

OPERATING AND CAPITAL BUDGET

PRESENTED NOVEMBER 16, 2022



Pictured: Rotary Press at the Wastewater Treatment Facility from the 2022 De-Watering Capital Project

*Board of Commissioners:*

Jeff Clarke, President  
Mike Dixon, Vice-President  
Mike Johnson, Secretary

*Presented by:*

Dave Barnes, General Manager  
J.R. Erickson, Finance Manager  
Rick Matthews, Director of Operations &  
Maintenance  
Andrea Swisstack, Engineering Manager

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November 16, 2022

Mukilteo Water and Wastewater District  
Rate Payers and Board of Commissioners

Re: 2023 Operating and Capital Budget

Dear Rate Payers and Board of Commissioners:

District staff are pleased to present the Mukilteo Water and Wastewater District 2023 Budget for consideration by the Board of Commissioners. The 2023 Budget, as with previous budgets, continues to focus on providing clean and safe drinking water and protecting our environment by providing high level wastewater treatment services in a cost-effective manner. It was developed with full awareness of the national issues of affordability and infrastructure maintenance and replacement, working as always to balance the need to control rates while assuring that facilities remain reliable to serve our customers without interruption.

The 2023 Budget builds upon the successes of the past several years. Notable achievements and projects in 2022 include:

**Water Distribution:**

- Completion of the 2022 Water System Improvement Project which installed a new pipe and casing via bore under SR525 and replaced approximately 2,800 lineal feet of 1964 and 1968 6" cast iron (CI) water main in Old Town, on the west side of SR 525 with 12" and 8" restraint joint ductile iron (DI) water main. It also installed approximately 600 lineal feet of new 8" restraint joint ductile iron water main to provide a loop in the water system between SR525 and Webster Street and upgraded the pressure reducing valve (PRV) at the LS #10 site.

**Wastewater Collection:**

- Completion of the Lift Station #5 project which replaced the mechanical and electrical systems as well as the installation of a larger wet well.
- Completion of Lift Station #8 force main project which replaced approximately 265 feet of the upper part of the force main, as well as a new high-density polyethylene gravity main that runs through the Reservoir #3 site.

- Completed the gravity sewer trenchless pipe rehabilitation project which relined approximately 2,450 lineal feet of existing gravity sewer main with ultraviolet cured-in-place pipe (CIPP).

Wastewater Treatment Facility:

- Completion of the Solids Building Dewatering Improvement project which included the installation of a new rotary press and distribution conveyance system, along with new electrical equipment.
- Completion of the ultraviolet light effluent disinfection project which made upgrades to existing equipment and replacement of light modules and relays.
- Completion of the Headworks #2 screen project which rebuilt the screen using in-house staff.
- Completed the trenchless pipe rehabilitation of 160 lineal feet of the 24” WWTF outfall using ultraviolet cured-in place pipe (CIPP).

Administration:

- Successfully recruited and hired a General Manager.

2023 Budget

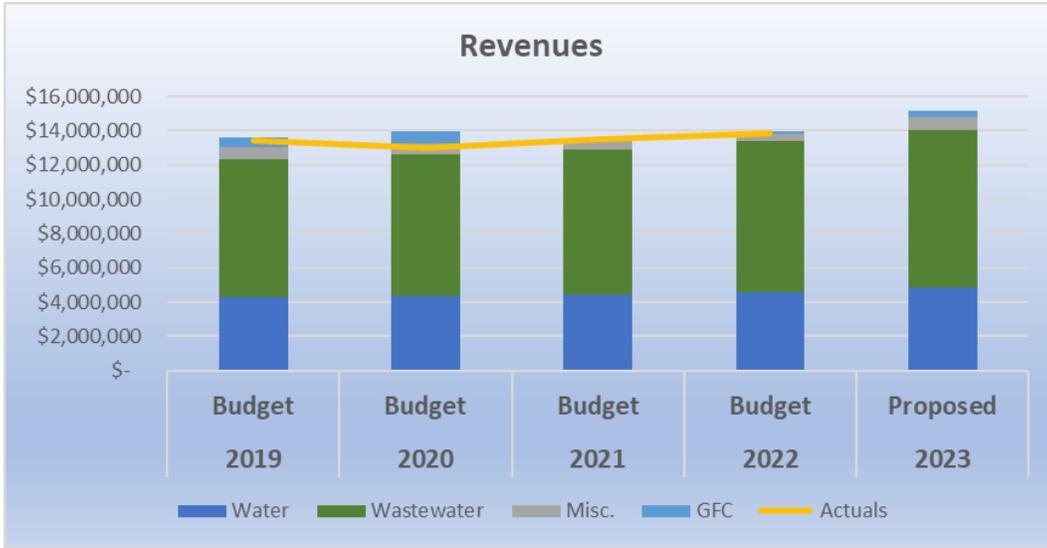
Following are highlights of the 2023 Budget. As with previous budgets, staff takes a slightly conservative approach to both revenues and expenses. Revenues are estimated on the lower side and expenses are estimated on the higher side. This conservative approach allows a cushion for addressing unanticipated financial issues, should they occur to better ensure the District’s long-term financial sustainability.

**Revenues:**

Projected service revenues in the 2023 Budget are based on rate increases and billing methodologies recommended in the 2022 water and wastewater rate study. Overall, water rates are increasing approximately 6% and wastewater rates are increasing approximately 4%. Budgeted 2023 revenues are 8.4% higher than 2022 budgeted revenues.

