$ 2,000,000	\$ 8,133,000	\$ 827,000	\$ 1,248,000
\$ 155,000	\$ 160,000	\$ 165,000	\$ 170,000	\$ 175,000	\$ 180,000	\$ 185,000

\$ 4,500,000	\$ 5,000,000	\$ 5,000,000	\$ 5,500,000	\$ 5,500,000	\$ 6,000,000	\$ 6,000,000
3,000,000	3,000,000	2,000,000	2,000,000	8,133,000	827,000	1,248,000
1,353,000	1,420,000	1,574,000	1,653,000	1,737,000	1,824,000	1,916,000
607,000	512,000	537,000	589,000	528,000	998,000	878,000
-	-	-	-	-	-	-
-	-	-	-	25,000,000	-	-
\$ 9,460,000	\$ 9,932,000	\$ 9,111,000	\$ 9,742,000	\$ 40,898,000	\$ 9,649,000	\$ 10,042,000

\$ 24,000	\$ 61,000	\$ 562,000	\$ 8,000	\$ 165,000	\$ 147,000	\$ 142,000
6,318,000	6,482,000	4,127,000	1,226,000	421,000	1,253,000	905,000
4,744,000	245,000	885,000	-	-	311,000	3,751,000
2,205,000	245,000	-	166,000	1,623,000	2,639,000	-
77,000	657,000	-	-	80,000	-	-
1,002,000	356,000	-	343,000	-	-	-
-	-	-	-	-	-	-
513,000	528,000	600,000	11,537,000	11,880,000	12,233,000	6,693,000
358,000	368,000	379,000	332,000	342,000	352,000	362,000
\$ 15,241,000	\$ 8,942,000	\$ 6,553,000	\$ 13,612,000	\$ 14,511,000	\$ 16,935,000	\$ 11,853,000
\$ (5,781,000)	\$ 990,000	\$ 2,558,000	\$ (3,870,000)	\$ 26,387,000	\$ (7,286,000)	\$ (1,811,000)

\$ 14,161,000	\$ 13,902,000	\$ 15,185,000	\$ 16,354,000	\$ 9,623,000	\$ 10,030,000	\$ 10,461,000
15,839,000	16,829,000	19,387,000	15,516,000	41,903,000	34,618,000	32,807,000
7,064,000	7,064,000	7,064,000	7,064,000	7,064,000	7,064,000	7,064,000
345,000	345,000	345,000	345,000	345,000	345,000	345,000
3,590,000	3,590,000	3,590,000	3,590,000	3,590,000	5,718,000	5,718,000
\$ 10,999,000	\$ 10,999,000	\$ 10,999,000	\$ 10,999,000	\$ 10,999,000	\$ 13,127,000	\$ 13,127,000

\$ 8,160,000	\$ 8,504,000	\$ 8,837,000	\$ 9,216,000	\$ 9,622,000	\$ 10,031,000	\$ 10,460,000
\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000

Sources and Uses of Funds - WASTEWATER - Operating and Capital

2017-2027 Budgeted and Projected Long-Range Plan

	2017 Estimated Actual	2018 Adopted Budget	2019 Adopted Budget	2020 Projected
Beginning Balances				
Operating Fund Balance (incl. Operating Reserve & Available Cash)	\$ 15,310,000	\$ 11,024,000	\$ 9,887,000	\$ 7,461,000
Capital Fund Balance (incl. Capital Reserve & Available Cash)	37,544,000	38,349,000	14,205,000	16,870,000
Rate Stabilization Reserve	5,379,000	5,379,000	5,379,000	5,379,000
Debt Reserves	2,097,000	2,097,000	2,097,000	2,097,000
Total Beginning Balances	\$ 60,330,000	\$ 56,849,000	\$ 31,568,000	\$ 31,807,000
OPERATING BUDGET				
Operating Sources of Funds (Revenue)				
<u>Operating Revenue - Rates and Charges</u>				
Retail Rate Revenue	\$ 40,980,000	\$ 43,865,000	\$ 46,498,000	\$ 49,143,000
Wholesale Rate Revenue	2,316,000	2,357,000	2,435,000	2,459,000
Non Rate Revenue	1,179,000	1,018,000	1,018,000	994,000
Total Operating Sources of Funds	\$ 44,475,000	\$ 47,240,000	\$ 49,951,000	\$ 52,596,000
Operating Uses of Funds				
<u>Operating Uses of Funds - By Category</u>				
Employee Salaries & Benefits	\$ 7,020,000	\$ 7,769,000	\$ 8,494,000	\$ 8,670,000
Purchased Supplies & Services	2,589,000	2,772,000	2,955,000	2,982,000
Purchased Sewage Treatment	30,157,000	27,477,000	28,432,000	28,607,000
Utilities	615,000	680,000	813,000	816,000
Total Operating Uses of Funds - By Category	\$ 40,381,000	\$ 38,698,000	\$ 40,694,000	\$ 41,075,000
<u>Other District-Wide Operating Uses of Funds</u>				
Taxes	\$ 401,000	\$ 441,000	\$ 480,000	\$ 519,000
Transfer to Capital From Current-Year Rate Revenue	3,500,000	3,000,000	2,000,000	4,000,000
Debt Service - Existing	4,479,000	4,471,000	6,486,000	6,451,000
Debt Service - New / Proposed Debt	-	-	-	-
Total Other District-Wide Operating Uses of Funds	\$ 8,380,000	\$ 7,912,000	\$ 8,966,000	\$ 10,970,000
Total Uses of Funds - Operating	\$ 48,761,000	\$ 46,610,000	\$ 49,660,000	\$ 52,045,000
Surplus/(Deficit) of Operating Funds	\$ (4,286,000)	\$ 630,000	\$ 291,000	\$ 551,000
Add'l Transfer to Capital From Available Operating Cash Balance	\$ -	\$ 1,500,000	\$ 2,500,000	\$ 500,000
One-time non-Capital purchases paid from Avail Operating Cash	\$ -	\$ 268,000	\$ 218,000	\$ 200,000
CAPITAL PROGRAM BUDGET				
Capital Sources of Funds				
Transfer from Current-Year Rate Revenue	\$ 3,500,000	\$ 3,000,000	\$ 2,000,000	\$ 4,000,000
Transfer from Operating Fund Avail Balance	-	1,500,000	2,500,000	500,000
General Facility Charges	3,286,000	4,190,000	4,441,000	3,947,000
Other Revenue - Interest, Capital Contributions	254,000	933,000	518,000	573,000
Revenue Bond Proceeds	-	-	-	-
Total Capital Sources of Funds	\$ 7,040,000	\$ 9,623,000	\$ 9,459,000	\$ 9,020,000
Capital Uses of Funds				
Laterals	\$ 149,000	\$ -	\$ -	\$ -
Mains	2,691,000	5,360,000	1,756,000	1,747,000
Trunks	995,000	343,000	2,796,000	966,000
Lift Stations & Force mains	576,000	7,306,000	932,000	777,000
Wastewater Treatment	1,135,000	19,518,000	534,000	1,941,000
Capital Support Items	624,000	999,000	578,000	1,260,000
Franchise & Outside Agency	65,000	240,000	200,000	741,000
Total Capital Uses of Funds	\$ 6,235,000	\$ 33,766,000	\$ 6,796,000	\$ 7,432,000
Surplus/(Deficit) of Capital Funds	\$ 805,000	\$ (24,143,000)	\$ 2,663,000	\$ 1,588,000
Ending Balances				
Operating Fund Balance (incl. Operating Reserve & Available Cash)	\$ 11,024,000	\$ 9,886,000	\$ 7,460,000	\$ 7,312,000
Capital Fund Balance (incl. Capital Reserve & Available Cash)	38,349,000	14,206,000	16,868,000	18,458,000
Rate Stabilization Reserve	5,379,000	5,379,000	5,379,000	5,379,000
Debt Reserves	2,097,000	2,097,000	2,097,000	2,097,000
Total Ending Balances	\$ 56,849,000	\$ 31,568,000	\$ 31,804,000	\$ 33,246,000
Target Minimum - Operating Fund Balance (60 Day Reserve)	\$ 6,171,000	\$ 6,429,000	\$ 6,759,000	\$ 6,823,000
Target Minimum - Capital Fund Balance (Capital Reserve)	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000



2021	2022	2023	2024	2025	2026	2027
Projected	Projected	Projected	Projected	Projected	Projected	Projected
\$ 7,312,000	\$ 7,610,000	\$ 8,174,000	\$ 7,811,000	\$ 8,143,000	\$ 8,496,000	\$ 8,854,000
18,457,000	11,525,000	26,232,000	37,336,000	31,862,000	24,989,000	17,207,000
5,379,000	5,379,000	5,379,000	5,379,000	5,379,000	5,379,000	5,379,000
2,097,000	2,097,000	3,800,000	5,502,000	5,502,000	5,502,000	6,354,000
\$ 33,245,000	\$ 26,611,000	\$ 43,585,000	\$ 56,028,000	\$ 50,886,000	\$ 44,366,000	\$ 37,794,000

\$ 51,941,000	\$ 54,900,000	\$ 58,030,000	\$ 61,256,000	\$ 64,663,000	\$ 68,258,000	\$ 72,054,000
2,548,000	2,641,000	2,734,000	2,831,000	2,931,000	3,035,000	3,143,000
1,010,000	1,034,000	1,089,000	1,125,000	1,149,000	1,174,000	1,212,000
\$ 55,499,000	\$ 58,575,000	\$ 61,853,000	\$ 65,212,000	\$ 68,743,000	\$ 72,467,000	\$ 76,409,000

\$ 9,040,000	\$ 9,436,000	\$ 9,861,000	\$ 10,343,000	\$ 10,862,000	\$ 11,418,000	\$ 12,016,000
3,059,000	3,189,000	3,196,000	3,291,000	3,419,000	3,476,000	3,528,000
30,091,000	31,652,000	33,119,000	34,527,000	35,997,000	37,532,000	39,134,000
837,000	858,000	879,000	901,000	924,000	947,000	970,000
\$ 43,027,000	\$ 45,135,000	\$ 47,055,000	\$ 49,062,000	\$ 51,202,000	\$ 53,373,000	\$ 55,648,000

\$ 561,000	\$ 606,000	\$ 653,000	\$ 703,000	\$ 755,000	\$ 811,000	\$ 870,000
4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,500,000	4,500,000
6,412,000	6,363,000	6,322,000	6,279,000	6,228,000	6,068,000	5,634,000
-	1,702,000	3,405,000	3,405,000	3,405,000	4,256,000	4,256,000
\$ 10,973,000	\$ 12,671,000	\$ 14,380,000	\$ 14,387,000	\$ 14,388,000	\$ 15,635,000	\$ 15,260,000

\$ 54,000,000	\$ 57,806,000	\$ 61,435,000	\$ 63,449,000	\$ 65,590,000	\$ 69,008,000	\$ 70,908,000
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\$ 1,499,000	\$ 769,000	\$ 418,000	\$ 1,763,000	\$ 3,153,000	\$ 3,459,000	\$ 5,501,000
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\$ 1,000,000	\$ -	\$ 574,000	\$ 1,224,000	\$ 2,590,000	\$ 2,889,000	\$ 4,910,000
\$ 202,000	\$ 204,000	\$ 206,000	\$ 208,000	\$ 210,000	\$ 212,000	\$ 214,000

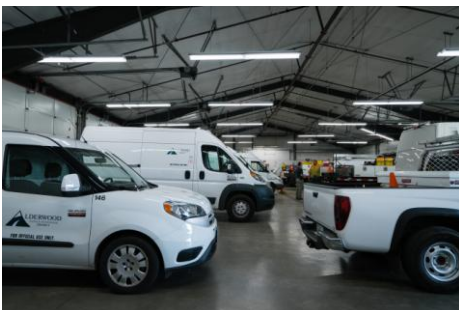
\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,500,000	\$ 4,500,000
1,000,000	-	574,000	1,224,000	2,590,000	2,889,000	4,910,000
4,163,000	4,392,000	4,633,000	4,111,000	4,317,000	4,534,000	4,763,000
609,000	496,000	762,000	966,000	879,000	768,000	642,000
-	20,000,000	20,000,000	-	-	10,000,000	-
\$ 9,772,000	\$ 28,888,000	\$ 29,969,000	\$ 10,301,000	\$ 11,786,000	\$ 22,691,000	\$ 14,815,000

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,949,000	7,173,000	5,286,000	3,045,000	5,497,000	17,438,000	6,366,000
2,356,000	1,369,000	1,994,000	932,000	355,000	598,000	3,164,000
3,137,000	1,105,000	126,000	28,000	142,000	29,000	-
5,331,000	1,982,000	10,417,000	66,000	615,000	-	15,000
513,000	528,000	600,000	11,537,000	11,880,000	12,233,000	6,693,000
418,000	2,025,000	442,000	166,000	171,000	176,000	181,000
\$ 16,704,000	\$ 14,182,000	\$ 18,865,000	\$ 15,774,000	\$ 18,660,000	\$ 30,474,000	\$ 16,419,000
\$ (6,932,000)	\$ 14,706,000	\$ 11,104,000	\$ (5,473,000)	\$ (6,874,000)	\$ (7,783,000)	\$ (1,604,000)

\$ 7,609,000	\$ 8,175,000	\$ 7,812,000	\$ 8,142,000	\$ 8,496,000	\$ 8,854,000	\$ 9,231,000
11,525,000	26,231,000	37,336,000	31,863,000	24,988,000	17,206,000	15,603,000
5,379,000	5,379,000	5,379,000	5,379,000	5,379,000	5,379,000	5,379,000
2,097,000	2,097,000	3,800,000	5,502,000	5,502,000	5,502,000	6,354,000
\$ 26,610,000	\$ 41,882,000	\$ 54,327,000	\$ 50,886,000	\$ 44,365,000	\$ 36,941,000	\$ 36,567,000

\$ 7,146,000	\$ 7,494,000	\$ 7,811,000	\$ 8,143,000	\$ 8,496,000	\$ 8,854,000	\$ 9,230,000
\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,326,000

Revenues



2018-2019 Budget Revenue Report

Water Fund

Acct. #	Description	Actual 2016	Budget 2017	Budget 2018	Budget 2019
WATER FUND REVENUE - OPERATING					
1-00-461-101-000	Metered Sales - Single Family	15,147,345	\$ 15,903,200	\$ 16,423,919	\$ 17,036,591
1-00-461-103-000	Metered Sales - Single Family - Adjust.	(179,704)	(190,800)	-	-
1-00-461-105-000	Metered Sales - Senior Citizens Discount	(19,921)	(22,700)	-	-
1-00-461-110-000	Metered Sales - Disabled Customer Discount	(2,226)	(1,900)	-	-
1-00-461-131-000	Metered Sales - Multi-Family Units	4,337,690	4,594,700	4,639,632	4,803,726
1-00-461-133-000	Metered Sales - Multi-Family Units - Adjust.	(11,781)	(30,800)	-	-
1-00-461-201-000	Metered Sales - Single Commercial	1,182,161	1,302,300	1,291,922	1,344,237
1-00-461-203-000	Metered Sales - Single Commercial - Adjust.	(15,069)	(3,000)	-	-
1-00-461-221-000	Metered Sales - Multi-Commercial	515,646	552,500	552,662	575,037
1-00-461-223-000	Metered Sales - Multi-Commercial - Adjust.	(6,197)	(1,700)	-	-
1-00-461-401-000	Metered Sales - Municipality	350,685	384,400	415,922	432,774
1-00-461-403-000	Metered Sales - Municipality - Adjust.	(395)	-	-	-
1-00-461-501-000	Metered Sales - Hotel / Motel	138,984	146,700	148,451	154,455
1-00-461-503-000	Metered Sales - Hotel / Motel - Adjust.	-	-	-	-
1-00-461-601-000	Metered Sales - Mobile Home Parks	699,831	727,200	620,926	644,841
1-00-461-603-000	Metered Sales - Mobile Home Parks - Adjust.	(12,597)	(1,100)	-	-
1-00-461-701-000	Metered Sales - Recreational Vehicle Parks	44,840	43,100	42,515	44,089
1-00-461-703-000	Metered Sales - Recreational Vehicle Parks - Adjust.	-	-	-	-
1-00-461-901-000	Metered Sales - Construction Meters	2,631	6,700	8,528	8,699
1-00-461-903-000	Metered Sales - Construction Meters - Adjust.	-	-	-	-
	Subtotal Metered Revenue	\$ 22,171,925	\$ 23,408,800	\$ 24,144,477	\$ 25,044,450
1-00-462-101-000	Private Fire Protection Meters	49,207	45,000	40,963	42,626
1-00-462-103-000	Private Fire Protection Meters - Adjust.	287	5,300	-	-
1-00-462-201-000	Private Detector Check Meters	43,602	44,500	38,577	40,143
1-00-462-203-000	Private Detector Check Meters - Adjust.	2,867	(400)	-	-
	Subtotal Fire Revenue	\$ 95,964	\$ 94,400	\$ 79,540	\$ 82,769
1-00-465-101-000	Sales to Irrigation Customers	1,883,356	1,832,700	1,572,127	1,635,746
1-00-465-103-000	Sales to Irrigation Customers - Adjust.	(2,526)	1,900	-	-
	Subtotal Irrigation Revenue	\$ 1,880,830	\$ 1,834,600	\$ 1,572,127	\$ 1,635,746
1-00-466-100-000	Sales For Resale - Cities - Lynnwood	1,960,755	1,969,600	2,086,565	2,134,556
1-00-466-200-000	Sales For Resale - Cities - Edmonds	1,593,164	1,634,000	1,683,328	1,722,044
1-00-466-300-000	Sales For Resale - Cities - Mountlake Terrace	855,166	920,900	915,169	936,218
1-00-466-400-000	Sales For Resale - Cities - Silver Lake	178,843	257,100	334,197	376,072
1-00-466-500-000	Sales for Resale - Clearview Water Supply Agency	3,601,071	3,951,400	4,166,600	4,272,200
1-00-466-600-000	Sales For Resale - Mukilteo Water District	722,716	846,300	814,671	866,745

Acct. #	Description	Actual 2016	Budget 2017	Budget 2018	Budget 2019
Subtotal Resale Revenue		\$ 8,911,714	\$ 9,579,300	\$ 10,000,530	\$ 10,307,835
1-00-415-500-000	Other Charges for Services	645,805	520,700	799,073	814,586
1-00-470-000-000	Turn Off - Turn On Charges	75,550	85,800	79,303	80,842
1-00-471-000-000	Miscellaneous Service Revenues	177,171	182,300	159,867	162,970
1-00-473-000-000	Late Penalties	112,303	118,800	118,116	120,409
1-00-474-100-000	Other Operating Revenue - Preliminary Engineering Charges	58,880	34,700	90,412	93,097
1-00-474-200-000	Other Operating Revenue - Water Use Permits	55,858	48,000	40,409	41,194
1-00-474-400-000	Other Operating Revenue - Miscellaneous	79,383	100,000	169,967	175,015
1-00-474-500-000	Other Operating Revenue - Taxable Sales	204,480	93,100	64,100	65,702
1-00-474-600-000	Other Revenues - Clearview Water Supply Agency	120,840	142,800	81,541	83,580
Subtotal Other Operating Revenue		\$ 1,530,270	\$ 1,326,200	\$ 1,602,788	\$ 1,637,396
1-00-415-100-000	Capital Contributions - Customers (50% Operating Portion)	\$ 986,270	\$ 919,900	\$ 1,200,353	\$ 1,260,454
Total Operating Water Revenue		\$ 35,576,972	\$ 37,163,200	\$ 38,599,816	\$ 39,968,650
Other Revenue					
	Investment Income - Operating Fund Balances	251,798	275,978	424,806	402,961
	Investment Income - Capital Improvement Fund Balances	344,444	377,522	581,108	556,885
Subtotal Interest Revenue		\$ 596,242	\$ 653,500	\$ 1,005,914	\$ 959,846
1-00-421-100-000	Misc. Non-Utility Income	-	-	-	-
1-00-472-000-000	Rents from Water Property	\$ 115,301	\$ 146,600	\$ 134,373	\$ 137,732
Total Other Revenue		\$ 711,543	\$ 800,100	\$ 1,140,287	\$ 1,097,578
Total Water Fund Revenue - Operating		\$ 36,288,515	\$ 37,963,300	\$ 39,740,102	\$ 41,066,229
WATER FUND REVENUE - CAPITAL					
1-00-415-100-000	Capital Contributions - Customers (50% Capital Portion)	2,215,411	919,900	1,200,353	1,260,454
1-00-415-200-000	Capital Contributions - Developers	51,189	39,600	59,907	61,686
1-00-415-400-000	Capital Contributions - Inspection	112,274	172,700	149,400	153,838
Total Water Fund Revenue - Capital		\$ 2,378,874	\$ 1,132,200	\$ 1,409,660	\$ 1,475,978

NOTE: See page 22 for the growth and rate increase assumptions that factor into the 2018 and 2019 revenue budgets.

