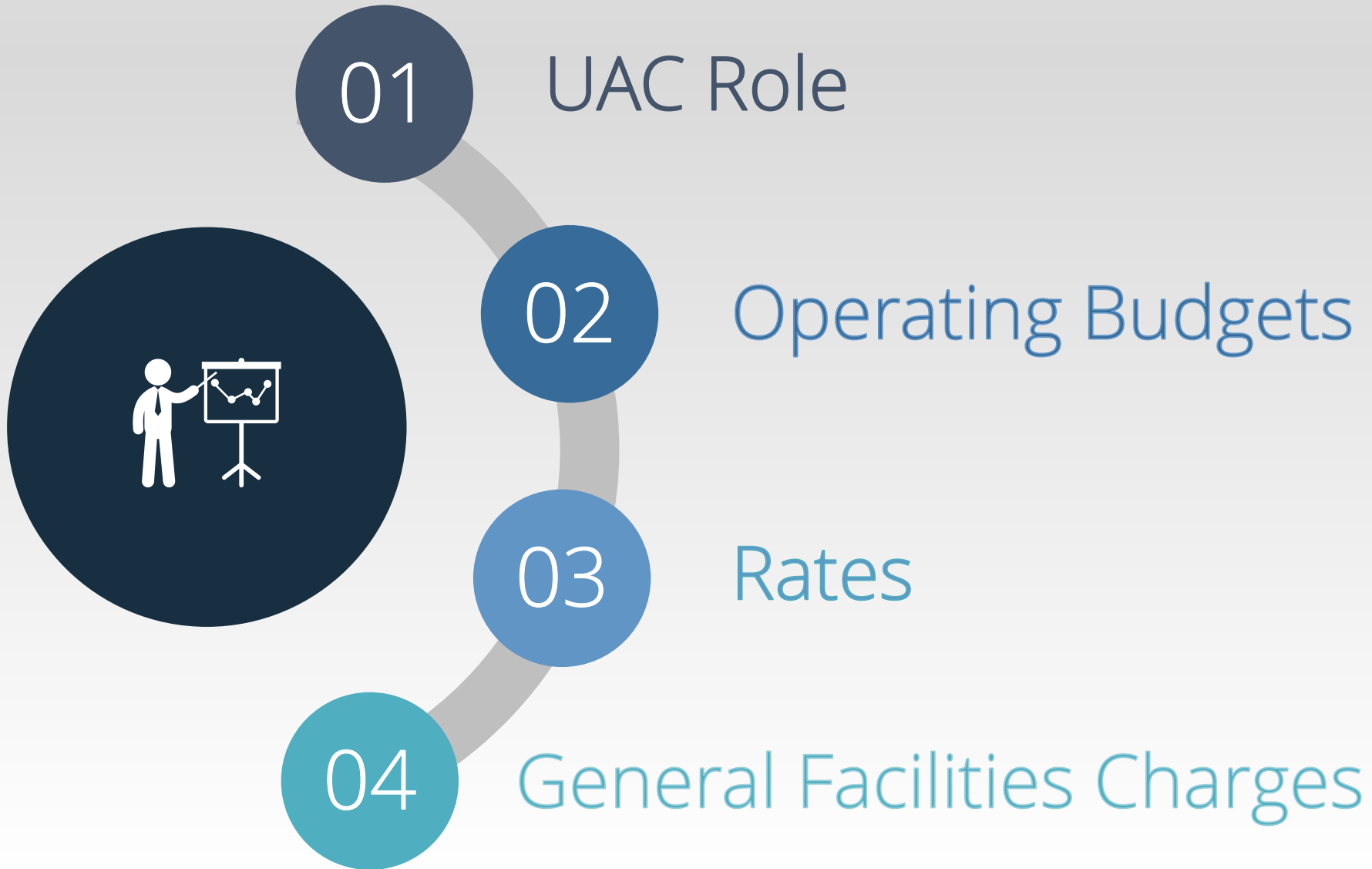




Utility Advisory Committee 2022 Budget Review

October 7, 2021

Agenda





2022 Budget Development Approach

- * Growth in accounts
- * 4.0% COLA based on union contracts
- * Inflationary increases in materials and services
- * Keep utility rate increases at a minimum
- * Limited enhancement requests



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.