Historic and budgeted water and wastewater revenue are as follows:

	<i>2019 Budget</i>	<i>2020 Budget</i>	<i>2021 Budget</i>	<i>2022 Budget</i>	<i>2023 Budget</i>
<i>Water</i>	\$ 4,257,300	\$ 4,325,600	\$ 4,416,200	\$ 4,567,000	\$ 4,814,900
<i>Wastewater</i>	\$ 8,071,200	\$ 8,271,400	\$ 8,503,700	\$ 8,849,100	\$ 9,208,500
<i>Misc.</i>	\$ 686,000	\$ 671,500	\$ 493,700	\$ 379,200	\$ 777,300
<i>GFC</i>	<u>\$ 602,200</u>	<u>\$ 727,400</u>	<u>\$ 130,500</u>	<u>\$ 200,000</u>	<u>\$ 370,000</u>
<i>Total</i>	\$13,616,700	\$13,995,900	\$13,544,100	\$13,995,300	\$15,170,700



**Expenses:**

The District has changed what is included in the expense budget, previously depreciation expense was included. The District decided to remove depreciation expense and include debt service principal as this gives a better picture of the cash expenses for the year. With these changes, the expense totals for previous year budgets will be different than how they were shown in previous budget documents.

Budgeted 2023 operating, maintenance, and administrative expenses are 6.8% higher than 2022 budgeted expenses. Adopted and historic operating, maintenance, and administrative budgets for the Utilities are as follows:

	<i>2019 Budget</i>	<i>2020 Budget</i>	<i>2021 Budget</i>	<i>2022 Budget</i>	<i>2023 Budget</i>
<i>Water</i>	\$ 3,368,588	\$ 3,493,788	\$ 3,566,588	\$ 3,814,888	\$ 4,186,400
<u><i>Wastewater</i></u>	<u>\$ 5,800,820</u>	<u>\$ 5,925,850</u>	<u>\$ 6,382,964</u>	<u>\$ 6,781,065</u>	<u>\$ 7,133,100</u>
<i>Total</i>	\$ 9,169,408	\$ 9,419,638	\$ 9,949,552	\$10,595,953	\$11,319,500



The five highest budget expenses, representing approximately 90.4% of the overall 2023 Budget, historically and continue to be:

1. Personnel (Labor & Benefits)
2. Debt Service
3. Purchased Water
4. Supplies, Services, Repairs & Maintenance
5. Purchased Sewer Treatment



**Personnel (Labor & Benefits):** Personnel costs including; direct labor, social security taxes, and benefits represent approximately 35.3% of the District’s overall operating and maintenance costs. Total labor and benefit costs in the 2023 Budget is \$3,998,300.

- **Direct Labor Costs:** The budgeted Salary Wage Matrix includes a 7.8% Cost of Living Adjustment (COLA) increase for 2023. The District is changing from the October to October Seattle, Tacoma, Bellevue Consumer Price Index (CPI) to June to June. The 2023 COLA is based on the October 2021 to June 2022 CPI.
- **Benefit Costs:** Benefit costs include FICA/Medicare, Public Employees Retirement System (PERS) Employer Contributions, Worker’s Comp, Employment Security, Health Care, Clothing Allowance, a 2% deferred compensation match program, and Training/Education. Overall, benefit costs are budgeted to increase by 5.4%; this is mostly due to increases in medical costs and increases driven by the COLA including social security taxes, deferred compensation, and pension expenses.

**Purchased Water:** The 2023 Budget includes \$1,728,000 for the purchase of water, representing 41% of the Water Utility Budget or 15% of the overall Operating Budget. The District purchases water from the City of Everett, either directly or through Alderwood Water and Wastewater District. The 2023 Budget is

8% higher than the 2022 Budget. Volume of purchased water is estimated by using the average of the last five years and taking into account recent consumption trends. The District also assumes the allocation of water between the Alderwood Water & Wastewater District (AWWD) (78%) and the City of Everett (COE) (22%) remains consistent. Cost of water from the COE is budgeted at \$4.05 per Kgal, up 11% from 2022. Cost from AWWD is estimated to be \$2.32 per Kgal, up 7.2% from 2022.

Sewage Disposal: Wastewater from customers east of Paine Field (former Eastside Service Area) flows to Everett’s wastewater treatment facility. The 2023 Budget includes \$964,000 for this sewage disposal, representing 13% of the Wastewater Utility budget or 8.5% of the overall Operating Budget. Everett’s sewage disposal cost is based on Equivalent Residential Units (ERUs). The District estimates a 5% increase to Everett’s treatment rate but lower ERU totals based on less consumption from commercial accounts in recent years, resulting in a 1.4% increase compared to the 2022 Budget.

**Capital and Debt:**

Capital expenditures in the 2023 Budget are as follows:

Water	\$ 1,666,900
Wastewater	<u>\$ 3,699,650</u>
Total	\$ 5,366,550

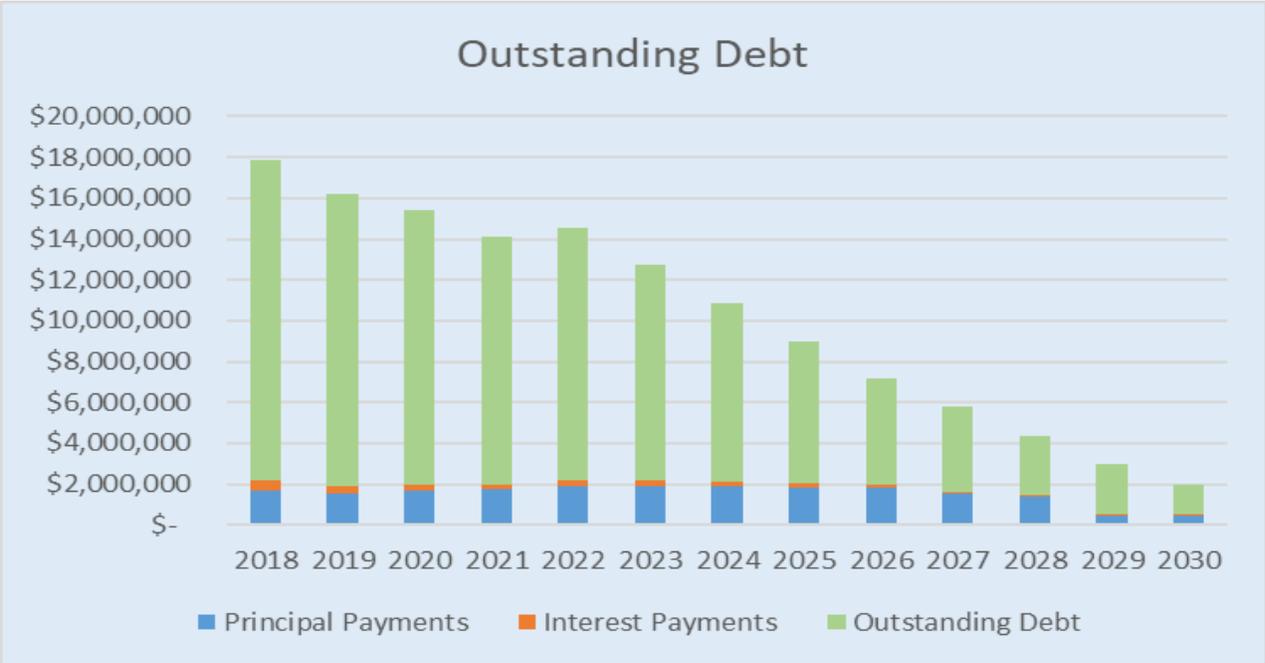
Funds to pay for capital projects come from service revenues and General Facility Charges (GFCs). GFC revenue in 2023 is estimated to be \$370,000 (\$70,000 in water and \$300,000 in wastewater).