2018-2019 Budget Revenue Report

Wastewater Fund

Acct. #	Description	Actual 2016	Budget 2017	Budget 2018	Budget 2019
WASTEWATER FUND REVENUE - OPERATING					
2-00-460-101-000	Unmetered Service - Single Family	23,441,896	\$ 24,118,100	\$ 26,795,117	\$ 28,564,934
2-00-460-103-000	Unmetered Service - Single Family - Adjust.	(44,529)	(41,800)	-	-
2-00-460-105-000	Unmetered Service - Senior Citizens Discount	(41,046)	(45,000)	-	-
2-00-460-110-000	Unmetered Service - Disabled Customer Discount	(5,008)	(4,300)	-	-
	Subtotal Unmetered Revenue	\$ 23,351,313	\$ 24,027,000	\$ 26,795,117	\$ 28,564,934
2-00-461-101-000	Metered Service - Multi-Family Units	10,341,517	10,959,900	11,221,162	11,773,948
2-00-461-103-000	Metered Service - Multi-Family Units - Adjust.	(11,822)	(8,300)	-	-
2-00-461-201-000	Metered Service - Single Commercial	2,301,578	2,404,500	2,351,033	2,477,532
2-00-461-203-000	Metered Service - Single Commercial - Adjust.	(32,114)	(2,800)	-	-
2-00-461-211-000	Metered Service - Duplex Commercial	1,115,408	1,202,800	1,221,562	1,285,410
2-00-461-213-000	Metered Service - Duplex Commercial - Adjust.	(20,174)	(4,900)	-	-
2-00-461-301-000	Metered Service - Hotel / Motel	354,534	444,600	406,586	429,233
2-00-461-303-000	Metered Service - Hotel / Motel - Adjust.	-	-	-	-
2-00-461-401-000	Metered Service - Municipality	266,266	292,800	304,705	320,610
2-00-461-501-000	Metered Service - Mobile Home Parks	1,296,265	1,421,200	1,455,840	1,530,741
2-00-461-503-000	Metered Service - Mobile Home Parks - Adjust.	(1,093)	(2,300)	-	-
2-00-461-601-000	Metered Service - R.V. Parks	98,318	94,300	109,235	115,301
2-00-461-603-000	Metered Service - R.V. Parks - Adjust.	-	-	-	-
	Subtotal Metered Revenue	\$ 15,708,681	\$ 16,801,800	\$ 17,070,124	\$ 17,932,774
2-00-466-101-000	Revenue - Other Systems - Silver Lake W.D.	1,958,520	1,903,800	1,801,820	1,852,900
2-00-466-201-000	Revenue - Other Systems - City of Brier	517,159	548,800	555,489	581,725
	Subtotal Other Systems Revenue	\$ 2,475,679	\$ 2,452,600	\$ 2,357,309	\$ 2,434,625
2-00-471-000-000	Miscellaneous Service Revenues	(25)	-	25	25
2-00-473-000-000	Late Penalties	134,850	156,000	140,480	144,449
2-00-474-100-000	Other Operating Revenue - Preliminary Engineering Charges	34,125	33,200	53,458	55,045
2-00-474-200-000	Other Operating Revenue - Side Sewer Permits	253,621	274,300	403,703	415,109
2-00-474-400-000	Other Operating Revenue - Miscellaneous	47,682	21,300	55,841	57,500
2-00-474-430-000	Other Operating Revenue - Industrial Waste Surcharge	29,720	23,900	53,752	55,096
2-00-474-500-000	Other Operating Revenue - Taxable Sales	9,825	-	-	-
	Subtotal Other Operating Revenue	\$ 509,798	\$ 508,700	\$ 707,260	\$ 727,224
	Total Wastewater Operating Revenue	\$ 42,045,471	\$ 43,790,100	\$ 46,929,810	\$ 49,659,557

Acct. #	Description	Actual 2016	Budget 2017	Budget 2018	Budget 2019
Other Revenue					
	Investment Income - Operating Fund Balances	259,827	323,296	305,072	285,308
	Investment Income - Capital Improvement Fund Balances	571,582	711,204	671,115	248,596
2-00-419-200-000	Investment Income - ULID Assessments	6,586	20,000	5,979	5,979
	Subtotal Interest Revenue	\$ 837,995	\$ 1,054,500	\$ 982,166	\$ 539,883
2-00-421-100-000	Misc. Non-Utility Income	\$ -	\$ -	\$ -	\$ -
	Total Other Revenue	\$ 837,995	\$ 1,054,500	\$ 982,166	\$ 539,883
	Total Wastewater Fund Revenue - Operating	\$ 42,883,466	\$ 44,844,600	\$ 47,911,976	\$ 50,199,440

NOTE: See page 22 for the growth and rate increase assumptions that factor into the 2018 and 2019 revenue budgets.

WASTEWATER FUND REVENUE - CAPITAL					
2-00-415-100-000	Capital Contributions - Customers (Entire Amount is Capital Revenue)	2,811,523	2,043,100	4,190,212	4,441,381
2-00-415-200-000	Capital Contributions - Developers	72,229	35,200	95,316	98,147
2-00-415-400-000	Capital Contributions - Inspection	194,330	302,900	166,707	171,658
2-00-417-369-901	Judgements & Settlements - CIP	843,026	-	-	-
	Total Wastewater Fund Revenue - Capital	\$ 3,921,108	\$ 2,381,200	\$ 4,452,236	\$ 4,711,186

Board of Commissioners



Board of Commissioners

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

2018-2019 Changes

- Two Board positions will be up for election during 2019. A total of \$150,000 has been appropriated for the election expense, assuming that there will be primary and general elections for both positions during the second half of 2019.
- The **Salaries & Wages – Elected Officials** line item assumes that each Commissioner will attend 70 meetings and will earn \$7,980 each year (\$114 per meeting).
- Based upon historical attendance and participation patterns, \$20,000 is budgeted each year for the **Conferences**.

Expense Justification

Board of Commissioners

			For Year 2018			For Year 2019		
			Total	Water	WW	Total	Water	WW
COMMISSIONER OPERATING EXPENSES								
Salaries and Wages-Regular			\$ 39,900	\$ 19,950	\$ 19,950	\$ 39,900	\$ 19,950	\$ 19,950
Professional Services - County Auditor/Elections								
Commissioner Elections (2 Positions)			\$ -	\$ -	\$ -	\$ 150,000	\$ 75,000	\$ 75,000
Conferences:								
AWWA	National		3,500	\$ 3,500	\$ -	\$ 3,500	\$ 3,500	\$ -
1 Attendee - June								
WEFTEC	National		3,000	-	3,000	3,000	-	3,000
1 Attendee - October								
AWWA PNWS Conf.	Local		5,000	2,500	2,500	5,000	2,500	2,500
2 Attendees - May								
WASWD SPRING	Local		4,500	2,250	2,250	4,500	2,250	2,250
3 Attendees - April								
WASWD FALL	Local		4,000	2,000	2,000	4,000	2,000	2,000
3 Attendees - September								
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			2,200	\$ 1,100	\$ 1,100	2,200	\$ 1,100	\$ 1,100
Mileage to Meetings			1,000	500	500	1,000	500	500
Total			\$ 3,200	\$ 1,600	\$ 1,600	\$ 3,200	\$ 1,600	\$ 1,600
Total Commissioner Operating Expenses			\$ 68,600	\$ 34,550	\$ 34,050	\$ 218,600	\$ 109,550	\$ 109,050

Expense History

Board of Commissioners

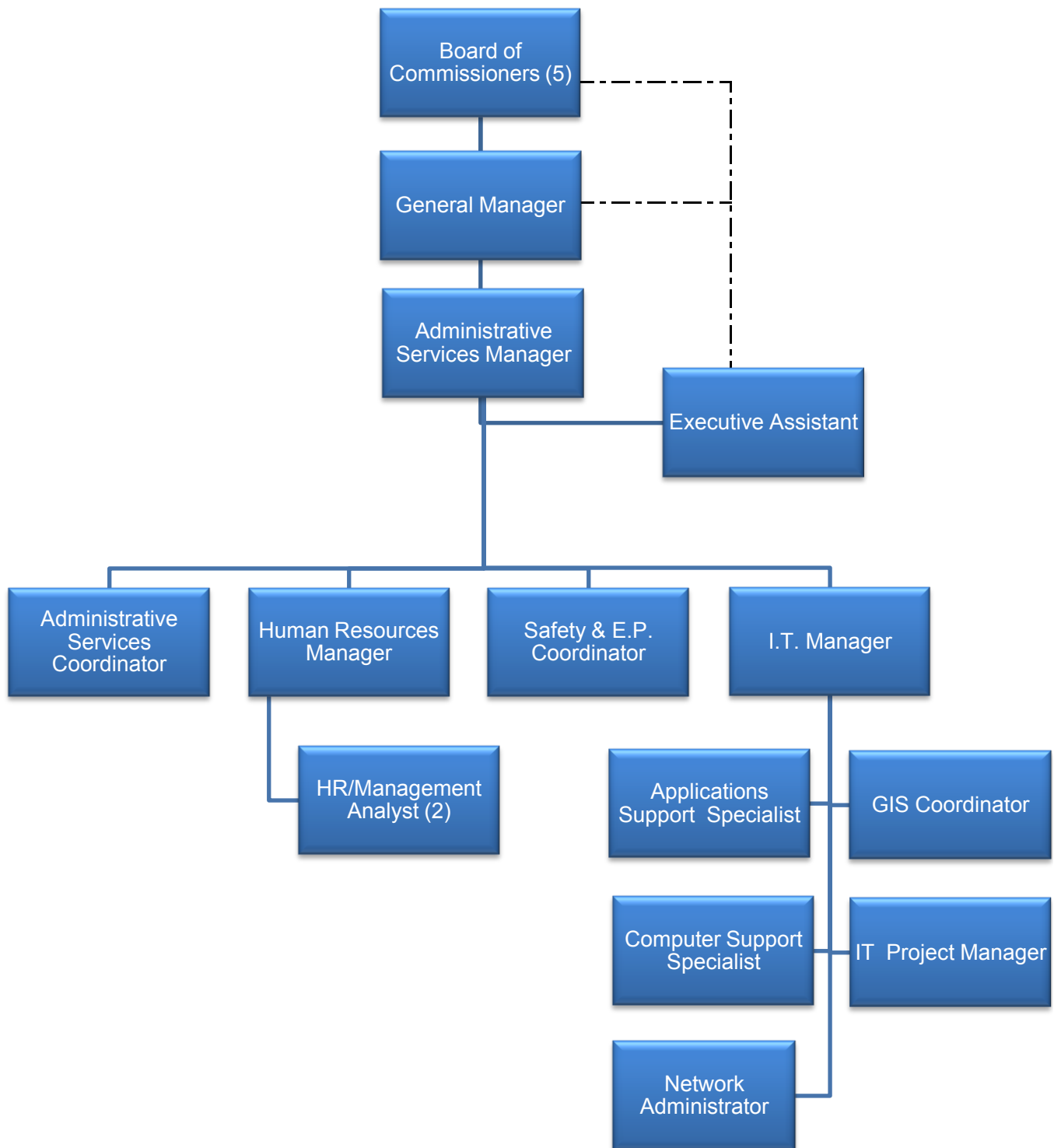
		2019 Budget	2018 Budget	2017 Budget	2016 Variance	2016 Budget	2016 Actual
Operating Expenses - Water							
1-11-603-801-000	Salaries and Wages - Elected Officials	\$ 19,950	\$ 19,950	\$ 27,360	\$ 11,628	\$ 27,360	\$ 15,732
1-11-631-806-000	Professional Services - County Auditor/Elections	75,000	-	74,000	-	-	-
1-11-635-801-000	Conferences	10,250	10,250	10,250	4,837	10,250	5,413
1-11-635-802-000	Training	2,750	2,750	2,750	2,660	2,750	90
1-11-645-805-000	Misc. Expenses - Other	1,600	1,600	1,380	(308)	1,330	1,638
Sub Total - Water		<u>\$ 109,550</u>	<u>\$ 34,550</u>	<u>\$ 115,740</u>	<u>\$ 18,818</u>	<u>\$ 41,690</u>	<u>\$ 22,872</u>
Operating Expenses - Wastewater							
2-11-703-801-000	Salaries and Wages - Elected Officials	\$ 19,950	\$ 19,950	\$ 27,360	\$ 11,628	\$ 27,360	\$ 15,732
2-11-731-806-000	Professional Services - County Auditor/Elections	75,000	-	74,000	-	-	-
2-11-735-801-000	Conferences	9,750	9,750	9,750	4,302	9,750	5,448
2-11-735-802-000	Training	2,750	2,750	2,750	2,636	2,750	114
2-11-745-805-000	Misc. Expenses - Other	1,600	1,600	1,200	(638)	1,150	1,788
Sub Total - Wastewater		<u>\$ 109,050</u>	<u>\$ 34,050</u>	<u>\$ 115,060</u>	<u>\$ 17,929</u>	<u>\$ 41,010</u>	<u>\$ 23,081</u>
Total Operating Expenses		<u><u>\$ 218,600</u></u>	<u><u>\$ 68,600</u></u>	<u><u>\$ 230,800</u></u>	<u><u>\$ 36,747</u></u>	<u><u>\$ 82,700</u></u>	<u><u>\$ 45,953</u></u>

Administrative Services



Organization Chart

Administrative Services Department



2018-2019 Postion Summary

Administrative Services

Position	2016-2017	Budget	Decision	2018-2019	Salary Range		Grade
	Positions	Reductions	Packages	Positions	2018		
Admin Services Manager	1			1	8,774 -	11,759	22
IT Manager	1			1	8,200 -	10,989	21
HR Manager	1			1	7,662 -	10,267	20
IT Project Manager	1			1	7,163 -	9,599	19
Network Administrator			1	1	5,845 -	7,832	16
GIS Coordinator	1			1	5,845 -	7,832	16
Admin Services Coordinator	1			1	5,463 -	7,321	15
Application Support Specialist	1			1	5,463 -	7,321	15
Safety & EP Coordinator	1			1	5,463 -	7,321	15
HR/Management Analyst	1		1	2	5,107 -	6,844	14
Executive Assistant	1			1	5,107 -	6,844	14
Computer Support Specialist	1			1	4,774 -	6,398	13
General Manager	1			1		16,049	*
	12	0	2	14			

* Contract and salary is set by the Board

Department Overview

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), desktop and electronic device support, 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, return-to-work and modified duty coordination, planning and preparation 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-district water distribution entity comprised of AWWD, the Silver Lake Water and Sewer District, and the Cross Valley Water District.

2018-2019 Goals

Information Technology

- Minimize server vulnerabilities and maintain continuity of operations by upgrading Windows Server 2008 operating systems.
- Implement two new GIS viewers or applications based upon business requirements to provide more access to location-based data.
- Evaluate and create new deployment and replacement cycles for end user devices on a three- or four-year cycle, depending upon device type and estimated product life cycle.

Human Resources

- Design and implement process to centralize the tracking of AWWD training.
- Implement a position control system so that every Board-approved full-time equivalent and temporary position within the organization is designated with a tracking number and monitored for total hours worked within each calendar year.
- Develop and communicate written succession plans for 10 positions identified as key positions within the organization.

Safety and Emergency Preparation

- Through effective safety training, promotion, and communication, lower AWWD's Experience Modification Factor through Labor & Industries to 0.67 (or lower) for the 2019 calendar year.
- Lower the annual number of work-related OSHA 300-reportable injuries to three or less.
- Prepare and implement emergency preparedness training with a continued focus on personal preparedness with added emphasis on specific workplace training (active shooter, fire alarm and evacuation, and disaster operations).

Administrative Support

- Facilitate the procurement, installation, and implementation of an Electronic Content Management (ECM) application to support the management, storage, and retrieval of AWWD's records.
- Implement and further the ability to manage mobile devices (cell phones and MS Surfaces) in order to remotely deploy desired applications from a centralized endpoint.

Budget Highlights

2018-2019 Changes

- The 2018-2019 budget provides for the addition of two new full-time equivalent positions for the Administrative Services Department, increasing the department's staff total to 13 employees. A Network Administrator position and one additional Human Resources (HR) Analyst have been added to assist with specific Strategic Plan-related goals as well as everyday work responsibilities. The Network Administrator position will increase the Information Technology work group to a total of six employees. The addition of the HR Analyst position will increase the HR work group to three employees.
- Customer service software upgrades involving financial and business utilization applications in the amount of \$127,350, enhanced wifi assessment and implementation expenses of \$137,000, and a centralized maintenance management system upgrade estimated at \$60,487 have been included and are part of an IT work plan for the biennium.
- A vehicle tracking system design and implementation expense in the amount of \$103,903 is earmarked for 2018.

Expense Justification

Administrative Services

	For Year 2018			For Year 2019		
	Total	Water	WW	Total	Water	WW
ADMINISTRATIVE SERVICES OPERATING EXPENSES						
Salaries and Wages-Regular & OT	\$ 1,425,760	\$ 712,880	\$ 712,880	\$ 1,517,600	\$ 758,800	\$ 758,800
Office Supplies - Administrative Building	\$ 16,000	\$ 8,000	\$ 8,000	\$ 16,500	\$ 8,250	\$ 8,250
Office Forms	\$ 100	\$ 50	\$ 50	\$ 100	\$ 50	\$ 50
Publications	\$ 550	\$ 275	\$ 275	\$ 550	\$ 275	\$ 275
Small Tools and Equipment	\$ 500	\$ 250	\$ 250	\$ 500	\$ 250	\$ 250
Professional Services - Other						
True Benefits, drug testing, background checks, & code	\$ 55,000	\$ 27,500	\$ 27,500	\$ 57,000	\$ 28,500	\$ 28,500
Sprout	15,000	7,500	7,500	15,000	7,500	7,500
Total	\$ 70,000	\$ 35,000	\$ 35,000	\$ 72,000	\$ 36,000	\$ 36,000
Computer Software						
Adobe Acrobat Pro	\$ 6,400	\$ 3,200	\$ 3,200	\$ -	\$ -	\$ -
New Employees- Software	4,500	2,250	2,250	4,500	2,250	2,250
Microsoft Office Enterprise Subscription	35,000	17,500	17,500	38,500	19,250	19,250
Smart Draw	6,000	3,000	3,000	6,600	3,300	3,300
Backup Software for Virtual Hosts (Veeam)	10,800	5,400	5,400	7,200	3,600	3,600
Northstar Upgrade	80,530	40,265	40,265			
Total	\$ 143,230	\$ 71,615	\$ 71,615	\$ 56,800	\$ 28,400	\$ 28,400
Computer Software Maintenance Agreements						
H2ONet Maintenance Renewal	\$ 1,800	\$ 1,800	-	\$ 1,955	\$ 1,955	\$ -
Sewer Modeling Software	6,000		6,000	6,600		6,600
AutoDesk Design Suite Premium (x5)	6,900	3,450	3,450	7,590	3,795	3,795
AutoDesk Design Suite Standard (x2)	2,000	1,000	1,000	2,200	1,100	1,100
ArcGIS Data Interoperability	2,500	1,250	1,250	550	275	275
Esri SUELA Enterprise GIS Agreement	60,000	30,000	30,000	60,000	30,000	30,000
XC2 Water Quality Support	1,400	1,400	-	1,100	550	550
McAfee End Point Protection (AntiVirus-Spyware)	2,000	1,000	1,000	2,200	1,100	1,100
Barracuda Anti-Spam	2,800	1,400	1,400	-	-	-
Screen Connect (x4)	1,500	750	750	1,750	875	875
VMWare Maintenance (Virtual Server O/S)	11,000	5,500	5,500	-	-	-
CMMS Annual Maint	30,000	15,000	15,000	33,000	16,500	16,500
Great Plains GL Software	15,000	7,500	7,500	15,000	7,500	7,500
NorthStar/Cognos Report Writer	83,750	41,875	41,875	96,312	48,156	48,156
Human Resources Payroll Timekeeping Software	60,000	30,000	30,000	66,000	33,000	33,000
Wireless Optimized VPN	9,000	4,500	4,500	9,900	4,950	4,950
Electronic Content Management System	40,000	20,000	20,000	44,000	22,000	22,000
Hydraulic Modeling Software	6,000	3,000	3,000	6,600	3,300	3,300
E&D Project Doc SAAS (Bentley, formerly EADOCS)	-	-	-	27,500	13,750	13,750
Software for WiFi Improvements - 2019				16,000	8,000	8,000
Total	\$ 341,650	169,425	172,225	398,257	\$ 196,806	\$ 201,451
Computer Operating Supplies						
Expendable & semi-permanent items related to IT	\$ 14,000	\$ 7,000	\$ 7,000	14,500	\$ 7,250	\$ 7,250
Computer Equipment						
Workstation Class Computers	\$ 38,800	\$ 19,400	\$ 19,400	\$ 21,340	\$ 10,670	\$ 10,670
Desktop Class Computers	16,000	8,000	8,000	17,600	8,800	8,800
Laptop Class Computers	72,000	36,000	36,000	51,000	25,500	25,500
Tablets (iOS, Android)	8,250	4,125	4,125	9,100	4,550	4,550
Printers, Laser Jet	6,400	3,200	3,200	7,040	3,520	3,520
Monitors, Projectors, Flatscreens	7,200	3,600	3,600	7,920	3,960	3,960
Network Switch	5,600	2,800	2,800	6,000	3,000	3,000
New Employee Workstations	20,500	10,250	10,250	3,000	1,500	1,500
Replacement Hardware	25,000	12,500	12,500	65,000	32,500	32,500
Equipment for Wifi Improvements	80,000	40,000	40,000			
Total	\$ 279,750	\$ 139,875	\$ 139,875	188,000	\$ 94,000	\$ 94,000