Waste ReSources



Gary Franks

Waste ReSources Director

Operations

Waste Reduction and
Prevention Planning



Budget Overview

- No rate increase at this time
- No enhancements
- Expense up 2.1%
- Revenue up 1.8%
- Rev – Exp = Positive .1% or \$14,112
- Other Assumptions:
 - No change in FTE Compliment
 - Assumes 4% COLA
 - Includes a 3rd Quarter budget infusion of \$300K into Fleet 502 Fund
 - Includes \$368K transfer to Capital Fund + additional base adjustment of \$245,000 = \$613,000



Key Budget Drivers

01

Residential Program – has not fully rebounded from recycling revenue loss. Program is out of balance by 11%

02

Aging Cart Inventory resulting in increased cart failures

03

Commercial businesses have normalized

04

Rising Fleet Costs – in order to smooth replacement curve recommending a \$300K cash infusion into the 502 Fleet Capital Fund



Net Position (Revenue to Expense)

	2021 Budget	2022 Budget	Difference	%	2022 Revenue	Net Position	%
Expenditure Request	\$13,408,024	\$13,685,225	\$277,201	2.1%	\$13,699,337	\$14,112	0.10%
Drop Box (8604)	\$2,602,100	\$2,722,217	\$120,117	4.6%	\$2,726,659	\$4,442	0.16%
Residential (8605)	\$5,096,375	\$5,253,286	\$156,911	3.1%	\$4,710,193	(\$543,093)	-11.53%
Commercial (8606)	\$4,476,936	\$4,487,797	\$10,861	0.2%	\$5,036,775	\$548,978	10.90%
Organics (8607)	\$1,232,613	\$1,221,925	-\$10,688	-0.9%	\$1,225,710	\$3,785	0.31%



Drinking Water Utility



Eric Christensen
Water Resources Director

Water Quality and Cross
Connection Control

Drinking Water Operations

Pump Station Operations

Water Resources
Engineering and Planning



Drinking Water - Key Budget Drivers

01

1.0% account growth (\$153.1K)

02

10% Inflation
+\$93K

03

Salary and Benefits
+\$88K

04

Maintenance
Center Rent +\$39K

05

PSE Rate Increase
+\$34K

06

City Administration
+\$29K

07

Computers +\$16K

08

Liability Insurance
+\$15K



Net Position (Revenue to Expense)

	2021 Budget	2022 Budget	Difference	%	2022 Revenue	Net Position	%
Expenditure Request	\$15,500,179	\$15,967,199	\$467,020	2.92%	\$16,029,000	\$61,801	0.39%



Drinking Water – Staff Recommendation

- Proposing 1% rate increase
- Utility programs and core services will remain essentially unchanged in 2022
- No enhancements proposed
- No change to the GFC
- **One-time CIP transfer of \$32,500 to fund Water System Plan update. Historically funded through the CFP**





Wastewater



Eric Christensen
Water Resources Director

Wastewater Operations

Pump Station Operations

Water Resources
Engineering and Planning



Wastewater - Key Budget Drivers

01

2021 Cash Buy
down +\$390K

02

1.0% Account
Growth (\$75K)

03

Municipal and
Excise Taxes +\$111K

04

Salary and Benefits
+\$88K

05

10% Inflation +\$20K

06

Maintenance Center
Rent +\$17K

07

Liability Insurance,
PSE Rate Increase,
Computers +\$16K



Net Position (Revenue to Expense)

	2021 Budget	2022 Budget	Difference	%	2022 Revenue	Net Position	%
Expenditure Request	\$22,409,602	\$23,226,244	\$816,642	3.64%	\$23,117,151	-\$109,093	-0.47%



Wastewater – Staff Recommendation

- 6% City rate increase
- 3% LOTT rate increase
- The 2021 rate increase was bought down by approximately \$390K cash
- **Increase GFC to \$3,754/ERU**
- **One-time CIP transfer of \$158K to fund STEP system rehabilitations**
- Anticipate CIP funding increases in future years
- No enhancements





Storm and Surface Water



Eric Christensen
Water Resources Director

Stormwater/Sweeper
Operations

Water Resources
Engineering and Planning

Environmental Services

Vegetation Management



Storm and Surface Water - Key Budget Drivers

01

1.0% account growth (\$62K)