Water service rates are projected to pay all expenses and debt principal (\$32,788) due in 2023 and provide rate funded capital of approximately \$1,000,000 which is 123% of annual depreciation (\$810,000).

Wastewater service rates will cover expenses and debt principal in 2023 of \$1,865,295 and fund approximately \$2,200,000 in rate funded capital. This is lower than the \$2,590,000 of annual depreciation in 2023, but the District is conservative on its projections and forecasts to fund all capital projects with cash for at least the five year budget look-out.

The District projects to have a bond coverage ratio of 6.88 (1.25 required) and a coverage ratio of total debt of 2.71.

The 2023 Capital Budget lists the projects recommended for design and/or construction. The Capital Budget also includes a multi-year capital funding plan which outlines anticipated capital projects over the next several years. These projects are expected to be paid for without any need to borrow funds. The District continues to pay down its outstanding debt as illustrated in the chart below.



**Conclusion:**

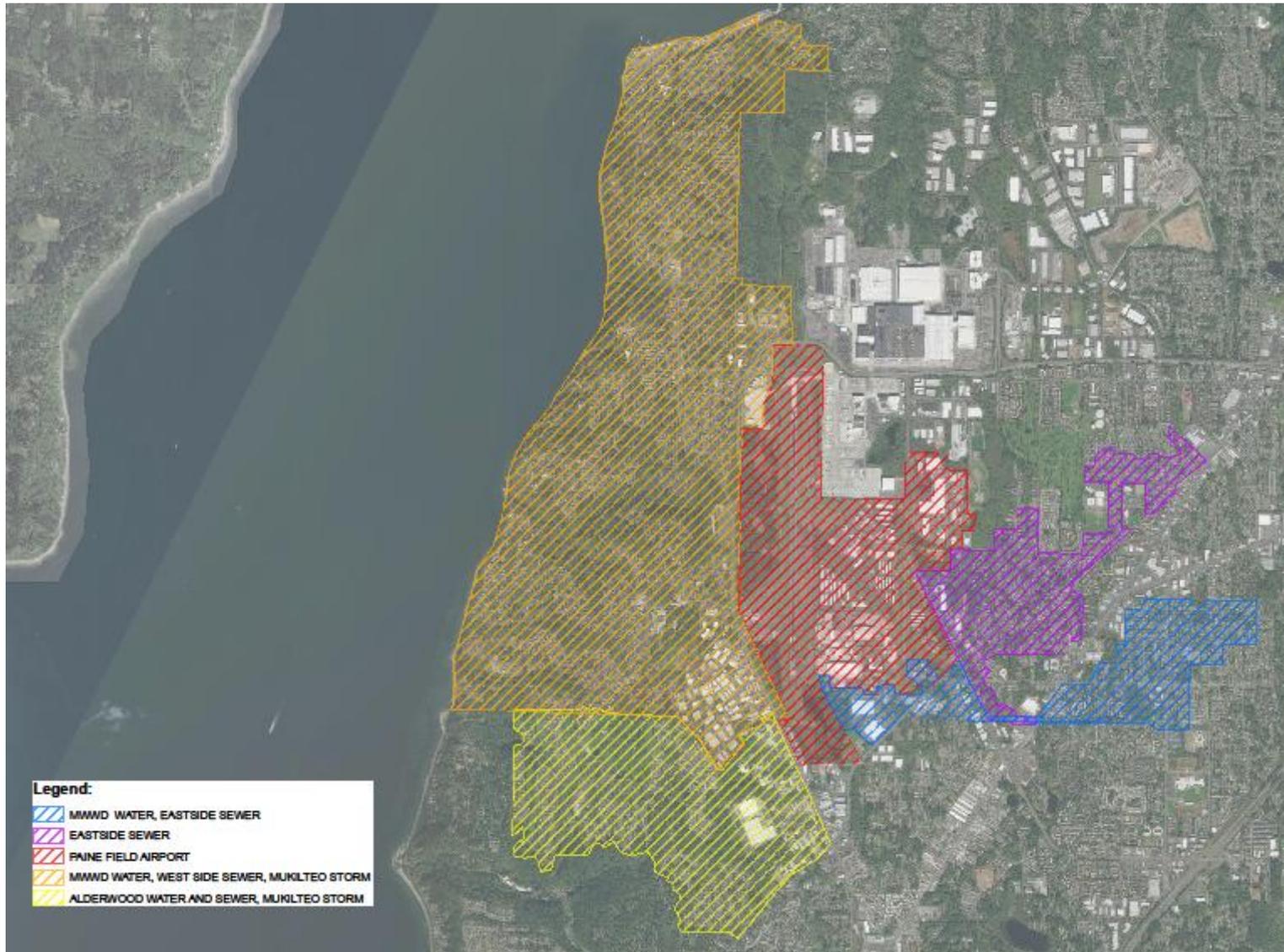
The District continues to be in a strong financial position. Service rate increases are higher than previous years due to increases in purchased water and sewer rates as well as inflation. Our infrastructure and facilities are well maintained with capital projects and expenditures strategically planned out into the future. Reserves are strong in the event an unanticipated failure occurs which requires immediate attention. Similar to previous years, the 2023 Budget as presented balances revenues with operational and capital costs for the long-term benefit of our customers.

