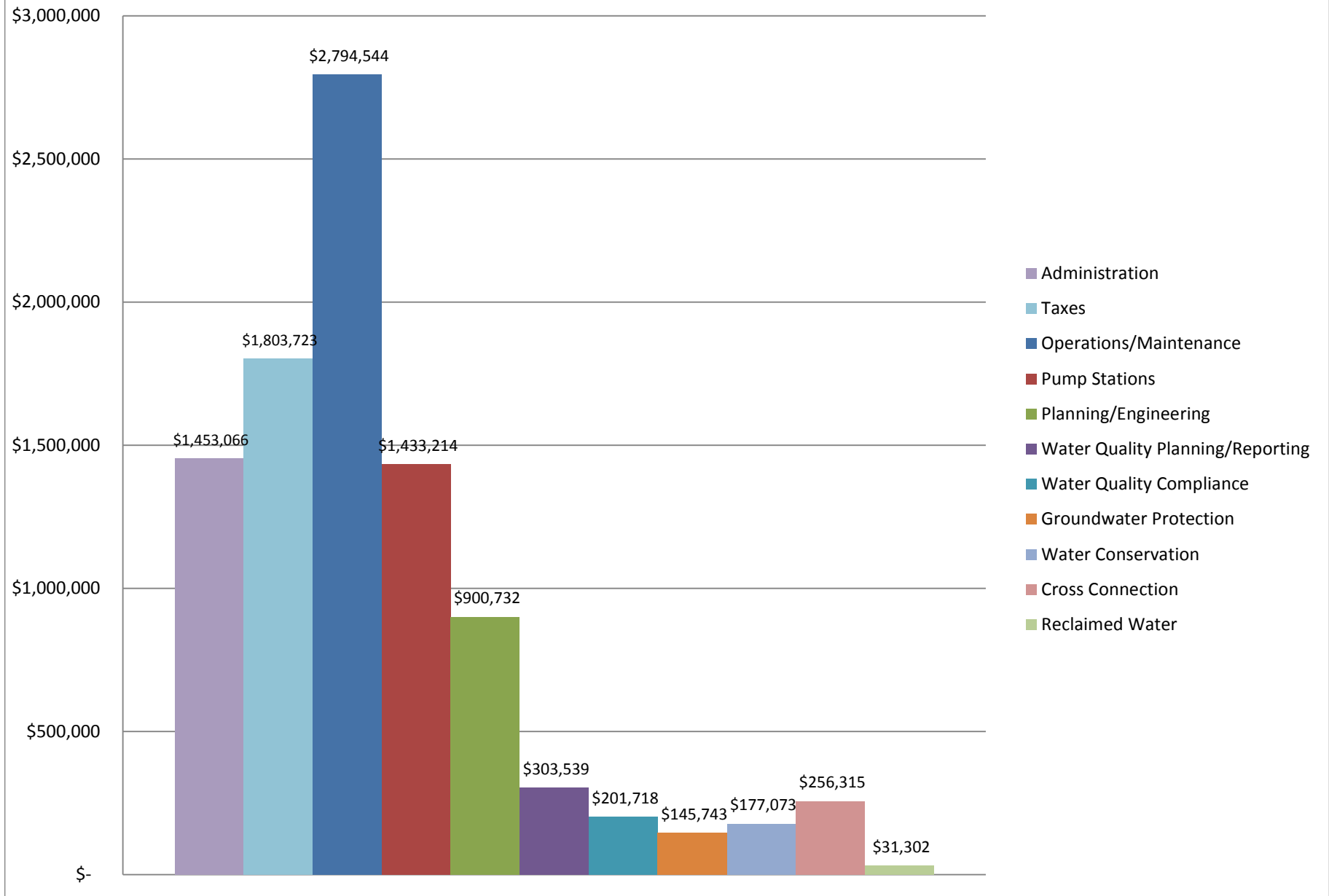
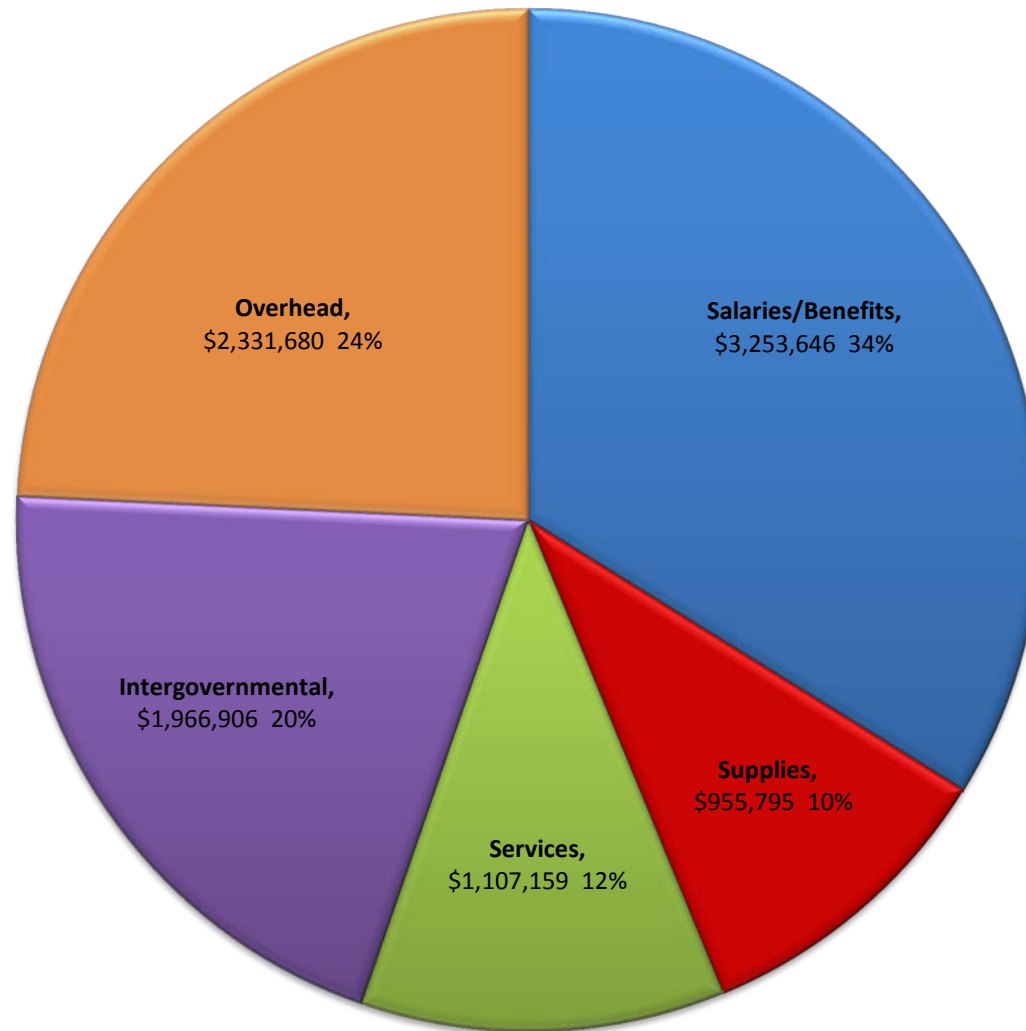
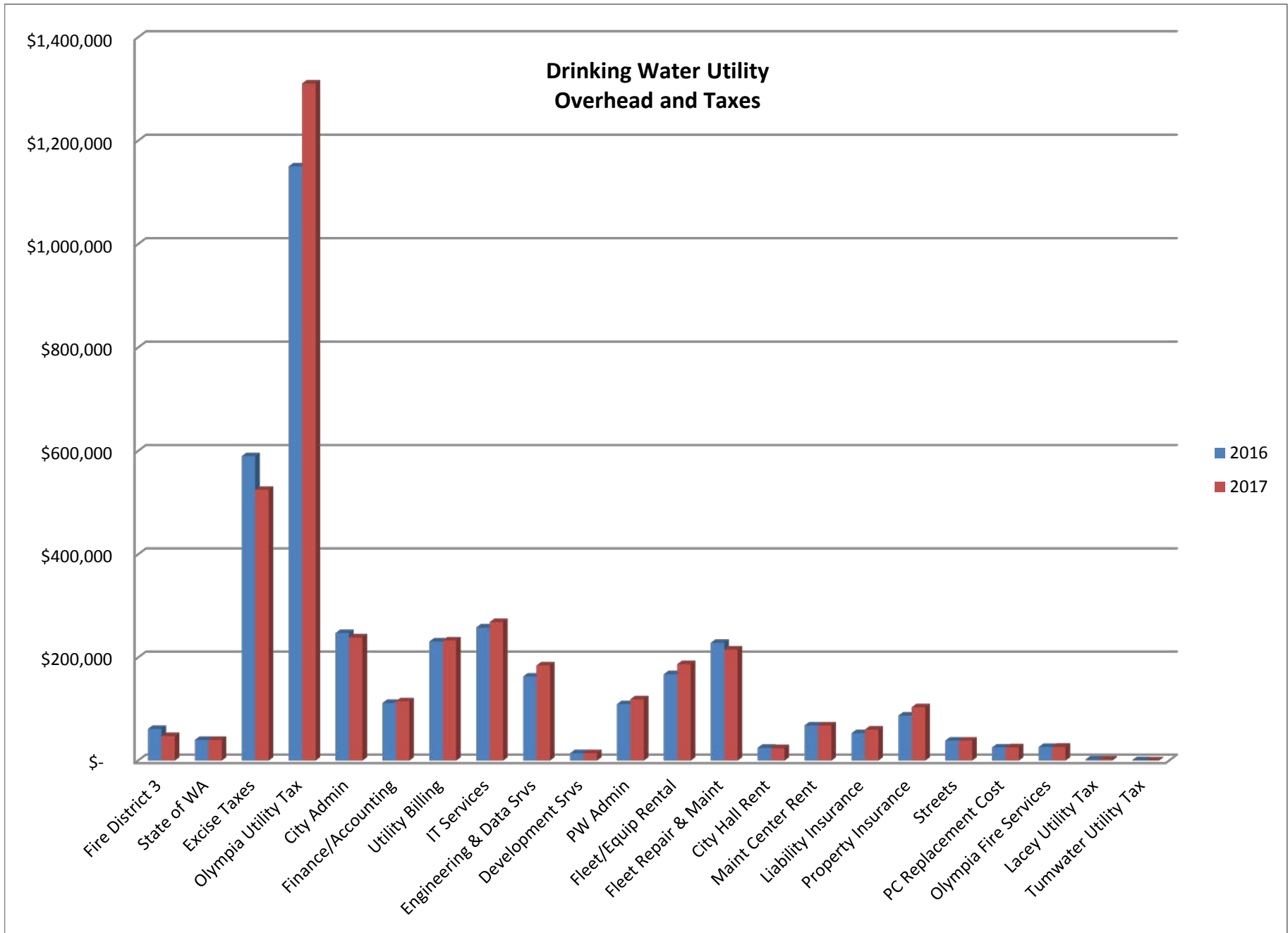


