



Utilities 2025 Rates, Operating Budget and Capital Facilities Plan Review

September 5, 2024

Utility Advisory Committee

2025 Budget Process Timeline

Operating Budget

- Tentative meetings scheduled for Finance, Council
- Oct 3rd UAC meeting and recommendation
- Sept 16 or Oct 21 – Operating Budget at Finance Sub-Committee
- Public Hearing Oct 29 and Nov 12 at Council
- Deliberations at Council in Nov/Dec

Capital Facilities Plan

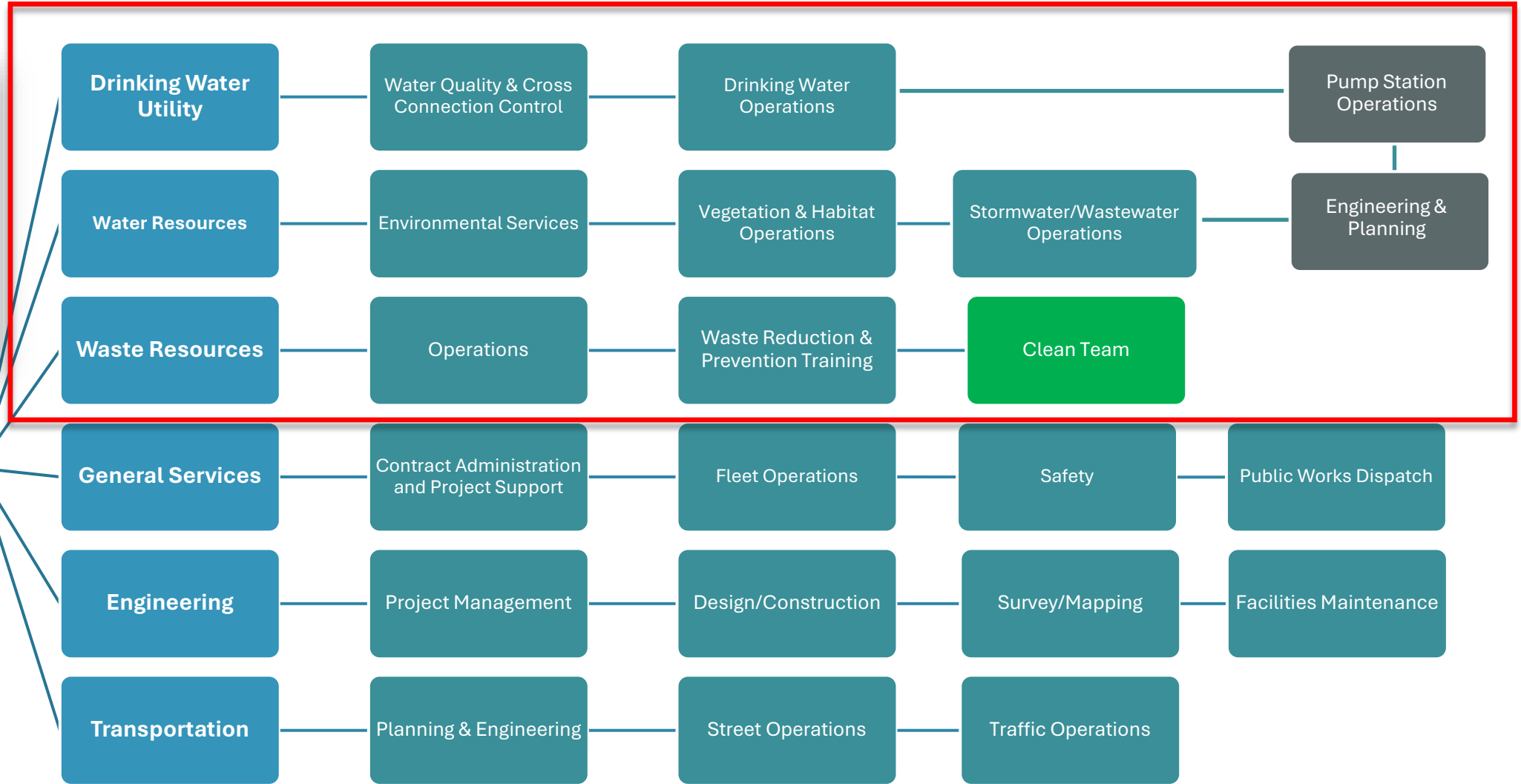
- Sept 9th Planning Commission Finance Sub-Committee
- Oct 8th at Council
- Oct 29th Public Hearing - Council