This document was developed through the efforts of all staff throughout the organization and speaks to the efforts and investments we collectively believe are necessary to provide reliable water and wastewater systems to serve our current and future ratepayers.

Sincerely,

Dave Barnes  
General Manager

# District Map



# MUKILTEO WATER AND WASTEWATER DISTRICT

## MISSION STATEMENT

The District is dedicated to providing fiscally responsible water and wastewater services to our ratepayers by ensuring our services meet or exceed regulatory standards; our infrastructure is continually maintained for the long-term, and our actions are conducted in an environmentally responsive manner.

## Introduction

### Service Area

Mukilteo Water and Wastewater District is a municipal corporation organized under the laws of the State of Washington, and was created for the purpose of constructing, maintaining, and operating a water and wastewater system within its boundaries. The District's infrastructure includes approximately 95 miles of water distribution mains, four reservoirs, three booster stations, 83 miles of sewer collection mains, 8.4 miles of sewer force mains, 12 lift stations, and a wastewater treatment facility.

The District's water system began operating in 1920 and is the oldest active water district in the State of Washington. The current District is a merger of the Mukilteo Water District and Olympus Terrace Sewer District, providing service to the greater Mukilteo area, a portion of Snohomish County including Paine Field, and a portion of South Everett. The District currently budgets for two separate utilities: the water utility, and the wastewater utility, revenues and expenditures for each are accounted for separately.

### Financial Policies

The District has adopted Financial Management Policies to promote the financial integrity and stability of our water and wastewater systems and to provide guidance and consistency in decision making for the District's management. These policies cover the following:

- Bank Accounts/Funds
- Revenue Sufficiency
- Sustainability of Infrastructure
- Debt Management
- Reserves
- Fraud
- Accounting – Other

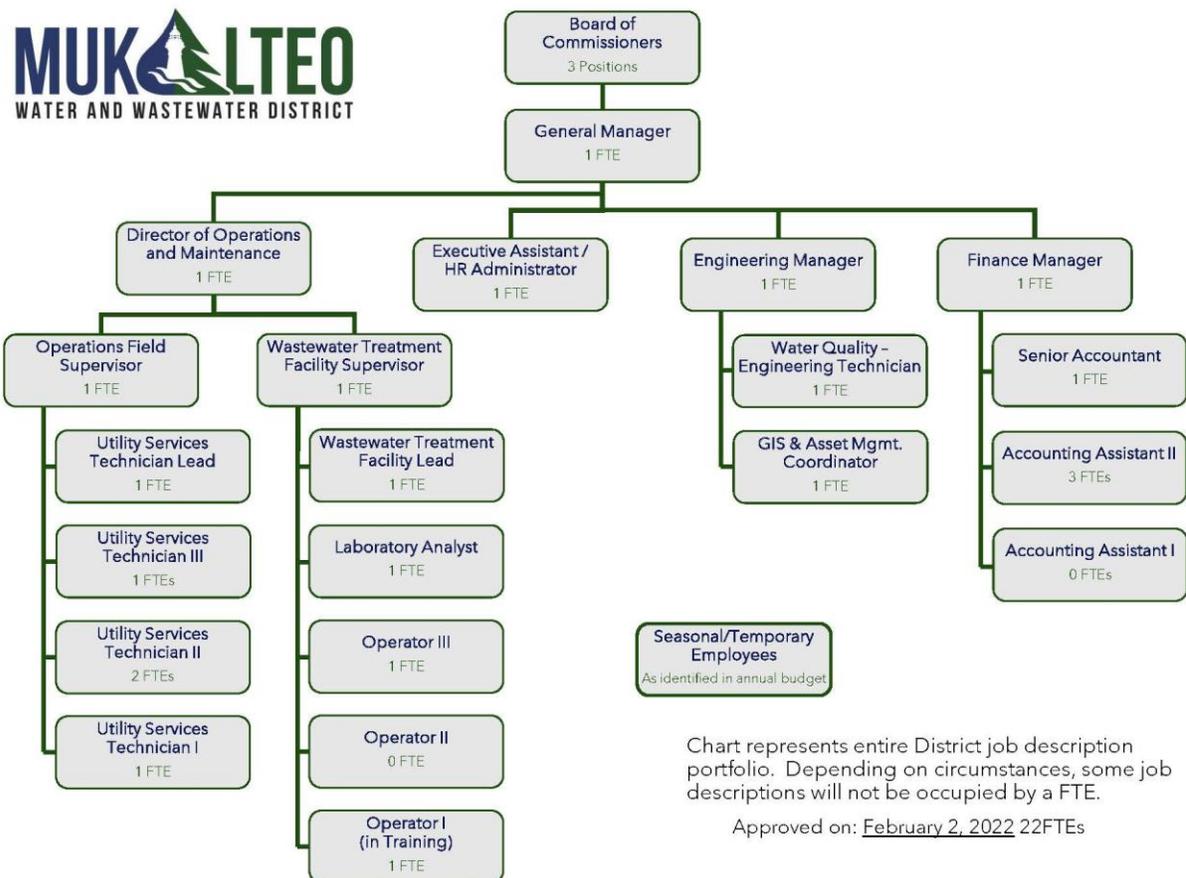
The following Financial Policies outline a general framework of budgetary goals concerning reporting policies, the operating budget, capital budget, reserves and debt management.

### *Reporting Policies*

1. The accounting and reporting policies of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of RCW Chapter 43.09. The District uses the Uniform System of Accounts for Class A-Water and Wastewater Utilities.

