



2022 Operating Budget Overview

Department:	Line of Business/Program:
Public Works	Water Resources – Storm & Surface Water

Program Revenue Summary Chart

Revenue	2019 Actual	2020 Actual	2021 Original Budget	2021 Actual YTD	2022 Budget	Variance	
Charges for Service	5,812,085	5,840,892	6,154,116	3,712,028	6,527,089	372,973	6.06%
Intergovernmental Revenues	23,109	91,654	0	39,439	0	0	0.00%
Misc Revenue	79,547	745	12,500	5,618	12,500	0	0.00%
Other Resources	10,949	0	49,595	24,797	49,595	0	0.00%
Proprietary/Trust Fund	155,650	152,800	0	0	0	0	0.00%
Total	6,081,340	6,086,091	6,216,211	3,781,882	6,589,184	372,973	6.00%

Program Expenditure Summary Chart

Expense	2019 Actual	2020 Actual	2021 Original Budget	2021 Actual YTD	2022 Budget	Variance	
10 Salaries and Wages	1,678,500	1,504,058	1,922,036	1,079,734	2,044,793	122,757	6.39%
20 Personnel Benefits	636,203	438,477	771,242	397,295	702,034	(69,208)	-8.97%
30 Supplies	127,362	169,038	159,150	90,919	209,897	50,747	31.89%
40 Other Services and Charges	404,851	266,565	438,283	190,422	474,510	36,227	7.63%
50 Intergovernmental Services and Payment	2,642,955	1,939,176	1,591,139	978,969	1,484,613	(106,526)	-6.69%
60 Capital Outlays	0	11,679	0	0	0	0	0.00%
90 Interfund Payments for Services	1,266,196	1,281,426	1,441,399	769,011	1,695,668	254,269	17.64%
99 Non-Expenses	787,995	783,164	0	-3,862	0	0	0.00%
Total	7,544,062	6,393,583	6,323,249	3,502,488	6,611,515	288,266	4.56%



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Baseline Adjustment Summary Chart

Exp Type	Description/Expenditure #	Costs		Mandatory or Non-Discretionary
		On-Going	One-Time	
Salaries	Salary Reserve (4% COLA) All Fund 404 - 11.99	\$77.8K		Mandatory
Benefits				
Supplies/Equipment	10% Inflation Misc. Fund 404 – 30s	\$9.9K		Discretionary
	Safety equipment (VegOps one-time transfer from CIP Funding) 404-8431-690 - 35.00		\$40.8K	Discretionary
Services	Misc. Fund 402 – 40s (10% Inflation)		\$25.9K	Discretionary
	Printing/Binding (5 Things) 402-8431-625-49.09	\$9.0K		Mandatory
Capital Equipment				
Other	CIP Funding	\$140K		Discretionary
Total		\$236.7K	\$67.6K	



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Budget Narrative Information

Mission

What is your mission?

To reduce flooding, improve water quality, and protect and enhance aquatic habitat in Olympia.

Budget Overview

What are the major cost drivers to the changes in your budget?

Utility programs and core services will remain essentially unchanged in 2022.

This year we anticipate a rate increase of **3%** for 2022.

Key expense drivers are described below:

- An anticipated 1.0% growth in accounts and revenue helps offset increasing expenditures (\$61.5K).
- No new positions (FTEs) are proposed for the Utility.
- A 4% COLA for staff is factored in based on the union contract. The net increase is approximately \$77,800.
- 10% inflation adjustment for materials and services +\$35.8K
- Benefit costs are flat.
- City Administration increased \$75,300.
- Liability insurance increased \$14,600.
- Street sweeper replacement costs increased \$20,200.
- Computer rental costs will return in 2022 adding approximately \$14,600.
- Maintenance Center Rent increased approximately \$13,500 to fund capital planning.
- CIP Funding will be increased by \$140,000
- There will be a one-time transfer from CIP Funding of \$40,800 to fund safety equipment for the Vegetation and Habitat Management work section.
- Enhancements to add a CP&D-funded Project Engineer I for development review and an intern (\$22,200) to manage impervious surface calculation for Utility Billing are proposed.



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Trends, Challenges and Opportunities

What is on the horizon that may affect future budgets?

- The Utility will implement a new rate structure in 2022 for commercial customers. The rate structure is designed to be revenue neutral, but there will be some uncertainty.
- State and federal mandates through the 2019 NPDES Municipal Permit for storm and surface water management continue to increase. Additional funding will not be needed in 2022, but required studies and educational outreach may have funding implications in future years. The utility also regularly takes on new and emerging environmental issues for the City. We are lending natural resource technical assistance to various other departments including CP&D, Parks, and Executive.
- Depreciation funding will continue to be an increasing need and challenge for the utility. Depreciation funding is proposed to be \$395,200. Our financial consultants suggest that we should provide at least \$1.4 million in cash funding. Without an increase in funding, planned future work will need to be deferred.
- The Utility anticipates expanding the number of small Public Works projects to be constructed in house. In-house construction is far more cost-effective than contracted work. We anticipate this will help CIP funding, but may have potential budgetary implications (additional seasonal staff) in future years.
- Pipe and maintenance hole condition rating of the stormwater pipe system indicates that many minor structural repairs are needed, but the overall integrity of the system is good. Approximately 85% of the publicly-owned system has been televised.
- The Vegetation and Habitat Management work section was created within the Utility in 2021. The Utility is evaluating playing a greater role in vegetation management throughout the City. Budget implications are planned to be kept neutral for the utility, but potentially funded through interfund transfers.
- Federal infrastructure stimulus funding has the potential to help defray capital costs. In anticipation, the Utility has positioned itself to benefit from the funding.

Continuous Improvement

What actions did you implement to improve the customer experience, reduce cost, increase efficiency, or improve quality?

- The Storm and Surface Water Operations work section is finding better ways to do their work in multiple arenas. Staff continue to improve their technical abilities and efficiencies. Use of ESRI's Collector application for catch basin, maintenance hole and stormwater facility inspections has streamlined inspections and improved the ability to evaluate data for asset management.
- Throughout the coronavirus public health emergency, office staff have become adept at teleworking allowing the utility to maintain workflow. Field staff have maintained 100 percent work capacity.



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- Operations staff are in the process of implementing the Cityworks software to improve workflow, inventory and asset management capabilities.
- Condition rating of the stormwater conveyance system is helping us move to more effective data-driven decision-making. Information is linked to asset management and the capital facility planning process. We are rapidly completing repairs of any identified structural defects. Implementation of the Cityworks software will improve our abilities.
- With the ongoing televising of the utility pipe system, the number of repairs has significantly increased as structural defects are identified. Pipe and maintenance hole inspections suggest our system is in relatively good shape.
- The Utility has increased its reliance on software and technology to help build efficiencies. IS's ability to support our needs is being challenged. Additional funding for IS support is anticipated.

Accomplishments and Celebrations

Share your proud moments.

- Operations staff have adapted well to the public health emergency and anticipate meeting all work goals for 2021.
- Creation of the Vegetation and Habitat Management work section within the Utility in 2021 has been successful.
- Transfer of the street sweeping program to the Utility in 2021 has been successful.
- The Utility has maintained compliance with the Municipal Stormwater Permit, meeting or exceeding all mandated requirements.
- Construction of the Harrison Avenue water quality treatment facility was completed. This project provides treatment to stormwater runoff from a 20-acre basin straddling Harrison Avenue.