Dec 10th – Operating and CFP Ordinance at Council

Public Works Organizational Chart



Mark Russell
Public Works Director



*Pump Station Operations and Engineering & Planning span both the Drinking Water Utility and Water Resources Divisions

2025-2030 Capital Facilities Plan

Plan Contents

- Detailed 6-year “plan” with project descriptions
- 2025 = Budget Request
- Revenue assumptions - *must be balanced*
- Year 7 to 20 list of projects – *little detail*

Revenue Assumptions

- Transfer from utility operating fund – (system reinvestment or depreciation funding)
- General facilities charges – new money per customer growth projections
- Capital fund “cash on-hand”
- Grants or loans
 - Water Quality and Loans used in later years to balance



Recommended Rate Summary (Aug 2024)

Program Utility Rate	2023 Rate	2024 Rate	2025 Rate	2025 % Increase
Waste ReSources	\$56.22	\$58.18	\$62.60	7.6%
Drinking Water	\$65.64	\$66.96	\$68.98	3.0%
Wastewater	\$51.56	\$53.62	\$55.94	4.3%
LOTT*	\$89.60	\$92.30	\$95.04	3.0%
Storm & Surface Water	\$34.24	\$36.46	\$37.02	1.5%
Total:	\$297.26	\$307.52	\$319.54	
Total % Increase	5.89%	3.45%	3.91%	
Total \$ Increase	\$14.04	\$10.26	\$12.02	

June 2023 – June 2024 Seattle CPI was 3.8%

*LOTT Rates set by LOTT board

Assumes 65 gal/bi-weekly garbage service with recycling.

Based on 160 gallons of water use per day.