2. Financial reporting will present fairly and with full disclosure the financial operations of the District in conformity with Generally Accepted Accounting Principles (GAAP).
3. The Washington State Auditor’s Office (SAO) currently examines the affairs of the District on a bi-annual basis, however this may change to an annual basis as the District’s annual revenues and expenses have surpassed \$10 million. The examination includes, among other things: the financial condition and resources of the District; whether the District is complying with the laws and constitution of the State; and the methods and accuracy of the accounts and reports of the District. The most recent completed audit of the District covers the period of January 1, 2018 through December 31, 2019. No significant discrepancies or irregularities were found. SAO is scheduled to audit the years ending December 31, 2020 and December 31, 2021 in November of 2022.

### MUKILTEO WATER & WASTEWATER DISTRICT STAFF ORGANIZATIONAL CHART



# The Budget Process

## Budget Policies

Overall, the budget should be a reflection of the District's mission statement. The budget, as an operating plan, should be balanced so that revenues are sufficient to meet expenditures and debt service requirements for each fund (water and wastewater). Expenses should be identified appropriately in order to provide the functions of each department. Critical issues will be addressed in a prompt manner. Keeping up with technology continues to be an important tool for increasing productivity, thereby decreasing the need for additional staff.

## Budget Preparation

Budget preparation begins with a series of meetings between the General Manager and department managers. Goals and objectives are identified, and the General Manager provides guidance to staff. Staff then starts developing the budget for the upcoming year. Department managers present their budget to the General Manager. Those budgets are reviewed, and decisions made for recommendations to the Board for consideration.

## Budget Review

Budget review is provided first by the General Manager. Upon approval by the General Manager, the budget is presented to the Board of Commissioners at a regularly scheduled board meeting, usually in late November or early December. The Board reviews the proposed budget and makes appropriate changes. The public may provide input regarding the proposed budget.

## Budget Approval

Typically, the Board of Commissioners considers the proposed Budget and adopts it in December.

## Budget Amendment

Once approved, the Operation and Maintenance budget is not amended. Staff is required to remain within budget as a whole. Upon demonstration of need, additional expenditures may be approved by the Board without formally amending the budget.

The Capital budget represents the capital plan for the current year. The Board approves contracts and any needed change orders for capital projects. Approving these items may increase the budget of a project or additional capital projects/purchases may be approved by the Board without requiring an update to this document.

## Budget Overview

The majority of the District's service area lies within the Mukilteo City limits with a smaller portion within non-incorporated Snohomish County and sewer only accounts within the Everett City limits. Within the Mukilteo City limits, the District is essentially built-out per current zoning regulations and densities with growth limited primarily to infilling of residential property (i.e. a single family dwelling on a larger lot is torn down and replaced with two or more single family dwellings). Development within the District's service of non-incorporated Snohomish County and the City of Everett is also anticipated to be low. Due to low growth projections, additional reoccurring revenue (revenue from service charges) associated with new accounts as well as fees from General Facility Charges (GFC's) are budgeted conservatively. 2023 operating costs are comparable with 2022 costs with the adjustment of increased purchased water and sewer rates as well as inflation.

### Rates

The adopted 2023 budget fits within the rates adopted by Resolution No. 591-22, a multi-year rate plan setting rates for 2023-2026 based on cost and revenue projections. On average, overall water rates are increasing by 6% and wastewater rates by 4%.

## Water Rates

Meter Size	Bi-Monthly Base Rates		
	Single-Family	Multi-Family	Commercial & Irrigation
5/8 x 3/4"	\$ 33.90	\$ 41.81	\$ 41.21
1"	\$ 84.93	\$ 104.71	\$ 103.24
1 1/2"	\$ 164.79	\$ 203.18	\$ 200.32
2"	\$ 258.58	\$ 318.85	\$ 314.35
3"		\$ 641.36	\$ 632.31
4"		\$ 985.50	\$ 971.62
Volume Charge	\$ 3.90	\$ 3.52	\$ 4.58

Volume Charge is per 1,000 gallons

## Wastewater Rates

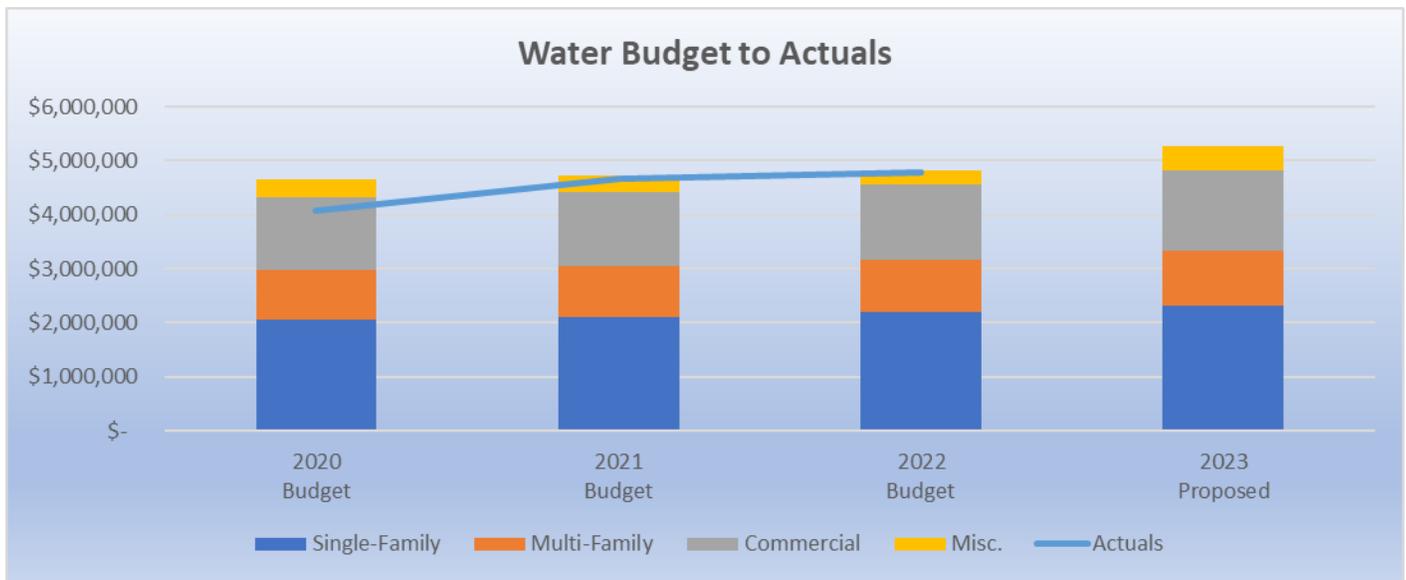
Meter Size	Bi-Monthly Base Rates		
	Single-Family	Multi-Family Per Unit	Commercial & Irrigation
5/8 x 3/4"	\$ 134.95	\$ 108.08	\$ 88.73
1"			\$ 221.81
1 1/2"			\$ 443.64
2"			\$ 709.80
3"			\$ 1,409.68
4"			\$ 2,218.11