## 2016 Drinking Water Costs by Program

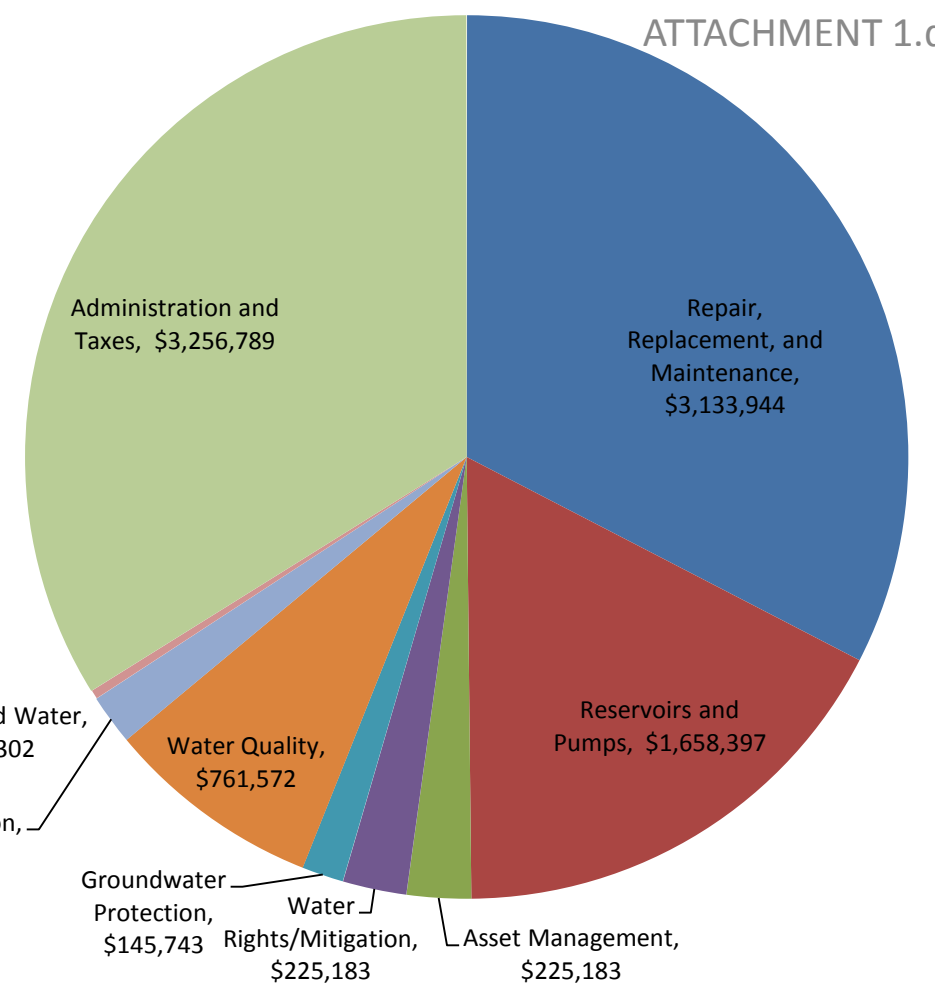
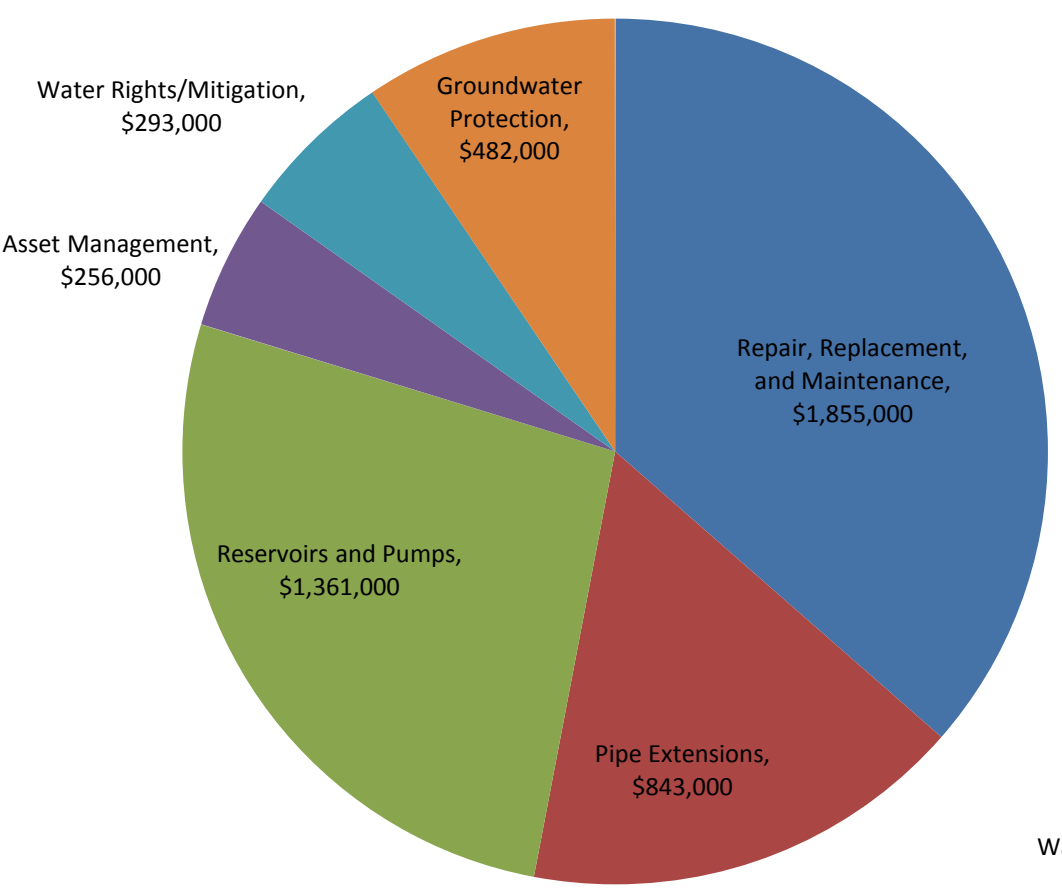