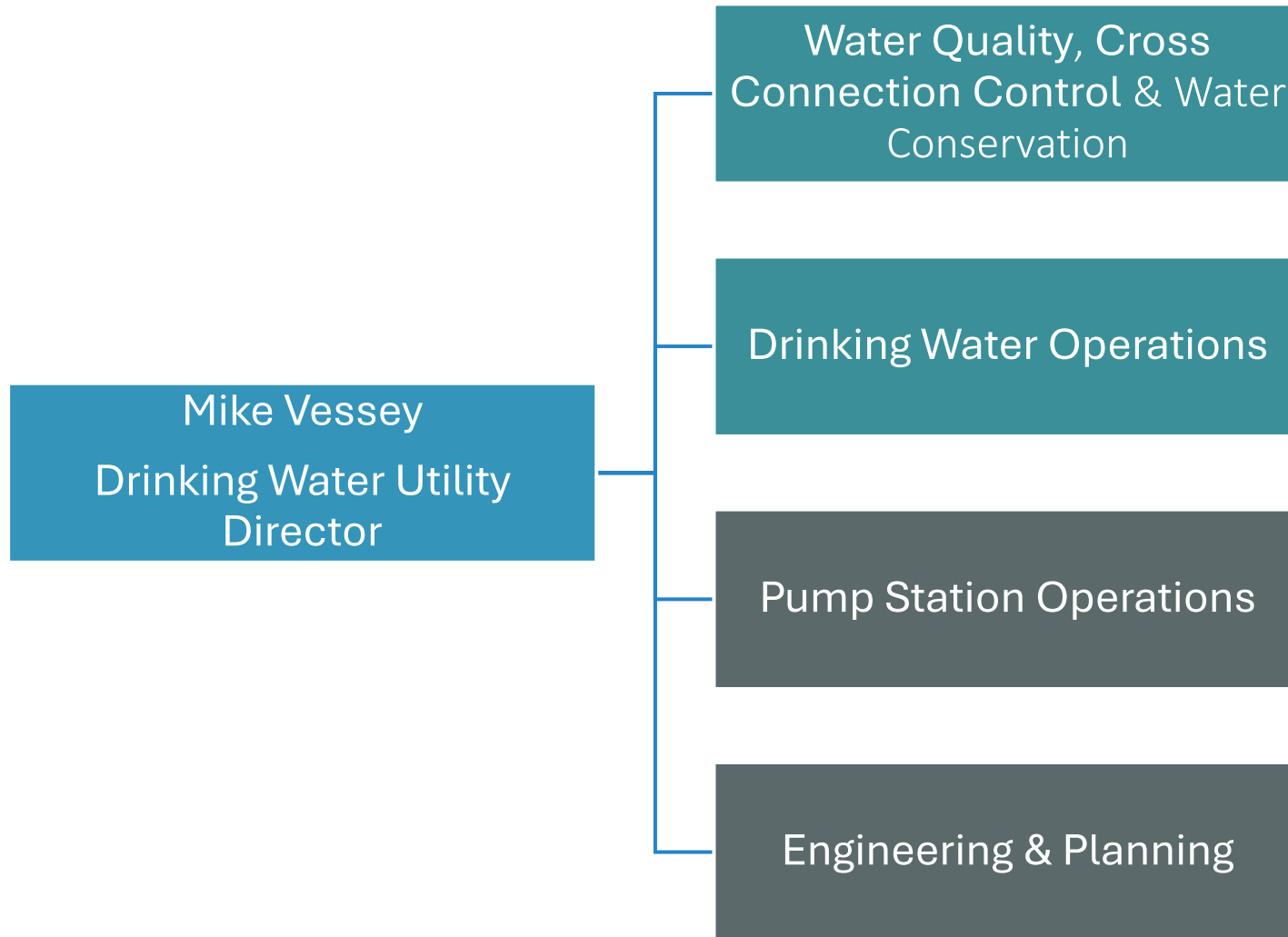
Utilities Budget Drivers

Salaries and Benefits

Uncontrollable Expenses

- Liability Insurance
- Fleet Rates
- City Hall Rent

Drinking Water Utility



Budget Drivers



Small increase to revenue due to new cellular contracts

Transfers from Operating Budget into Capital Budget on track for 2025

- Fones Road water main replacement
- Boulevard Road water tank seismic upgrades


Unique Operating Expenses

- A rise in chlorine costs again in 2025
- PSE rate increase of 6.4%
- .5 FTE moved into Drinking Water from the Stormwater Utility