Volume Charge (per 1,000 gallons)			
	Single-Family	Multi-Family	Commercial & Irrigation
Class I	N/A	N/A	\$ 9.54
Class II	N/A	N/A	\$ 14.26

## Revenue

### Water Revenue

	2020 Budget	2021 Budget	2022 Budget	2022 Projected	2023 Budget	% Change vs 2022 Budget
<i>Single-Family</i>	2,055,300	2,112,400	2,201,400	2,166,295	2,310,000	5.0%
<i>Multi-Family</i>	913,200	941,600	978,000	964,068	1,033,700	5.7%
<i>Commercial</i>	1,357,100	1,362,200	1,388,000	1,282,438	1,471,200	6.0%
<i>Misc.</i>	<u>324,200</u>	<u>309,100</u>	<u>261,400</u>	<u>379,444</u>	<u>449,300</u>	<u>71.9%</u>
<i>Total</i>	4,649,800	4,725,300	4,828,800	4,792,244	5,264,200	9.0%



### Significant variances or notable changes

#### Water Consumption

With continued water conservation efforts and energy-efficient appliances, the District has seen a decline in overall water use. Consumption in 2021 was approximately 3% below previously normal levels and 2022 is 8% below through September. The District has taken this into account for both rate modeling and budgeting.

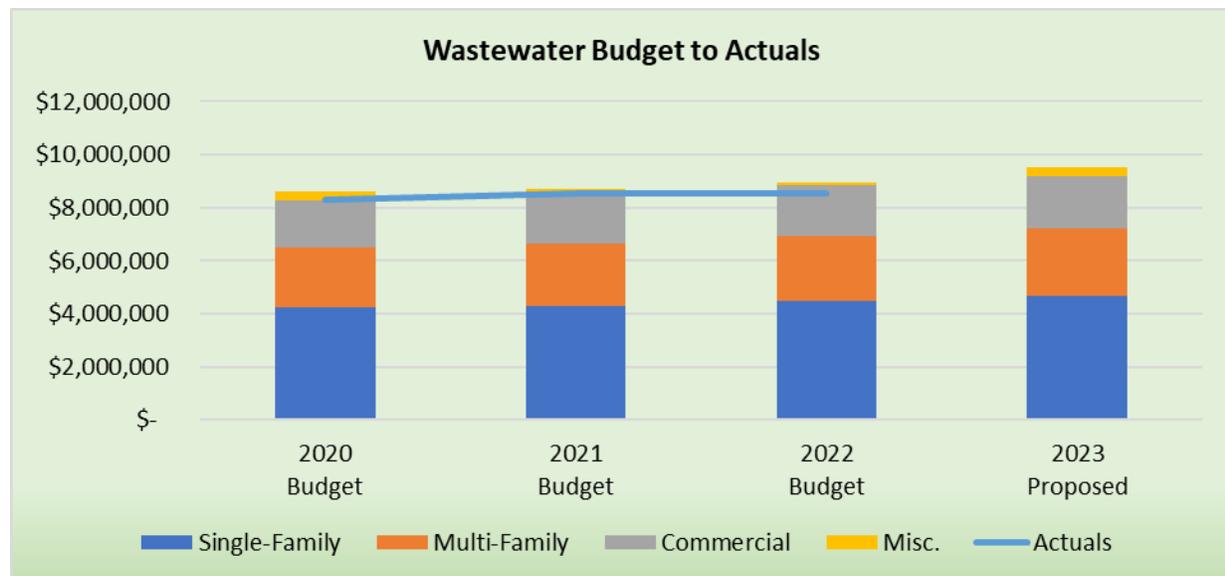
#### Miscellaneous.:

Miscellaneous revenue is budgeted to be significantly higher in 2023. This is mostly due to increases in interest rates and therefore interest income. A large portion of the District's funds are invested in the Local Government Investment Pool (LGIP) which uses the State Treasurer's resources to safely

investment funds of local governments. The LGIP rates were near record lows during the pandemic but have returned to pre-pandemic levels and therefore substantially increasing expected interest income.

### Wastewater Revenue

	2020 Budget	2021 Budget	2022 Budget	2022 Projected	2023 Budget	% Change vs 2022 Budget
<i>Single-Family</i>	4,255,400	4,300,700	4,496,100	4,477,156	4,676,000	4.4%
<i>Multi-Family</i>	2,252,200	2,359,000	2,441,000	2,430,217	2,546,000	4.8%
<i>Commercial</i>	1,763,800	1,844,000	1,912,000	1,846,870	1,986,500	7.6%
<i>Misc.</i>	<u>347,300</u>	<u>184,600</u>	<u>117,800</u>	<u>234,853</u>	<u>328,000</u>	<u>39.7%</u>
<i>Total</i>	8,618,700	8,688,300	8,966,900	8,989,096	9,536,500	6.1%



### Significant variances or notable changes

#### Service Revenue:

The District does not project major changes in service revenue other than the 4% rate increase.

#### Misc.:

Similar to water, Miscellaneous wastewater revenue is expected to be higher in 2023 due to increased interest rates.