### 2016 Drinking Water Budget Items

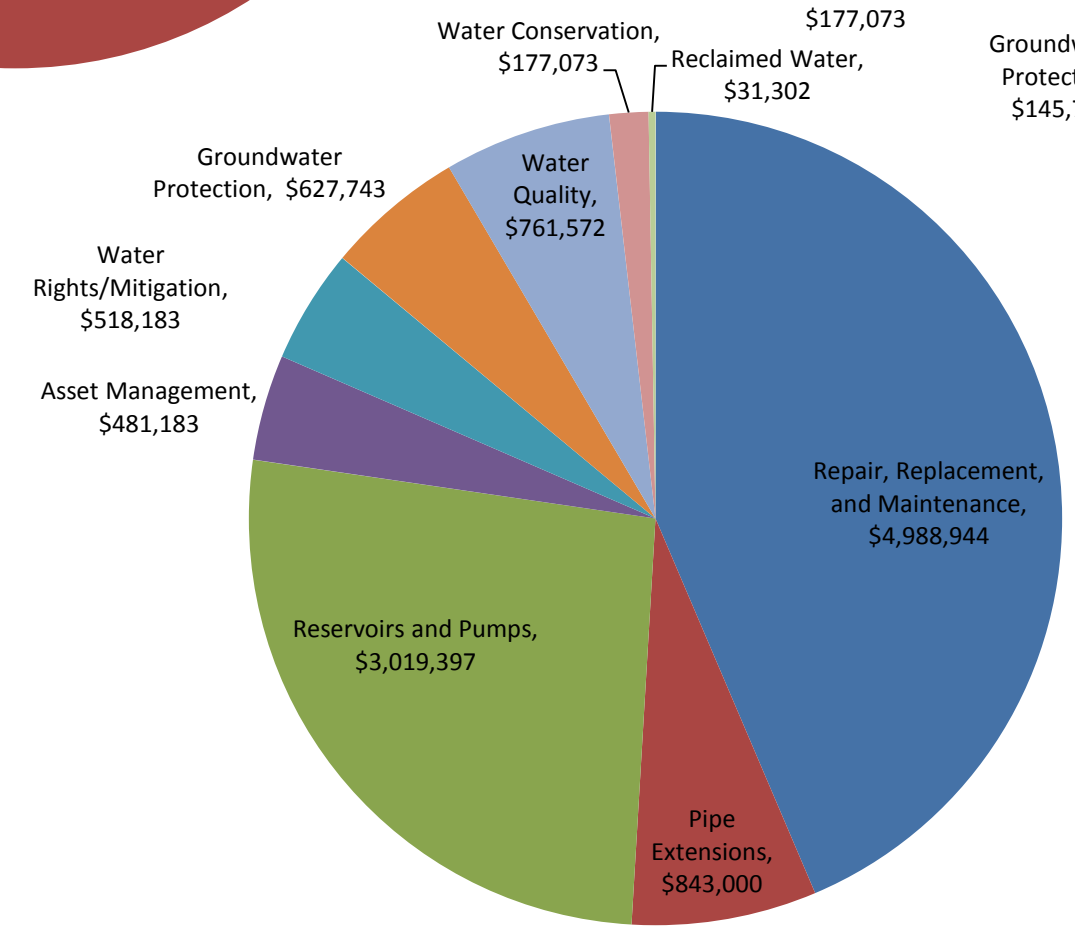




# 2017 Drinking Water



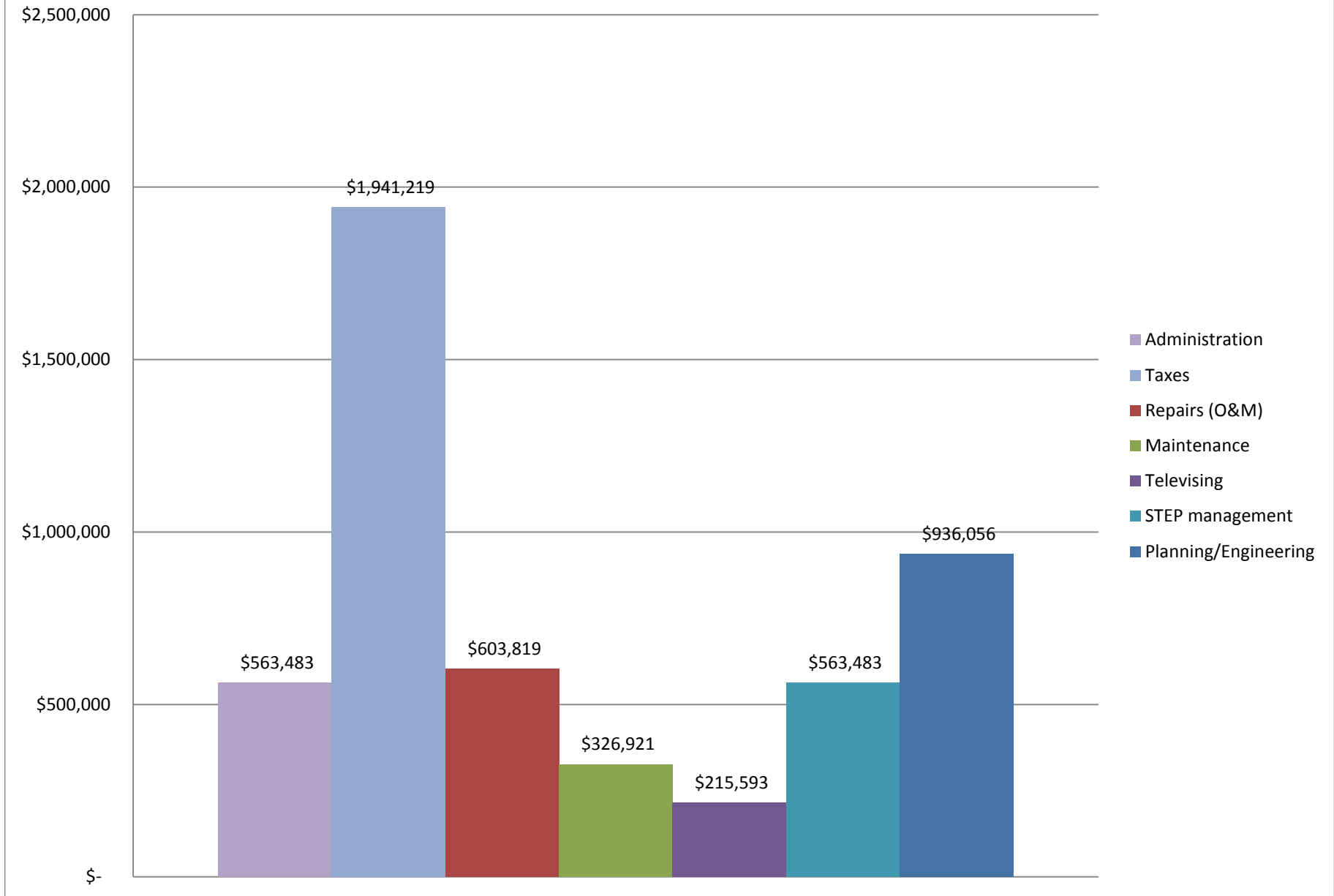
## CFP



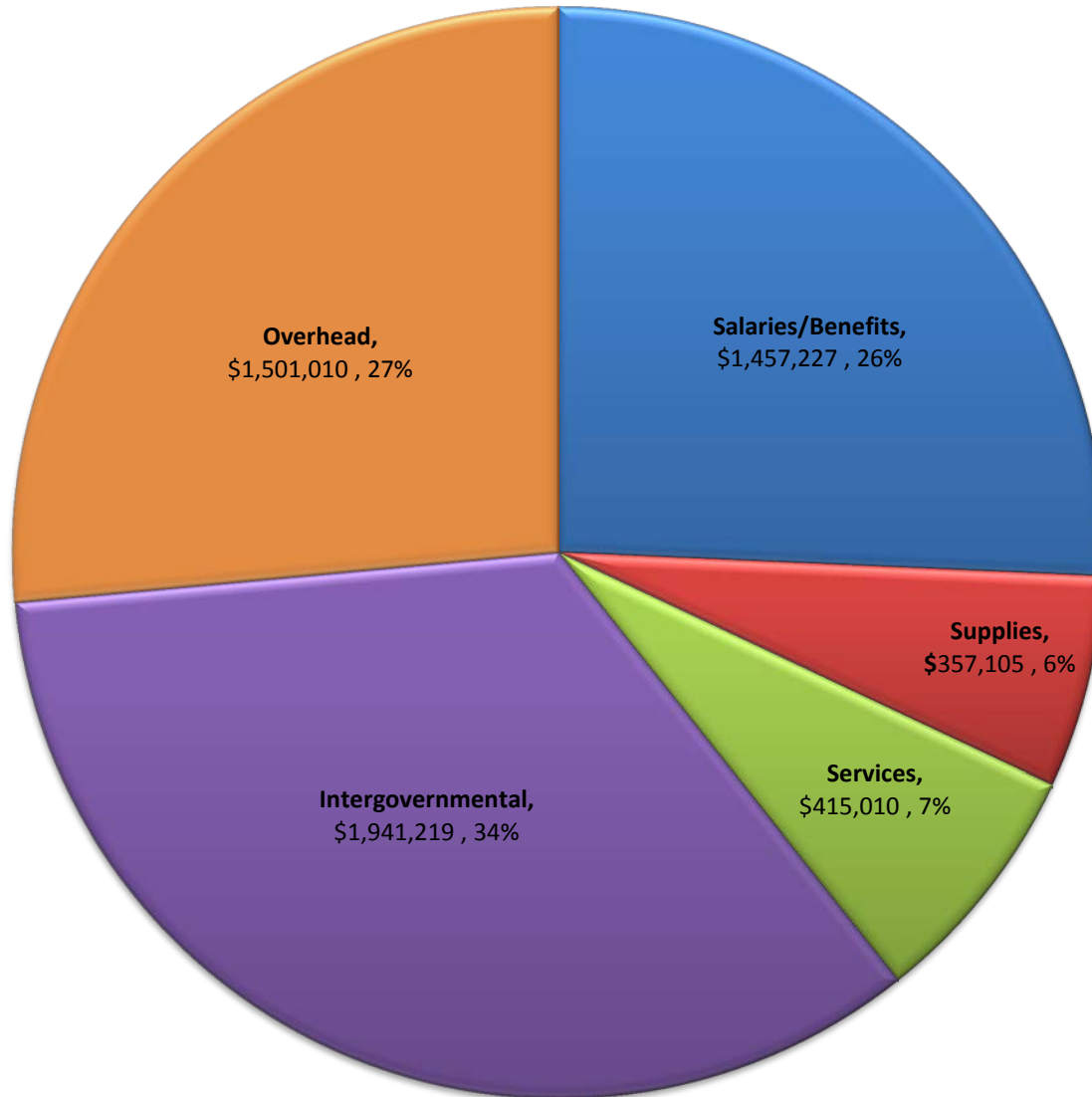
## Operating Budget

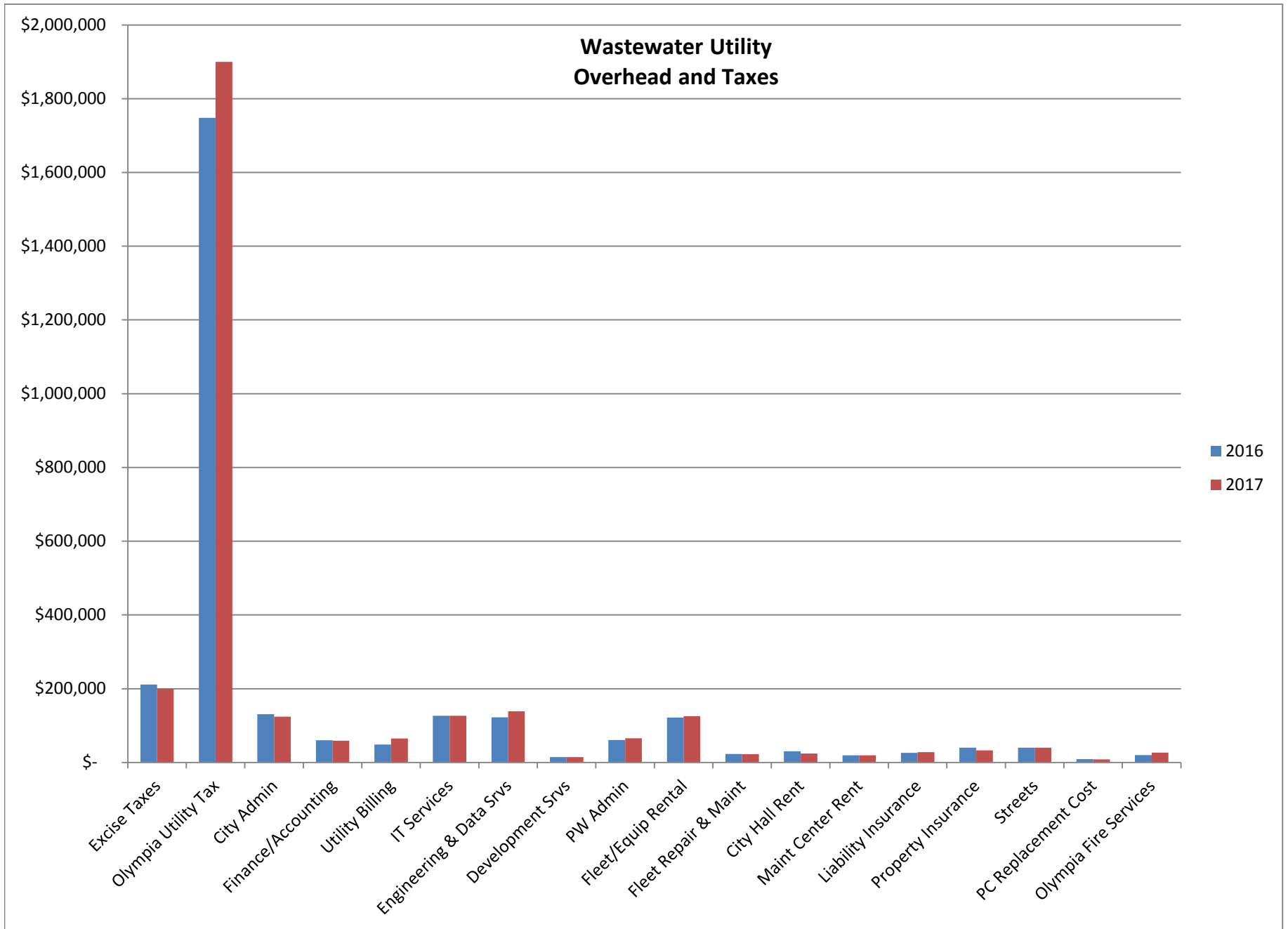
## TOTAL CFP and Operating Budget

### 2016 Wastewater Costs by Program

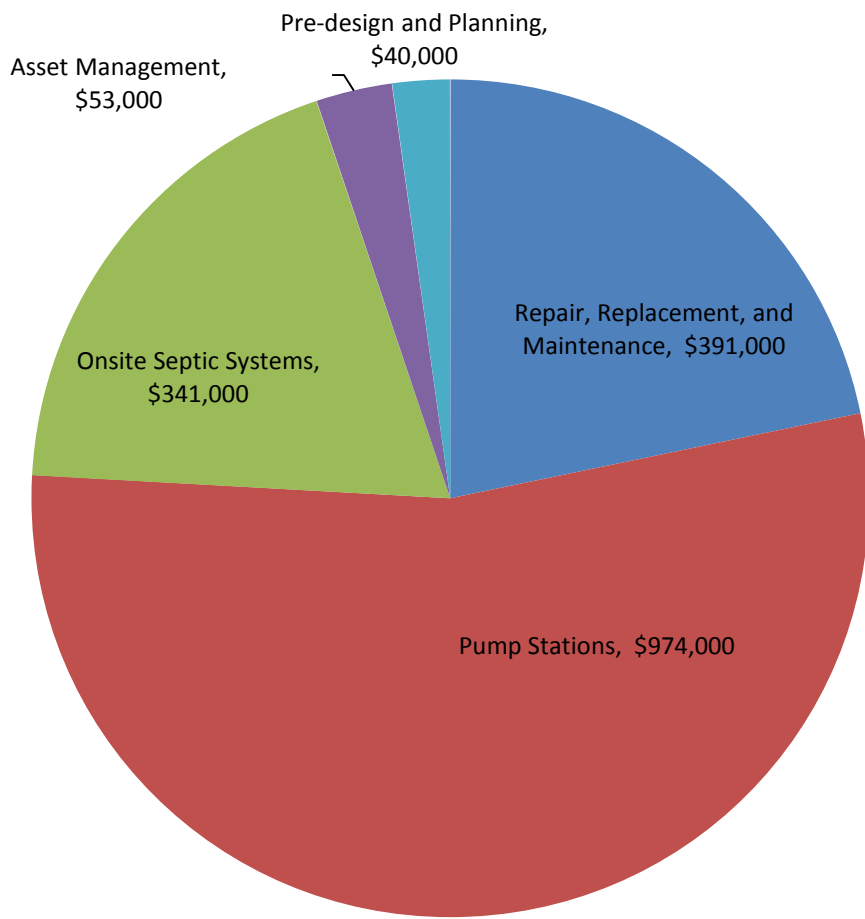


### 2016 Wastewater Budget Items

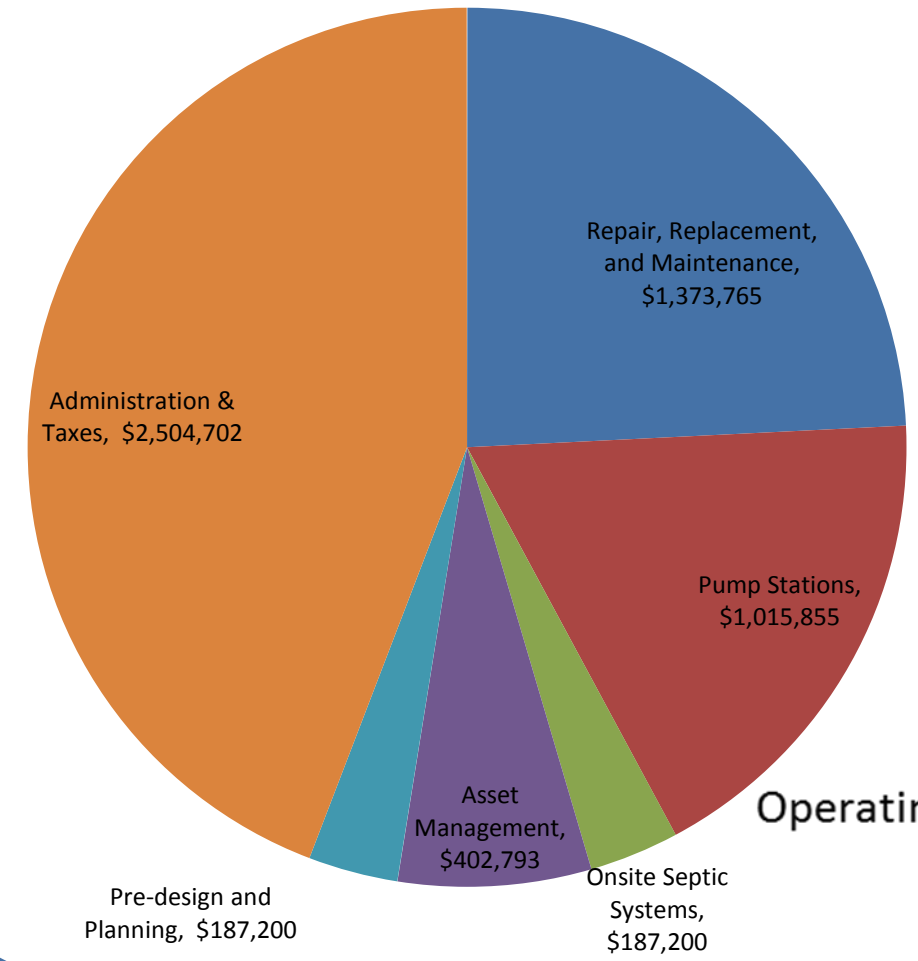




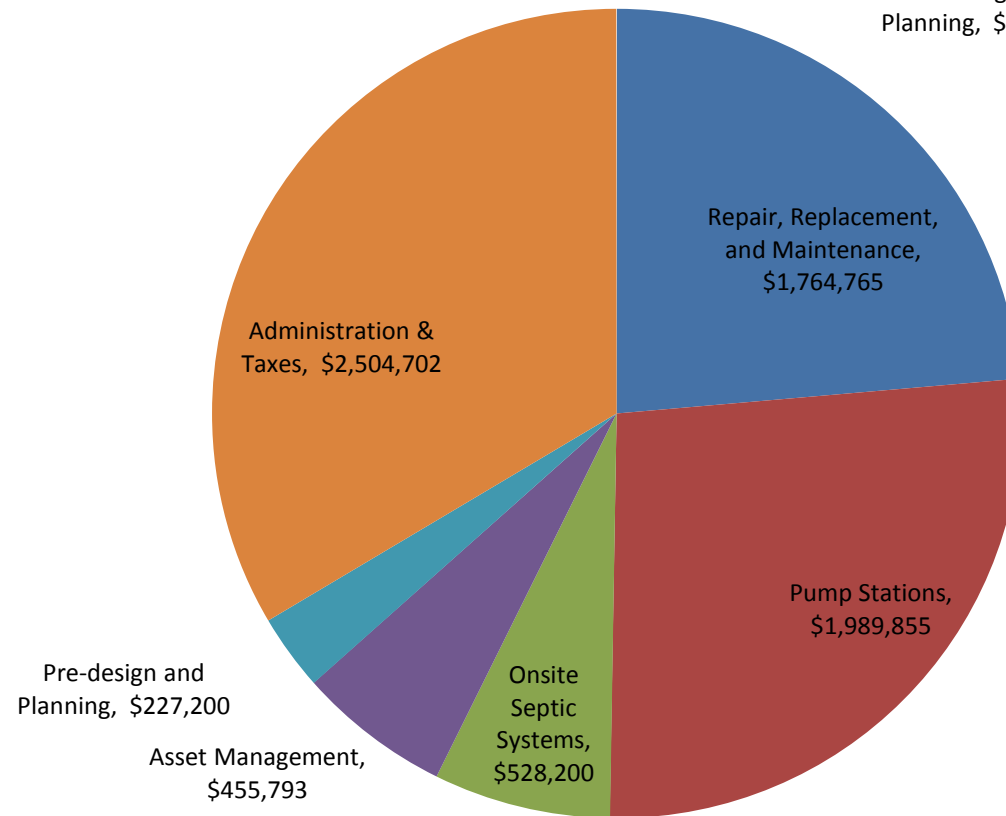
# 2017 Wastewater



CFP



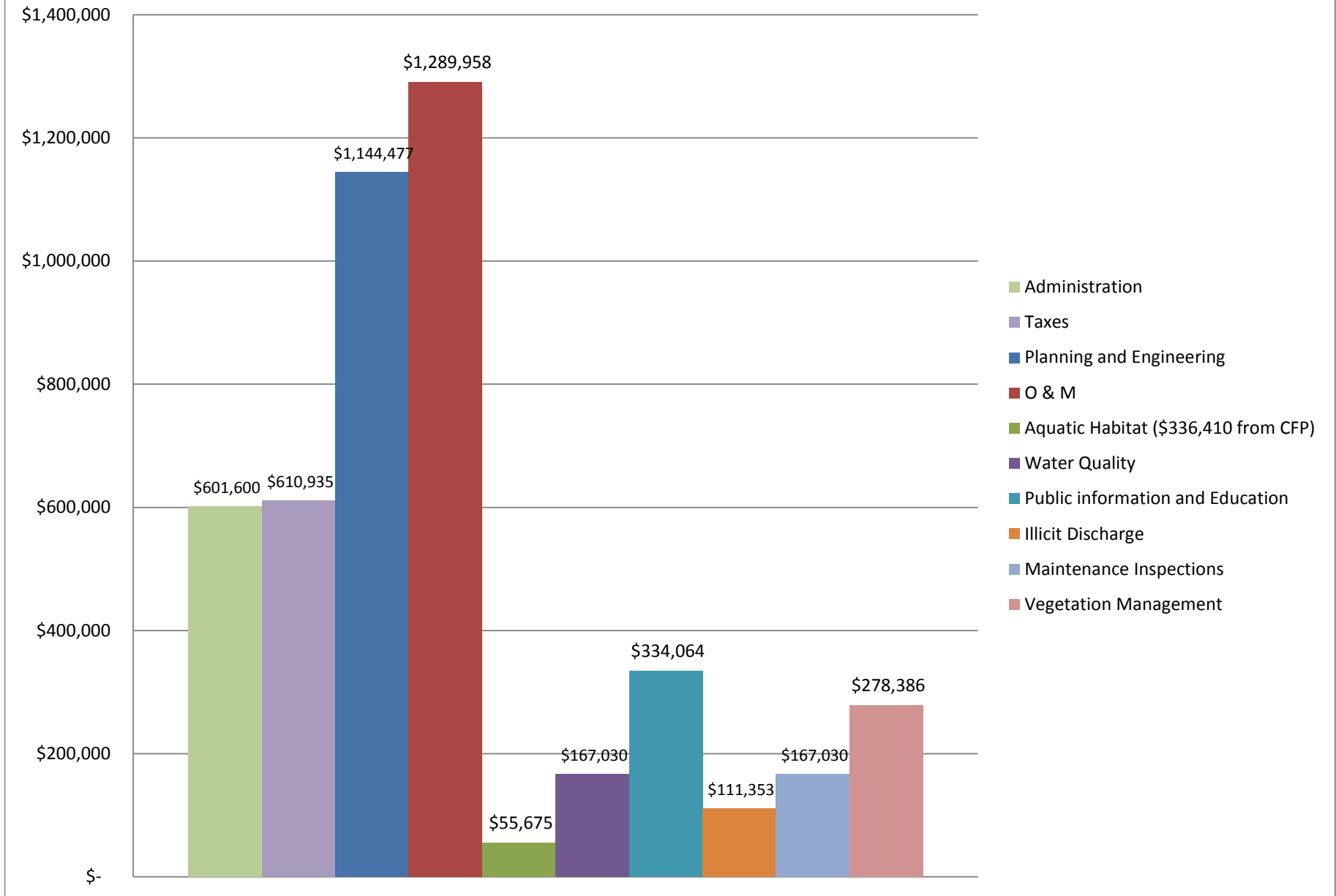
Operating Budget



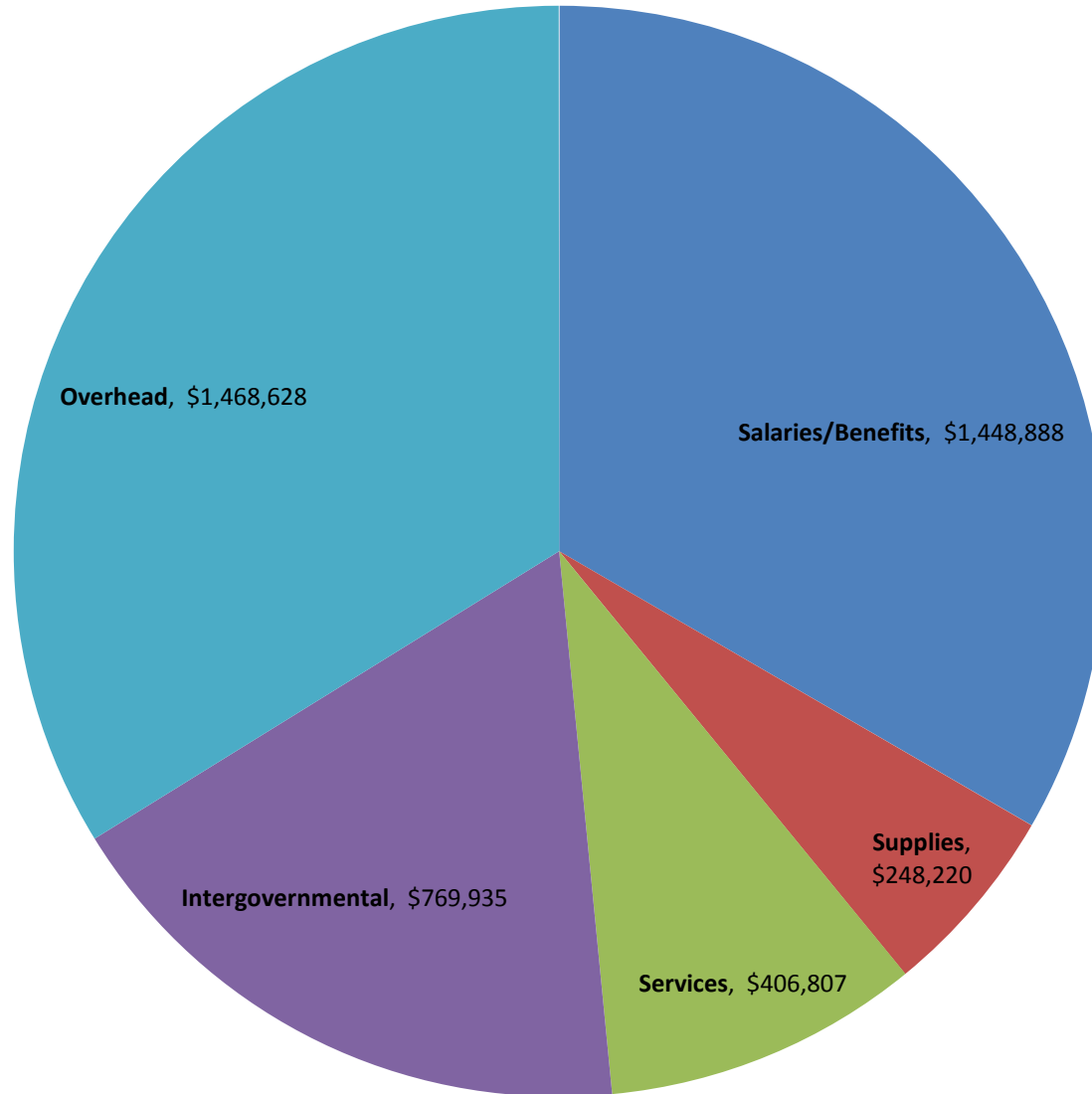
TOTAL  
CFP and Operating Budget

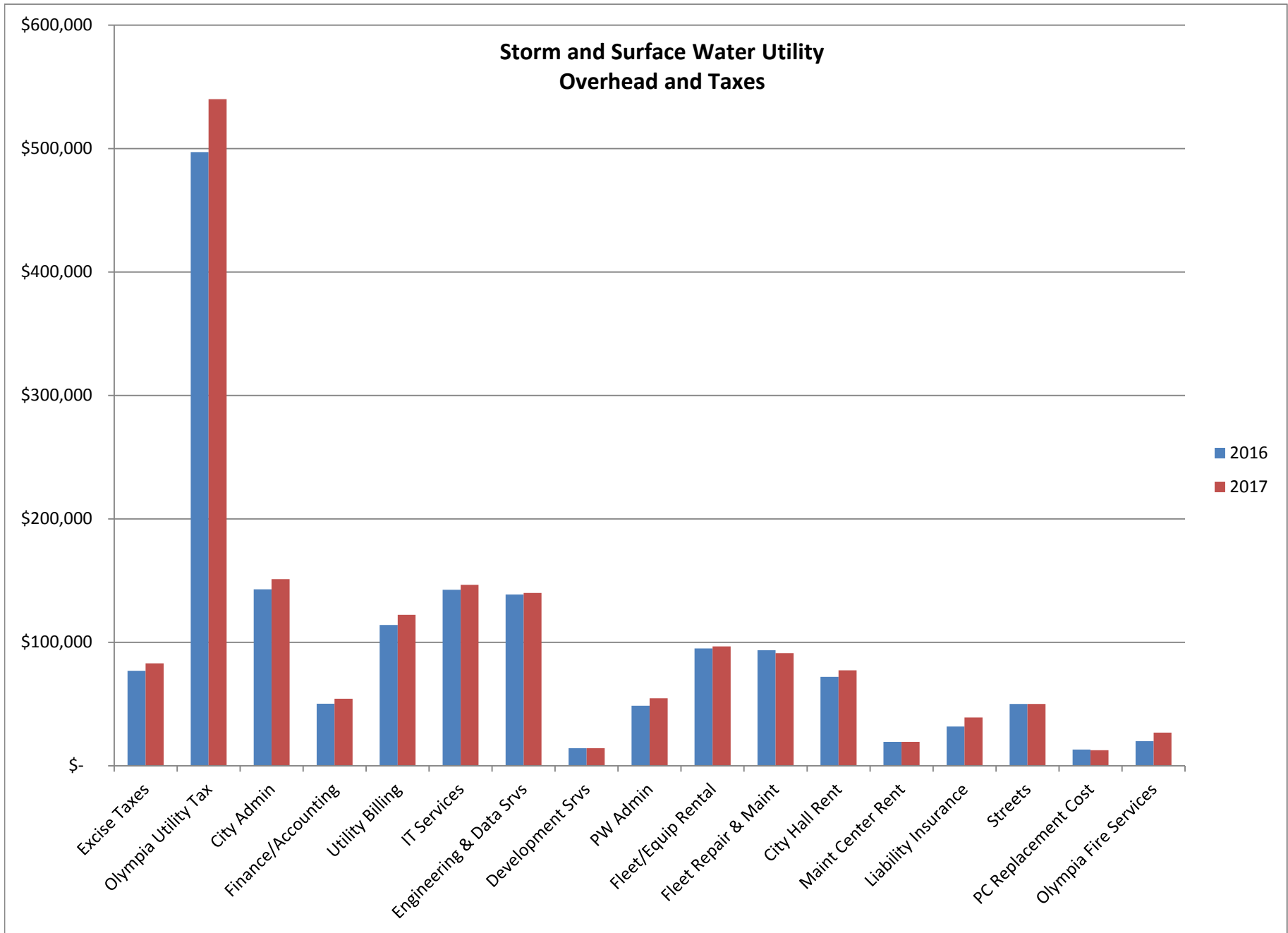


### 2016 Storm & Surface Water Costs by Program

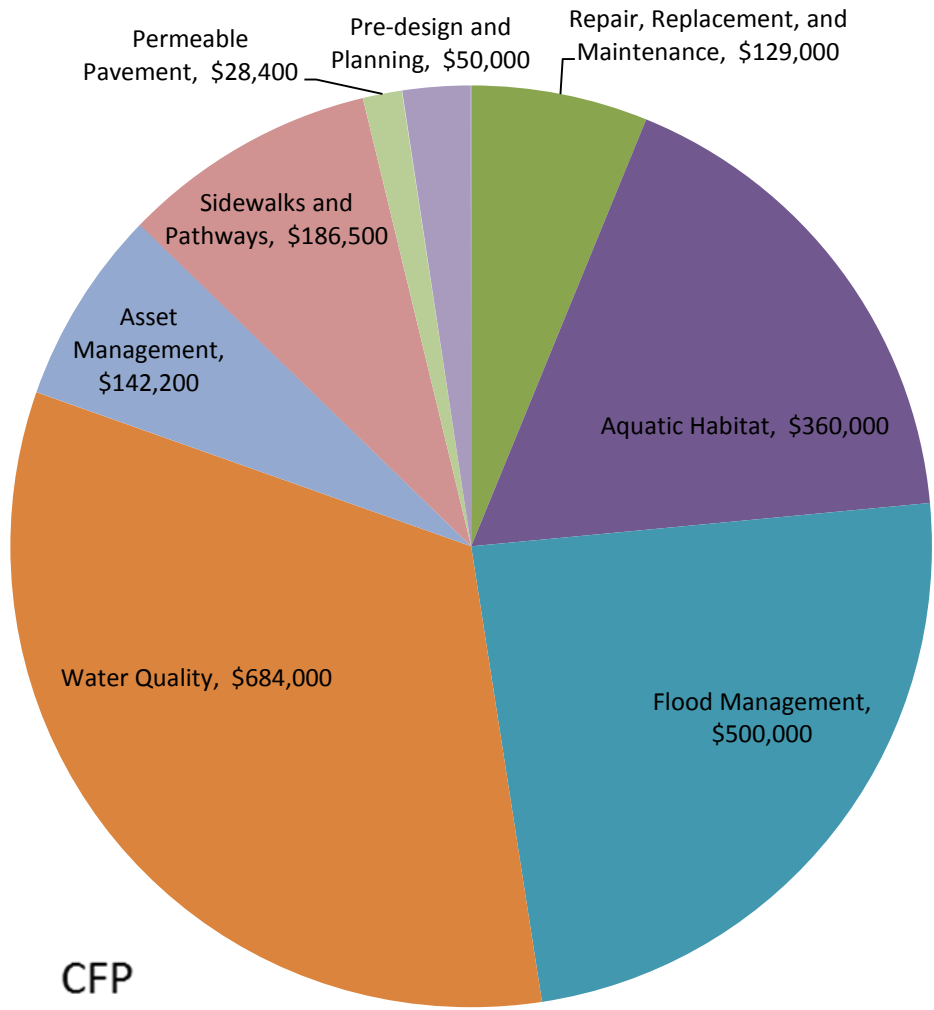


2016  
Storm and Surface Water  
Budget Items

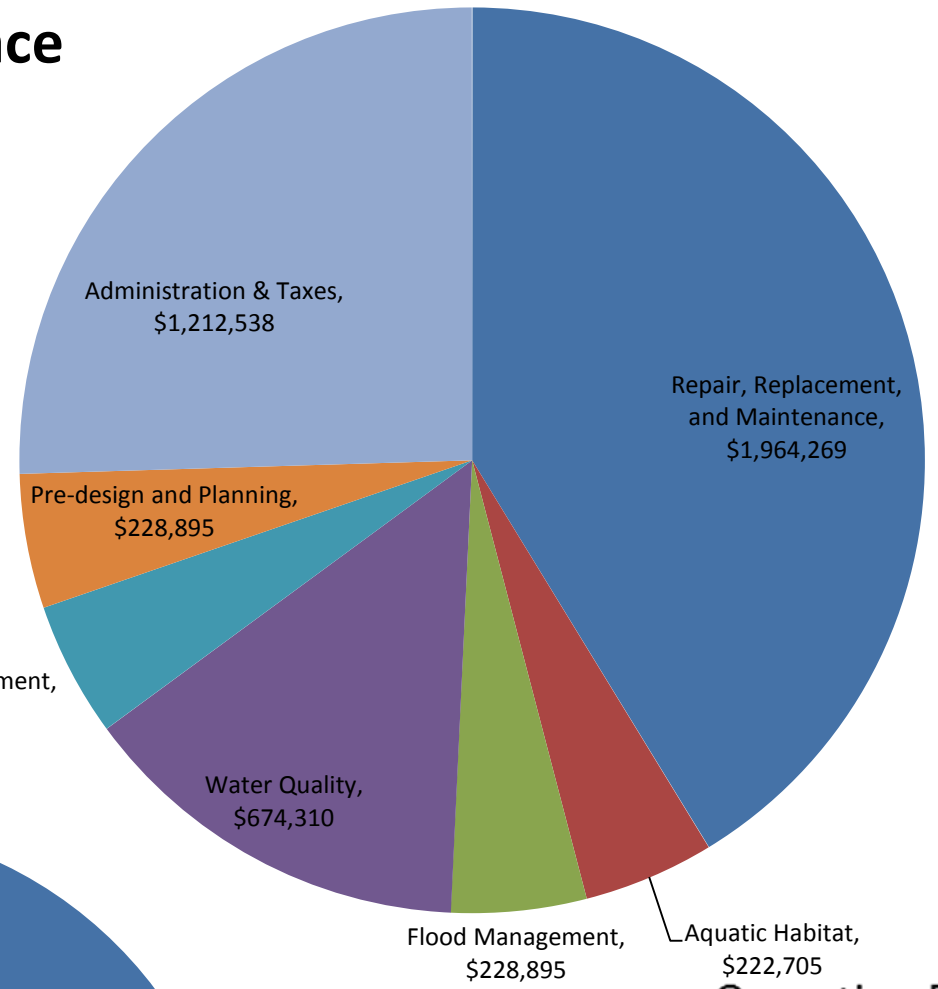




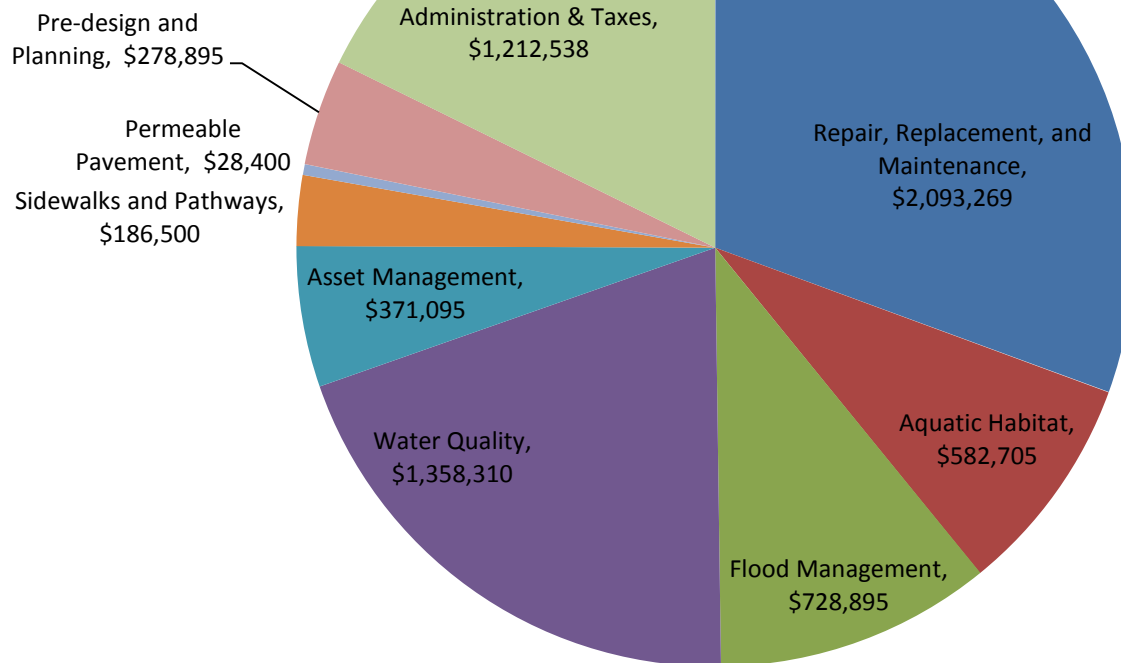
# 2017 Storm and Surface Water



CFP



Operating Budget



TOTAL  