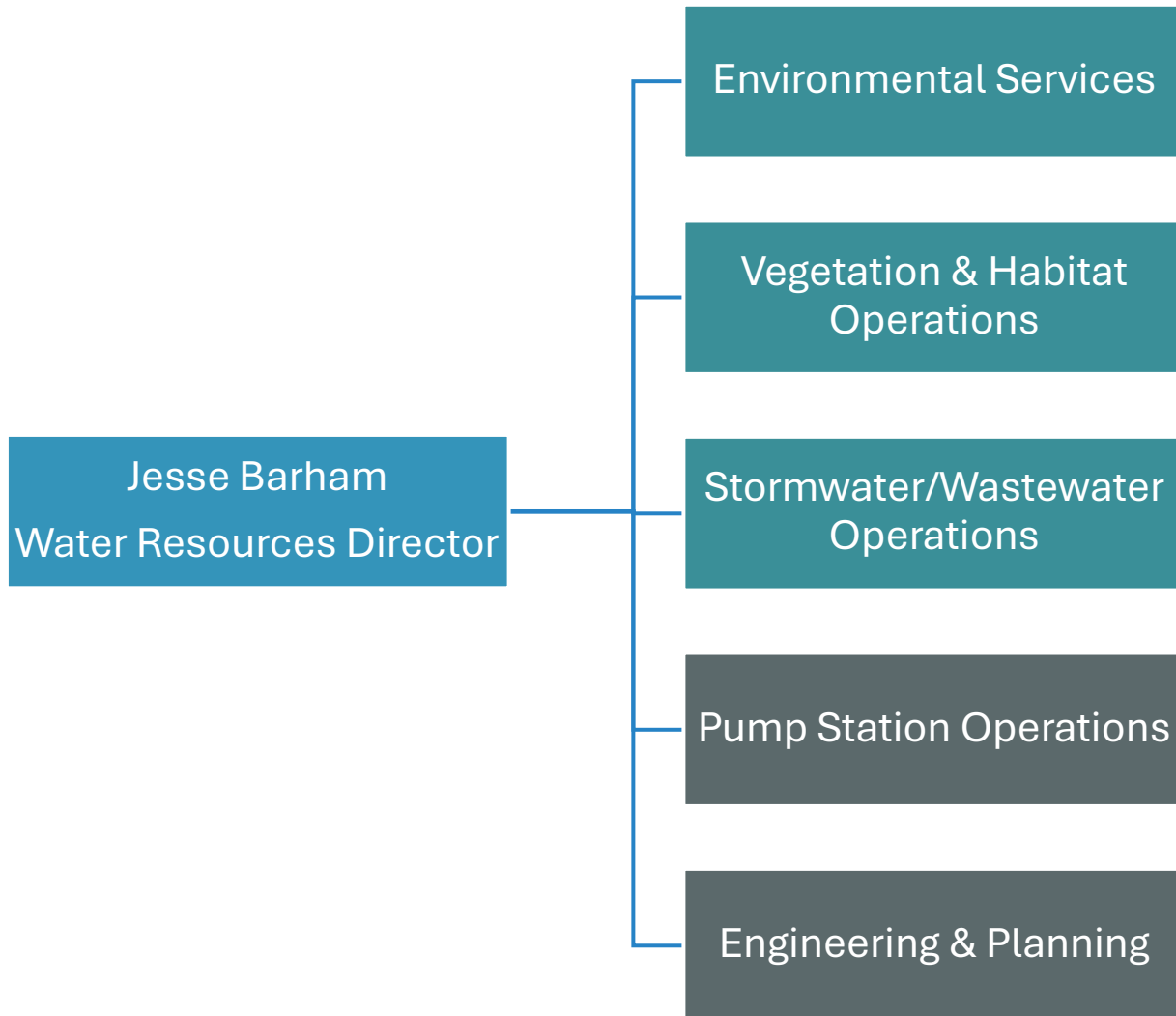
Expenditures and Revenue

- Expenditures are up 12%, for a total of \$17,600,606
- Revenue forecast is up 1.5% from actuals, for a total of \$17,154,389
 - ❖ 1.5% growth and new cell contract numbers
- Rate increase of 3% is needed to cover over the baseline projection (\$446,217)
- No critical needs requests
- **Recommended rate increase of 3%**

Capital Facilities Projects— Drinking Water Utility

- Key 2025 Projects
 - Fones Rd Project. Watermain replacement – Construction (\$3.5 Mil)
 - Boulevard Road water tank seismic upgrades
 - (\$6 Mil)
 - Small watermain replacement (\$350K)
 - Seismic valve installs and 36” main condition assessment (\$1.6 Mil. Grant funded 95%)
 - Pressure Reducing Valve installs (\$280K)
 - Water Source development and protection study PFAS (\$150K)
- 

Water Resources



Wastewater Budget Drivers



Reallocated existing positions to better support Wastewater Engineering and Pump Stations