Expense Justification

Administrative Services

	For Year 2018			For Year 2019		
	Total	Water	WW	Total	Water	WW
Professional Services - Legal Services	\$ 60,000	\$ 30,000	\$ 30,000	63,000	\$ 31,500	\$ 31,500
Professional Services - Computing Services						
Website redevelopment consulting services	\$ -	\$ -	\$ -	\$ 45,000	\$ 22,500	\$ 22,500
IT Disaster Recovery Plan	10,000	5,000	5,000	10,000	5,000	5,000
GIS Disaster Recovery Plan	6,000	3,000	3,000	6,600	3,300	3,300
GIS Programming Services	20,000	10,000	10,000	22,000	11,000	11,000
Software integration consulting services	15,000	7,500	7,500	15,000	7,500	7,500
Conduct security audits and assessments	-	-	-	15,000	7,500	7,500
Web platform hosting services	3,800	1,900	1,900	4,200	2,100	2,100
Develop and enhance intranet	15,000	7,500	7,500	15,000	7,500	7,500
Long-term infrastructure operations contract	45,000	22,500	22,500	49,500	24,750	24,750
Website Archiving	4,600	2,300	2,300	5,060	2,530	2,530
Additional Service Connection Programming	20,000	10,000	10,000	-	-	-
GPS Software and Support	3,500	1,750	1,750	3,850	1,925	1,925
Wifi Assessment Services - Decision Package	41,000	20,500	20,500			
Total	\$ 183,900	\$ 91,950	\$ 91,950	\$ 191,210	\$ 95,605	\$ 95,605
Professional Services - Printing & Binding						
NewsWave Newsletters	\$ 28,000	\$ 14,000	\$ 14,000	\$ 29,000	\$ 14,500	\$ 14,500
Annual CCR/Water Quality Report	8,500	4,250	4,250	9,000	4,500	4,500
Total	\$ 36,500	\$ 18,250	\$ 18,250	\$ 38,000	\$ 19,000	\$ 19,000
Professional Services - Alarm Monitoring						
Alarm System / Administration Building	\$ 1,000	\$ 500	\$ 500	\$ 1,000	\$ 500	\$ 500
Fire Inspection / Administration Building	800	400	400	800	400	400
Total	\$ 1,800	\$ 900	\$ 900	\$ 1,800	\$ 900	\$ 900
Professional Licenses						
Administration	\$ 240	\$ 120	\$ 120	\$ 240	\$ 120	\$ 120
Conferences						
National						
AWWA (W) General Manager	\$ 3,000	\$ 3,000	\$ -	\$ 3,000	\$ 3,000	\$ -
WEFTEC (S) General Manager	3,500	-	3,500	3,500	-	3,500
AWWA (W) for Admin Services Manager	3,000	3,000	-	3,000	3,000	-
GIS Users' Conference (K. Burns, D. Landry, + 1)	9,000	4,500	4,500	9,000	4,500	4,500
HR Conference (M. Pruitt)	3,000	1,500	1,500	3,000	1,500	1,500
Regional						
AWWA PNWS	\$ 1,500	\$ 1,500	\$ -	\$ 1,500	\$ 1,500	\$ -
WASWD Spring	1,500	750	750	1,500	750	750
WASWD Fall	1,800	900	900	1,800	900	900
WA URISA (GIS)	350	175	175	350	175	175
PNWA Annual Conference	1,500	1,500	-	1,500	1,500	-
Total	\$ 28,150	\$ 16,825	\$ 11,325	\$ 28,150	\$ 16,825	\$ 11,325
Training						
Board Retreat (Non-Board staff)	\$ 1,000	\$ 500	\$ 500	\$ 1,000	\$ 500	\$ 500
Administrative Secretary Training (Jones)	900	450	450	900	450	450
Admin Services Coordinator Training (Stickles)	900	450	450	900	450	450
Certification Training (IT staff)	3,000	1,500	1,500	3,000	1,500	1,500
IT Project Management Training (Bautista & Landry)	2,000	1,000	1,000	2,000	1,000	1,000
IT Troubleshooting Training (Chim)	2,000	1,000	1,000	2,000	1,000	1,000
Safety Industry (C. Russell)	1,200	600	600	1,200	600	600
First Aid/AED/CPR	3,000	1,500	1,500	3,000	1,500	1,500
Hearing Conservation Testing & Training	2,000	1,000	1,000	2,000	1,000	1,000
Confined Spaces Training	2,000	1,000	1,000	2,000	1,000	1,000
Construction Safety Day Training	200	100	100	200	100	100
Flagging Training	2,800	1,400	1,400	2,800	1,400	1,400
Electrical Safety	2,800	1,400	1,400	2,800	1,400	1,400
Leadership Development Training	7,800	3,900	3,900	8,000	4,000	4,000
Fall Protection Safety	2,000	1,000	1,000	2,000	1,000	1,000
Safety Awareness Campaign	400	200	200	400	200	200
Safety Recognition	500	250	250	500	250	250

Expense Justification

Administrative Services

	For Year 2018			For Year 2019		
	Total	Water	WW	Total	Water	WW
<i>Trenching & Excavating Training</i>	2,000	1,000	1,000	2,000	1,000	1,000
<i>HR Seminars</i>	1,000	500	500	1,000	500	500
<i>Supervisor Training</i>	2,600	1,300	1,300	2,600	1,300	1,300
<i>WAPELRA Regional Conference (Pruitt)</i>	1,200	600	600	1,200	600	600
<i>Labor Relations Institute (Beckford)</i>	1,200	600	600	1,200	600	600
<i>Governor's Safety Conference</i>	500	250	250	500	250	250
<i>Partners in Emergency Preparedness Conference</i>	500	250	250	500	250	250
<i>L & I Video Expense (Shipping)</i>	200	100	100	200	100	100
<i>GIS Training</i>	8,000	4,000	4,000	5,000	2,500	2,500
Total	\$ 51,700	\$ 25,850	\$ 25,850	\$ 48,900	\$ 24,450	\$ 24,450
Repairs & Maintenance - Computer Non Contracted						
<i>Replacement of failed hardware components</i>	\$ 1,000	\$ 500	\$ 500	\$ 1,000	\$ 500	\$ 500
Repairs & Maintenance - Equipment						
<i>HVAC System</i>	\$ 13,000	\$ 6,500	\$ 6,500	\$ 13,000	\$ 6,500	\$ 6,500
<i>Tri-Care Phone Software & Hardware Maintenance</i>	12,000	6,000	6,000	12,000	6,000	6,000
<i>Copiers</i>	20,000	10,000	10,000	20,000	10,000	10,000
<i>Elevator (includes Annual Permit)</i>	2,500	1,250	1,250	2,500	1,250	1,250
<i>Security System Software</i>	5,000	2,500	2,500	5,000	2,500	2,500
<i>Miscellaneous emergency repairs</i>	1,000	500	500	1,000	500	500
<i>Fitness Room Equipment Additions</i>	2,650	1,325	1,325	5,425	2,713	2,713
Total	\$ 56,150	\$ 28,075	\$ 28,075	\$ 58,925	\$ 29,463	\$ 29,463
Repairs & Maintenance - Computers						
<i>Cisco Firewall Annual Maintenance</i>	\$ 1,000	\$ 500	\$ 500	\$ 1,000	\$ 500	\$ 500
Repairs & Maintenance - Janitorial Services						
<i>Door mat cleaning</i>	\$ 1,000	\$ 500	\$ 500	\$ 1,000	\$ 500	\$ 500
Repairs to Structures, Grounds & Improvements						
<i>Pest Control & Other Misc Repair Expenses</i>	\$ 1,750	\$ 875	\$ 875	\$ 2,000	\$ 1,000	\$ 1,000
Dues & Subscriptions						
<i>WASWD</i>	\$ 25,000	\$ 12,500	\$ 12,500	\$ 25,000	\$ 12,500	\$ 12,500
<i>AMWA</i>	5,000	5,000	-	5,000	5,000	-
<i>AWWA</i>	6,000	6,000	-	6,000	6,000	-
<i>WEF (Executive Membership)</i>	400	-	400	400	-	400
<i>Sno-King Coalition</i>	5,000	2,500	2,500	5,000	2,500	2,500
<i>Water ISAC</i>	2,500	1,250	1,250	2,500	1,250	1,250
<i>Puget Sound Regional Council (PSRC)</i>	650	325	325	650	325	325
<i>Public Official Bond (General Manager)</i>	150	75	75	150	75	75
<i>Project Management Institute (IT)</i>	350	175	175	350	175	175
<i>Survey Monkey</i>	350	175	175	350	175	175
<i>Archbright</i>	4,000	2,000	2,000	4,000	2,000	2,000
<i>NW Incident Management Team (NWIMT)</i>	500	250	250	500	250	250
<i>Washington Department of General Administration</i>	2,500	1,250	1,250	2,500	1,250	1,250
<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>	300	150	150	300	150	150
<i>Society For Human Resource Management</i>	350	175	175	350	175	175
<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>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>	450	225	225	450	225	225
<i>Everett Herald</i>	300	150	150	300	150	150
<i>Tri-City Construction Council (Retrospective Prog.)</i>	100	50	50	100	50	50
<i>Direct TV subscription</i>	650	325	325	700	350	350
<i>L&I Elevator Operations Certification</i>	150	75	75	150	75	75
<i>Linked-In Premium Employment Ad Subscription</i>	400	200	200	450	225	225
<i>Costco Membership</i>	100	50	50	100	50	50
Total	\$ 61,950	\$ 38,775	\$ 23,175	\$ 62,050	\$ 38,825	\$ 23,225

Expense Justification

Administrative Services

	For Year 2018			For Year 2019		
	Total	Water	WW	Total	Water	WW
Misc. Expenses - Other						
<i>Wellness Program & Activities</i>	\$ 9,000	\$ 4,500	\$ 4,500	\$ 9,000	\$ 4,500	\$ 4,500
<i>Drug Tests</i>	1,200	600	600	1,200	600	600
<i>All-Staff Meetings</i>	800	400	400	800	400	400
<i>Cell phone service</i>	2,000	1,000	1,000	2,000	1,000	1,000
<i>Parking Fees</i>	200	100	100	200	100	100
<i>Employee Recognition (EAB & plaques)</i>	5,000	2,500	2,500	5,000	2,500	2,500
<i>Lunches for interview panels & EAC meetings</i>	3,000	1,500	1,500	3,000	1,500	1,500
<i>AED supplies (cases, back up batteries)</i>	1,500	750	750	1,500	750	750
Total	\$ 22,700	\$ 11,350	\$ 11,350	\$ 22,700	\$ 11,350	\$ 11,350
Advertising Expenses						
<i>Board Meetings</i>	\$ 200	\$ 100	\$ 100	\$ 200	\$ 100	\$ 100
<i>Employment Advertising</i>	9,000	4,500	4,500	10,000	5,000	5,000
<i>Display Advertisements</i>	500	250	250	500	250	250
<i>Public Relations & Hearings</i>	500	250	250	500	250	250
Total	\$ 10,200	\$ 5,100	\$ 5,100	\$ 11,200	\$ 5,600	\$ 5,600
Emergency Preparedness						
Desktop Emergency Guides	\$ 500	\$ 250	\$ 250	\$ 500	\$ 250	\$ 250
"Floor Warden" Standard Emergency Kit	300	150	150	-	-	-
Office Emergency Kit (for 120 people for 3 days)	2,000	1,000	1,000	-	-	-
Office Emergency Kit (for 40 people for 3 days)	-	-	-	1,500	750	750
Community Emergency Response Training kits	-	-	-	1,400	700	700
72-Hour Emergency Kits for Newly-Hired Staff	1,800	900	900	1,800	900	900
Total	\$ 4,600	\$ 2,300	\$ 2,300	\$ 5,200	\$ 2,600	\$ 2,600
Total Administration	\$ 2,814,180	\$ 1,416,240	\$ 1,397,940	\$ 2,801,182	\$ 1,408,819	\$ 1,392,364

Expense History

Administrative Services

Operating Expenses - Water

		2019 Budget	2018 Budget	2017 Budget	2016 Variance	2016 Budget	2016 Actual
1-12-601-801-000	Salaries and Wages - Regular	\$ 758,800	\$ 712,880	\$ 617,526	\$ 12,583	\$ 601,360	\$ 588,777
1-12-620-801-000	Office Supplies	8,250	8,000	7,500	51	7,500	7,449
1-12-620-804-000	Office Forms	50	50	100	100	100	-
1-12-620-805-000	Publications	275	275	200	(276)	200	476
1-12-620-806-000	Small Tool and Equip	250	250	2,000	8,498	12,000	3,502
1-12-623-801-000	Computer Software	28,400	71,615	29,891	29,269	36,592	7,323
1-12-623-802-000	Computer Software Maint. Agreements	196,806	169,425	134,792	52,888	118,363	65,475
1-12-623-803-000	Computer Operating Supplies	7,250	7,000	10,500	(349)	10,500	10,849
1-12-623-804-000	Computer Equipment	94,000	139,875	35,763	19,308	60,903	41,594
1-12-631-803-000	Professional Services - Legal Services	31,500	30,000	34,500	12,295	33,000	20,705
1-12-631-804-000	Professional Services - Computing Services	95,605	91,950	51,800	17,200	49,200	32,000
1-12-631-807-000	Professional Services - Printing & Binding	19,000	18,250	21,750	(2,797)	21,500	24,297
1-12-631-808-000	Professional Services - Alarm Monitoring	900	900	850	332	850	518
1-12-631-809-000	Professional Services - Other	36,000	35,000	29,500	(3,876)	52,000	55,876
1-12-635-801-000	Conferences	16,825	16,825	21,509	5,960	18,175	12,215
1-12-635-802-000	Training	24,450	25,850	27,090	14,652	26,240	11,588
1-12-639-801-000	Repairs & Maintenance - Computer Non Contracted	500	500	400	400	400	-
1-12-639-802-000	Repairs & Maintenance - Equipment	29,463	28,075	19,500	(6,969)	19,000	25,969
1-12-639-803-000	Repairs & Maintenance - Computers	500	500	483	420	420	-
1-12-639-804-000	Repairs & Maintenance - Janitorial Services	500	500	400	(2,358)	375	2,733
1-12-639-806-000	Repairs to Structures, Grounds & Improvements	1,000	875	2,000	1,457	2,000	543
1-12-645-802-000	Dues	38,825	38,775	34,790	9,680	34,173	24,493
1-12-645-803-000	Professional Licenses	120	120	100	100	100	-
1-12-645-805-000	Misc. Expenses - Other	11,350	11,350	10,025	(411)	9,875	10,286
1-12-659-800-000	Emergency Preparedness	2,600	2,300	4,040	3,238	13,650	10,412
1-12-661-800-000	Advertising Expense	5,600	5,100	3,375	(7,083)	3,375	10,458
Sub Total - Water		\$ 1,408,819	\$ 1,416,240	\$ 1,100,384	\$ 164,311	\$ 1,131,850	\$ 967,540

Operating Expenses - Wastewater

2-12-701-801-000	Salaries and Wages - Regular	\$ 758,800	\$ 712,880	\$ 617,526	\$ 13,573	\$ 601,360	\$ 587,787
2-12-720-801-000	Office Supplies	8,250	8,000	7,500	198	7,500	7,302
2-12-720-804-000	Office Forms	50	50	100	89	100	11
2-12-720-805-000	Publications	275	275	200	31	200	169
2-12-720-806-000	Small Tool and Equip	250	250	2,000	8,621	12,000	3,380

Expense History

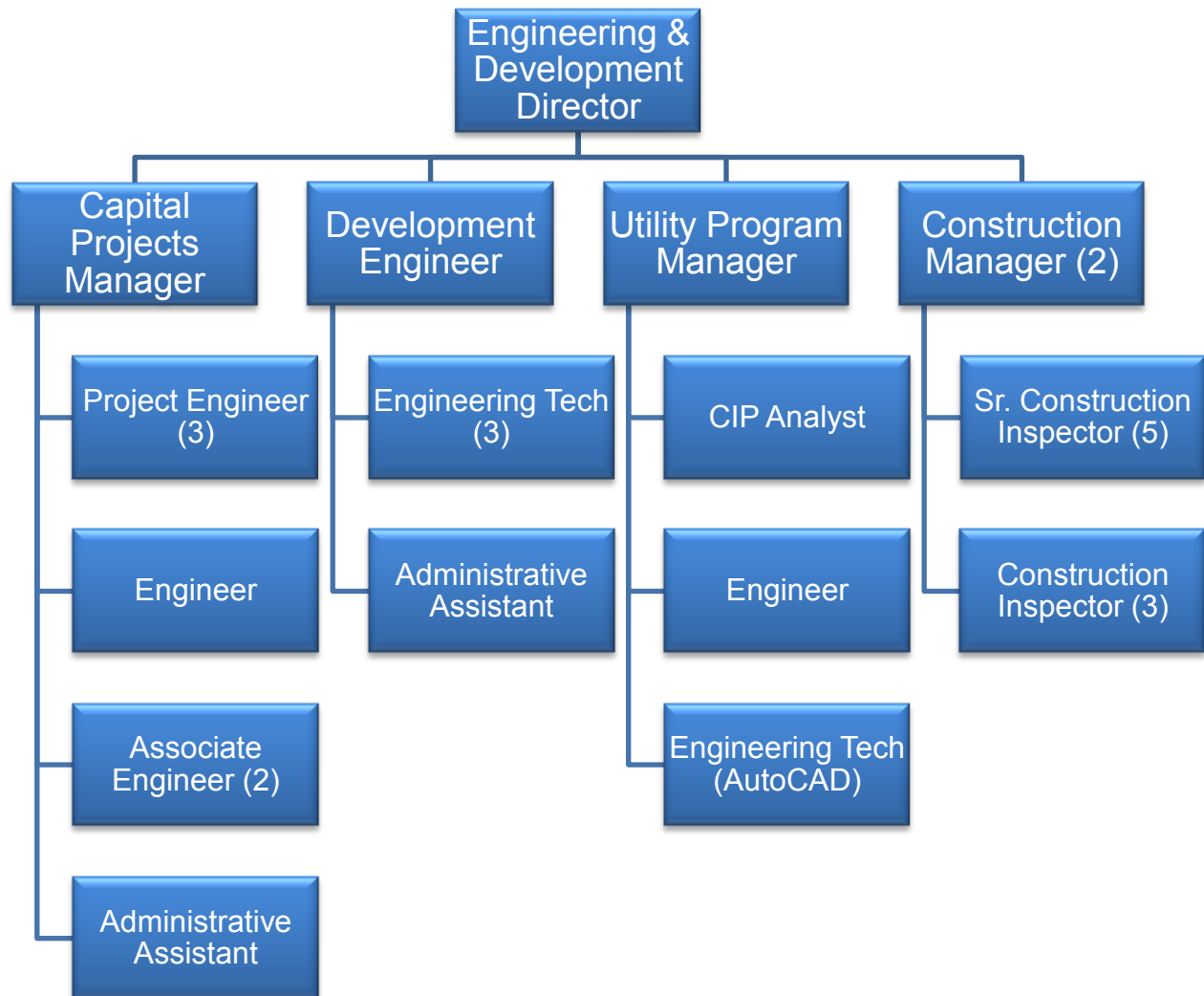
Administrative Services

		2019 Budget	2018 Budget	2017 Budget	2016 Variance	2016 Budget	2016 Actual
2-12-723-801-000	Computer Software	28,400	71,615	29,891	29,257	36,592	7,335
2-12-723-802-000	Computer Software Maint. Agreements	201,451	172,225	137,973	55,658	121,133	65,475
2-12-723-803-000	Computer Operating Supplies	7,250	7,000	10,500	(736)	10,500	11,236
2-12-723-804-000	Computer Equipment	94,000	139,875	35,763	19,752	60,903	41,150
2-12-731-803-000	Professional Services - Legal Services	31,500	30,000	34,500	17,335	33,000	15,665
2-12-731-804-000	Professional Services - Computer Services	95,605	91,950	51,800	17,292	49,200	31,908
2-12-731-807-000	Professional Services - Printing & Binding	19,000	18,250	13,750	(10,659)	13,500	24,159
2-12-731-808-000	Professional Services - Alarm Monitoring	900	900	850	332	850	518
2-12-731-809-000	Professional Services - Other	36,000	35,000	29,500	207	52,000	51,793
2-12-735-801-000	Conferences	11,325	11,325	16,809	1,522	13,675	12,153
2-12-735-802-000	Training	24,450	25,850	27,090	14,535	26,240	11,705
2-12-739-801-000	Repairs & Maintenance - Computer Non Contracted	500	500	400	400	400	-
2-12-739-802-000	Repairs & Maintenance - Equipment	29,463	28,075	19,500	(6,991)	19,000	25,991
2-12-739-803-000	Repairs & Maintenance - Computers	500	500	483	420	420	-
2-12-739-804-000	Repairs & Maintenance - Janitorial Services	500	500	400	(2,321)	375	2,696
2-12-739-806-000	Repairs to Structures, Grounds & Improvements	1,000	875	2,000	1,457	2,000	543
2-12-745-802-000	Dues	23,225	23,175	19,790	8,215	19,172	10,957
2-12-745-803-000	Professional Licenses	120	120	100	100	100	-
2-12-745-805-000	Misc. Expenses - Other	11,350	11,350	10,025	(119)	9,875	9,994
2-12-759-800-000	Emergency Preparedness	2,600	2,300	4,040	3,200	13,650	10,450
2-12-761-800-000	Advertising Expenses	5,600	5,100	3,375	(7,205)	3,375	10,580
Sub Total - Wastewater		\$ 1,392,364	\$ 1,397,940	\$ 1,075,864	\$ 164,162	\$ 1,107,119	\$ 942,957
Total Operating Expenses		\$ 2,801,182	\$ 2,814,180	\$ 2,176,248	\$ 328,473	\$ 2,238,970	\$ 1,910,497

Engineering & Development



Engineering & Development



2018-2019 Position Summary

Engineering & Development

Position	2016-2017 Positions	Budget Reductions	Decision Packages	2018-2019 Positions	Salary Range 2018		Grade
Engineering & Development Director	1			1	9,387	12,578	23
Utility Program Manager	0		1	1	8,200	10,989	21
Capital Projects Manager	1			1	7,662	10,267	20
Development Engineer	1			1	7,163	9,599	19
Project Engineer	2		1	3	7,163	9,599	19
Construction Manager	2			2	6,694	8,970	18
Engineer	2			2	6,254	8,381	17
Associate Engineer	1		1	2	5,463	7,321	15
Senior Construction Inspector	6		1	7	5,463	7,321	15
CIP Analyst	1			1	5,107	6,844	14
Engineering Technician (CAD)	1			1	5,107	6,844	14
Engineering Technician	3			3	5,107	6,844	14
Construction Inspector	0		1	1	5,107	6,844	14
Administrative Assistant	1		1	2	4,168	5,585	11
	22	0	6	28			

The department went through a re-organization during the 2016-2017 budget cycle. The department name was changed from Planning & Development Services to Engineering and Development. Multiple job titles were either re-named or re-classified.

