

Olympia Utilities: 2020 Budgets and Proposed Rates



Utility Advisory Committee
October 3, 2019



Tonight's Agenda

- UAC role in budget process
- Waste ReSources Operating Budget and Rates
- Water Resources Capital Budgets
- GFCs and CDCs
- Customer Implications
- Next Steps

UAC Responsibility

- Review proposed changes to:
 - Operating budgets
 - Capital Facilities Plan (CFP)
 - General Facility Charges (GFCs)
 - Potential rates and charges
- Provide written recommendations to City Council
- Identify concerns and emerging issues as needed



City Budget Timeline

- July 31 Operating budget submitted
- August 13 City Council preliminary CFP review
- August 13 City Manager reviews utility budgets
- August Budget reconciliation
- Sept 9 Planning Commission CFP review
- ~~• Sept 18 Council Finance Committee review~~
- October 16²⁸ Finance Committee utility rates review (UAC representative to attend)
- October 29 Budgets and CFP presented to Council
- November 19 Council Review and public hearing
- December 10 Council Adoption of budgets



Timeline for UAC

- May 4 Review preliminary CFP
- June 7 Review 2018 finances and introduce 2019 budget drivers
- August 22 Review preliminary budgets submitted to Budget Committee
- Sept 5 Further Budget Evaluations
- October 3 Final budget review and recommendation
- October 15 Deadline for letter of recommendation
- October 16~~16~~²⁸ Finance Committee utility rates review



Waste ReSources

We lead and inspire our
community toward a waste-free future.



Insert Waste ReSources Recap Here

	2019 Budget	2020 Budget	Difference	%	Revenue	Net Position	%
Expenditure Request	\$12,939,938	\$13,377,932	\$437,994	3.4%	\$12,732,603	(\$645,329)	-5.09%
Drop Box (8604)	\$2,783,346	\$2,724,412	\$16,573	0.6%	\$2,637,859	(\$86,553)	-3.28%
Residential (8605) *	\$4,619,217	\$5,294,621	\$343,173	7.4%	\$4,369,250	(\$925,371)	-21.39%
Commercial (8606) **	\$4,269,697	\$4,146,907	\$43,326	1.0%	\$4,573,611	\$426,704	9.33%
Organics (8607) *	\$1,267,678	\$1,211,992	\$34,922	2.8%	\$1,151,883	(\$60,109)	-5.27%



Revenue & Rates

Proposed Rate Increase Option1: = \$645,779

- Drop Box 6.6% = \$145,838
- Residential 5.7% = \$207,697
- Commercial 0% = No Increase (\$292,244 used to buy down rate)
- Organics 0% = No Increase



Revenue & Rates

Proposed Rate Increase Option 2: = \$675,416

- Drop Box 6.6% = \$145,838
- Residential 2.3% = \$97,658
- Commercial 2.3% = \$405,689 - proposed to buy down Res. Rate
- Organics 2.3% = \$26,231