## Capital Revenue

The District charges General Facility Charges (GFC) for new or expanded development in the District. GFCs are a one-time charge that recover a proportionate share of previous capital projects and future capacity related capital projects. GFC revenue can fluctuate drastically year-to-year based on development within the District. The District estimates GFC revenue conservatively, unless there is a known, large development project. GFC revenue in 2023 is estimated to be \$190,000 (\$40,000 in water and \$150,000 in wastewater).

## Expenses

The 2023 operating expenses for water are budgeted at \$4,186,400 and \$7,133,100 for wastewater. Overall, this is a 6.8% increase from 2022.

	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2022 Projected	2023 Budget
Labor & Benefits	\$ 3,164,900	\$ 3,296,200	\$ 3,385,200	\$ 3,689,600	\$ 3,579,141	\$ 3,998,300
Purchased Water	\$ 1,460,100	\$ 1,493,200	\$ 1,552,000	\$ 1,600,000	\$ 1,472,472	\$ 1,728,000
Purchased Sewer Treatment	\$ 687,000	\$ 697,400	\$ 879,900	\$ 950,700	\$ 901,605	\$ 964,000
Supplies & Services	\$ 908,100	\$ 1,012,200	\$ 1,083,600	\$ 1,147,100	\$ 1,214,978	\$ 1,387,800
Repairs & Maintenance	\$ 290,400	\$ 251,300	\$ 305,600	\$ 288,200	\$ 209,114	\$ 288,400
Utilities	\$ 311,600	\$ 308,700	\$ 314,200	\$ 327,800	\$ 300,752	\$ 351,100
Taxes	\$ 414,500	\$ 419,600	\$ 424,800	\$ 440,000	\$ 357,631	\$ 462,700
Debt Service	\$ 1,932,808	\$ 1,941,037	\$ 2,004,252	\$ 2,152,553	\$ 2,150,933	\$ 2,139,200
<b>Total</b>	<b>\$ 9,169,408</b>	<b>\$ 9,419,637</b>	<b>\$ 9,949,552</b>	<b>\$ 10,595,953</b>	<b>\$ 10,186,626</b>	<b>\$ 11,319,500</b>

### Significant variances or notable changes

#### Labor and Benefits

- Overall increase of 8.4%. This includes a 7.8% COLA based on the October 2021 – June 2022 Consumer Price Index for the Seattle, Tacoma, Bellevue area.
- Pension and deferred compensation benefits are budgeted to increase by \$31,100 due to increased labor costs.

#### Purchased Water

- The District purchases its water from the City of Everett either directly (22%) or through the Alderwood Water & Wastewater District (78%). Both Everett and Alderwood are projected to have fairly large rate increases with Everett's rates increasing 11% on January 1<sup>st</sup> and Alderwood's expected to increase by 10% on April 1<sup>st</sup>. The overall increase is budgeted to be 8% due to Alderwood's rate increase not becoming effective until April 1<sup>st</sup>.

## Supplies and Services

- The budget for Supplies and Services in 2023 is \$1,387,800, which is \$240,700 (21%) higher than 2022. Supplies and Services include the District's liability insurance, credit card fees, computer software and hardware, IT services, legal services, tools, etc. The increase in budget is made up of:
  - Banking and credit card fees: The number of customers paying online through the new website has continued to increase (especially during the pandemic). In February of 2020 approximately 35% of customers paid online; approximately 51% paid online for the most recent billing. The 2023 Budget includes \$37,000 more than the 2022 Budget.
  - Liability and Cyber Insurance costs are increasing by approximately \$35,000 (14%) in 2023.
  - Inflation has created a large increase in many of the District's supplies including fuel, computer software and hardware replacement, biosolids removal, and chemicals and lab supplies for the Wastewater Treatment Facility. The increases in these items account for nearly \$88,000.
  - 2023 is also an election year for one of the Board positions which includes election fees from Snohomish County of approximately \$22,000.

## Utilities

- Increases in the cost of power, garbage, and communications result in an increase of \$23,300 (7.1%) in utility costs.