Department Overview

Engineering and Development

Functions

Engineering and Development work areas include:

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

The Engineering and Development 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.

2018-2019 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 Strategic Plan goals.
- Continue to implement Developer Extension process improvements.
 - Ensure plans submitted comply with District standards
 - Complete first review within 4 weeks of receipt (recently 6-8 weeks)
 - Move to an electronic plan review and record keeping process

Department Operations

- Streamline Department processes for maximum efficiency and responsiveness.
 - See previous Developer's Extension process improvements 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 E&D (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

- Implement new Hydraulic Models for Water & Wastewater Systems. This software will be installed in early 2018.
 - 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
- A contract for Wetland Monitoring was signed in 2015 and payments also began in 2015. This is an already approved ongoing expense that will continue in the 2018/19 budget.
- Hire and on-board authorized additional staff.

Capital

- Replace water mains and repair/replace the sewer mains in the Shelby Road area.
- Complete Lift Station 23 project.
- Plan for the recoating of Reservoirs 2 and 3.
- Complete portions of the Eastside Pressure Reduction Project.
 - Water Transmission Main portion in 2018/19
 - Design of Pressure Zone Modifications with phase 1 construction beginning in 2019
- Install new and upgrade existing membranes at the Picnic Point Wastewater Treatment Facility.

Expense Justification

Engineering & Development Department

		For Year 2018			For Year 2019		
		Total	Water	WW	Total	Water	WW
ENGINEERING & DEVELOPMENT OPERATING EXPENSES							
Salaries and Wages (Includes Overtime)		\$ 2,507,370	\$ 1,253,685	\$ 1,253,685	\$ 2,783,034	\$ 1,391,517	\$ 1,391,517
(Less Capitalized Wages)		(1,230,452)	(615,226)	(615,226)	(1,381,623)	(690,811)	(690,811)
Net Salaries and Wages		Total	\$ 1,276,918	\$ 638,459	\$ 638,459	\$ 1,401,411	\$ 700,705
Uniform Clothing & Boots		Qty	Cost				
Uniforms for Inspection staff	7	675	\$ 4,725	\$ 2,363	\$ 2,363	\$ 4,725	\$ 2,363
Uniform items for other PDS staff	5	275	1,375	688	688	1,375	688
Total			\$ 6,100	\$ 3,050	\$ 3,050	\$ 6,100	\$ 3,050
Publications		Qty	Cost				
3 Books @ \$125 per copy	3	125	\$ 375	\$ 188	\$ 188	\$ 375	\$ 188
Brochures/Handouts	1	500	500	250	250	500	250
AWWA Standards	1	700	700	350	350	700	350
AWWA Manuals	1	3,200	-	-	-	3,200	1,600
Total			\$ 1,575	\$ 788	\$ 788	\$ 4,775	\$ 2,388
Small Tools & Equipment		Qty	Cost				
Smart Level	2	200	\$ 400	\$ 200	\$ 200	\$ 400	\$ 200
Replace metal detector	1	1,000	1,000	500	500	1,000	500
Vitamin C	1	100	100	50	50	100	50
Fittings for flushing	1	200	200	100	100	200	100
Tools & tool replacement	2	1,000	2,000	1,000	1,000	2,000	1,000
Other	1	1,000	1,000	500	500	1,000	500
Furniture for 6 new employees			26,500	13,250	13,250		
Total			\$ 31,200	\$ 15,600	\$ 15,600	\$ 4,700	\$ 2,350
Professional Services - Other		Qty	Cost				
Critical Area Monitoring(Wetland Monitoring)	2	4,500	\$ 9,000	\$ 4,500	\$ 4,500	\$ 9,000	\$ 4,500
On Call Services Potholing	25	850	21,250	10,625	10,625	21,250	10,625
Office Modifications/Repair	2	5,000	10,000	5,000	5,000	10,000	5,000
Total			\$ 40,250	\$ 20,125	\$ 20,125	\$ 40,250	\$ 20,125
Conferences		Qty	Cost				
National Conference	12	2,500	\$ 30,000	\$ 15,000	\$ 15,000	\$ 30,000	\$ 15,000
Regional Conferences	10	1,800	18,000	9,000	9,000	18,000	9,000
Total			\$ 48,000	\$ 24,000	\$ 24,000	\$ 48,000	\$ 24,000
Training		Qty	Cost				
Training	23	500	\$ 11,500	\$ 5,750	\$ 5,750	\$ 11,500	\$ 5,750
CAD/GIS Training	3	1,000	3,000	1,500	1,500	3,000	1,500
UCC Training	1	1,500	1,500	750	750	1,500	750
Training for Intern Program	3	500	1,500	750	750	1,500	750
Training / Conferences for 6 new FTEs			10,900	5,450	5,450	10,900	5,450
Total			\$ 28,400	\$ 14,200	\$ 14,200	\$ 28,400	\$ 14,200
Dues		Qty	Cost				
APWA	2	190	\$ 380	\$ 190	\$ 190	\$ 380	\$ 190
WEF	3	125	375	188	188	375	188
ASCE	1	245	245	123	123	245	123
NACE/SPCC	1		380	190	190	-	-
15 Water Certs	15	45	675	338	338	675	338
9 Sewer Certs	9	35	315	158	158	315	158
PE/EIT	5	120	600	300	300	600	300
Total			\$ 2,970	\$ 1,485	\$ 1,485	\$ 2,590	\$ 1,295
Misc. Expenses - Other		Qty	Cost				
U Haul Storage \$2,000 x2	2	2,000	\$ 4,000	\$ 2,000	\$ 2,000	\$ 4,000	\$ 2,000
all other expenses	1	1,500	1,500	750	750	1,500	750
Total			\$ 5,500	\$ 2,750	\$ 2,750	\$ 5,500	\$ 2,750
Conservation/Toilet Rebate Program		Qty	Cost				
Toilet Rebates	80	75	\$ 6,000	\$ 6,000		\$ 6,000	\$ 6,000
Counter handouts	1	500	500	500		500	500
Total			\$ 6,500	\$ 6,500	\$ -	\$ 6,500	\$ 6,500
			\$ 1,447,413	\$ 726,957	\$ 720,457	\$ 1,548,226	\$ 777,363
						\$ 770,863	

Expense History

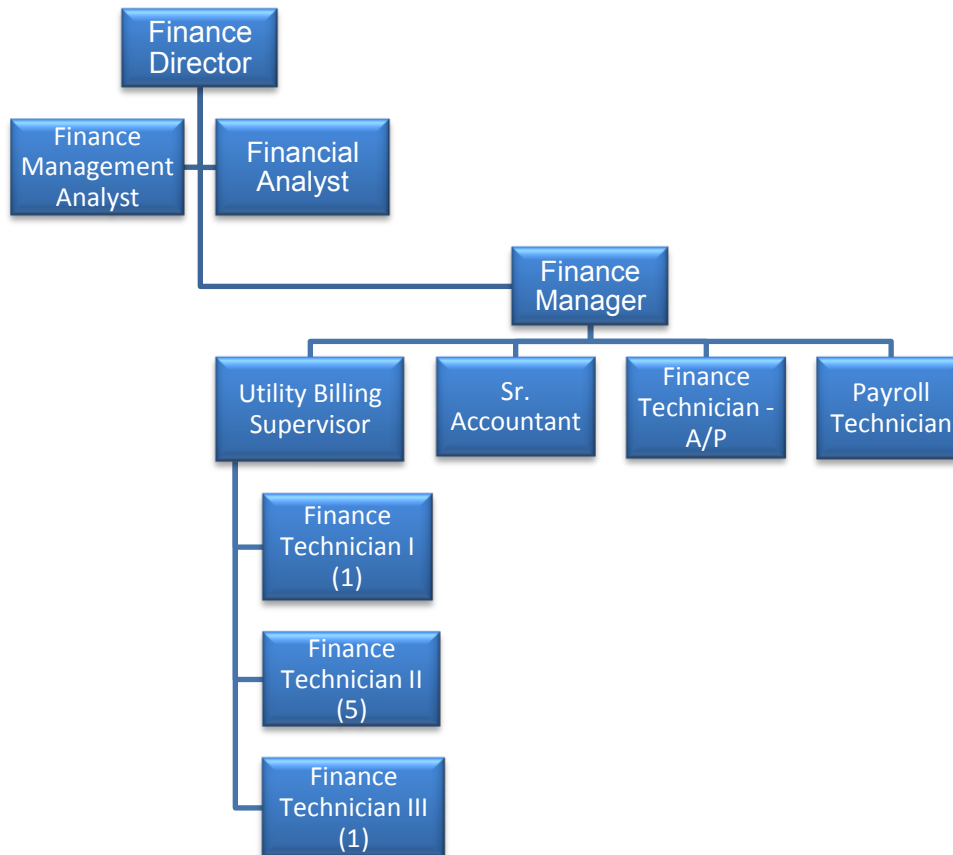
Engineering & Development

	2019 Budget	2018 Budget	2017 Budget	2016 Variance	2016 Budget	2016 Actual
Operating Expenses - Water						
1-21-601-801-000 Salaries and Wages	\$ 1,391,517	\$ 1,253,685	\$ 1,034,804	\$ 64,066	\$ 1,011,298	\$ 947,231
1-21-602-801-000 Capitalized Wages & Salaries - Offset	(690,811)	(615,226)	(430,493)	(45,194)	(421,176)	(375,982)
Wages Subtotal	\$ 700,705	\$ 638,459	\$ 604,311	\$ 18,873	\$ 590,122	\$ 571,249
1-21-608-801-000 Uniform Clothing & Boots	3,050	3,050	3,043	503	3,043	2,540
1-21-620-805-000 Publications	2,388	788	1,125	363	4,025	3,662
1-21-620-806-000 Small Tool and Equip	2,350	15,600	3,150	1,984	3,970	1,986
1-21-631-809-000 Professional Services - Other	20,125	20,125	16,000	9,697	16,000	6,303
1-21-635-801-000 Conferences	24,000	24,000	7,800	2	7,800	7,798
1-21-635-802-000 Training	14,200	14,200	8,700	(1,383)	8,700	10,083
1-21-645-802-000 Dues	1,295	1,485	2,085	(69)	2,085	2,154
1-21-645-805-000 Misc. Expenses - Other	2,750	2,750	2,500	582	2,500	1,918
1-21-645-806-000 Conservation	500	500	18,250	19,250	19,250	-
1-21-645-806-001 Toilet Rebate Program	6,000	6,000	5,000	(700)	5,000	5,700
Sub Total - Water	\$ 777,363	\$ 726,957	\$ 671,963	\$ 49,101	\$ 662,494	\$ 613,393
Operating Expenses - Wastewater						
2-21-701-801-000 Salaries and Wages	\$ 1,391,517	\$ 1,253,685	\$ 1,034,804	\$ (74,482)	\$ 1,011,298	\$ 936,816
2-21-702-801-000 Capitalized Wages & Salaries - Offset	(690,811)	(615,226)	(430,493)	45,194	(421,176)	(375,982)
Wages Subtotal	\$ 700,705	\$ 638,459	\$ 604,311	\$ (29,288)	\$ 590,122	\$ 560,834
2-21-708-801-000 Uniform Clothing & Boots	3,050	3,050	3,043	(547)	3,043	2,495
2-21-720-805-000 Publications	2,388	788	125	(29)	125	96
2-21-720-806-000 Small Tool and Equip	2,350	15,600	3,985	(263)	3,165	2,902
2-21-731-809-000 Professional Serv - Other	20,125	20,125	16,000	(6,942)	16,000	9,058
2-21-735-801-000 Conferences	24,000	24,000	7,800	(356)	7,800	7,444
2-21-735-802-000 Training	14,200	14,200	8,700	1,830	8,700	10,530
2-21-745-802-000 Dues	1,295	1,485	1,725	681	1,725	2,406
2-21-745-805-000 Misc. Expense - Other	2,750	2,750	2,500	(659)	2,500	1,841
Sub Total - Wastewater	\$ 770,863	\$ 720,457	\$ 648,188	\$ (35,573)	\$ 633,179	\$ 597,606
Total Operating Expenses	\$ 1,548,226	\$ 1,447,413	\$ 1,320,151	\$ 13,528	\$ 1,295,673	\$ 1,211,000



Organization Chart

Finance Department



2018-2019 Postion Summary

Finance

Position	2016-2017 Positions	Budget Reductions	Decision Packages	2018-2019 Positions	Salary Range 2016	Grade
Finance Director	1			1	9,387 - 12,578	23
Finance Manager	1			1	7,163 - 9,599	19
Accounting Supervisor	0			0	6,694 - 8,970	18
Utility Billing Supervisor	1			1	5,845 - 7,832	16
Financial Analyst	1			1	5,463 - 7,321	15
Sr. Accountant	0			1	5,463 - 7,321	15
Finance Management Analyst	1			1	5,107 - 6,844	14
Accountant	1			0	5,107 - 6,844	14
Payroll Accountant	1			1	4,774 - 6,398	13
Finance Technician III	1			1	4,168 - 5,585	11
Finance Technician II	5			5	3,898 - 5,225	10
Finance Technician I	1			1	3,640 - 4,878	9
	14	0	0	14		

In 2017 the Accounting Supervisor position was replaced by the Finance Manager position. In 2018 the Accountant position will be replaced by a Sr. Accountant position. Total positions in the Finance Department will remain at 14 positions.

Finance

Mission

To be excellent stewards of the public trust by being customer focused and data driven.

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.

2018-2019 Goals: Alignment with 2018-2022 Strategic Plan

Serve You Today -- *Engage and communicate with today's customers*

- 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.
- Conduct a focus group or customer survey and present the results to the Board by December 2019.
- Implement a new utility bill by July 2018.
- 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.

Plan for Tomorrow -- *Maintain affordable and sustainable rates*

- Conduct a rate study in 2019 and adopt appropriate rates for 2020-2022 by December 2019.
- Conduct an affordability analysis of District rates and present the Board with recommendations for new programs or policies to address affordability issues by December 2019.
- Maintain a financially strong utility through sustainable, affordable rates and the use of sound operational and financial planning practices.

Protect Our Water Supply -- *Continue to build our relationships with wholesale partners*

- Schedule semi-annual meetings with wholesale customers (including Clearview) to plan storage and other operational issues.
- Collaborate with other departments and external stakeholders to help the District develop operational goals and a storage plan by December 2019.

Manage Our Information and Our Physical Assets -- *Develop and implement a formal and comprehensive asset management program*

- Help coordinate asset management efforts and existing maintenance plans program to inform budget development and CIP planning.
- Finance Department has an asset management culture and broad understanding of the practice and processes.
- 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.

Build a Learning Organization -- *Strive for continuous improvement*

- Set vision, goals and strategy for a structured continuous improvement program in the Finance Department.
- Gather baseline metrics of business processes to measure improvement efforts over time.
- Develop plans for structured Kaizen and Value Stream Mapping exercises to document processes, capture knowledge held by long-term staff, and inform training.
- 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.

Budget Highlights

Changes in 2018-2019 Budget over 2017 Estimates

- Employee Benefits increasing \$514,000 or 10.3% in 2018 due to several factors: higher enrollment (more FTEs), an assumed 5% increase in medical benefits per FTE, annual COLA adjustments (3.0% in 2018 and an estimated 3.0% in 2019), increases in PERS contributions rates from 11.18% to 12.52% - a 12% increase. An increase of \$484,000 or 8.8% is expected in 2019.
- Professional Services increasing \$154,000 or 65% in 2018 due to several one-time efforts – billing system improvements, costs associated with redesigning the District's billing statement, and consulting services for lean process improvement and coaching for team building. A rate study is scheduled to occur in 2019, at a cost of \$125,000.
- Anticipating \$21,000 (8%) increase in Credit Card Fees in 2018. With addition of new online customer payment portal, we expect a continued increase in the number of credit card transactions, and thus higher fees. Expecting a \$22,000 (8%) increase in 2019.
- 2018 Salaries increasing \$89,000 or 8.4% due to a 3.0% COLA in 2018 and fewer expected vacancies. Expecting a 2019 increase of \$138,000 or 12.0% due to an additional 3.0% COLA

and the addition of an Asset Management Coordinator (this position may reside in a different department).

- In 2018, expecting a \$125,000 or 19% *decrease* in Insurance Expenses. The District received a lower premium in 2018 in connection with changing the deductible to \$25,000. A subsequent increase of \$50,000 (10%) is expected in 2019.
- Budgeting for a \$50,000 or ~50% increase in 2018 Postage budget due to normal increases in customer accounts and rate increases. Also, we are budgeting \$20,000 for special mailings (related to specific non-billing issues). For 2019, no increase in costs is expected.
- In 2018, budgeting for a \$32,000 increase in Supplies which covers the replacement of some office furniture and mailroom equipment. This budget category will decrease by \$13,000 in 2019.

Expense Justification

Finance

	For Year 2018			For Year 2019		
	Total	Water	WW	Total	Water	WW
FINANCE OPERATING EXPENSES						
Salaries and Wages (Includes Overtime)	\$ 1,149,943	\$ 574,972	\$ 574,972	\$ 1,287,920	\$ 643,960	\$ 643,960
Temporary Services						
Billing and Accounting Assistance	\$ 12,000	\$ 6,000	\$ 6,000	\$ 7,000	\$ 3,500	\$ 3,500
Employee Benefits						
Employee Benefits-net	\$ 5,503,111	2,751,555	2,751,555	\$ 5,986,778	\$ 3,000,160	\$ 2,986,618
<i>Employee benefits are accumulated in the Finance department for the entire district</i>						
Small Tools and Equipment						
Office Furniture Replacement	\$ 12,800	\$ 6,400	\$ 6,400	\$ 7,600	\$ 3,800	\$ 3,800
Replacement of Mailroom Equipment	10,000	5,000	5,000	-	-	-
Misc. (Printers, Calculators, Replacements)	-	-	-	600	300	300
New FTE Furniture - Asset Mgmt Coord position				5,500	2,750	2,750
Total	\$ 22,800	\$ 11,400	\$ 11,400	\$ 13,700	\$ 6,850	\$ 6,850
Office Forms:						
Administration Building	\$ 13,400	\$ 6,700	\$ 6,700	\$ 11,600	\$ 5,800	\$ 5,800
Publications:						
AP Publications	\$ 300	\$ 150	\$ 150	\$ 400	\$ 200	\$ 200
Financial Statement Updates/Guides	350	175	175	400	200	200
GAAP Publications	350	175	175	400	200	200
FASB/GASB Updates	300	150	150	350	175	175
Payroll Guides/Updates	300	150	150	300	150	150
Misc. Items	500	250	250	500	250	250
Total	\$ 2,100	\$ 1,050	\$ 1,050	\$ 2,350	\$ 1,175	\$ 1,175
Professional Services -other						
Finance						
Billing Software Support Services	\$ 17,000	\$ 8,500	\$ 8,500	\$ 11,125	\$ 5,563	\$ 5,562
Government Portfolio Advisors	39,000	19,500	19,500	39,000	19,500	19,500
State Audit (Includes Single Audit)	34,650	17,325	17,325	36,400	18,200	18,200
Arbitrage Reports (Willdan)	6,800	3,400	3,400	7,800	3,900	3,900
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	1,600	800	800	1,700	850	850
US Bank Fees	22,000	11,000	11,000	23,000	11,500	11,500
Outsourced Payroll (ADP)	6,000	3,000	3,000	6,300	3,150	3,150
Lock box (AFTS)	25,000	12,500	12,500	24,000	12,000	12,000
Shredding (LeMay)	1,100	550	550	1,100	550	550
IVR System (Teleworks)	2,800	1,400	1,400	2,800	1,400	1,400
Escrow Final Bills (WebCheck)	43,000	21,500	21,500	45,000	22,500	22,500
Advertising (RFPs, Public Hearings, etc.)	1,000	500	500	1,000	500	500
People Search	400	200	200	400	200	200
Weekly Statements & Delinquent Notice Mail (AFTS)	65,000	32,500	32,500	71,000	35,500	35,500
Bill/Notice Print & Mail (AFTS)	-	-	-	-	-	-
Northstar Business Utilization Review	21,200	10,600	10,600	-	-	-
Implement Badger Beacon AMA Mobile Solution	25,620	12,810	12,810	-	-	-
Customer Survey	-	-	-	35,000	17,500	17,500
COS / Rate Study	-	-	-	125,000	62,500	62,500
LEAN Consultant	50,000	25,000	25,000	50,000	25,000	25,000
Team Building & Coaching / Consulting Services	15,000	7,500	7,500	15,000	7,500	7,500
Total	\$ 381,420	\$ 189,835	\$ 191,585	\$ 499,875	\$ 249,063	\$ 250,812
Bank Service Charges- Credit Cards						
Paymentus	\$ 280,000	\$ 140,000	\$ 140,000	\$ 300,000	\$ 150,000	\$ 150,000
Communications						
Communications- Telephone Services	\$ 17,200	\$ 8,600	\$ 8,600	\$ 18,000	\$ 9,000	\$ 9,000
Communications- Cellular	\$ 9,200	\$ 4,600	\$ 4,600	\$ 9,400	\$ 4,700	\$ 4,700
Communications- Fax/Computer Lines	\$ 15,500	\$ 7,750	\$ 7,750	\$ 16,200	\$ 8,100	\$ 8,100
Communications- Postage	\$ 153,600	\$ 76,800	\$ 76,800	\$ 153,000	\$ 76,500	\$ 76,500