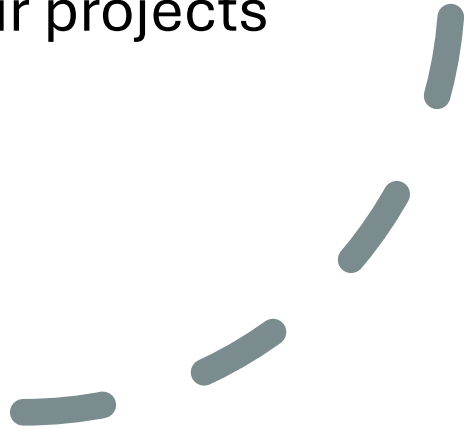
- Moved 0.5 FTE from Stormwater to Wastewater

Utility pays in-lieu taxes for LOTT revenue

Wastewater Expenditures and Revenue

- Expenditures are up 6.7%, for a total of \$10,069,775
- Revenue forecast is up 0.8%, for a total of \$9,609,261 (w/o rate increase)
- LOTT Revenue/Transfers up 3.5%, for a total of \$16,550,970
- Customer growth assumed 0.5% for both City and LOTT
- Rate increase of 4.3% is needed to cover Expenditures vs. Revenue difference (\$360,865 + taxes on increased revenue)
- No critical needs requests
- **Recommended rate increase of 4.3%**

Capital Facilities – Wastewater

- Key 2025 Projects
 - Old Port 1 Lift Station – Construction (\$3.7 Mil)
 - Rossmore Lift Station – Design (\$272k)
 - 4th Ave Sewer Capacity Upgrade (\$1.5 Mil)
 - Miller and Ann Emergency Power (\$378k)
 - Fones Road (\$220k)
 - Van Epps Septic to Sewer (\$445k)
 - + Various CIPP, rehab and repair projects
- 

Stormwater Budget Drivers



Transfers in from others for vegetation services/plan review/street sweeping

Re-allocate existing positions

- 0.5 FTE from Stormwater to Wastewater
- 0.5 FTE from Stormwater to Drinking Water

Increased fleet expenses (new sweeper)

Grant revenue/expenses



Stormwater Expenditures and Revenue

- Expenditures are up 3.9%, for a total of \$8,125,862
- Revenue is flat at \$8,009,547 (w/o rate increase)
- Customer growth forecast assumed to be flat
- Rate increase of 1.5% is needed to cover Expenditures vs. Revenue difference (\$102,039 + increased taxes on revenue)
- Two critical needs requests (one is cost neutral)
- **Recommended rate increase of 1.5%**
 - (includes Sweeper Operator enhancement)

Budget Enhancements Storm and Surface Water

Street Cleaning

Maintenance Worker II (term) to Permanent (MW II)

- Grant funding ending in July 2025
 - Included sweeper purchase and operator
- Need to operate new sweeper into the future
- New Municipal Stormwater Permit compliance requirements
- Rate funded cost in 2025 is \$50,655 (½ year)

Ongoing FTE and expenses to be included in operating budget into future years

Vegetation Habitat Operations

Maintenance Worker I (temp) to Permanent (MWI)

- Increase capacity for year-round work
- Support tree and ditch maintenance needs in stormwater utility
- Convert two seasonal positions into one FTE
- Cost neutral – offset by reduction to seasonal labor (\$98,164)

Capital Facilities – Stormwater



Key 2025 Projects

- Capital Way at A St Pipe Replacement (\$250k)
- Pacific Ave at Chambers Pipe Replacement (\$285k)
- Brawne Ave Water Quality Retrofit Construction (\$495)
- Enhanced Sweeper Program (\$805k)
- Allen Road predesign (\$62k)
- Pacmar Lid Access retrofit (\$200k)
 - + various ongoing maintenance and repair programs

PROPOSED 2025 Projected General Facility Charges (GFC) and LOTT Capacity Development Charges (CDC)