Water Resources

*Passionate caretakers of
tomorrow's water*



Wastewater



Drinking Water



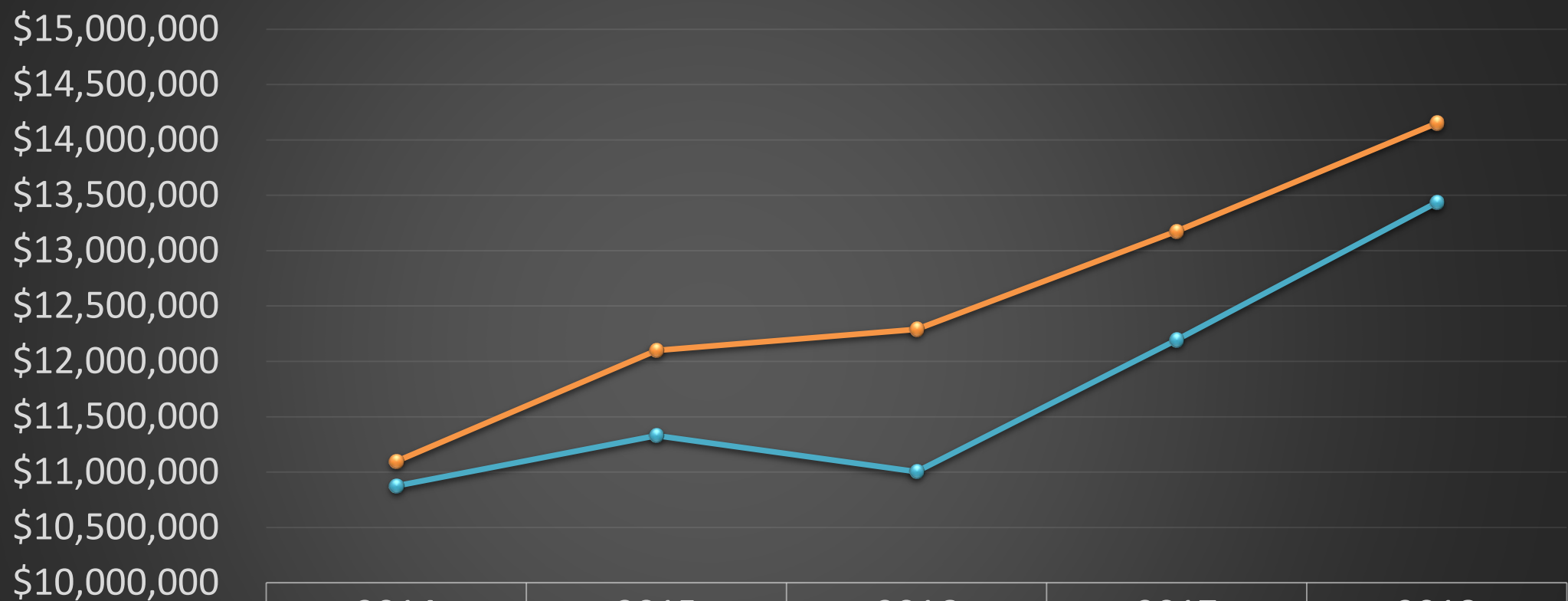
Storm and Surface
Water





Drinking Water

**Drinking Water Utility
Actual Revenues vs. Expenditures**

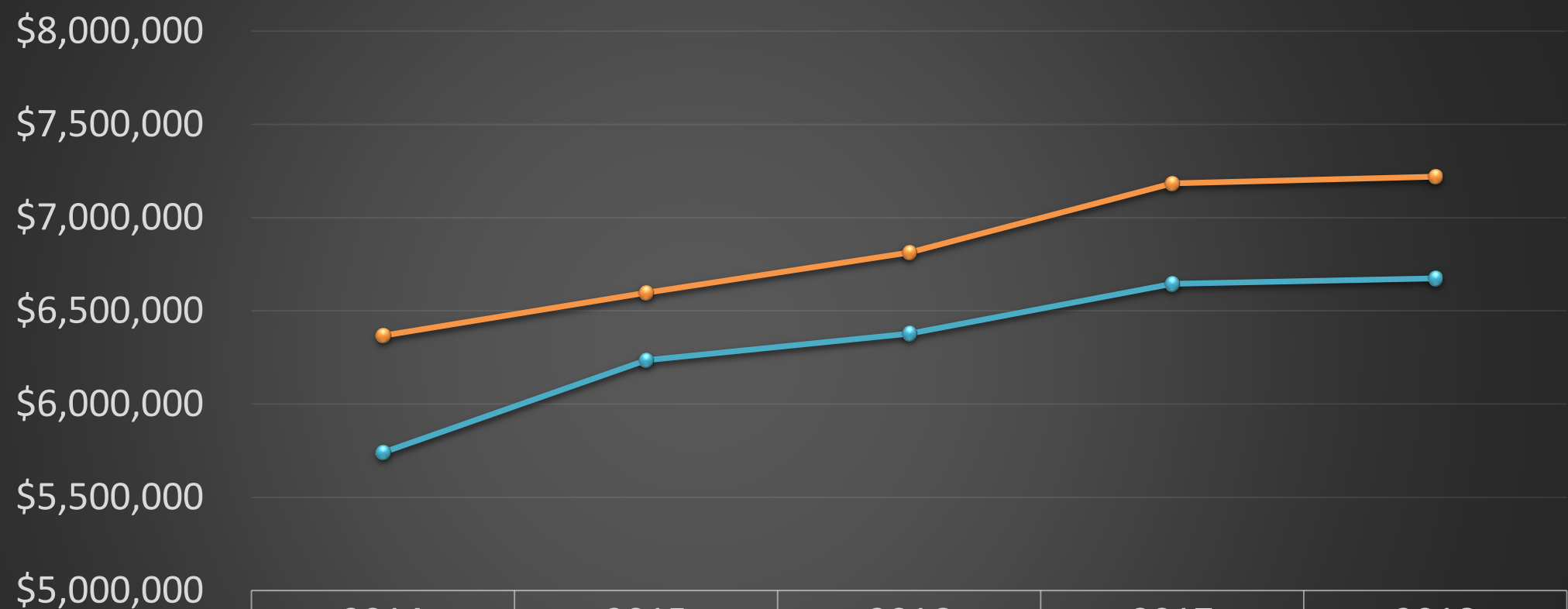


	2014	2015	2016	2017	2018
Actual Revenues	\$11,097,738	\$12,099,545	\$12,289,598	\$13,175,096	\$14,152,038
Actual Expenditures	\$10,874,609	\$11,330,318	\$11,004,353	\$12,193,725	\$13,435,033