Expense Justification

Finance

			For Year 2018			For Year 2019		
			Total	Water	WW	Total	Water	WW
Conferences:								
GFOA	National	(1 Participant)	\$ 3,500	\$ 1,750	\$ 1,750	\$ 3,800	\$ 1,900	\$ 1,900
WPTA	Local	(2 Participants)	3,000	1,500	1,500	3,200	1,600	1,600
WFOA	Local	(3 Participants)	4,800	2,400	2,400	5,100	2,550	2,550
APA	National	(2 Participant)	9,000	4,500	4,500	9,500	4,750	4,750
ADP	National	(1 Participant)	4,000	2,000	2,000	4,200	2,100	2,100
Evergreen Rural Water	Local	(4 Participants)	1,100	550	550	1,200	600	600
Northstar	National	(2 Participants)	4,800	2,400	2,400	5,400	2,700	2,700
Total			\$ 30,200	\$ 15,100	\$ 15,100	\$ 32,400	\$ 16,200	\$ 16,200
Training:								
Staff Training			\$ 26,000	\$ 13,000	\$ 13,000	\$ 28,000	\$ 14,000	\$ 14,000
Staff Tuition Reimbursement			11,000	5,500	5,500	5,400	2,700	2,700
Training other			2,000	1,000	1,000	2,000	1,000	1,000
Total			\$ 39,000	\$ 19,500	\$ 19,500	\$ 35,400	\$ 17,700	\$ 17,700
Utilities-Natural Gas-Admin Bldg:								
Total			\$ 6,600	\$ 3,300	\$ 3,300	\$ 6,900	\$ 3,450	\$ 3,450
Utilities-Electricity-Admin Bldg:								
Total			\$ 29,200	\$ 14,600	\$ 14,600	\$ 30,600	\$ 15,300	\$ 15,300
Utilities-Garbage disposal:								
Total			\$ 3,800	\$ 1,900	\$ 1,900	\$ 4,100	\$ 2,050	\$ 2,050
Repairs and Maintenance:								
Total			\$ 5,300	\$ 2,650	\$ 2,650	\$ 6,000	\$ 3,000	\$ 3,000
Dues:								
GFOA National (National, 2 Members)			\$ 452	\$ 226	\$ 226	\$ 474	\$ 237	\$ 237
WFOA Local (5 Members)			263	131	131	276	138	138
WPTA Local (3 Members)			200	100	100	209	105	105
APA National/Local (2 Members)			473	236	236	496	248	248
AAPA National (1 Member)			267	133	133	280	140	140
WSCPA Local (0 Members)			-	-	-	-	-	-
SCCFOA Local (2 Member)			105	53	53	110	55	55
PSFOA Local (Organization)			53	26	26	55	28	28
GPUG (National GP)			473	236	236	496	248	248
Total			\$ 2,283	\$ 1,141	\$ 1,141	\$ 2,397	\$ 1,198	\$ 1,198
Professional licenses:								
Total			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recording:								
Total			\$ 3,200	\$ 1,600	\$ 1,600	\$ 3,700	\$ 1,850	\$ 1,850
Misc. Expenses:								
Total			\$ 1,000	\$ 500	\$ 500	\$ 1,000	\$ 500	\$ 500
Insurance Premiums:								
Water & Sewer Risk Management Pool Premiums (includes supplemental earthquake coverage)			\$ 495,000	\$ 247,500	\$ 247,500	\$ 544,500	\$ 272,250	\$ 272,250
Insurance Deductible:	\$ 25,000	X 1	\$ 25,000	\$ 12,500	\$ 12,500	\$ 25,000	\$ 12,500	\$ 12,500
The following items are split based on actual relationship to water and wastewater:								
Excise Taxes/Property taxes:								
Total			\$ 1,875,319	\$ 1,434,093	\$ 441,226	\$ 1,967,836	\$ 1,488,217	\$ 479,619
Capital Funding from Rates:								
Total			\$ 10,000,000	\$ 5,500,000	\$ 4,500,000	\$ 10,500,000	\$ 6,000,000	\$ 4,500,000
Debt Service:								
Principal			\$ 5,435,920	\$ 3,717,394	\$ 1,718,526	\$ 5,830,757	\$ 2,049,984	\$ 3,780,773
Interest			3,845,118	1,092,758	2,752,360	3,758,087	1,052,694	2,705,393
Total			\$ 9,281,038	\$ 4,810,153	\$ 4,470,886	\$ 9,588,843	\$ 3,102,677	\$ 6,486,166
Grand Total			\$ 29,357,214	\$ 15,843,799	\$ 13,513,415	\$ 31,054,499	\$ 15,095,700	\$ 15,958,799

Expense History

Finance

		2019 Budget	2018 Budget	2017 Budget	2016 Variance	2016 Budget	2016 Actual
Operating Expenses - Water							
1-31-601-801-000	Salaries and Wages-Regular	\$ 643,960	\$ 574,972	\$ 529,961	\$ 34,138	\$ 517,558	\$ 483,419
1-31-604-800-000	Temporary Services	3,500	6,000	14,080	13,782	14,080	298
1-31-606-801-000	Employee Benefits-Fica	470,977	437,260	428,660	40,277	406,260	365,983
1-31-606-802-000	Employee Benefits-Pers 1	26,630	19,827	18,898	2,820	18,526	15,706
1-31-606-803-000	Employee Benefits-Pers 2	768,470	719,596	564,783	47,019	533,397	486,377
1-31-606-810-000	Employee Benefits-Pers 3	61,610	56,831	40,640	4,687	39,479	34,792
1-31-606-804-000	Employee Benefits-Medical and Vision	1,086,152	967,099	910,191	161,881	866,848	704,967
1-31-606-805-000	Employee Benefits-HSA	20,272	22,138	25,000	24,875	27,500	2,625
1-31-606-806-000	Employee Benefits-Dental	81,443	71,775	87,744	11,839	83,565	71,727
1-31-606-807-000	Employee Benefits-Life	6,589	6,299	6,210	409	6,086	5,678
1-31-606-808-000	Employee Benefits-Long Term Disability	11,998	11,506	11,118	945	10,566	9,621
1-31-606-809-000	Employee Benefits-Sec 125 plan fees	1,106	1,054	1,211	191	1,211	1,020
1-31-606-811-000	Employee Benefits-VEBA	308,528	273,918	228,527	10,176	217,644	207,468
1-31-606-813-000	Employee Benefits-Short-Term Disability	10,907	10,460	10,114	684	9,427	8,743
1-31-607-802-000	Employee Benefits-Workers Comp	107,843	103,978	148,455	69,796	145,381	75,586
1-31-608-801-000	Employee Benefits – 401A Employer Match	176,565	164,837	108,968	30,233	103,136	72,903
1-31-609-801-000	Employee Benefits-Vacation buy back	36,402	34,232	32,907	(10,654)	31,765	42,419
1-31-609-802-000	Employee Benefits-Sick leave buy back	46,196	43,606	39,322	27,662	39,187	11,525
1-31-609-803-000	Employee Benefits-Floating holiday buy back	4,508	4,258	4,988	(144)	4,750	4,894
1-31-609-804-000	Employee Benefits-Other	93,657	87,508	85,658	16,868	82,352	65,485
1-31-609-805-000	Employee Benefits- Capitalized Benefits	(319,693)	(284,624)	(185,569)	(18,932)	(176,732)	(157,800)
1-31-620-804-000	Office Forms	5,800	6,700	4,600	(133)	4,350	4,483
1-31-620-805-000	Publications	1,175	1,050	975	685	950	265
1-31-620-806-000	Small Tool and Equip	6,850	11,400	3,250	1,243	10,200	8,957
1-31-631-809-000	Professional Serv - Other	249,063	189,835	127,093	24,820	195,800	170,980
1-31-633-801-000	Communication - Telephone Services	9,000	8,600	7,970	71	7,590	7,519
1-31-633-802-000	Communication - Cellular Telephone Services	4,700	4,600	5,440	753	5,180	4,427
1-31-633-805-000	Communication - Fax/Computer Lines	8,100	7,750	9,960	2,339	9,490	7,151
1-31-633-806-000	Communication - Postage	76,500	76,800	84,560	7,207	79,660	72,453
1-31-635-801-000	Conferences	16,200	15,100	12,400	10,976	11,910	934
1-31-635-802-000	Training	17,700	19,500	14,380	12,942	19,500	6,558
1-31-637-801-000	Utilities - Natural Gas - Admin Building	3,450	3,300	1,910	222	1,738	1,516
1-31-637-802-000	Utilities - Electricity	15,300	14,600	15,930	991	14,877	13,886

Expense History

Finance

	2019 Budget	2018 Budget	2017 Budget	2016 Variance	2016 Budget	2016 Actual
1-31-637-803-000 Utilities - Garbage Disposal	2,050	1,900	1,630	(154)	1,550	1,704
1-31-639-802-000 Repairs & Maintenance - Equipment	3,000	2,650	2,180	(196)	1,980	2,176
1-31-645-802-000 Dues	1,198	1,141	799	312	761	449
1-31-645-803-000 Professional Licenses	-	-	215	185	215	30
1-31-645-804-000 Recordings	1,850	1,600	6,489	3,414	6,489	3,075
1-31-645-805-000 Misc. Expense - Other	500	500	500	164	500	336
1-31-645-806-000 Bank Service Charges - Credit Cards	150,000	140,000	163,930	23,039	131,140	108,101
1-31-655-800-000 Insurance Premiums	272,250	247,500	315,610	1,525	303,471	301,946
1-31-656-800-000 Insurance - Direct Payments	12,500	12,500	7,500	(8,188)	7,500	15,688
1-31-657-800-000 Insurance - Other/Settlement	-	-	-	-	-	-
Sub total	\$ 4,504,806	\$ 4,099,553	\$ 3,899,186	\$ 550,769	\$ 3,796,837	\$ 3,246,068
Excise Taxes/Other	\$ 1,488,217	\$ 1,434,093	\$ 1,389,000	102,987	\$ 1,323,000	\$ 1,220,013
Capital Funding from Rates	6,000,000	5,500,000	3,500,000	-	3,500,000	3,500,000
Debt Service-Principal	2,049,984	3,717,394	3,588,595	-	3,293,095	3,293,095
Debt Service-Interest	1,052,694	1,092,758	1,225,536	-	1,346,133	1,346,133
Total Operating Expenses - Water	\$ 15,095,700	\$ 15,843,799	\$ 13,602,317	\$ 653,756	\$ 13,259,064	\$ 12,605,309

Expense History

Finance

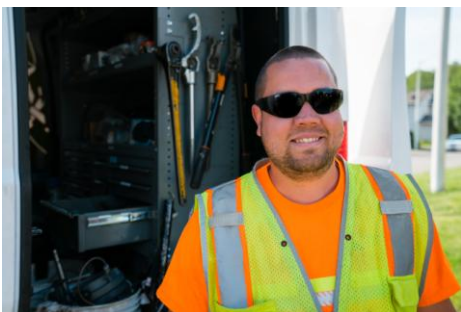
		2019 Budget	2018 Budget	2017 Budget	2016 Variance	2016 Budget
Operating Expenses - Wastewater						
2-31-701-801-000	Salaries and Wages-Regular	\$ 643,960	\$ 574,972	\$ 529,961	\$ 33,984	\$ 517,558
2-31-704-800-000	Temporary Services	3,500	6,000	14,080	13,782	14,080
2-31-706-801-000	Employee Benefits-Fica	468,711	437,260	428,660	40,277	406,260
2-31-706-802-000	Employee Benefits-Pers 1	26,533	19,827	18,898	2,820	18,526
2-31-706-803-000	Employee Benefits-Pers 2	765,459	719,596	564,783	47,019	533,397
2-31-706-810-000	Employee Benefits-Pers 3	61,395	56,831	40,640	4,687	39,479
2-31-706-804-000	Employee Benefits-Medical and Vision	1,081,788	967,099	910,191	161,881	866,848
2-31-706-805-000	Employee Benefits-HSA	20,256	22,138	25,000	24,875	27,500
2-31-706-806-000	Employee Benefits-Dental	80,999	71,775	87,744	11,839	83,565
2-31-706-807-000	Employee Benefits-Life	6,554	6,299	6,210	409	6,086
2-31-706-808-000	Employee Benefits-Long term Disability	11,939	11,506	11,118	945	10,566
2-31-706-809-000	Employee Benefits-Sec 125 plan fees	1,100	1,054	1,211	222	1,211
2-31-706-811-000	Employee Benefits-VEBA	307,244	273,918	228,527	10,176	217,644
2-31-706-813-000	Employee Benefits-Short-Term Disability	10,853	10,460	10,114	684	9,427
2-31-707-802-000	Employee Benefits-Workers Comp	107,375	103,978	148,455	69,796	145,381
2-31-708-801-000	Employee Benefits – 401A Employer Match	176,114	164,837	108,968	30,233	103,136
2-31-709-801-000	Employee Benefits-Vacation buy back	36,139	34,232	32,907	(10,654)	31,765
2-31-709-802-000	Employee Benefits-Sick leave buy back	46,125	43,606	39,322	27,662	39,187
2-31-709-803-000	Employee Benefits-Floating holiday buy back	4,478	4,258	4,988	(144)	4,750
2-31-709-804-000	Employee Benefits- Other	93,252	87,508	85,658	16,868	82,352
2-31-709-805-000	Employee Benefits - Capitalized Benefits	(319,693)	(284,624)	(184,345)	(15,439)	(175,566)
2-31-720-804-000	Office Forms	5,800	6,700	4,600	(133)	4,350
2-31-720-805-000	Publications	1,175	1,050	975	685	950
2-31-720-806-000	Small Tool and Equip	6,850	11,400	3,250	1,243	10,200
2-31-731-809-000	Professional Serv - Other	250,812	191,585	128,843	26,371	197,550
2-31-733-801-000	Communication - Telephone Services	9,000	8,600	7,970	71	7,590
2-31-733-802-000	Communication - Cellular Telephone Services	4,700	4,600	5,440	753	5,180
2-31-733-805-000	Communication - Fax/Computer Lines	8,100	7,750	9,960	2,339	9,490
2-31-733-806-000	Communication - Postage	76,500	76,800	84,560	7,251	79,660
2-31-735-801-000	Conferences	16,200	15,100	12,400	10,976	11,910
2-31-735-802-000	Training	17,700	19,500	14,380	13,215	19,500
2-31-737-801-000	Utilities - Natural Gas - Admin Building	3,450	3,300	1,910	345	1,738

Expense History

Finance

		2019 Budget	2018 Budget	2017 Budget	2016 Variance	2016 Budget
2-31-737-802-000	Utilities - Electricity	15,300	14,600	15,930	991	14,877
2-31-737-803-000	Utilities - Garbage Disposal	2,050	1,900	1,630	(154)	1,550
2-31-739-802-000	Repairs & Maintenance - Equipment	3,000	2,650	2,180	(196)	1,980
2-31-745-802-000	Dues	1,198	1,141	799	50	761
2-31-745-803-000	Professional Licenses	-	-	215	215	215
2-31-745-804-000	Recordings	1,850	1,600	6,489	1,815	6,489
2-31-745-805-000	Misc. Expense - Other	500	500	500	(216)	500
2-31-745-806-000	Bank Service Charges - Credit Cards	150,000	140,000	163,930	23,039	131,140
2-31-755-800-000	Insurance Premiums	272,250	247,500	315,610	1,525	303,471
2-31-756-800-000	Insurance - Direct Payments	12,500	12,500	7,500	7,500	7,500
	Sub total	<u>\$ 4,493,014</u>	<u>\$ 4,101,303</u>	<u>\$ 3,902,160</u>	<u>\$ 569,608</u>	<u>\$ 3,799,753</u>
	Excise Taxes/Other	\$ 479,619	\$ 441,226	\$ 414,000	\$ 27,462	\$ 394,000
	Capital Funding from Rates	4,500,000	4,500,000	3,500,000	-	3,500,000
	Debt Service-Principal	3,780,773	1,718,526	1,680,891	-	1,820,261
	Debt Service-Interest	2,705,393	2,752,360	2,797,804	-	2,837,400
	ULID assessment payments	-	-	(65,600)	(51,439)	(86,700)
	Total Operating Expenses - Wastewater	<u>\$ 15,958,799</u>	<u>\$ 13,513,415</u>	<u>\$ 12,229,255</u>	<u>\$ (23,977)</u>	<u>\$ 12,264,714</u>
	Total Operating Expenses - Finance	<u>\$ 31,054,499</u>	<u>\$ 29,357,214</u>	<u>\$ 25,831,572</u>	<u>\$ 629,779</u>	<u>\$ 25,523,778</u>

Maintenance & Operations



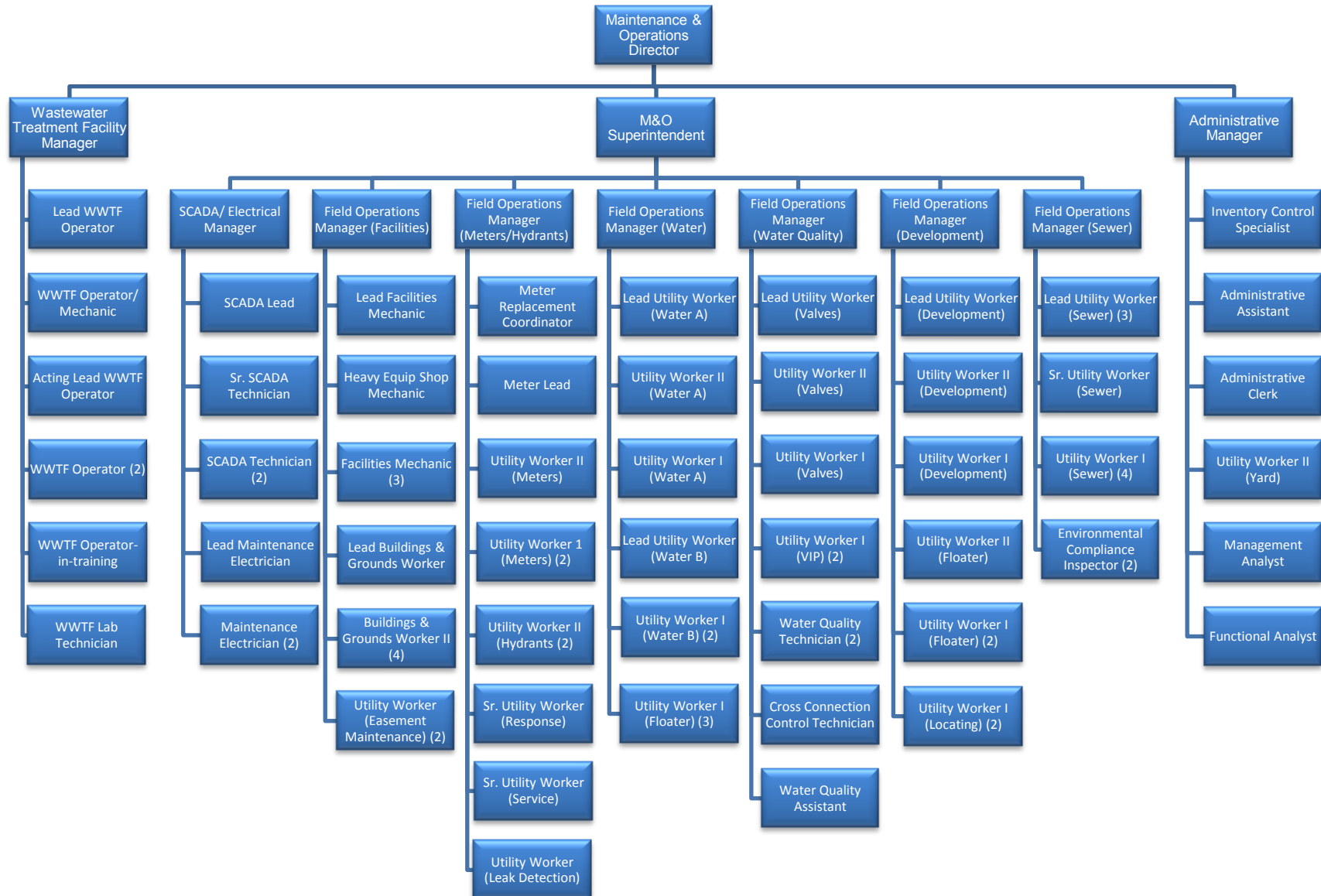
2018-2019 Position Summary

Maintenance & Operations

Position	2016-2017 Positions	Budget Reductions	Decision Packages	2018-2019 Positions	Salary Range 2018	Grade
Maintenance and Operations Director	1			1	8,953 - 11,999	23
Maintenance and Operations Superintendent	1			1	7,307 - 9,793	20
WWTF Manager	1			1	7,307 - 9,793	20
SCADA/Electrical Manager	1			1	6,831 - 9,154	19
Administrative Manager	1			1	6,384 - 8,555	18
Field Operations Manager	6			6	6,384 - 8,555	18
Lead Maintenance Electrician	1			1	5,965 - 7,995	17
SCADA System Lead	1			1	5,965 - 7,995	17
Meter Replacement Coordinator	1			1	5,575 - 7,470	16
SCADA Specialist	1			1	5,575 - 7,470	16
Heavy Equipment-Shop Mechanic	1			1	5,210 - 6,982	15
Lead Facilities Mechanic	1			1	5,210 - 6,982	15
Lead WWTF Operator	1			1	5,210 - 6,982	15
Maintenance Electrician	2			2	5,210 - 6,982	15
Functional Analyst	0		1	1	5,210 - 6,982	15
SCADA Technician	2			2	5,210 - 6,982	15
Cross Connection Control Technician	1			1	4,870 - 6,526	14
Lead Utility Worker I & II	7			7	4,870 - 6,526	14
Management Analyst [MO]	1			1	4,870 - 6,526	14
Environmental Compliance Inspector	2			2	4,870 - 6,526	14
Sr. WWTF Operator	2			2	4,870 - 6,526	14
Water Quality Technician	2			2	4,870 - 6,526	14
WWTF Operator/Mechanic II	1			1	4,870 - 6,526	14
Facilities Mechanic	3			3	4,553 - 6,100	13
Lead Buildings-Grounds Worker	1			1	4,553 - 6,100	13
WWTF Operator	2			2	4,553 - 6,100	13
WWTF Laboratory Technician I	1			1	4,553 - 6,100	13
Inventory Control Technician	1			1	4,253 - 5,699	12
Utility Worker II	10		3	13	4,253 - 5,699	12
Water Quality Assistant	1			1	4,253 - 5,699	12
Administrative Assistant [M&O]	1			1	3,975 - 5,327	11
WWTF Operator-in-Training	1			1	3,975 - 5,327	11
Buildings/Grounds Worker II	4			4	3,717 - 4,980	10
Utility Worker I	21			21	3,717 - 4,980	10
Administrative Clerk	1			1	3,472 - 4,652	9
	85	0	4	89		

Organization Chart

Maintenance & Operations Department



Maintenance and Operations

Functions

The Maintenance and Operations (M&O) Department consists currently of 87 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.
- *Administrative Group* – customer service, administrative support duties, document management, inventory control, 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.