CFP and Operating Budget

**ATTACHMENT 4: OPERATING BUDGET and CAPITAL PROGRAM CASH FLOWS, 2017**  
**City of Olympia, Water Resources**



**Wastewater**

OPERATING BUDGET

\$	5,288,199	Operating Expenses Incl Taxes
\$	574,110	Debt Service
\$	741,301	Capital Projects Funded from Rates
\$	6,603,610	Proposed 2017 Wastewater Budget

CAPITAL CASH FLOW

\$	2,874,500	Cumulative 2017 Cash Flow Needed
\$	3,335,084	Beginning of 2017 Capital Cash Balance
\$	-	Revenue Bonds/Grants
\$	741,301	Capital Projects Funded from Rates
\$	631,000	General Facility Charges (GFCs)
\$	1,832,885	End of 2017 Carryover to 2018

**Drinking Water**

OPERATING BUDGET

\$	9,627,690	Operating Expenses Incl Taxes
\$	2,239,210	Debt Service
\$	780,000	Capital Projects Funded from Rates
\$	12,646,900	Proposed 2017 Wastewater Budget

CAPITAL CASH FLOW

\$	17,566,000	Cumulative 2017 Cash Flow Needed
\$	4,882,360	Beginning of 2017 Capital Cash Balance
\$	11,196,000	Revenue Bonds/Grants
\$	780,000	Capital Projects Funded from Rates