Rev - Exp	102.05%	106.79%	111.68%	108.05%	105.34%



Wastewater

**City Wastewater Utility
Actual Revenues vs. Expenditures**

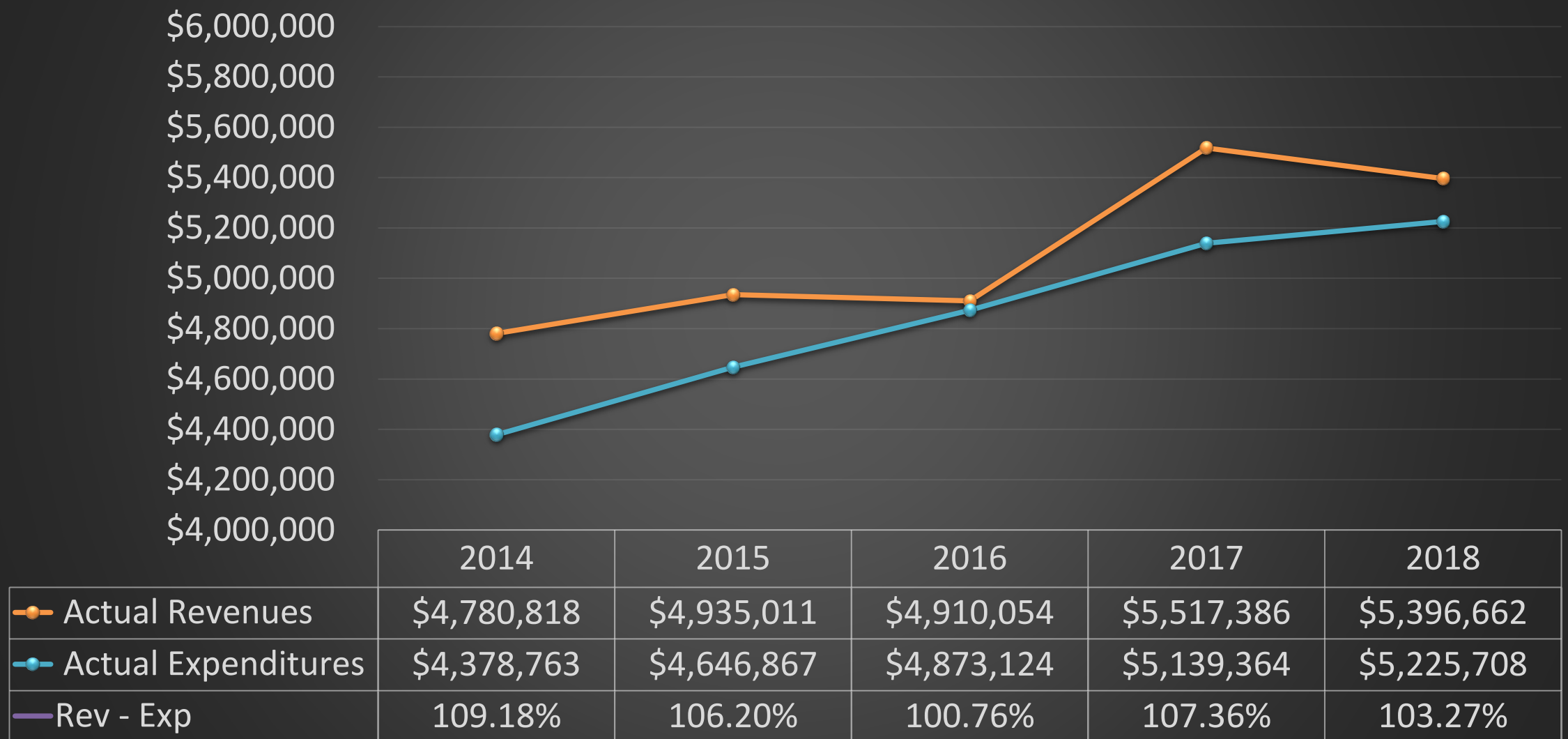


	2014	2015	2016	2017	2018
Actual Revenues	\$6,367,456	\$6,597,290	\$6,812,130	\$7,183,467	\$7,219,132
Actual Expenditures	\$5,739,966	\$6,234,960	\$6,378,029	\$6,644,803	\$6,673,767
Rev - Exp	110.93%	105.81%	106.81%	108.11%	108.17%