2018-2019 Goals

Department Organization

With the establishment of the Administrative workgroup, as well as the addition of four Supervisors, the M&O Department is set up well for the immediate future. Most goals were met by M&O staff in the last budget cycle, but not all were accomplished.

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

- 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.
- 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.
- Hire one FTE to oversee the CMMS system, and to help develop an asset management program for the District. This person will take over all functions of the CMMS, maintenance, training of personnel, as well as increase functionality of the system to help in the development of the asset management program. This will free time for the M&O Analyst, and Manager to more closely achieve the goals in the first two bullets.
- Purchase equipment and hire staff to implement the Easement clearing and maintenance program. This goal will help insure that we have access to our entire infrastructure to perform proper maintenance and repairs to insure reliability of our systems.
- Purchase equipment, support vehicles, and hire one FTE to implement the leak detection program. AWWD currently averages over 6% of our purchased water lost due to undetected leaks in our water distribution system. This is at a substantial cost to our rate payers of about \$650,000 per year. This program will help to identify those leaks so they can be repaired.
- M&O will work closely with Human Resources to establish a comprehensive employee succession plan, in order to prepare staff to fill leadership roles in the organization due to retirements and/or open positions.
- SCADA/Electrical staff will be making a push to have spare parts for the more critical devices for the wastewater treatment plant. Many of these items have long lead times to acquire, and could potential cause shutdowns to critical pieces of equipment with the treatment plant.
- Staff will be working to establish satellite inventory storage on remote sites of the District that will provide parts and equipment on the east side of Interstate 5 in the event of a natural disaster that may limit our ability to get to the east side of the District . These areas will also provide efficiencies for staff that will not need to drive all the way back to M&O if they need a part for a job they are working on in those areas.
- Purchase and implement a GPS tracking system for vehicles, equipment, and personnel in the event of emergencies, and emergency planning.

Water

- Continue to work with agencies in the area to plan and execute projects together to improve the efficiencies of each agency and to limit the amount of need to disturb asphalt or concrete.
- Continue to develop relationships with developers in completing their projects. We established the DE workgroup in 2016 and it has already improved communications and work product with, and for, developers.
- Continue to improve the fire hydrant inspection program with the goal of inspecting each hydrant at least once every two years for proper operation.
- Continue to improve on responding to water system leaks in a timely manner to keep water loss to a minimum.

Wastewater

- We will look to continue 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.
- Continue to increase the manhole inspection program. We started the program in 2016 and it has already helped us to identify and repair many issues in the collection system. We would like to increase the effort with this program.
- Renew the equipment in the CCTV work truck. The equipment is getting old and needs replaced, but the truck itself is still in fine working order.

Budget Highlights

2018-2019 Changes

- Adding new vehicles and equipment to replace aging units. Staff will be working on establishing an alternative fuels program for our fleet. This will include hybrid, as well as biodiesel and even electric vehicles, if they fill our needs.
- Adding equipment and staff to establish a water leak detection program. AWWD loses an average of 6% of our purchased water each year due to undetected leaks in our distribution system. This program will help identify and eliminate those leaks.
- Adding equipment and staff to establish an easement clearing and maintenance program. There is a need to locate, clear, and maintain easements that have water or wastewater infrastructure running through them. We do not currently do this due to the lack of staffing.
- Adding an ADA compliant vehicle to transport staff to offsite meetings and trainings. We currently have no vehicles that are ADA compliant.
- Increasing the Conference and Training budget so that more staff may be able to attend conferences to help in their development as personnel, preparing them for possible placement in positions of leadership in the organization.

Maintenance & Operations Water Division



Expense Justification

Maintenance & Operations - Water

MAINTENANCE AND OPERATION EXPENSES - WATER		Total	2018	2019
Salaries (including Overtime and Duty Pay)		\$ 7,245,330	\$ 3,436,385	\$ 3,808,946
Temporary Services		\$ 2,240	\$ 1,120	\$ 1,120
Includes hiring an office temp to assist to cover vacations and/or sick leave of the clerical staff.				
Employee Benefits - Uniforms		\$ 82,500	\$ 41,000	\$ 41,500
• Uniforms	\$ 55,000			
• Boots	\$ 27,500			
Purchased Water		\$ 31,092,000	\$ 15,343,000	\$ 15,749,000
• AWWD Everett purchases	\$ 18,191,000			
• AWWD CWSA purchases	\$ 12,901,000			
Includes purchased water from Pump Stations 1, 2 and 3, and purchases from Clearview Water Supply Agency.				
Purchased Power		\$ 2,201,286	\$ 1,073,091	\$ 1,128,195
• Pump Stations 1 & 2	\$ 1,554,807			
• Pump Station - Clearview (#3)	\$ 541,800			
• Other Water Facilities	\$ 104,678			
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		\$ 177,567	\$ 82,228	\$ 95,339
• Gasoline	\$ 108,958			
For vehicles and equipment.				
• Diesel	\$ 67,600			
For vehicles, equipment & backup generators.				
• Other	\$ 1,009			
Propane.				
Chemicals		\$ 13,285	\$ 6,541	\$ 6,745
Chlorine and other chemicals, DPD packets and fluoride testing tablets		\$ 13,285		
Supplies		\$ 2,764,093	\$ 1,390,894	\$ 1,373,200
• Office Supplies/Forms	\$ 18,174			
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	\$ 2,593,337			
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	\$ 1,313			
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.	\$ 151,270			
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		\$ 201,830	\$ 107,314	\$ 94,516
• Lab Testing Services	\$ 95,578			
Bacteria, HAA5s and THMs.				
• Utility Locating	\$ 27,000			
• Alarm Monitoring - M&O Only	\$ 1,952			
• Other	\$ 77,300			
M&O audiograms, antifreeze disposal, solvent cleaner services, oil filter disposal, M&O Hepatitis B Shots.				

Expense Justification

Maintenance & Operations - Water

MAINTENANCE AND OPERATION EXPENSES - WATER		Total	2018	2019
Communication Services		\$ 116,169	\$ 56,727	\$ 59,442
• Telephone	\$ 13,262			
• Cell Phones	\$ 53,200			
• SCADA	\$ 47,011			
• Fax/Computer Lines	\$ 1,538			
• Radios & TV Service	\$ 1,158			
Conferences and Training		\$ 149,755	\$ 75,638	\$ 74,118
• Conferences	\$ 42,740			
Includes registratlon, lodging, meals and transportation to attend WEF national, NBMA regional, and AWWA national and regional conferences.				
• Training	\$ 107,015			
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		\$ 74,359	\$ 36,273	\$ 38,086
• Natural Gas	\$ 27,318			
• Electricity	\$ 37,611			
• Garbage Disposal	\$ 9,430			
Repairs		\$ 816,215	\$ 475,632	\$ 340,583
• Equipment	\$ 100,075			
Repair and maintenance to all equipment.				
• Structures & Grounds	\$ 178,942			
Fence repairs, Janitorial service, tree service, and valve box adjustment out source service.				
• Electrical	\$ 320,122			
Electrical supplies, infrared testing, M.& O. lighting, cathodic testing of reservoirs and trans mains.				
• Mechanical	\$ 50,796			
Repair and maintenance to Pump Station 1 & 2 mechanical systems, and M&O and Administration Building HVAC systems.				
• Telemetry, CMMS	\$ 166,280			
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		\$ 441,601	\$ 217,848	\$ 223,753
• Permits	\$ 258,883			
Includes Certificates of Occupancy, Special Fuel Users Tax, Fire inspection, Right-of-way permits, PSAPA, compressor, and DOH permit.				
• Dues	\$ 5,950			
Includes membership dues, business related associations, PNPCA, WEF, SCUCC, AWWA, and APWA.				
• Professional Licenses	\$ 11,904			
Includes license renewal fees for Water Distribution Manager, Water Distribution Specialist, Cross Connection Control Certificates, Backflow Assembly Tester, CDL (renewals, physicals & test).				
• Misc. Other Expenses	\$ 2,225			
• Property leases for Pump Stations 1 & 2	\$ 162,639			
Transportation Expenses		\$ 77,901	\$ 38,375	\$ 39,526
Vehicle repair and maintenance includes servicing, supplies, tires and wheels, towing, outside repair service, emissions tests, etc.				
Total Maintenance and Operation Expenses - Water		\$ 45,463,431	\$ 22,385,714	\$ 23,077,717

Expense History

Water Operations

		2019 Budget	2018 Budget	2017 Budget	2016 Variance	2016 Budget	2016 Actual
MAINTENANCE AND OPERATION EXPENSES-WATER							
1-41-510-101-000	Purchased Water - Pump Station #3	\$ 4,001,000	\$ 3,896,000	\$ 3,667,082	\$ (30,574)	\$ 3,557,000	\$ 3,587,574
1-41-515-101-000	Purchased Power - Pump Station #3	271,200	270,600	284,299	966	270,600	269,634
Source of Supply - Operating							
1-41-610-107-000	Purchased Water - Everett	9,217,000	8,974,000	8,840,334	480,012	8,466,034	7,986,022
1-41-610-108-000	Purchased Water	-	-	-	-	-	-
1-41-610-110-000	Purchased Water - Pump Station CV	2,531,000	2,473,000	2,328,678	(32,442)	2,261,581	2,294,023
1-41-615-107-000	Purchased Power - Pump Station #1	257,593	241,838	302,388	5,646	287,818	282,172
1-41-615-108-000	Purchased Power - Pump Station #2	544,334	511,041	486,649	57,838	463,200	405,362
1-41-615-110-000	Purchased Power - Reservoir #2 & 3	5,149	4,613	3,927	(688)	3,738	4,426
1-41-615-111-000	Purchased Power - Booster Pump Station	38,747	37,119	35,407	817	33,701	32,884
1-41-615-112-000	Purchased Power - Nike Reservoir	2,230	1,837	627	(517)	597	1,113
1-41-615-113-000	Purchased Power - Canyon Park Reservoir	4,041	2,998	2,133	(348)	2,030	2,378
1-41-615-114-000	Purchased Power - PRV Station	4,311	2,561	1,530	893	1,456	563
1-41-615-115-000	Purchased Power - Well #5	235	207	181	2	172	170
1-41-615-116-000	Purchased Power - Other Facilities	354	277	501	234	477	243
1-41-633-101-000	Communication - Telephone	2,246	2,160	824	792	792	
1-41-641-101-000	Property Lease-Pum Stations 1 & 2	82,521	80,118	79,179	1,222	77,626	76,404
Subtotal		16,961,962	16,498,368	16,033,739	483,852	15,426,822	14,942,970
Source of Supply - Maintenance							
1-41-601-201-000	Salaries and Wages - Regular	261,111	241,434	253,649	60,410	227,648	167,238
1-41-620-202-000	Maintenance Supplies	4,700	4,450	7,450	2,434	7,450	5,016
1-41-620-206-000	Small Tools & Equipment	750	750	1,000	(508)	1,000	1,508
1-41-639-206-000	Repairs to Structures, Grounds & Improvement	21,040	21,040	16,690	14,181	16,050	1,869
1-41-639-207-000	Repairs & Maintenance - Electrical	55,973	168,169	44,625	(6,547)	44,625	51,172
1-41-639-208-000	Repairs & Maintenance - Mechanical	9,000	9,000	11,250	(2,528)	11,250	13,778
Subtotal		352,574	444,843	334,664	67,442	308,023	240,581
Water Treatment - Operations							
1-41-601-301-000	Salaries and Wages - Regular	160,480	150,202	155,883	(54,497)	142,909	197,406
1-41-618-301-000	Chemicals - Chlorine	6,745	6,541	10,553	3,706	10,553	6,847
1-41-631-305-000	Professional Services - Laboratory Services	42,189	53,389	39,657	2,189	37,707	35,518
Subtotal		209,413	210,132	206,093	(48,602)	191,169	239,771
Water Treatment - Maintenance							
1-41-601-401-000	Salaries and Wages - Regular	278,444	259,277	286,925	68,688	271,727	203,039
1-41-620-406-000	Small Tools and Equipment	5,944	29,060	4,451	(33,583)	5,317	38,900
1-41-639-402-000	Repairs & Maintenance - Equipment	3,100	3,210	2,100	940	2,700	1,760
1-41-639-406-000	Repairs to Structures, Grounds & Improvements	400	400	400	400	400	
1-41-639-407-000	Repairs & Maintenance - Electrical	1,295	1,275	500	(1,810)	500	2,310
1-41-639-408-000	Repairs & Maintenance - Mechanical	1,000	1,000	1,000	857	1,000	143
Subtotal		290,183	294,222	295,376	35,491	281,644	246,152
Transmission and Distribution - Operations							
1-41-601-501-000	Salaries and Wages - Regular	92,047	85,405	68,412	49,088	65,637	16,549
Subtotal		92,047	85,405	68,412	49,088	65,637	16,549
Transmission and Distribution - Maintenance							
1-41-601-601-000	Salaries and Wages - Regular	1,382,307	1,196,952	1,362,972	264,315	1,286,279	1,021,964
1-41-620-602-000	Maintenance Supplies	1,218,337	1,197,711	1,343,840	(496,149)	1,262,034	1,758,183

Expense History

Water Operations

MAINTENANCE AND OPERATION EXPENSES-WATER		2019 Budget	2018 Budget	2017 Budget	2016 Variance	2016 Budget	2016 Actual
1-41-620-606-000	Small Tools and Equipment	9,080	15,500	11,430	(2,259)	9,550	11,809
1-41-639-606-000	Rep.-Structures, Grounds & Imp.(Mains & Services)	61,456	61,356	109,240	16,758	177,512	160,754
1-41-639-607-000	Repairs & Maintenance - Electrical	10,941	10,469	7,305	2,087	7,305	5,218
Subtotal		2,682,121	2,481,988	2,834,786	(215,247)	2,742,681	2,957,928
Customer Accounts Expense - Operations							
1-41-601-701-000	Salaries and Wages - Regular	479,773	443,618	434,274	23,433	397,801	374,368
1-41-620-702-000	Maintenance Supplies	10,749	10,749	11,217	9,553	10,247	694
1-41-620-706-000	Small Tools and Equipment	2,500	5,150	500	500	500	10,169
1-41-631-704-000	Professional Services	30,700	32,575	11,845	8,931	11,000	2,069
1-41-639-702-000	Repairs & Maintenance - Equipment	1,800	1,800	1,800	1,500	1,500	
Subtotal		525,522	493,892	459,636	43,917	421,048	377,131
Administrative and General Expenses - Operations							
1-41-601-801-000	Salaries and Wages - Regular	967,261	885,777	986,799	(26,285)	927,681	953,965
1-41-604-800-000	Temporary Services	1,120	1,120	16,800	6,220	16,800	10,580
1-41-608-801-000	Employee Benefits - Uniforms	27,750	27,250	19,055	(1,183)	19,830	21,013
1-41-608-802-000	Employee Benefits - Boots	13,750	13,750	14,195	3,581	13,750	10,169
1-41-616-801-000	Fuel - Gasoline	58,958	50,000	63,525	18,688	57,750	39,062
1-41-616-802-000	Fuel - Diesel	35,850	31,750	36,671	9,956	33,338	23,381
1-41-616-803-000	Fuel - Other	531	478	477	46	454	408
1-41-620-801-000	Office Supplies/Forms	9,265	8,909	5,149	(2,649)	4,951	7,600
1-41-620-802-000	Maintenance Supplies	70,654	69,007	63,584	11,165	61,982	50,817
1-41-620-805-000	Publications	670	643	374	114	350	236
1-41-620-806-000	Small Tools, Equipment and Furniture	33,835	41,937	25,970	(3,581)	46,295	49,876
1-41-631-806-000	Professional Service - Locating	13,500	13,500	14,830	5,061	13,910	8,849
1-41-631-808-000	Professional Service - Alarm Monitoring	1,002	950	966	402	930	528
1-41-631-809-000	Professional Service - Other	250	250	250	250	250	-
1-41-633-801-000	Communication - Telephone Services	4,536	4,320	18,125	4,170	17,262	13,092
1-41-633-802-000	Communication - Cellular Telephone Service	27,200	26,000	18,895	(2,666)	17,975	20,641
1-41-633-808-000	Communication - SCADA/Telemetry (New GL)	24,079	22,932				
1-41-633-805-000	Communication - Fax/Computer Lines	788	750	20,361	1,780	19,391	17,611
1-41-633-807-000	Communication - Radios	593	565	715	325	680	355
1-41-635-801-000	Conferences	21,475	21,265	12,148	3,259	12,113	8,854
1-41-635-802-000	Training	52,643	54,373	53,492	18,139	56,938	38,799
1-41-637-801-000	Utilities - Natural Gas - M&O Building	13,992	13,326	8,286	(231)	7,892	8,123
1-41-637-802-000	Utilities - Electricity - M&O Building/Storage	19,264	18,347	12,938	(2,562)	12,322	14,884
1-41-637-803-000	Utilities - Garbage Disposal	4,830	4,600	4,800	1,105	4,572	3,467
1-41-639-802-000	Repairs & Maintenance - Equipment	45,383	44,783	35,088	4,966	35,088	30,121
1-41-639-806-000	Repairs to Structures, Grounds & Improvements	6,675	6,575	5,275	(1,672)	5,500	7,172
1-41-639-807-000	Repairs & Maintenance - Electrical	22,869	49,131	17,485	(4,855)	17,485	22,340
1-41-639-808-000	Repairs & Maintenance - Mechanical	15,521	15,275	10,013	5,605	10,013	4,407
1-41-639-809-000	Repairs & Maintenance - Telemetry, CMMS	84,131	82,150	74,954	15,582	74,954	59,372
1-41-641-800-000	Misc. Rentals	3,650	3,650	3,650	966	3,650	2,684
1-41-645-801-000	Permits	131,029	127,854	130,095	32,782	127,600	94,818
1-41-645-802-000	Dues	2,975	2,975	818	678	818	140
1-41-645-803-000	Professional Licenses	5,978	5,927	4,215	(132)	4,105	4,237
1-41-645-805-000	Misc. Expenses - Other	1,250	975	150	(900)	150	1,050
1-41-650-800-000	Transportation Expenses	39,526	38,375	35,741	(18,307)	34,700	53,007

