



# 2022 Operating Budget Overview

Department:	Line of Business/Program:
Public Works	Water Resources - Wastewater

## Program Revenue Summary Chart

Revenue	2019 Actual	2020 Actual	2021 Original Budget	2021 Actual YTD	2022 Budget	Variance	
City Charges for Service	7,091,959	6,665,223	7,491,299	3,970,467	8,015,340	524,041	7.00%
LOTT Charges for Service	13,034,228	12,921,602	14,493,568	7,866,578	15,073,311	579,743	4.00%
Intergovernmental Revenues	0	288	0	0	0	0	0.00%
Misc Revenue	207,416	15,757	28,500	14,689	28,500	0	0.00%
Proprietary/Trust Fund	466,368	220,781	0	0	0	0	0.00%
<b>Total</b>	<b>20,799,971</b>	<b>19,823,651</b>	<b>22,013,367</b>	<b>11,851,734</b>	<b>23,117,151</b>	<b>1,103,784</b>	<b>5.01%</b>

## Program Expenditure Summary Chart

Expense	2019 Actual	2020 Actual	2021 Original Budget	2021 Actual YTD	2022 Budget	Variance	
10 Salaries and Wages	1,064,497	1,171,983	1,277,727	719,086	1,339,314	61,587	4.82%
20 Personnel Benefits	332,627	314,056	477,591	271,695	469,503	(8,088)	-1.69%
30 Supplies	178,845	166,044	350,046	113,356	520,424	170,378	48.67%
40 Other Services and Charges	341,759	340,768	480,715	202,114	502,356	21,641	4.50%
50 Intergovernmental Services and Payment	18,087,812	16,456,836	18,465,482	9,036,150	19,108,766	643,284	3.48%
60 Capital Outlays	10,336	14,785	0	0	0	0	0.00%
70 Debt Service: Principal	96,611	96,758	96,910	102,331	0	(96,910)	-100.00%
80 Debt Service: Interest and Related Costs	7,478	7,349	5,746	6,000	0	(5,746)	-100.00%
90 Interfund Payments for Services	1,103,330	1,181,891	1,255,385	669,685	1,285,881	30,496	2.43%
99 Non-Expenses	1,684,563	1,545,690	0	-15,701	0	0	0.00%
<b>Total</b>	<b>22,907,858</b>	<b>21,296,160</b>	<b>22,409,602</b>	<b>11,104,716</b>	<b>23,226,244</b>	<b>816,642</b>	<b>3.64%</b>



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### Baseline Adjustment Summary Chart

Summarize all Baseline Adjustment expenditures and include them in your 2022 budget submittal. Requests must be: Mandatory (i.e. legally required) or Non-Discretionary Categories (i.e. utility rates, subscription fees, fuel).

Exp Type	Description/Expenditure #	Costs		Mandatory or Non-Discretionary
		On-Going	One-Time	
Salaries	Salary Reserve (4% COLA) All Fund 402 - 11.99	\$41.2K		Mandatory
Benefits				
Supplies/Equipment	(10% Inflation) Misc. Fund 402 – 30s	\$12.3K		Discretionary
	STEP system rehabilitation (one-time transfer from CIP Funding) 402-8404-624-32.21		\$158K	Discretionary
Services	Misc. Fund 402 – 40s (10% Inflation)	\$7.7K		Discretionary
	Power and Light (6% PSE Green Power rate increase) 402-8402-622-47.02	\$4.9K		Mandatory
	Printing/Binding (5 Things) 402-8431-625-49.09	\$9.0K		Discretionary
Capital Equipment				
Other	Excise Tax (LOTT) 402-8405-624-53.01	\$8.9K		Mandatory
	Muni Tax (LOTT) 402-8405-624-54.01	\$102.1K		Mandatory
<b>Total</b>		<b>\$186K</b>	<b>\$158K</b>	



# 2022 Operating Budget Overview

## Budget Narrative Information

### Mission

What is your mission?

To collect and convey wastewater, also known as sewage, to treatment facilities in a manner that protects the health of both the public and the environment.

## 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 **6%** for 2022.

The LOTT Clean Water Alliance has adopted a 3% rate increase for 2022.

Key expense drivers are described below:

- The 2021 rate increase was bought down by approximately \$390K cash on hand. This deficit is carried forward to the 2022 budget.
- An anticipated 1.0% growth in accounts and revenue helps offset increasing expenditures (\$74.8K).
- 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 \$88,100.
- 10% inflation adjustment for materials and services +\$20.0K
- Benefit costs are flat.
- Power rates were adjusted for PSE's 6% rate increase for Green Power.
- Municipal and excise taxes will increase approximately \$111,000 primarily due to LOTT's rate increase.
- Liability insurance went up \$6,300.
- Computer rental costs will return in 2022 adding approximately \$4,500.
- Maintenance Center Rent increased approximately \$17,000 to fund capital planning.
- There will be a one-time transfer from CIP Funding of \$158,000 to fund residential STEP system rehabilitation. This is a project that has historically been funded through the CFP. This will be the third and last year of the STEP system rehabilitation program.



# 2022 Operating Budget Overview

## Trends, Challenges and Opportunities

What is on the horizon that may affect future budgets?

- Revenues throughout the public health emergency have been diminished primarily due to our commercial accounts. This can be attributed to business and office closures.
- We will need to monitor utility bill arrearages associated with the public health emergency and anticipate payment plans to help our customers. To date arrearages have been covered by reserves.
- Depreciation funding will continue to be an increasing need and challenge for the utility. Depreciation funding is proposed to be \$ 741,301. Our financial consultants suggest that we should provide at least \$2.55 million in cash funding. We currently have approximately \$8M on hand, but we have several large projects in the queue. Without an increase in funding, planned future work will need to be deferred.
- Federal infrastructure stimulus funding has the potential to help defray capital costs. In anticipation, the Utility has positioned itself to benefit from the funding.
- 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.
- Wastewater GFC revenue (not factored in the operating budget) continues to be strong providing helpful funding for growth-related capital projects.
- 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.

## Continuous Improvement

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

- The Wastewater Operations 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 STEP system, maintenance hole and wet well 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.
- Operations staff are in the process of implementing the Cityworks software to improve workflow, inventory and asset management capabilities.
- With the utility pipe system completely televised and condition rated, we are keeping up with



## 2022 Operating Budget Overview

repairs. Recent spot checks confirm that our system continues to be in good shape.

- Condition rating of the wastewater 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.

### 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.
- With IS assistance, Pump Stations staff is replacing computer servers used for supervisory control and data acquisition (SCADA) and upgrading the software to reduce security risks and prevent cyberattacks.
- Converted 21 ERUs from septic to sewer in the first six months of 2021.
- Developed emergency response plans for seven lift stations and Garfield Trestle.
- Completed design and bidding of Miller and Central Lift Station upgrade.
- Completed design and bidding of Stratford Lane STEP to Gravity conversion.
- Replaced lids on 11 maintenance holes below the high tideline near East Bay Drive.