Storm and Surface Water

**Storm & Surface Water Utility
Actual Revenues vs. Expenditures**





Capital Facilities Plan

- Typically based on utility management plans
- 6-year plan
- Council approves budget for next year (2020)
- Approval does not mean a financial commitment
- <http://olympiawa.gov/~media/Files/AdminServices/CFP/2020-2025-Preliminary-CFP.pdf>



Drinking Water Capital Cashflow

Description	2019	2020	2021	2022	2023
Annual Capital Starting Reserves	\$5,147,831	\$8,599,025	\$4,727,319	\$2,303,613	\$738,907
Annual CIP Funding	\$1,147,294	\$1,247,294	\$1,247,294	\$1,247,294	\$1,247,294
Transfer from Operating Budget	\$2,800,000	\$200,000	\$200,000	\$200,000	\$200,000
Annual GFCs Estimated	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000
Loan Funding	\$1,584,900	\$0	\$0	\$0	\$2,592,000
Asphalt Overlay Adjustments	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000
Small Diameter Water Pipe Replacement	\$500,000	\$0	\$667,000	\$0	\$667,000
Transmission and Distribution	\$2,157,000	\$1,322,000	\$827,000	\$2,729,000	\$987,000
Water Storage Systems	\$0	\$3,734,000	\$2,450,000	\$50,000	\$50,000
Water Source Development & Protection	\$20,000	\$249,000	\$229,000	\$769,000	\$3,649,000
Groundwater Protection	\$50,000	\$150,000	\$100,000	\$0	\$0
Reclaimed Water	\$0	\$0	\$134,000	\$0	\$0
Infrastructure Pre-Design and Planning	\$40,000	\$150,000	\$150,000	\$150,000	\$150,000
Water System Planning	\$0	\$400,000	\$0	\$0	\$0
TOTAL	\$2,781,000	\$6,019,000	\$4,571,000	\$3,712,000	\$5,517,000



Wastewater Capital Cashflow

Description	2019	2020	2021	2022	2023
Annual Capital Starting Reserves	\$7,919,444	\$8,366,745	\$4,444,046	\$1,913,347	\$801,648
Annual CIP Funding	\$741,301	\$741,301	\$741,301	\$741,301	\$741,301
Transfer from Operating Budget (Est.)	\$1,700,000	\$100,000	\$100,000	\$100,000	\$100,000
Annual GFCs (Estimated)	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
Asphalt Overlay Adjustments	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000
Replacements and Repairs	\$1,505,000	\$1,259,000	\$1,153,000	\$1,019,000	\$1,019,000
Lift Stations	\$660,000	\$3,039,000	\$683,000	\$948,000	\$354,000
Pipe Extensions	\$0	\$0	\$0	\$0	\$0
Pipe Capacity Upgrades	\$0	\$0	\$1,550,000	\$0	\$2,230,000
Sewer System Planning	\$0	\$96,000	\$96,000	\$96,000	\$96,000
Onsite Sewage System Conversions	\$495,000	\$906,000	\$426,000	\$426,000	\$426,000
Infrastructure Pre-Design and Planning	\$120,000	\$250,000	\$250,000	\$250,000	\$250,000
ANNUAL TOTALS	\$2,794,000	\$5,564,000	\$4,172,000	\$2,753,000	\$4,389,000