Expense History

Water Operations

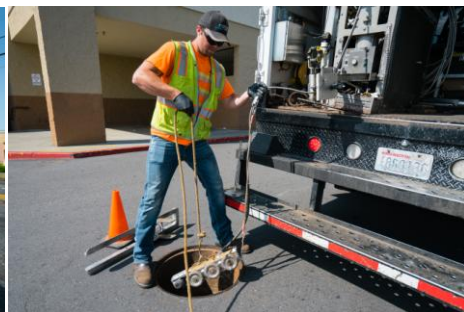
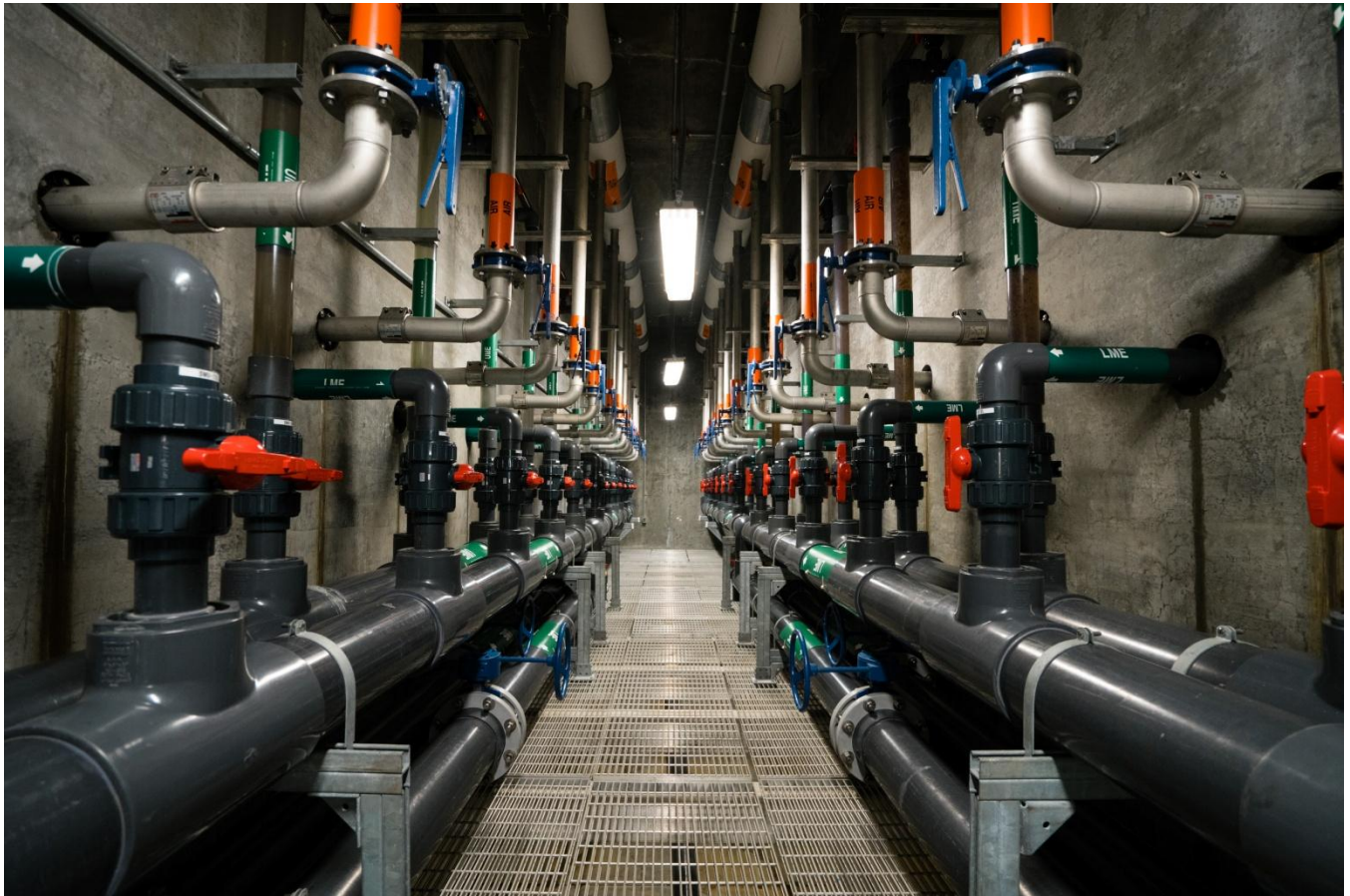
MAINTENANCE AND OPERATION EXPENSES-WATER

Landscape and Janitorial Operations

1-41-601-901-000	Salaries and Wages - Regular
1-41-620-902-000	Maintenance Supplies
1-41-620-906-000	Small Tools and Equipment
1-41-631-904-000	Professional Services - Other

	2019 Budget	2018 Budget	2017 Budget	2016 Variance	2016 Budget	2016 Actual
Subtotal	1,762,781	1,689,466	1,715,886	79,816	1,661,474	1,581,659
	187,522	173,718	152,250	(30,716)	148,249	178,964
	3,533	3,448	2,741	(852)	2,741	3,593
	3,182	3,582	2,674	(280)	2,899	3,178
	6,875	6,650	16,337	11,468	16,441	4,973
Subtotal	201,112	187,398	174,002	(20,379)	170,329	190,708
Total Maintenance and Operation Expenses-Water	\$ 23,077,717	\$ 22,385,714	\$ 22,122,700	\$ 475,478	\$ 21,268,928	\$ 20,793,450

Maintenance & Operations Wastewater Division



Expense Justification

Maintenance & Operations - Wastewater

MAINTENANCE AND OPERATION EXPENSES - WASTEWATER		Total	2018	2019
Salaries (Including Overtime & Duty Pay)		\$ 6,366,236	\$ 3,027,185	\$ 3,339,051
Temporary Services		\$ 2,240	\$ 1,120	\$ 1,120
Includes hiring an office temp to assist to cover vacations of the clerical staff and summer staff.				
Employee Benefits - Uniforms		\$ 82,500	\$ 41,000	\$ 41,500
• Uniforms	\$ 55,000			
• Boots	\$ 27,500			
Purchased Sewage Treatment		\$ 55,909,000	\$ 27,477,000	\$ 28,432,000
• King County/METRO	\$ 52,570,000			
• City of Everett	\$ 3,212,000			
• Northshore Utility District	\$ 127,000			
Sludge Removal Expenses		\$ 478,293	\$ 238,173	\$ 240,120
• Transportation & Disposal	\$ 239,200			
• Testing	\$ 2,400			
We are required to monitor the metals in our biosolids. This will provide for six full metal screens.				
• Chemicals	\$ 75,493			
Polymer used to enhance dewatering.				
• Repairs & Maintenance of Equipment:	\$ 61,200			
Parts for the gravity thickener, belt press, conveyor belt, cross conveyor and the transport trailers.				
• Misc. Expenses	\$ 100,000			
Purchased Power		\$ 1,042,395	\$ 474,495	\$ 567,900
Includes power costs for all 13 wastewater lift stations and the wastewater treatment plant				
Fuel, Diesel and Other Fuel		\$ 186,347	\$ 85,492	\$ 100,855
• Gasoline	\$ 108,958			
For vehicles and equipment for all locations.				
• Diesel	\$ 76,380			
For vehicles, equipment & backup generators.				
• Other	\$ 1,009			
Propane.				
Chemicals		\$ 137,180	\$ 68,500	\$ 68,680
• Chlorine for disinfections & odor control at Plant	\$ 128,000			
• Laboratory Chemicals	\$ 9,180			
Supplies		\$ 482,386	\$ 244,504	\$ 237,882
• Office Supplies	\$ 18,174			
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	\$ 311,433			
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	2018	2019
<ul style="list-style-type: none"> Laboratory Supplies \$ 13,770 Glassware, filters, utensils, and other paraphernalia used in the Treatment Plant laboratory and by the Pre-Treatment Inspector in the field. Publications \$ 2,113 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 \$ 136,897 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		\$ 201,299	\$ 95,595	\$ 105,704
<ul style="list-style-type: none"> Lab Testing Services \$ 97,122 Includes all testing services for the WWTP and Pre-Treatment, except for biosolids testing. Utility Locating \$ 27,000 Alarm Monitoring - M&O only \$ 1,952 Other \$ 75,225 M&O audiograms, antifreeze disposal, solvent cleaner services, oil filter disposal, M&O Hepatitis B Shots. 				
Communication Services		\$ 159,486	\$ 77,847	\$ 81,639
<ul style="list-style-type: none"> Telephone Service \$ 28,413 Cellular Telephone Service \$ 53,200 Fax/Computer lines \$ 28,598 Radios/TV \$ 1,158 SCADA/Telemetry \$ 48,118 				
Conferences, Training, Travel		\$ 149,755	\$ 75,638	\$ 74,118
<ul style="list-style-type: none"> Conferences \$ 42,740 Includes registration, lodging, meals and transportation to attend WEF national and regional, and NBMA regional. Training \$ 107,015 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		\$ 409,359	\$ 185,273	\$ 224,086
<ul style="list-style-type: none"> Natural Gas \$ 269,429 Garbage Disposal \$ 139,930 				
Repairs & Maintenance		\$ 1,057,661	\$ 524,741	\$ 532,919
<ul style="list-style-type: none"> Equipment \$ 145,232 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. 				

Expense Justification

Maintenance & Operations - Wastewater

MAINTENANCE AND OPERATION EXPENSES - WASTEWATER		Total	2018	2019
<ul style="list-style-type: none"> Structures & Grounds \$ 176,331 Fence repairs, landscape repairs, floor repairs, Hanitorial service, manhole repairs, asphalt overlays, tree spraying. Electrical \$ 437,473 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 \$ 122,346 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 \$ 166,280 Repair and maintenance. 				
Rentals		\$ 36,658	\$ 18,058	\$ 18,600
<ul style="list-style-type: none"> Operating Rentals & leases \$ 29,358 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		\$ 63,929	\$ 31,402	\$ 32,528
<ul style="list-style-type: none"> Permits \$ 43,850 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 \$ 5,950 Includes membership dues to business related associations such as PNPCA, WEF and UICC. Professional licenses \$ 11,904 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 \$ 2,225 				
Transportation Expenses		\$ 77,901	\$ 38,375	\$ 39,526
Vehicle repair and maintenance includes servicing, supplies, tires and wheels, towing, outside repair service, emissions tests, etc.				
Total Maintenance and Operation Expenses - Wastewater		\$ 66,842,626	\$ 32,704,397	\$ 34,138,228

Expense History

Maintenance & Operations - Wastewater

MAINTENANCE AND OPERATION EXPENSES-WASTEWATER		2019 Budget	2018 Budget	2017 Budget	2016 Variance	2016 Budget	2016 Actuals
Collection & Transmission - Maintenance							
2-42-701-201-000	Salaries and Wages - Regular	\$ 943,116	\$ 815,848	\$ 529,987	\$ 151,062	\$ 483,224	\$ 332,162
2-42-720-202-000	Maintenance Supplies	62,396	62,327	65,660	36,109	61,580	25,471
2-42-720-206-000	Small Tools and Equipment	14,250	13,160	29,375	177	24,690	24,513
2-42-739-202-000	Repairs & Maintenance - Equipment	4,600	3,600	7,462	(2,590)	16,100	18,690
2-42-739-206-000	Repairs to Structures, Grounds & Improvements	70,316	70,316	146,456	125,373	219,161	93,788
	Subtotal	1,094,679	965,251	778,940	310,131	804,755	494,624
Pumping Expenses - Operations							
2-42-715-303-000	Purchased Power - Lift Station #3	30	25	28	5	26	21
2-42-715-304-000	Purchased Power - Lift Station #4	1,250	1,210	1,152	32	1,097	1,065
2-42-715-305-000	Purchased Power - Lift Station #5	20,500	19,900	17,477	(3,241)	16,645	19,885
2-42-715-306-000	Purchased Power - Lift Station #6	7,790	7,560	7,015	(183)	6,681	6,864
2-42-715-311-000	Purchased Power - Lift Station #11	8,370	8,130	6,761	(924)	6,439	7,363
2-42-715-316-000	Purchased Power - Lift Station #16	970	940	1,034	59	985	926
2-42-715-317-000	Purchased Power - Lift Station #17	2,970	2,880	3,090	337	2,943	2,606
2-42-715-318-000	Purchased Power - Lift Station #18	3,000	2,910	2,863	129	2,727	2,597
2-42-715-319-000	Purchased Power - Lift Station #19	1,760	1,710	1,605	133	1,529	1,396
2-42-715-320-000	Purchased Power - Lift Station #20	3,900	3,790	3,614	(84)	3,442	3,525
2-42-715-322-000	Purchased Power - Lift Station #22	1,610	1,560	4,683	2,894	4,460	1,566
2-42-715-323-000	Purchased Power - Lift Station #23	7,070	3,430				
2-42-715-325-000	Purchased Power - Lift Station #25	980	950	1,426	704	1,358	654
	Subtotal	60,200	54,995	50,749	(139)	48,332	48,471
Pumping Expenses - Maintenance							
2-42-701-401-000	Salaries and Wages - Regular	121,201	112,362	215,730	(37,964)	209,860	247,824
2-42-720-402-000	Maintenance Supplies	4,150	4,000	3,250	347	3,250	2,903
2-42-720-406-000	Small Tools and Equipment	3,350	6,150	3,585	(23)	3,585	3,608
2-42-739-406-000	Repairs to Structures, Grounds & Improvements	7,250	12,750	8,000	(1,826)	8,000	9,826
2-42-739-407-000	Repairs & Maintenance - Electrical	40,646	40,352	28,210	438	28,210	27,772
2-42-739-408-000	Repairs & Maintenance - Mechanical	16,750	34,000	8,000	1,052	8,000	6,948
2-42-739-410-000	Repairs & Maintenance - Inspection & Cleaning	5,000	5,000	5,000	5,000	5,000	-
	Subtotal	198,347	214,614	271,775	(32,975)	265,905	298,880
Treatment & Disposal - Operations							
2-42-701-501-000	Salaries and Wages - Regular	356,247	329,401	354,623	8,313	348,087	339,774
2-42-710-501-000	Purch. Sewage Treatment - King County / METRO	26,770,000	25,800,000	23,619,495	(903,918)	22,593,054	23,496,972
2-42-710-502-000	Purch. Sewage Treatment - City of Everett	1,597,000	1,615,000	1,676,757	35,815	1,600,150	1,564,335
2-42-710-504-000	Purch. Sewage Treatment - Northshore Utility	65,000	62,000	59,267	1,518	56,965	55,447
2-42-711-501-000	Sludge Removal Exp. - Transportation & Disposal	119,600	119,600	143,000	(6,457)	132,000	138,457
2-42-711-502-000	Sludge Removal Exp. - Testing	1,200	1,200	1,200	(160)	1,200	1,360
2-42-711-503-000	Sludge Removal Exp. - Chemicals	38,120	37,373	16,600	(24,699)	16,600	41,299
2-42-711-505-000	Sludge Removal Exp. - Misc.	50,000	50,000	1,040	1,000	1,000	
2-42-716-502-000	Fuel - Diesel	5,516	3,264	12,807	9,769	11,088	1,319
2-42-718-501-000	Chemicals - Chlorine/Other	64,000	64,000	-	130	46,475	46,345
2-42-718-502-000	Chemicals - Laboratory	4,680	4,500	-	(269)	4,080	4,349

Expense History

Maintenance & Operations - Wastewater

MAINTENANCE AND OPERATION EXPENSES-WASTEWATER		2019 Budget	2018 Budget	2017 Budget	2016 Variance	2016 Budget	2016 Actuals
2-42-720-503-000	Laboratory Supplies	7,020	6,750	4,570	2,040	5,040	3,000
2-42-720-505-000	Publications	400	400	460	394	460	66
2-42-731-505-000	Professional Services - Laboratory Services	7,072	6,800	3,675	1,832	3,500	1,668
2-42-737-501-000	Utility Services - Natural Gas	113,800	90,700	97,225	28,205	92,595	64,390
2-42-737-502-000	Utility Services - Electricity	507,700	419,500	400,502	15,413	381,430	366,017
2-42-737-503-000	Utility Services - Garbage Disposal	72,200	58,300	50,157	1,087	47,768	46,682
2-42-741-500-000	Operating Rentals and Leases	14,950	14,408	3,988	929	3,888	2,959
2-42-745-501-000	Misc. Expenses - Permits	20,800	20,000	27,625	10,305	26,685	16,380
	Subtotal	29,815,305	28,703,195	26,472,990	(818,754)	25,372,067	26,190,821
Treatment & Disposal - Maintenance					-		
2-42-701-601-000	Salaries and Wages - Regular	611,294	565,522	547,533	80,061	519,211	439,149
2-42-711-604-000	Sludge Removal - Repair & Maintenance - Equipment	31,200	30,000	20,000	12,891	20,000	7,109
2-42-720-602-000	Maintenance Supplies	15,808	15,200	8,320	(4,474)	8,130	12,604
2-42-720-606-000	Small Tools and Equipment	8,320	8,000	8,000	2,046	8,000	5,954
2-42-731-609-000	Professional Services - Other	31,200	30,000	106,000	(9,880)	26,000	35,880
2-42-739-602-000	Repairs & Maintenance - Equipment	20,800	20,000	3,600	(58,239)	3,600	61,839
2-42-739-606-000	Repairs to Structures, Grounds & Improvements	1,248	1,200	2,200	(10,702)	2,200	12,902
2-42-739-607-000	Repairs & Maintenance - Electrical	167,622	116,853	47,500	8,570	47,500	38,930
2-42-739-608-000	Repairs & Maintenance - Mechanical	20,800	20,000	12,500	(19,271)	12,500	31,771
	Subtotal	908,292	806,775	755,653	1,001	647,141	646,140
Treatment & Disposal - Operations - PreTreatment					-		
2-42-701-701-000	Salaries and Wages - Regular	177,622	167,869	164,673	83,179	161,637	78,458
2-42-720-702-000	Maintenance Supplies	469	441	810	(2,725)	767	3,492
2-42-720-706-000	Small Tools and Equipment	579	552	548	(55)	548	603
2-42-731-705-000	Professional Services - Laboratory Services	45,805	37,445	40,022	15,547	36,773	21,226
2-42-739-702-000	Repair & Maintenance - Equipment	3,309	2,758	6,570	5,149	5,475	326
	Subtotal	227,783	209,064	212,623	101,094	205,199	104,104
Administrative and General Expenses - Operations					-		
2-42-701-801-000	Salaries and Wages - Regular	965,336	883,997	1,000,647	25,792	941,275	915,483
2-42-704-800-000	Temporary Services	1,120	1,120	16,800	6,220	16,800	10,580
2-42-708-801-000	Employee Benefits - Uniforms	27,750	27,250	19,055	(966)	19,830	20,796
2-42-708-802-000	Employee Benefits - Boots	13,750	13,750	14,195	3,581	13,750	10,169
2-42-716-801-000	Fuel - Gasoline	58,958	50,000	63,525	18,634	57,750	39,116
2-42-716-802-000	Fuel - Diesel	35,850	31,750	36,671	9,956	33,338	23,381
2-42-716-803-000	Fuel - Other	531	478	477	46	454	408
2-42-720-801-000	Office Supplies/Forms	9,265	8,909	5,149	(1,906)	4,951	6,858
2-42-720-802-000	Maintenance Supplies	70,654	69,007	63,584	12,422	61,982	49,560
2-42-720-805-000	Publications	670	643	374	114	350	236
2-42-720-806-000	Small Tools, Equipment and Furniture	33,835	41,937	25,970	(3,067)	46,295	49,362
2-42-731-806-000	Prof. Services - Locating	13,500	13,500	14,830	5,301	13,910	8,609
2-42-731-808-000	Professional Service - Alarm Monitoring	1,002	950	966	(210)	930	1,140
2-42-731-809-000	Professional Service - Other	250	250	250	205	250	45
2-42-733-801-000	Communication - Telephone Services	14,553	13,860	22,954	2,065	21,861	19,796
2-42-733-802-000	Communication - Cellular Telephone Service	27,200	26,000	18,895	(2,666)	17,975	20,641

Expense History

Maintenance & Operations - Wastewater

MAINTENANCE AND OPERATION EXPENSES-WASTEWATER		2019 Budget	2018 Budget	2017 Budget	2016 Variance	2016 Budget	2016 Actuals
2-42-733-808-000	Communication - SCADA/Telemetry (New GL)	24,646	23,472				
2-42-733-805-000	Communication - Fax/Computer Lines	14,648	13,950	22,689	2,016	21,609	19,593
2-42-733-807-000	Communication - Radios/TV	593	565	715	325	680	355
2-42-735-801-000	Conferences	21,475	21,265	12,148	2,040	12,113	10,072
2-42-735-802-000	Training	52,643	54,373	53,492	18,786	56,938	38,151
2-42-737-801-000	Utilities - Natural Gas - M&O Building	13,992	13,326	8,286	(93)	7,892	7,985
2-42-737-802-000	Utilities - Electricity - M&O Building/Storage	19,264	18,347	12,938	(2,562)	12,322	14,884
2-42-737-803-000	Utilities - Garbage Disposal	4,830	4,600	4,800	1,105	4,572	3,467
2-42-739-802-000	Repairs & Maintenance - Equipment	45,383	44,783	35,088	5,756	35,088	29,331
2-42-739-806-000	Repairs to Structures, Grounds & Improvements	6,675	6,575	5,275	(1,066)	5,500	6,566
2-42-739-807-000	Repairs & Maintenance - Electrical	22,869	49,131	17,485	(6,414)	17,485	23,899
2-42-739-808-000	Repairs & Maintenance - Mechanical	15,521	15,275	10,013	5,737	10,013	4,275
2-42-739-809-000	Repairs & Maintenance - Telemetry	84,131	82,150	74,954	15,628	74,954	59,325
2-42-741-800-000	Misc. Rentals	3,650	3,650	3,650	1,010	3,650	2,640
2-42-745-801-000	Permits	1,525	1,525	14,525	(8,050)	14,775	22,825
2-42-745-802-000	Dues	2,975	2,975	818	632	818	186
2-42-745-803-000	Professional Licenses	5,978	5,927	4,215	419	4,105	3,686
2-42-745-805-000	Misc. Expenses - Other	1,250	975	150	(21)	150	171
2-42-750-800-000	Transportation Expenses	39,526	38,375	35,741	(17,122)	34,700	51,822
Subtotal		1,655,796	1,584,636	1,621,321	93,646	1,569,060	1,475,414
Landscape and Janitorial Operations					-		
2-42-701-901-000	Salaries and Wages - Regular	164,236	152,187	130,665	(34,819)	127,059	161,879
2-42-720-902-000	Maintenance Supplies	3,533	3,448	2,741	(558)	2,741	3,299
2-42-720-906-000	Small Tools and Equipment	3,182	3,582	2,674	98	2,899	2,801
2-42-731-904-000	Professional Services - Other	6,875	6,650	16,337	6,922	16,441	9,519
Subtotal		177,826	165,867	152,417	(28,357)	149,140	177,497
Total Maintenance and Operation Expenses-Wastewater		\$ 34,138,228	\$ 32,704,397	\$ 30,316,466	\$ (374,352)	\$ 29,061,599	\$ 29,435,951