02

Salary and Benefits
+\$78K

03

City Administration
+\$75K

04

10% Inflation +\$36K

05

CIP Funding +\$140K

06

Intern Enhancement
+\$22K

07

Street Sweeper
+\$20K

08

Maintenance Center
Rent , Liability
Insurance and
Computers +\$46K



Net Position (Revenue to Expense)

	2021 Budget	2022 Budget	Difference	%	2022 Revenue	Net Position	%
Expenditure Request	\$6,323,249	\$6,611,515	\$288,266	4.56%	\$6,589,184	-\$22,331	-0.34%



Storm and Surface Water – Staff Recommendation

- 5% revenue increase proposed for 2022
 - 1% rate increase for residential customers
 - New rate structure for commercial customers
- **Intern enhancement \$22,400**
- **Increase GFC to \$1,428/ERU and \$9.09/trip**
- Anticipate CIP funding increases in future years
- **Increase CIP funding \$130,000**



Preliminary Residential Rates - Bi-monthly

	2019 Rate	2019 % Increase	2020 Rate	2020 % Increase	2021 Rate	2021 % Increase	Proposed 2022	2022 % Increase
Drinking Water	\$ 56.75	0.0%	\$ 60.32	6.30%	\$ 60.32	0.00%	\$ 60.93	1.00%
Wastewater - Min.	\$ 26.58	0.0%	\$ 26.64	0.21%	\$ 26.64	0.00%	\$ 28.23	6.00%
Wastewater - Max.	\$ 42.94	0.0%	\$ 43.03	0.21%	\$ 43.03	0.00%	\$ 45.61	6.00%
Waste ReSources	\$ 51.80	5.5%	\$ 53.52	3.33%	\$ 53.52	0.00%	\$ 53.52	0.00%
Storm and Surface Water	\$ 28.10	5.1%	\$ 29.09	3.54%	\$ 31.28	7.50%	\$ 30.86	-1.34%
LOTT	\$ 79.60	3.0%	\$ 82.00	3.00%	\$ 84.46	3.00%	\$ 86.99	3.00%
TOTAL (Min.):	\$ 242.83	2.7%	\$ 251.58	3.60%	\$ 256.22	1.85%	\$ 260.54	1.68%
TOTAL (Max.):	\$ 259.19	2.5%	\$ 267.97	3.39%	\$ 272.62	1.73%	\$ 277.92	1.94%
Total Increase (Min.)	\$ 6.38	2.7%	\$ 8.75	3.60%	\$ 4.65	1.85%	\$ 4.32	1.68%
Total Increase (Max.)	\$ 6.38	2.5%	\$ 8.78	3.39%	\$ 4.65	1.73%	\$ 5.30	1.94%



Commercial SSW Rates - Preliminary

Storm and Surface Water	2019 Rate	2019 % Increase	2020 Rate	2020 % Increase	2021 Rate	2021 % Increase	Proposed 2022	2022 % Change
Category 1	\$ 5.17	5.10%	\$ 5.35	3.54%	\$ 5.75	7.50%	\$ 7.72	34.26%
Category 2	\$ 10.80	5.10%	\$ 11.18	3.54%	\$ 12.02	7.50%	\$ 11.57	-3.74%
Category 3	\$ 13.63	5.10%	\$ 14.11	3.54%	\$ 15.17	7.50%	\$ 15.43	1.71%

- Commercial Administrative Fee (\$15.31) eliminated
- ERU changes from 2,528 SF to 2,882 SF