Storm & Surface Water Capital Cashflow

Description	2019	2020	2021	2022	2023
Annual Capital Starting Reserves	\$1,500,566	\$1,302,856	-\$180,754	-\$2,180,564	-\$3,536,374
Annual CIP Funding	\$487,690	\$487,690	\$487,690	\$487,690	\$487,690
Transfer from Operating Budget (Est.)	\$700,000	\$150,000	\$150,000	\$150,000	\$150,000
Annual GFCs (Estimated)	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000
Loan-funding	\$0	\$0	\$0	\$5,000,000	\$0
Grant-funding	\$100,800	\$550,200	\$1,074,000	\$768,000	\$330,300
Asphalt Overlay Adjustments	\$186,500	\$186,500	\$14,000	\$14,000	\$14,000
Aquatic Habitat Improvements	\$333,000	\$503,000	\$273,000	\$273,000	\$748,000
Water Quality Improvements	\$168,000	\$917,000	\$1,790,000	\$1,280,000	\$550,500
Flood Mitigation and Collection	\$728,700	\$1,130,000	\$1,639,500	\$6,259,500	\$539,000
Infrastructure Predesign and Planning	\$280,000	\$145,000	\$205,000	\$145,000	\$295,000
ANNUAL TOTALS	\$1,696,200	\$2,881,500	\$3,921,500	\$7,971,500	\$2,146,500



Justifiable GFCs

	Current	Potential
Drinking Water	\$4,433	\$4,433
Wastewater	\$3,442	\$4,999*
Storm and Surface Water	\$1,190 plus \$4.50/vehicle trip	\$2,383 plus \$19.04/vehicle trip

*Based on draft rate analysis



Proposed General Facility Charges

Single Family Residential	2016	2017	2018	2019	2020 proposed	\$ Increase	% Increase
	\$3,918	\$4,180	\$4,433	Same as 2018	Same as 2018	0	0
Drinking Water	\$3,442	Same as 2016	Same as 2016	Same as 2016	Same as 2016	0	0
Wastewater	\$1,190 plus \$4.50 trip charge	Same as 2016	Same as 2016	\$1,309 plus \$6.00 trip charge	\$1,440 plus \$6.60 trip charge	\$131 plus approx. \$6 trip charge	10%
Storm and Surface Water							
LOTT CDC	\$5,354	\$5,579	\$5,810	\$6,049	\$6,231	\$181	3%
TOTAL:	\$13,904	\$14,391	\$14,875	\$15,293	\$15,612	\$319	2%



Revised

Summary of Key 2020 Financial Drivers

- **Waste ReSources**
 - Choice to spread residential rates amongst other programs
 - Collapsed recycle markets
- **Drinking Water**
 - Capital depreciation - \$100K
 - Cash to buy down 2019 rate – \$565K
 - No new employees
- **Wastewater**
 - Shift 1.25 FTE from SSW - \$114K
- **Stormwater**
 - Shift 1.25 FTE to WW - \$114K
 - 0.5 FTE sweeper operator - \$47K
 - New vehicle - \$5K
- **All – Assumed 2% COLA**





Revenue Trends

- 1% growth in accounts for all utilities
- Safe revenue projection increases (Actual vs. Budget)
 - Drinking Water – \$0K
 - Wastewater - \$300K
 - Storm & Surface Water - \$0K
 - Waste ReSources - \$0K
- No change to Utility Tax at this time
- No change to LifeLine customer assistance program



Residential Bi-Monthly Rates

Wastewater Option #2

	2018 Rate	2018 % Increase	2019 Rate	2019 % Increase	Proposed 2020	2020 % Increase
Drinking Water*	\$56.75	4.4%	\$56.75	0.0%	\$59.73	5.25%
Wastewater - (Min.)	\$26.58	0.0%	\$26.58	0.0%	\$26.05	-2.00%
Wastewater - (Max.)	\$42.94	0.0%	\$42.94	0.0%	\$42.08	-2.00%
Waste ReSources	\$49.10	6.0%	\$51.80	5.5%	\$52.99	2.30%
Storm and Surface Water	\$26.74	0.0%	\$28.10	5.1%	\$28.81	2.51%
LOTT	\$77.28	2.0%	\$79.60	3.0%	\$82.00	3.00%
TOTAL (Min.):	\$236.45	2.9%	\$242.83	2.7%	\$249.57	2.78%
TOTAL (Max.):	\$252.81	2.7%	\$259.19	2.5%	\$265.61	2.48%
Total Increase (Min.)	\$6.69	2.9%	\$6.38	2.7%	\$6.74	2.78%
Total Increase (Max.)	\$6.69	2.7%	\$6.38	2.5%	\$6.42	2.48%

* Drinking Water rates assume 650 cubic feet use per month

- Written Recommendations to Council
 - October 28th Finance Committee Meeting
 - UAC chair requested to attend
 - October 15th staff report submittal



2020 Utility Rate Recommendations

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GO HAWKS!