Capital Improvement Plan



Capital Improvement Plan Overview

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

2018-2019 Budget and Forecast

			ADOPTED BUDGET		Projected 2020	Projected 2021	Projected 2022		
	Actual 2016	Projected 2017	Adopted 2018	Adopted 2019					
WASTEWATER SYSTEM PROJECTS									
TOTAL WASTEWATER COST			\$4,828,600	\$6,235,000	\$33,766,000	\$6,796,000	\$7,432,000	\$16,704,000	\$14,182,000
Wastewater System - Capital Project			\$4,224,500	\$5,546,000	\$32,527,000	\$6,018,000	\$5,431,000	\$15,773,000	\$11,629,000
Wastewater System - Laterals			-	149,000	-	-	-	-	-
Wastewater System - Mains			351,700	2,691,000	5,360,000	1,756,000	1,747,000	4,949,000	7,173,000
Wastewater System - Trunks			2,873,800	995,000	343,000	2,796,000	966,000	2,356,000	1,369,000
Wastewater System - Lift Stations & Force mains			738,000	576,000	7,306,000	932,000	777,000	3,137,000	1,105,000
Wastewater System - Wastewater Treatment			261,000	1,135,000	19,518,000	534,000	1,941,000	5,331,000	1,982,000
Wastewater System - Capital Support Items			\$494,000	\$624,000	\$999,000	\$578,000	\$1,260,000	\$513,000	\$528,000
Wastewater System - Capital Franchise, Outside Agency & Participation			\$110,100	\$65,000	\$240,000	\$200,000	\$741,000	\$418,000	\$2,025,000
WATER SYSTEM PROJECTS									
TOTAL WATER COST			\$7,105,700	\$4,225,000	\$14,361,000	\$11,418,000	\$15,930,000	\$15,241,000	\$8,942,000
Water System - Capital Project			\$6,266,500	\$2,920,000	\$11,528,000	\$10,335,000	\$13,264,000	\$14,370,000	\$8,046,000
Water System - Services & Meters			-	-	17,000	47,000	515,000	24,000	61,000
Water System - Distribution			971,100	1,169,000	3,737,000	1,187,000	2,716,000	6,318,000	6,482,000
Water System - Transmission			4,606,900	1,195,000	6,337,000	2,788,000	5,383,000	4,744,000	245,000
Water System - Pump Stations			29,000	-	25,000	347,000	260,000	2,205,000	245,000
Water System - ACV & PRVs			119,700	78,000	1,287,000	3,338,000	1,336,000	77,000	657,000
Water System - Storage			102,800	457,000	25,000	2,528,000	2,475,000	1,002,000	356,000
Water System - Supply			437,000	21,000	100,000	100,000	579,000	-	-
Water System - Capital Support Items			\$479,000	\$713,000	\$874,000	\$501,000	\$1,260,000	\$513,000	\$528,000
Water System - Capital Franchise, Outside Agency & Participation			\$360,200	\$592,000	\$1,959,000	\$582,000	\$1,406,000	\$358,000	\$368,000
TOTAL - WATER AND WASTEWATER CAPITAL COSTS			\$11,934,300	\$10,460,000	\$48,127,000	\$18,214,000	\$23,362,000	\$31,945,000	\$23,124,000

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.

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- 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		DWSRF - DM13-952-125		Total Junior Debt		Total Debt Service																	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Interest	Principal																
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	228,089	97,965	621,184	133,309	1,052,694	2,049,984																
2020			1,470,600	857,946	77,777	778			133,197	29,969	231,511	94,544	442,484	125,291	983,237	1,913,084																
2021			1,514,300	790,299					133,197	27,971	234,983	91,071	368,180	119,042	909,341	1,882,480																
2022			1,558,000	720,641					133,197	25,973	238,508	87,546	371,705	113,520	834,160	1,929,705																
2023			1,605,500	648,973					133,197	23,975	242,086	83,969	375,283	107,944	756,917	1,980,783																
2024			1,654,900	572,711					133,197	21,978	245,717	80,337	378,914	102,315	675,026	2,033,814																
2025			1,708,100	489,966					133,197	19,980	249,403	76,652	382,600	96,631	586,598	2,090,700																
2026			1,765,100	401,999					133,197	17,982	253,144	72,911	386,341	90,892	492,891	2,151,441																
2027			1,825,900	309,331					133,197	15,984	256,941	69,113	390,138	85,097	394,428	2,216,038																
2028			1,890,500	211,646					133,197	13,986	260,795	65,259	393,992	79,245	290,891	2,284,492																
2029			1,957,000	108,614					133,197	11,988	264,707	61,347	397,904	73,335	181,949	2,354,904																
2030									133,197	9,990	268,678	57,377	401,875	67,367	67,367	401,875																
2031									133,197	7,992	272,708	53,347	405,905	61,338	61,338	405,905																
2032									133,197	5,994	276,798	49,256	409,995	55,250	55,250	409,995																
2033									133,197	3,996	280,950	45,104	414,147	49,100	49,100	414,147																
2034									133,197	1,998	285,165	40,890	418,362	42,888	42,888	418,362																
2035											289,442	36,612	289,442	36,612	36,612	289,442																
2036											293,784	32,271	293,784	32,271	32,271	293,784																
2037											298,190	27,864	298,190	27,864	27,864	298,190																
2038											302,663	23,391	302,663	23,391	23,391	302,663																
2039											307,203	18,851	307,203	18,851	18,851	307,203																
2040											311,811	14,243	311,811	14,243	14,243	311,811																
2041											316,488	9,566	316,488	9,566	9,566	316,488																
2042											321,236	4,819	321,236	4,819	4,819	321,236																
2043															-	-																
2018 - 2043																																
TOTAL	\$	3,140,000	\$	125,600	\$	18,563,000	\$	6,958,727	\$	233,330	\$	4,667	\$	364,242	\$	5,464	\$	2,264,352	\$	305,687	\$	6,531,000	\$	1,294,303	\$	9,392,923	\$	1,610,121	\$	8,694,448	\$	31,095,923

Note: Debt Service payments are estimated for the Drinking Water State Revolving Fund (DWSRF) loan with the number DM13-952-125. While the District is scheduled to begin making payments in 2019, the exact amounts are not yet known. The capital improvements funded by this loan are scheduled to be completed in 2018.

Debt Service Schedule

Wastewater Fund

	2010 Series B		2013 Sewer Revenue Bond		PWTF-Pre108		PWTF-Pre126		PTWF - WWTP Upgrade		WA Revolve Fund		Total Junior Debt		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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
2018 - 2043																
TOTAL	\$30,287,000	\$11,353,712	\$23,310,000	\$16,575,788	\$ 421,053	\$ 9,474	\$ 426,901	\$ 9,605	\$3,438,980	\$ 85,975	\$6,904,142	\$1,388,756	\$11,191,076	\$1,493,809	\$64,788,076	\$29,423,310

**ALDERWOOD WATER & WASTEWATER DISTRICT
SNOHOMISH COUNTY, WASHINGTON
RESOLUTION NO. 2685-2017**

**A RESOLUTION of the Board of Commissioners of Alderwood Water &
Wastewater District, Snohomish County, Washington, Establishing the 2018-2019
Biennium Budget for the Water and Sewer Funds**

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 2018 and 2019 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;

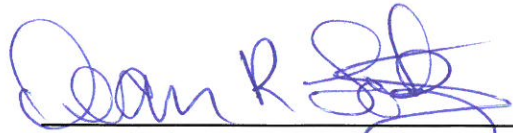
NOW THEREFORE, BE IT RESOLVED BY the Board of Commissioners of Alderwood Water & Wastewater District, Snohomish County, Washington that:

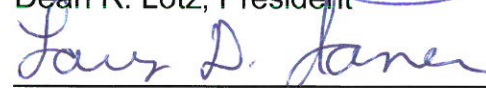
Section 1. The Operating Budget for fiscal years (Jan. 1 – Dec. 31) 2018 and 2019, as shown in Exhibit A, is hereby approved.

Section 2. The Capital Improvement Plan (CIP) Budget for fiscal years 2018 and 2019, as shown in Exhibit B, is hereby approved.


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 December 2017.


Dean R. Lotz, President

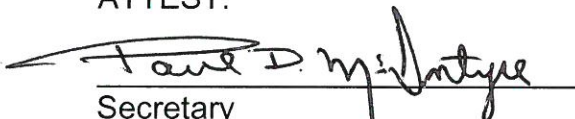

Larry D. Jones, Vice President


Paul D. McIntyre, Secretary


Donna J. Cross, Commissioner


Michael R. Dixon, Commissioner

ATTEST:


Secretary

**Alderwood Water & Wastewater District
2018 and 2019 Operating Budgets
Exhibit A**

	2018 Water Operating Budget	2018 Sewer Operating Budget	2018 AWWD Total Operating Budget	2019 Water Operating Budget	2019 Sewer Operating Budget	2019 AWWD Total Operating Budget
Beginning Balances						
Operating Fund Balance (incl. Operating Reserve & Available Cash)	\$ 14,847,000	\$ 11,024,000	\$ 25,871,000	\$ 13,591,000	\$ 9,887,000	\$ 23,478,000
Rate Stabilization Reserve	7,064,000	5,379,000	12,443,000	7,064,000	5,379,000	12,443,000
Wholesale Rate Stabilization Reserve (Water) *	345,000		345,000	345,000		345,000
Debt Reserves	3,590,000	2,097,000	5,687,000	3,590,000	2,097,000	5,687,000
Total - Beginning Balances	\$ 25,846,000	\$ 18,500,000	\$ 44,346,000	\$ 24,590,000	\$ 17,363,000	\$ 41,953,000
Sources						
Operating Rate Revenue						
Retail Service	\$ 25,796,000	\$ 43,865,000	\$ 69,661,000	\$ 26,763,000	\$ 46,498,000	\$ 73,261,000
Wholesale Service	10,001,000	2,357,000	12,358,000	10,308,000	2,435,000	12,743,000
Non Rate Revenue	2,162,000	1,018,000	3,180,000	2,178,000	1,018,000	3,196,000
General Facility Charges (Water) **	1,200,000		1,200,000	1,260,000		1,260,000
Total - All Sources	\$ 39,159,000	\$ 47,240,000	\$ 86,399,000	\$ 40,509,000	\$ 49,951,000	\$ 90,460,000
Uses						
By Department Expense Category						
Employee Salaries & Benefits	\$ 8,178,000	\$ 7,769,000	\$ 15,947,000	\$ 8,977,000	\$ 8,494,000	\$ 17,471,000
Purchased Supplies & Services	3,663,000	2,772,000	6,435,000	3,832,000	2,955,000	6,787,000
Purchased Water	15,343,000		15,343,000	15,749,000		15,749,000
Purchased Sewage Treatment		27,477,000	27,477,000		28,432,000	28,432,000
Utilities	1,129,000	680,000	1,809,000	1,187,000	813,000	2,000,000
Total Department Expense Categories	\$ 28,313,000	\$ 38,698,000	\$ 67,011,000	\$ 29,745,000	\$ 40,694,000	\$ 70,439,000
Other Uses of Funds - By Category						
Debt Service	\$ 4,810,000	\$ 4,471,000	\$ 9,281,000	\$ 3,103,000	\$ 6,486,000	\$ 9,589,000
Taxes	1,434,000	441,000	1,875,000	1,488,000	480,000	1,968,000
Capital Funding from Current-Year Rate Revenue	4,000,000	3,000,000	7,000,000	4,000,000	2,000,000	6,000,000
Total Other Uses of Funds	\$ 10,244,000	\$ 7,912,000	\$ 18,156,000	\$ 8,591,000	\$ 8,966,000	\$ 17,557,000
Total - All Uses	\$ 38,557,000	\$ 46,610,000	\$ 85,167,000	\$ 38,336,000	\$ 49,660,000	\$ 87,996,000
Surplus / (Deficit) of Operating Funds	\$ 602,000	\$ 630,000	\$ 1,232,000	\$ 2,173,000	\$ 291,000	\$ 2,464,000
Ending Balances						
Operating Fund Balance (incl. Operating Reserve & Available Cash)	\$ 13,592,000	\$ 9,886,000	\$ 23,478,000	\$ 13,624,000	\$ 7,460,000	\$ 21,084,000
Rate Stabilization Reserve - Retail	7,064,000	5,379,000	12,443,000	7,064,000	5,379,000	12,443,000
Rate Stabilization Reserve - Wholesale (Water Only)	345,000		345,000	345,000		345,000
Debt Reserves	3,590,000	2,097,000	5,687,000	3,590,000	2,097,000	5,687,000
Total - Ending Balances	\$ 24,591,000	\$ 17,362,000	\$ 41,953,000	\$ 24,623,000	\$ 14,936,000	\$ 39,559,000

* The Wholesale Rate Stabilization Reserve only exists for wholesale water customers of the District.

** 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
2018-2019 Capital Improvement Plan Budgets
Exhibit B**

	2018 Water Capital Plan Budget	2018 Sewer Capital Plan Budget	2018 AWWD Total Capital Plan Budget	2019 Water Capital Plan Budget	2019 Sewer Capital Plan Budget	2019 AWWD Total Capital Plan Budget
Beginning Balances						
Capital Fund Balance (incl. Capital Reserve & Available Cash)	\$ 33,206,000	\$ 38,349,000	\$ 71,555,000	\$ 31,822,000	\$ 14,205,000	\$ 46,027,000
Total - Beginning Balances	\$ 33,206,000	\$ 38,349,000	\$ 71,555,000	\$ 31,822,000	\$ 14,205,000	\$ 46,027,000
Sources						
Transfer from Current-Year Rate Revenue	\$ 4,000,000	\$ 3,000,000	\$ 7,000,000	\$ 4,000,000	\$ 2,000,000	\$ 6,000,000
Transfer from Operating Fund Avail Balance	1,500,000	1,500,000	3,000,000	2,000,000	2,500,000	4,500,000
General Facilities Charges	1,200,000	4,190,000	5,390,000	1,260,000	4,441,000	5,701,000
Other Revenue - Developer Fees, Interest	790,000	933,000	1,723,000	772,000	518,000	1,290,000
State Revolving Fund Proceeds	5,486,000	-	5,486,000	608,000	-	608,000
Total - All Sources	\$ 12,976,000	\$ 9,623,000	\$ 22,599,000	\$ 8,640,000	\$ 9,459,000	\$ 18,099,000
Uses						
Water Projects						
Services & Meters	17,000		17,000	47,000		47,000
Distribution	3,737,000		3,737,000	1,187,000		1,187,000
Transmission	6,337,000		6,337,000	2,788,000		2,788,000
Pump Stations	25,000		25,000	347,000		347,000
Automatic Control Valves & Pressure Reducing Valves	1,287,000		1,287,000	3,338,000		3,338,000
Storage	25,000		25,000	2,528,000		2,528,000
Supply	100,000		100,000	100,000		100,000
Sewer Projects						
Laterals		-	-		-	-
Mains		5,360,000	5,360,000		1,756,000	1,756,000
Trunks		343,000	343,000		2,796,000	2,796,000
Lift Stations & Force Mains		7,306,000	7,306,000		932,000	932,000
Wastewater Treatment		19,518,000	19,518,000		534,000	534,000
Capital Projects Subtotal	\$ 11,528,000	\$ 32,527,000	\$ 44,055,000	\$ 10,335,000	\$ 6,018,000	\$ 16,353,000
Capital Support Items	874,000	999,000	1,873,000	501,000	578,000	1,079,000
Franchise / Outside Agency Participation	1,959,000	240,000	2,199,000	582,000	200,000	782,000
Total - All Uses	\$ 14,361,000	\$ 33,766,000	\$ 48,127,000	\$ 11,418,000	\$ 6,796,000	\$ 18,214,000
Surplus / (Deficit) of Capital Funds	\$ (1,385,000)	\$ (24,143,000)	\$ (25,528,000)	\$ (2,778,000)	\$ 2,663,000	\$ (115,000)
Ending Balances						
Available Capital Reserve	\$ 31,821,000	\$ 14,206,000	\$ 46,027,000	\$ 29,044,000	\$ 16,868,000	\$ 45,912,000
Total - Ending Balances	\$ 31,821,000	\$ 14,206,000	\$ 46,027,000	\$ 29,044,000	\$ 16,868,000	\$ 45,912,000

* 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
2018 and 2019 Operating Budgets
Exhibit A (Reference Version)

This is an alternative version of Exhibit A (Operating Budget) for reference. It specifically shows the "Uses of Available Cash", allowing the reader to easily follow from the beginning balances to the ending balances. Letters were also added to call out the flow of funds throughout the year.

	2018 Water Operating Budget	2018 Sewer Operating Budget	2018 AWWD Total Operating Budget	2019 Water Operating Budget	2019 Sewer Operating Budget	2019 AWWD Total Operating Budget
Beginning Balances						
Operating Fund Balance (incl. Operating Reserve & Available Cash)	\$ 14,847,000	\$ 11,024,000	\$ 25,871,000	\$ 13,591,000	\$ 9,887,000	\$ 23,478,000
Rate Stabilization Reserve	7,064,000	5,379,000	12,443,000	7,064,000	5,379,000	12,443,000
Wholesale Rate Stabilization Reserve (Water) *	345,000		345,000	345,000		345,000
Debt Reserves	3,590,000	2,097,000	5,687,000	3,590,000	2,097,000	5,687,000
Total - Beginning Balances [A]	\$ 25,846,000	\$ 18,500,000	\$ 44,346,000	\$ 24,590,000	\$ 17,363,000	\$ 41,953,000
Sources of Current-year Revenue						
Operating Rate Revenue						
Retail Service	\$ 25,796,000	\$ 43,865,000	\$ 69,661,000	\$ 26,763,000	\$ 46,498,000	\$ 73,261,000
Wholesale Service	10,001,000	2,357,000	12,358,000	10,308,000	2,435,000	12,743,000
Non Rate Revenue	2,162,000	1,018,000	3,180,000	2,178,000	1,018,000	3,196,000
General Facility Charges (Water) **	1,200,000		1,200,000	1,260,000		1,260,000
Total - All Sources [B]	\$ 39,159,000	\$ 47,240,000	\$ 86,399,000	\$ 40,509,000	\$ 49,951,000	\$ 90,460,000
Uses of Current-year Revenue						
By Department Expense Category						
Employee Salaries & Benefits	\$ 8,178,000	\$ 7,769,000	\$ 15,947,000	\$ 8,977,000	\$ 8,494,000	\$ 17,471,000
Purchased Supplies & Services	3,663,000	2,772,000	6,435,000	3,832,000	2,955,000	6,787,000
Purchased Water	15,343,000		15,343,000	15,749,000		15,749,000
Purchased Sewage Treatment		27,477,000	27,477,000		28,432,000	28,432,000
Utilities	1,129,000	680,000	1,809,000	1,187,000	813,000	2,000,000
Total Department Expense Categories	\$ 28,313,000	\$ 38,698,000	\$ 67,011,000	\$ 29,745,000	\$ 40,694,000	\$ 70,439,000
Other Uses of Funds - By Category						
Debt Service	\$ 4,810,000	\$ 4,471,000	\$ 9,281,000	\$ 3,103,000	\$ 6,486,000	\$ 9,589,000
Taxes	1,434,000	441,000	1,875,000	1,488,000	480,000	1,968,000
Transfer to Capital Program	4,000,000	3,000,000	7,000,000	4,000,000	2,000,000	6,000,000
Total Other Uses of Funds	\$ 10,244,000	\$ 7,912,000	\$ 18,156,000	\$ 8,591,000	\$ 8,966,000	\$ 17,557,000
Total Uses of Current-year Revenue	\$ 38,557,000	\$ 46,610,000	\$ 85,167,000	\$ 38,336,000	\$ 49,660,000	\$ 87,996,000
Surplus / (Deficit) of Operating Funds from Current-Year Revenue	\$ 602,000	\$ 630,000	\$ 1,232,000	\$ 2,173,000	\$ 291,000	\$ 2,464,000
Uses of Available Cash:						
Additional Transfer to Capital Program	\$ 1,500,000	\$ 1,500,000	\$ 3,000,000	\$ 2,000,000	\$ 2,500,000	\$ 4,500,000
One-Time Non-Capital Expenditures	357,000	268,000	625,000	140,000	218,000	358,000
Total Uses of Available Cash	\$ 1,857,000	\$ 1,768,000	\$ 3,625,000	\$ 2,140,000	\$ 2,718,000	\$ 4,858,000
Total - All Uses [C]	\$ 40,414,000	\$ 48,378,000	\$ 88,792,000	\$ 40,476,000	\$ 52,378,000	\$ 92,854,000
Ending Balances						
Operating Fund Balance (incl. Operating Reserve & Available Cash)	\$ 13,592,000	\$ 9,886,000	\$ 23,478,000	\$ 13,624,000	\$ 7,460,000	\$ 21,084,000
Rate Stabilization Reserve - Retail	7,064,000	5,379,000	12,443,000	7,064,000	5,379,000	12,443,000
Rate Stabilization Reserve - Wholesale (Water Only)	345,000		345,000	345,000		345,000
Debt Reserves	3,590,000	2,097,000	5,687,000	3,590,000	2,097,000	5,687,000
Total - Ending Balances [A] + [B] - [C]	\$ 24,591,000	\$ 17,362,000	\$ 41,953,000	\$ 24,623,000	\$ 14,936,000	\$ 39,559,000

* The Wholesale Rate Stabilization Reserve only exists for wholesale water customers of the District.

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