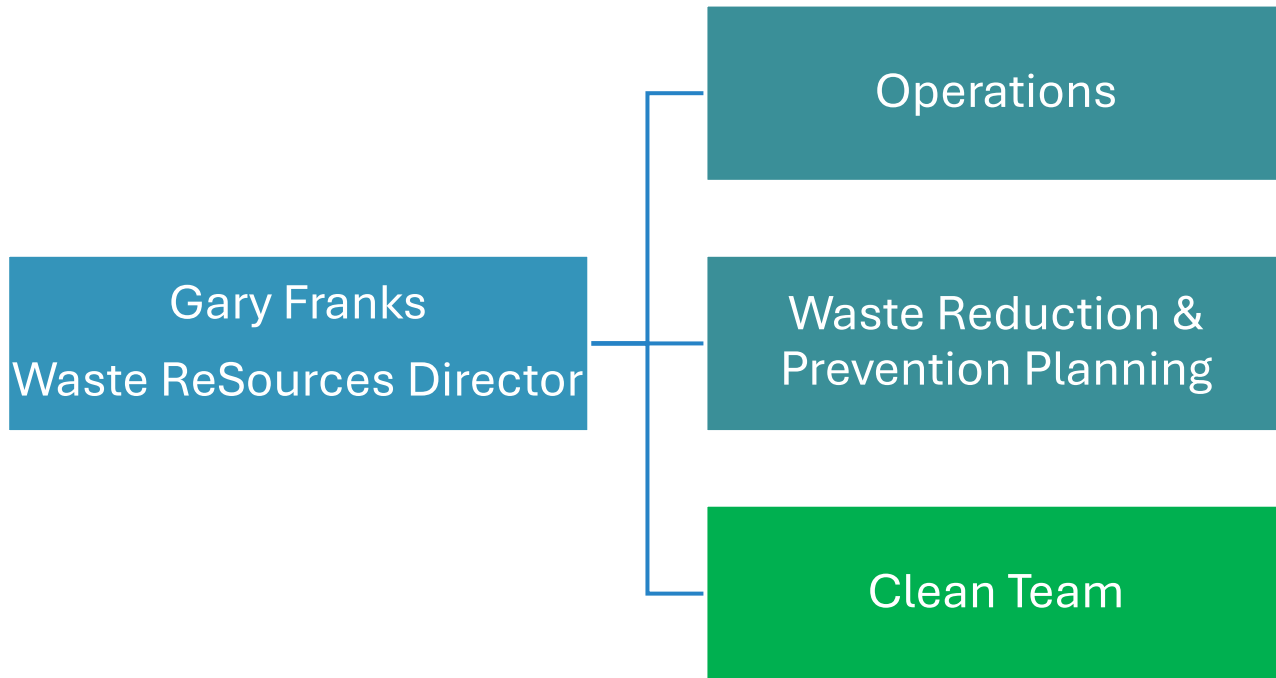
(Sample Based on Single-Family Residence)

	2020	2021	2022	2023	2024*	2025*	Total Increase	% Increase	Plan Recommend
Drinking Water	\$4,433	\$4,433	\$4,433	\$4,683	\$5,032	\$5,287	\$255	5.1%	\$5,639 (2022)
Wastewater	\$3,680	\$3,680	\$3,754	\$4,003	\$4,338	\$4,425	\$87	2.0%	\$4,999 (2019)
Storm and Surface Water	\$1,190 plus \$4.50 trip charge	\$1,190 plus \$4.50 trip charge	\$1,439 plus \$9.09 trip charge	\$1,619 plus \$11.08 trip charge	\$1,915 plus \$13.56 trip charge	\$2,011 plus \$13.83 trip charge	\$41	2.0%	\$2,383 plus \$19.04 per trip (2017)
LOTT CDC	\$6,231	\$6,418	\$6,610	\$6,841	\$7,081	\$7,435	\$354	5.0%	-
TOTAL:	\$15,579	\$15,766	\$16,316	\$17,257	\$18,479	\$19,429	\$737	4.3%	

* 50% low-income housing discount on City/LOTT charges.