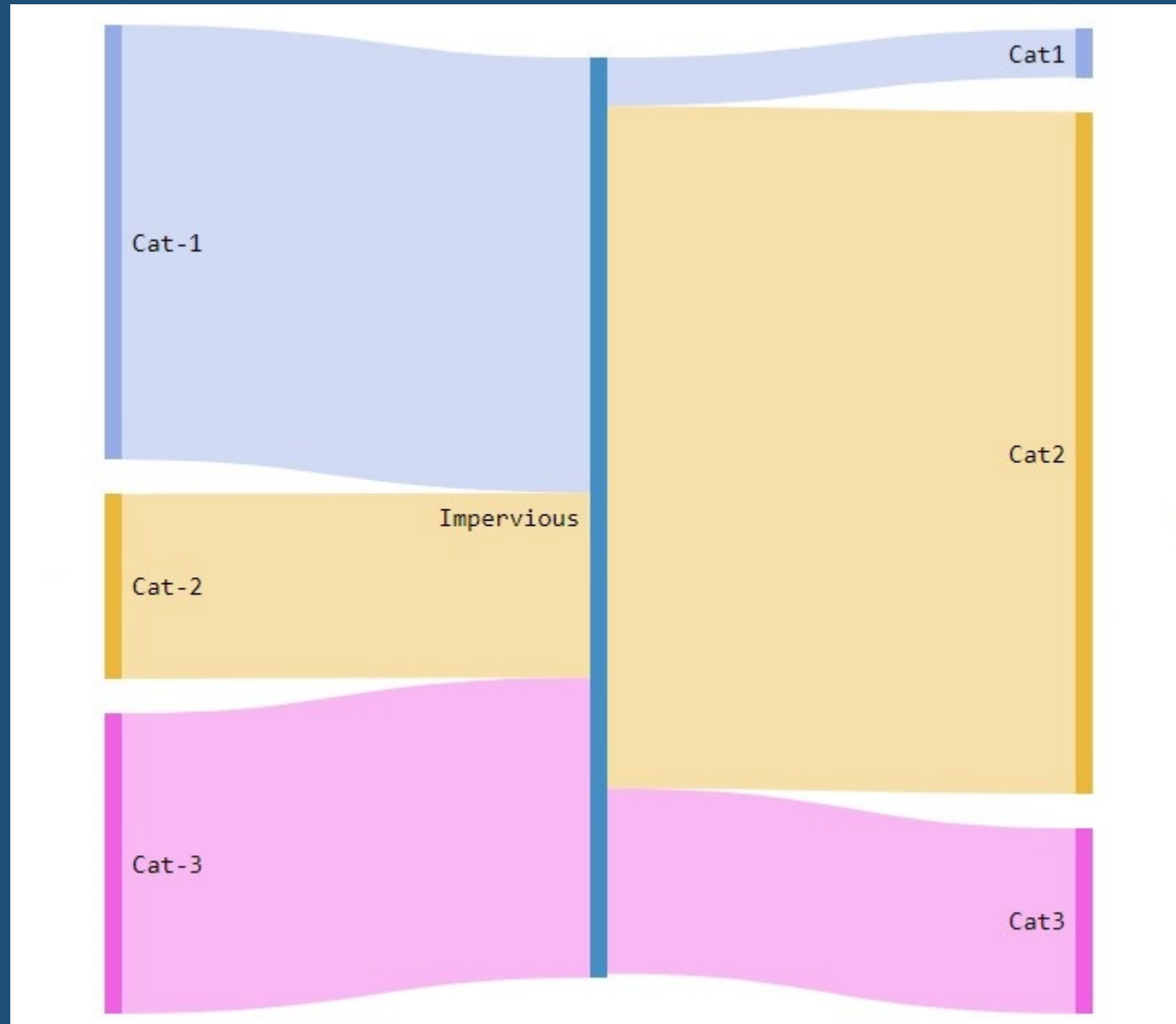
Current billing = Admin. Fee + ERUs x rate