\$	753,000	General Facility Charges (GFCs)
\$	260,000	Proposed increases in GFC/Capital funds
\$	305,360	End of 2017 Carryover to 2018

## Stormwater

### OPERATING BUDGET

\$	4,465,432	Operating Expenses Incl Taxes
\$	123,359	Debt Service
\$	687,000	Capital Projects Funded from Rates
\$	5,275,791	Total Revenue Requirements

### CAPITAL CASH FLOW

\$	2,803,733	Cumulative 2017 Cash Flow Needed
\$	782,771	Beginning of 2017 Capital Cash Balance
\$	513,000	Revenue Bonds/Grants
\$	687,000	Capital Projects Funded from Rates
\$	144,000	General Facility Charges (GFCs)
\$	(676,962)	End of 2017 Deficiency

## ATTACHMENT 5: SUMMARY OF WATER-RELATED UTILITY DEBT

City of Olympia, Water Resources



### Drinking Water

#### 2017

Current Debt	Annual Payments
\$ 26,651,640	\$ 2,332,580

#### 2018

New Debt	Annual Payments
\$ 17,883,650	\$ 1,120,404

<b>\$ 44,535,290</b>	<b>\$ 3,452,984</b>
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### Storm & Surface Water

#### 2017

Current Debt	Annual Payment
\$ 8,538,375	\$ 584,091