* Lost revenue offset by 2% increase in GFCs began in 2024. To be re-evaluated for 2026

Waste ReSources



Mission: Inspiring our community towards a waste free future

Strategic Role: Create Opportunities to eliminate waste

Clean Team Program – what they do

Operations

7:00 a.m. to 3:30 p.m.
7 days a week
3 to 6 staff on shift daily
Dispatch service

Downtown Olympia

Clean right of ways from debris and trash
Remove biohazards and sharps
Graffiti abatement from Downtown businesses

Rapid Response

Monitor City property outside Downtown
Remove illegally dumped items and trash
Assist City Departments with clean ups

Where We Work

Downtown Olympia

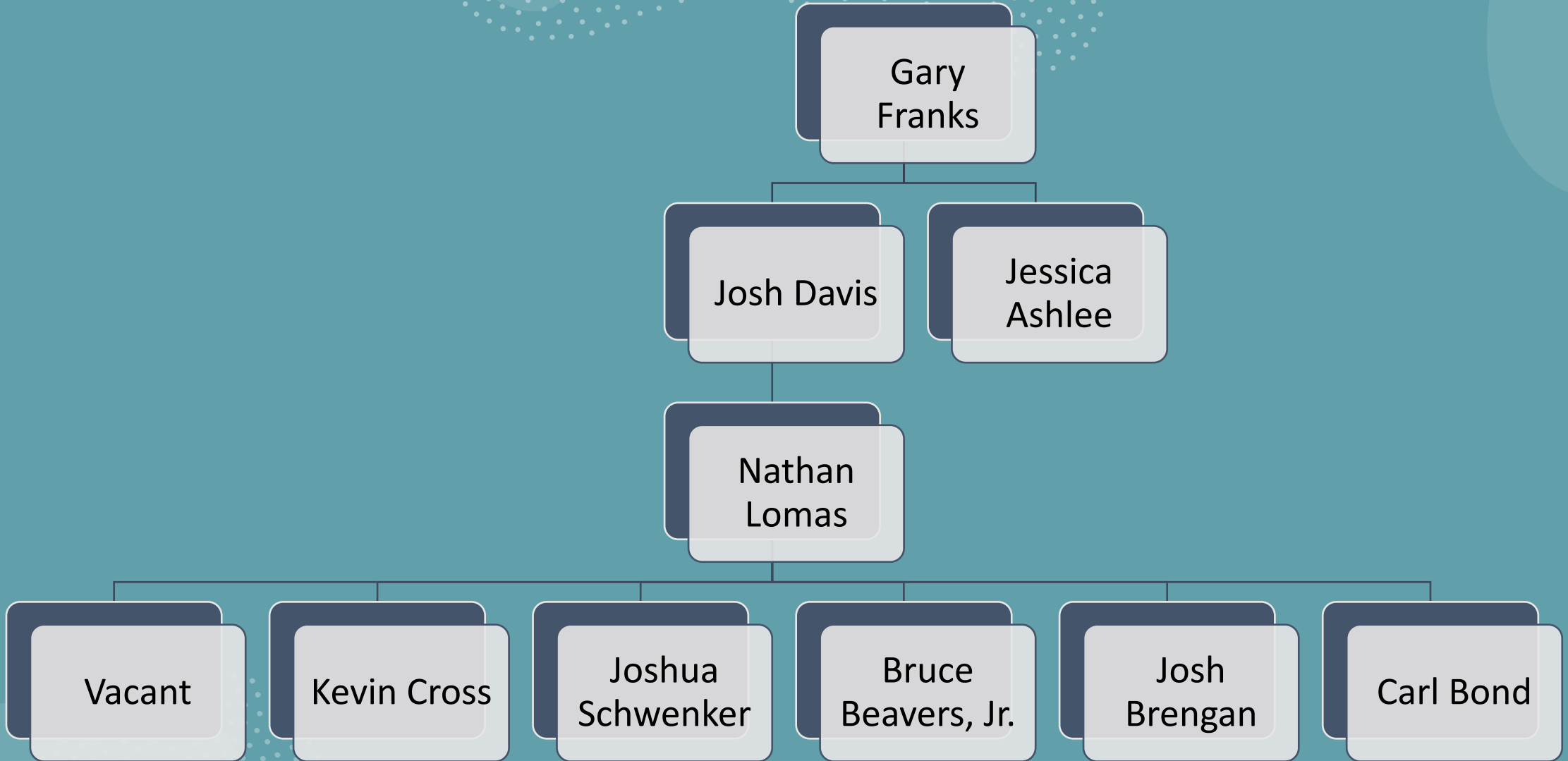
- City-owned Parking Lots
- Alleyways
- Right of ways
- Artesian Well
- Portland Loo