Future billing = ERUs x rate



Commercial SSW Rates - Categories

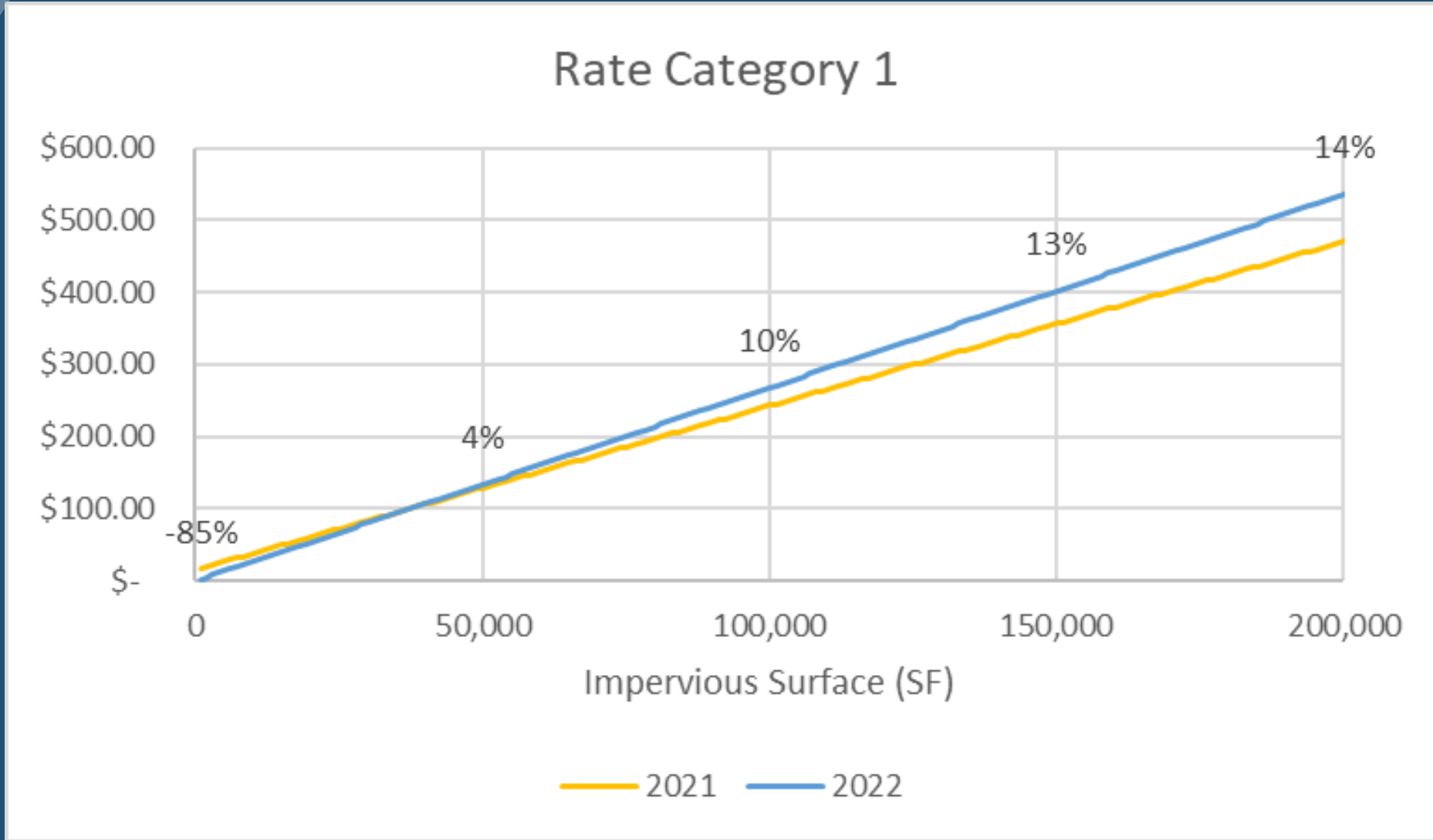
2021



2022

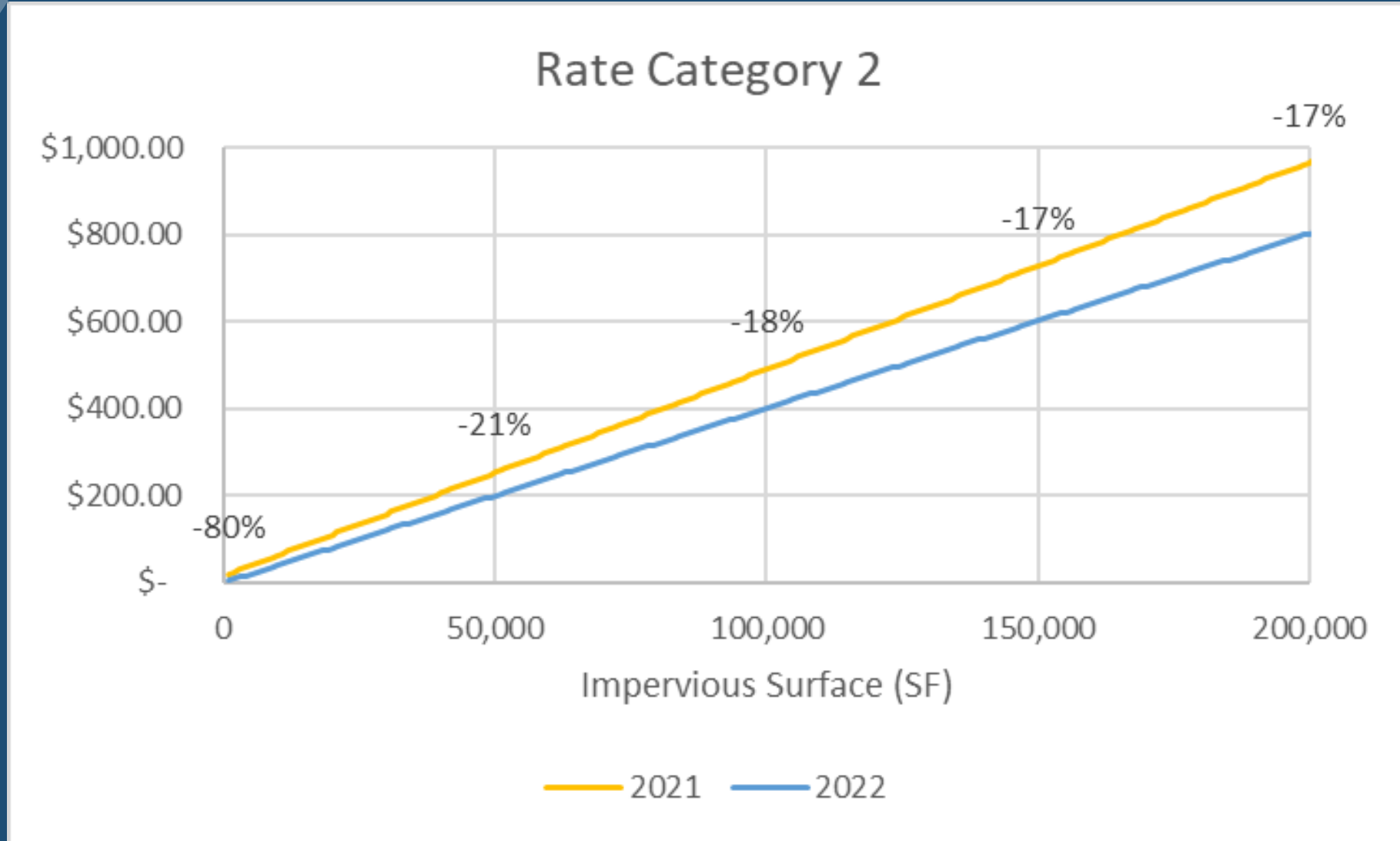


Commercial SSW Rates - Preliminary





Commercial SSW Rates - Preliminary





Commercial SSW Rates - Preliminary





General Facilities Charges

	2017	2018	2019	2020	2021	Proposed 2022	\$ Increase	% Increase
Drinking Water	\$3,918	\$4,180	\$4,433	\$4,433	\$4,433	\$4,433	\$0	0.00%
Wastewater	\$3,442	\$3,442	\$3,442	\$3,680	\$3,680	\$3,754	\$74	2.01%
Storm and Surface Water	\$1,190	\$1,190	\$1,190	\$1,190	\$1,190	\$1,428	\$284	22.99%
	plus \$4.50 trip charge	plus \$4.50 trip charge	plus \$4.50 trip charge	plus \$4.50 trip charge	plus \$4.50 trip charge	plus \$9.09 trip charge		
LOTT CDC	\$5,354	\$5,579	\$6,049	\$6,231	\$6,418	\$6,610	\$192	2.99%
TOTAL:	\$13,949	\$14,436	\$15,159	\$15,579	\$15,766	\$16,316	\$550	3.49%



Next Steps

- Recommendations to Council and Motion
- Finance Committee
 - October 20th (GFCs)
 - November 19th (Operating Budget)
- City Council
 - November 9th, 16th, and 30th
 - December 7th

Questions?



- Eric Christensen, Public Works Water Resources Director, 360.570.3741, echriste@ci.olympia.wa.us
- Gary Franks, Public Works Waste ReSources Director, 360.753.8780, gfranks@ci.olympia.wa.us