#### 2018

New Debt	Annual Payments
\$ -	\$ -

<b>\$ 8,538,375</b>	<b>\$ 584,091</b>
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### Wastewater

#### 2017

Current Debt	Annual Payment
\$ 1,839,241	\$ 123,359

#### 2018

New Debt	Annual Payments
\$ -	\$ -

<b>\$ 1,839,241</b>	<b>\$ 123,359</b>
---------------------	-------------------

### SUMMARY

Total Utility Debt	\$	54,912,906
Total Utility Payments in 2017	\$	3,040,030
""	""	2018
	\$	4,160,434

**ATTACHMENT 6: SUMMARY OF FINANCIAL PARAMETERS - WATER RESOURCES UTILITIES**

*NOTE: Drinking Water Utility information was updated in late 2015 and is considered current. Wastewater information is dated 2013. Both Wastewater and Storm and Surface Water are currently being updated and will be available in September 2016.*

Financial Parameter	Definition	Industry Benchmark	Drinking Water	Wastewater	Storm and Surface Water	Implication
<b>Capital reserves</b>	Set aside funds to cover active construction projects	5%	5%	5%	5%	Liquid resources are available to balance unexpected operating costs.
<b>Operating reserves</b>	Set-aside funds to cover operating expense	10 – 25%	25%	10%	10%	Liquid resources are available to balance unexpected operating costs.
<b>Capital Depreciation Funding</b>	<b>Cash contributions to the capital program</b>	<b>75% of calculated annual capital depreciation</b>	<b>45%</b>	62%	N/A	<b>Funding for repair and replacement of aging infrastructure is inadequate.</b>
<b>Cash Flow Test</b>	Revenue relative to cash needs	Does not necessary need to be positive. Short-term decisions can lead to negative cash flow	N/A	Mostly positive, but rate “smoothing” over several years has generated negative cash flows	N/A	Resources and rates need to be actively managed and balanced.
<b>Bond Coverage Test</b>	Net revenue relative to debt service. Net revenue is operating revenues net of cash operating expenses.	1.25	+/- 2.0	1.90 – 2.91	N/A	Revenue bond covenants are met. Adequate resources are available to service debt.