Rapid Response

- City wide
- Stormwater Properties
- Right of ways
- Public Property



2025 Clean Team



Budget Drivers



Clean Team Transition = \$900,000 (10% Rate Increase)

Capital Funding Reduction \$453,000

Operating Budget Expenses

- Salaries and Benefits up \$318,000 or 8.55%
- Fleet Rates up \$160,000 or 13%
- Garbage Tipping up \$194,000 or 5.3%
- Indirect costs up \$69,000 or 8.3%
- Recycle and Transload cost up \$30,000 while revenue trends down



Expenditures and Revenue

- **Waste Utility Operating Budget:**
 - Expenditures are up 4.6%, for a total of \$15,907,154
 - Revenue up 7%, for a total of \$15,859,845
 - ❖ Growth by waste sector varies 0.75% - 1.4%
 - ❖ Annexation of 250 homes - Boulevard Extension
 - Revenue to Expense out of balance -0.3% or -\$47,310
- **Waste Utility + Clean Team Budget:**
 - Addition of Clean Team produces a negative balance of approximately \$900,000
 - ❖ WorkDay assumes Revenue from Stormwater Utility only \$22,500
 - ❖ Assumes Budget Reduction of \$453,000 to CFP for Carpenter Road
- **Rate Recommendation = 7.6%**



Rate Recommendation

Raise Rates 7.6%

- Reduce Capital Facilities Fund by \$453,000 (leaves \$660K + 2024 balance for next year)
- Includes reclass of a current position
- Includes adding a new position

Impact on Customer, Bi-Monthly W/Recycle			
RES - Rates	2024	2025	Bi-Mo. Bill
20 - Gallon	\$ 24.68	\$ 26.56	\$ 1.88
35 - Gallon	\$ 42.62	\$ 45.86	\$ 3.24
65 - Gallon	\$ 58.18	\$ 62.60	\$ 4.42
95- Gallon	\$ 111.34	\$ 119.80	\$ 8.46

**Capital
Facilities –
Waste
ReSources
Carpenter Road**

Fund 463	
\$ 2,437,000	2024 Beginning Balance
\$ 1,679,812	Demo & Remediation Expense
\$ 757,188	Net Gain or Use
\$ 757,188	2025 Beginning Balance
\$ 660,000	2025 Transfer-In
\$ 1,417,188	Available CFP Funds 2025

Questions?

Program Budgets

	2024 Budget	2025 Budget	Difference	%	2025 Revenue	Net Position	%
Waste Utility	\$15,208,097	\$15,907,154	\$699,057	4.6%	\$15,859,845	(\$47,310)	-0.30%
Drop Box (8604)	\$ 3,005,525	\$ 3,056,313	\$ 50,788	1.7%	\$ 3,135,685	\$ 79,372	2.60%
Residential (8605)	\$ 6,021,245	\$ 6,228,152	\$ 206,907	3.4%	\$ 5,488,616	\$ (739,536)	-11.87%
Commercial (8606)	\$ 4,915,506	\$ 5,279,322	\$ 363,816	7.4%	\$ 5,773,348	\$ 494,026	9.36%
Organics (8607)	\$ 1,258,066	\$ 1,323,485	\$ 65,419	5.2%	\$ 1,462,196	\$ 138,711	10.48%
Clean Team	\$ 783,725	\$ 922,153	\$ 138,428	17.7%	\$ 22,500	\$ (899,653)	-97.56%
WR + Clean Team	\$15,991,822	\$16,801,987	\$837,485	5.1%	\$15,882,345	(\$919,642)	-5.47%