



Utility Advisory Committee 2024 Key Budget Drivers

August 3, 2023



Budget Process Schedule

- August 3th – UAC Meeting - discussion of key drivers
- August 31st - Budget Review Committee
- September 7st – UAC Meeting – operating budgets, utility rates and general facility charges
- **Mid/Late September – Special UAC Meeting?**
- October 6th - UAC Meeting – final recommendation
- Oct 18th - City Council's Finance Committee
- November/December - City Council deliberations



UAC Role – OMC 2.100.420

- Provide policy advice and direction on the setting of utility rates.
- Evaluate operations to ensure the utilities are operated in a sustainable manner which assures stewardship for our natural, business, material and human resources.



2024 Overall Budget Development Approach

- * Current Budget Picture remains positive
- * Growth in accounts
- * 4.0% to 5.5% COLA based on union contracts
- * Inflationary* increases in materials and services
- * Keep utility rate increases at a minimum
- * Limited enhancement requests

*4.6% Seattle Area CPI (June22-June23)



Wastewater



Jesse Barham
Water Resources Director

Wastewater Operations

Pump Station Operations

Water Resources
Engineering and Planning



Wastewater Key Budget Drivers

01

Salaries and Benefits

- 4% to 5.5% COLA
- 14.4% Benefit Costs

02

Supplies and Services

- inflationary increase to selected items and CIP

03

Excise and Municipal Taxes

- Covers City and LOTT (3%) revenue increases

04

Indirect Costs - *Down

- City Administration
- Utility Billing
- Insurance
- Fleet/Fuel
- IS & Software
- Finance

- Indirect Costs - Stabilized
- 1.5% Account Growth
- No enhancements



Storm and Surface Water



Jesse Barham
Water Resources Director

Wastewater/Stormwater/
Sweeper Operations

Engineering and Planning

Environmental Services

Vegetation Management



Stormwater Key Budget Drivers

01

Salaries and Benefits

- 4% to 5.5% COLA
- Increasing Benefit Costs

02

Supplies and Services

- Inflationary increases to selected items and CIP

03

Excise and Municipal Taxes

- Covers City and LOTT (3%) revenue increases

04

Indirect Costs - *Down

- City Administration
- Utility Billing
- Insurance
- Fleet/Fuel
- IS & Software
- Finance

- Indirect Costs - Stabilized
- 1% Account Growth
- One Proposed Enhancement



Stormwater Proposed Enhancements

- Program Specialist in Environmental Services to implement pollution source control inspections and support increased regulatory requirements of NPDES Permit



Drinking Water Utility



Mike Vessey
Drinking Water Director

Water Quality, Cross Connection Control and Water Conservation

Drinking Water Operations

Pump Station Operations

Drinking Water Engineering and Planning



Drinking Water Key Budget Drivers

01

Debt Payoff

- 2013 Loan at \$925k per year is now paid in full

02

Salaries and Benefits

- 4% to 5% COLA
- STEP increases

03

Capital Funding

- Brought back to normal amount after a reduction in 2023

04

Supplies, Services and Consulting Work

- Chlorine costs have more than double
- SCADA System upgrade cost
- Consultants' costs for Lead service line inventory and Cell antenna agreements

- No enhancement requested in 2024



Waste ReSources



Gary Franks

Waste ReSources Director

Operations

Waste Reduction and
Prevention Planning

Waste ReSource Scope of Services



DROP BOX

- Provides larger services hauling drop boxes & compactors (10, 20, & 30 yard)
- 4,000 hauls annually
- Garbage, Recycling, & Organics
- Construction, demo, & misc. material (concrete, rock & dirt)

COMMERCIAL

- 1,200 customers
- Provides Garbage & Organics services to all businesses throughout Olympia
- Maintaining & collecting 80 Garbage & 14 Recycle litter cans for pedestrians

RESIDENTIAL

- 16,000 Residential customers and 9000 Multi-family households
- Garbage, Recycling, & Organics

ORGANICS

- Provided for Drop box, Commercial, & Residential customers
- Saturday Yard Waste Drop-off Site (March – November)



Budget Overview

- Rate recommendations will be provided at our next meeting
- Revenue projections are less than 1%
 - Recycle revenue projected to be down AGAIN!
- Expense is trending down in some areas (Interfunds, Fleet, & Tipping)

Assumptions:

- Assumes 5% COLA
- Includes \$628K transfer to Capital Fund (Carpenter Road)
- 2024 Annexations – 250 homes next year (Blvd. Extension)
 - Annexations case law 10 years



Key Budget Drivers

01

Indirect Costs Down

- City Administration
- Utility Billing
- Insurance
- IS & Software
- Finance

02

Residential Program

- Program is out of balance
Recycling Trans-load and processing increases due to CPI – Recycle markets continue to be extremely volatile

03

Decreasing Operational Cost:

- Fleet and fuel costs have flattened out
- Garbage tipping fees are trending down

04

Carpenter Road

- Furthering progress will depend on rate increase at some point (timing?)

- Drop Box – projecting about a ½ % growth
- Residential - 1% in growth
- Commercial – projecting about 1.4% growth
- Organics – data suggests growth is flattening out = 3%

Questions?



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