**ATTACHMENT 6: SUMMARY OF FINANCIAL PARAMETERS - WATER RESOURCES UTILITIES**

<b>Financial Parameter</b>	<b>Definition</b>	<b>Industry Benchmark</b>	<b>Drinking Water</b>	<b>Wastewater</b>	<b>Storm and Surface Water</b>	<b>Implication</b>
<b>O&amp;M Coverage Ratio</b>	Total operating revenue divided by operating expenses	100% or greater	113.6	N/A	N/A	Revenues successfully cover expenses
<b>Net Operating Expense as a Percent of Operating Revenue</b>	Operating income relative to expense	Positive values	12%	N/A	N/A	Operating revenues are covering operating expenses
<b>Current Ratio</b>	Unrestricted current assets divided by current liabilities	2.0 or above	8.6	N/A	N/A	Short-term obligations can be met
<b>Debt to Net Position Ratio</b>	Total debt compared to current assets less liabilities	50- 60% (or less)	0.28	N/A	N/A	Rate impacts can be normalized
<b>Debt to Noncurrent Capital Asset Ratio</b>	Total debt compared to noncurrent capital assets	60% debt/40% equity (or less debt)	\$5.8 M debt/\$18.9 equity (or 0.34)	N/A	N/A	Debt service is modest

**ATTACHMENT 7:  
2016 City Rate Comparisons  
Monthly Utility Bill**

**Wastewater**

City	Monthly Sewer Charge
Lacey	\$18.81
Olympia	\$20.65*
Tumwater	\$15.88

\*Based on the standard rate, not the volume based rate.

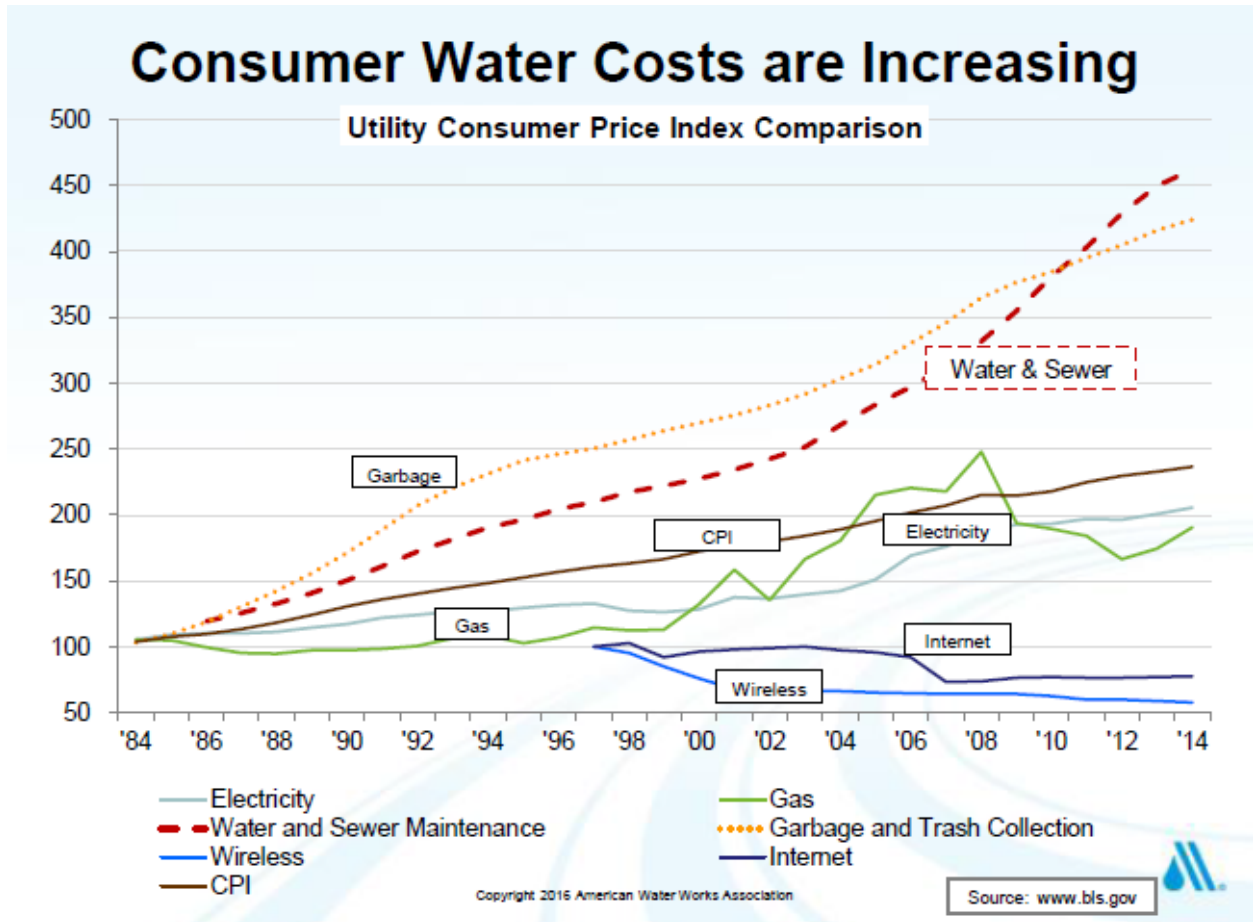
**Storm and Surface Water**

City	Monthly Stormwater Charge
Lacey	\$9.54
Olympia	\$12.58
Tumwater	\$9.28

**Drinking Water**

City	Ready to Serve Fee	Water Consumption Fees (400 - 1,000 CF)	<b>TOTALS (Range)</b>
Lacey	\$14.28	\$7.13 to \$18.29	<b>\$21.41 to \$32.57</b>
Olympia	\$11.76	\$12.68 to \$25.82	<b>\$24.44 to \$37.58</b>
Tumwater	\$7.54	\$13.26 to \$23.06	<b>\$20.80 to \$30.60</b>

# 2015 American Water Works Association (AWWA) Nation-wide Analysis of Municipal Utilities





# Fund 403 – Waste ReSources Budget

## Requested Budget:

		2016	2017	Difference	%
<b>Expenditure Request</b>		<b>\$10,528,483</b>	<b>\$11,057,040</b>	<b>\$528,557</b>	<b>5.0%</b>
• Drop Box	8604	\$2,429,111	\$2,392,180	-\$36,931	-1.5%
• Residential	8605	\$3,469,836	\$3,685,922	\$216,086	6.2%
• Commercial	8606	\$3,540,352	\$3,799,518	\$259,166	7.3%
• Organics	8607	\$1,089,184	\$1,179,420	\$90,236	8.3%





# Fund 403 – Waste ReSources Budget

## Main Budget Drivers:

	2016	2017	Difference	%
Salaries	\$1,893,143	\$2,055,483	\$162,340	8.6%
Benefits	\$941,001	\$1,001,332	\$60,331	6.4%
Fuel	\$289,867	\$236,077	-\$53,790	-18.6%
Vehicle Rent	\$490,614	\$514,252	\$23,638	4.8%
Vehicle Repair and Maintenance	\$565,513	\$572,334	\$6,821	1.2%
Taxes	\$1,243,653	\$1,318,500	\$74,847	6.0%
Interfund Overhead	\$699,654	\$766,681	\$67,027	9.6%
Facility Rent (City Hall/Maintenance Center)	\$62,110	\$62,110	\$0	0.0%
Garbage Tip Fees	\$3,397,450	\$3,534,300	\$136,850	4.0%
Recycle Process Fees	\$232,000	\$254,000	\$22,000	9.5%
Organic Tip Fees	\$259,000	\$266,400	\$7,400	2.9%
Liability Insurance	\$45,250	\$51,330	\$6,080	13.4%
<b>Total</b>	<b>\$10,119,255</b>	<b>\$10,632,799</b>	<b>\$513,544</b>	<b>5.1%</b>



# Fund 403 – Waste ReSources Budget

## Budget Summary:

	2016	2017	Difference	%
• Main Budget Drivers	\$10,119,255	\$10,632,799	\$513,544	5.1%
• Remaining funds for supplies, safety, uniforms, misc. repairs, carts, containers, communication, and professional services	\$409,228	\$424,241	\$15,013	3.7%
• Requested Budget	<b>\$10,528,483</b>	<b>\$11,057,040</b>	<b>\$528,557</b>	<b>5.0%</b>





# Fund 403 – Waste ReSources Budget

## Revenue:

	2017
• Revenue Shortfall before Adjustments	-\$266,496
• Estimated Reserve by Year End 2016	\$1,283,750
• 10% Reserve Requirement 2017	\$1,105,704
• Above Requirement Estimate	\$178,046

## Proposed Rate Increases to all four Service Classes

- Drop Box 3%
- Residential 1%
- Commercial 2%
- Organics 6.5%





# Fund 403 – Drop Box Service

Before Adjustments Shortfall: -\$63,140

Rate Proposal                      3%

- Delivery Fees
- Rental Fees
- Hauling Fees
  
- 3% rate increase = \$68,970







# Fund 403 – Residential Service

Before Adjustments Shortfall: -\$41,422

Rate Proposal            1%

1% rate increase = \$31,752

1% customer growth = \$36,000

\$3,000 per month for 3 months = \$9,000



Impact on Customer, Bi-Monthly W/Recycle			
	2016	2017	Difference
20-gallon	\$19.63	\$19.83	\$.20
35-gallon	\$33.93	\$34.27	\$.34
65-gallon	\$46.33	\$46.79	\$.46
95-gallon	\$80.27	\$81.07	\$.80



# Fund 403 –Commercial Service

Before Adjustment with Organics Subsidy -\$81,914

Rate Proposal            2%

2% rate increase = \$69,484

1% customer increase = \$39,390

Commercial rates will continue to subsidize organics.

2017 Subsidy = \$100,000





# Fund 403 – Organics Service

Before Adjustments Shortfall: -\$80,020

Rate Proposal                  6.5%

6.5% rate increase =                  \$63,733  
2% customer increase =              \$19,610  
    \$83,343

Impact on Customer, Bi-Monthly			
	2016	2017	Difference
35- and 95-gallon	\$19.25	\$20.49	\$1.24