## Water/Wastewater Breakdown

### 2023 Proposed Budget - Expenses

	2020	2021	2022		2023	Increase /
	Budget	Budget	Budget	Projected	Budget	Decrease
<b>Water</b>						
Labor & Benefits	\$ 1,249,600	\$ 1,231,600	\$ 1,384,300	\$ 1,343,781	\$ 1,493,000	7.9%
Purchased Water	\$ 1,493,200	\$ 1,552,000	\$ 1,600,000	\$ 1,472,472	\$ 1,728,000	8.0%
Supplies & Services	\$ 353,400	\$ 374,600	\$ 396,000	\$ 414,761	\$ 491,600	24.1%
Repairs & Maintenance	\$ 82,000	\$ 87,400	\$ 104,400	\$ 75,100	\$ 127,000	21.6%
Utilities	\$ 45,600	\$ 51,000	\$ 52,200	\$ 47,662	\$ 56,200	7.7%
Taxes	\$ 234,100	\$ 235,200	\$ 243,800	\$ 186,292	\$ 256,900	5.4%
Debt Service	\$ 35,888	\$ 34,788	\$ 34,188	\$ 34,140	\$ 33,700	-1.4%
<b>Total</b>	<b>\$ 3,493,788</b>	<b>\$ 3,566,588</b>	<b>\$ 3,814,888</b>	<b>\$ 3,574,208</b>	<b>\$ 4,186,400</b>	<b>9.7%</b>
<b>Sewer Collection</b>						
Labor & Benefits	\$ 1,512,900	\$ 1,611,600	\$ 1,777,400	\$ 1,738,552	\$ 1,918,700	7.9%
Purchased Sewer Treatment	\$ 697,400	\$ 879,900	\$ 950,700	\$ 901,605	\$ 964,000	1.4%
Supplies & Services	\$ 399,400	\$ 435,600	\$ 473,900	\$ 515,028	\$ 585,900	23.6%
Repairs & Maintenance	\$ 89,200	\$ 130,700	\$ 109,400	\$ 75,069	\$ 88,800	-18.8%
Utilities	\$ 89,900	\$ 98,100	\$ 101,300	\$ 93,229	\$ 105,700	4.3%
Taxes	\$ 185,500	\$ 189,600	\$ 196,200	\$ 171,339	\$ 205,800	4.9%
Debt Service	\$ 1,905,150	\$ 1,969,464	\$ 2,118,365	\$ 2,116,793	\$ 2,105,500	-0.6%
<b>Total</b>	<b>\$ 4,879,450</b>	<b>\$ 5,314,964</b>	<b>\$ 5,727,265</b>	<b>\$ 5,611,616</b>	<b>\$ 5,974,400</b>	<b>4.3%</b>
<b>Treatment Plant</b>						
Labor	\$ 533,700	\$ 542,000	\$ 527,900	\$ 496,808	\$ 586,600	11.1%
Supplies & Services	\$ 259,400	\$ 273,400	\$ 277,200	\$ 285,189	\$ 310,300	11.9%
Repairs & Maintenance	\$ 80,100	\$ 87,500	\$ 74,400	\$ 58,945	\$ 72,600	-2.4%
Utilities	\$ 173,200	\$ 165,100	\$ 174,300	\$ 159,861	\$ 189,200	8.5%
<b>Total</b>	<b>\$ 1,046,400</b>	<b>\$ 1,068,000</b>	<b>\$ 1,053,800</b>	<b>\$ 1,000,802</b>	<b>\$ 1,158,700</b>	<b>10.0%</b>
<b>Sewer Total</b>	<b>\$ 5,925,850</b>	<b>\$ 6,382,964</b>	<b>\$ 6,781,065</b>	<b>\$ 6,612,418</b>	<b>\$ 7,133,100</b>	<b>5.2%</b>
<b>Overall</b>	<b>\$ 9,419,637</b>	<b>\$ 9,949,552</b>	<b>\$ 10,595,953</b>	<b>\$ 10,186,626</b>	<b>\$ 11,319,500</b>	<b>6.8%</b>

## Water/Wastewater Rate Funded Capital

<b>Revenue</b>	<b>Water</b>	<b>Wastewater</b>
Single-Family	\$ 2,310,000	\$ 4,676,000
Multi-Family	\$ 1,033,700	\$ 2,546,000
Commercial	\$ 1,471,200	\$ 1,986,500
Misc.	\$ 449,300	\$ 328,000
<b>Total Revenue</b>	<b>\$ 5,264,200</b>	<b>\$ 9,536,500</b>

<b>Expenses</b>	<b>Water</b>	<b>Wastewater</b>
Labor & Benefits	\$ 1,493,000	\$ 2,505,300
Purchased Water	\$ 1,728,000	
Purchased Sewer Treatment		\$ 964,000
Supplies & Services	\$ 491,600	\$ 896,200
Repairs & Maintenance	\$ 127,000	\$ 161,400
Utilities	\$ 56,200	\$ 294,900
Taxes	\$ 256,900	\$ 205,800
Debt Service	\$ 33,700	\$ 2,105,500
	<b>\$ 4,186,400</b>	<b>\$ 7,133,100</b>

Rate Funded Capital	\$ 1,077,800	\$ 2,403,400
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2023  
Mukilteo Water and Wastewater District  
Capital Budget

Introduction:

The Mukilteo Water and Wastewater District management staff recommends the following Projects, Equipment, and Studies as priorities for the District’s 2023 Capital Budget. Projects recommended in this budget were identified in the District’s 2016 Comprehensive Water System Plan, 2018 Wastewater Comprehensive Plan Amendment, the District’s contractual agreement for wastewater treatment improvements with the City of Everett, the 2021 Capital Improvement Plan update, and staff recommendations. All budgeted projects will be funded through GFC Revenue, current year rates, and existing available capital cash (funded through rates).

A multi-year capital project funding schedule showing how projects identified in the various plans and studies, can be funded over the mid to long term is included. The capital plan is reviewed annually which means projects can change in scope or timing, be cancelled, and new projects may be added as needs change.

Following are the 2023 recommended Capital Projects:

**Water Capital Projects**

Old Town Phase 2 – Construction: This project replaces approximately 1800 lineal feet of 1964 and 1968 6” CI water main with 8” restraint joint DI water main. The project starts at 8th Street and Webster, runs north on Webster Street to 5th Street and up 5th Street to Church. This project also replaces the main in Church Avenue between 4th and 3rd Street and up 3rd Street to Washington. The project increases reliability and fire flow. The total estimated project cost below does not include approximately \$160,000 of pavement grind and overlay that will be paid for by the City of Mukilteo through an interlocal agreement with the District.

**Total Estimated Project Cost – Construction: \$1,270,000**

Large Meter Testing/Replacement Program: The District identified two 4-inch meters and vault lids which need to be replaced and upsized to 6-inch for fire flow. The meters were originally installed in 1980 and need to be replaced; new vault lids will to be installed to meet District standards.

**Total Estimated Cost - \$50,000**

Reservoir No. 1 Interior Recoating – Design: This project recoats the interior of Reservoir No. 1. Reservoir No. 1 was constructed in 1999 and the current interior coating is original. The interior coating is beginning to show failures and has reached the end of its useful life. Recoating specifications will be prepared in 2023. Recoating is scheduled for 2024 as a combined project with the exterior recoating of Reservoir No. 5 which has already been designed.

**Total Estimated Project Cost – Design: \$10,000**

## Wastewater Capital Projects

Lift Station No. 8 Upgrades – Construction: This project makes mechanical, structural, and electric upgrades to Lift Station No. 8. Lift Station No. 8 was installed in 1993. Some components are nearing the end of their useful life. This project will replace and upgrade the existing pump system with 2 sets of pumps in series, upgrade the electrical control system at an above ground location, replace the existing narrow vault chimney with a new full size top section and lid, and replace the first 300 feet of 4" C900 Force Main (closest to the station) with restraint joint 4" lined DI pipe.

**Total Estimated Project Cost - Construction: \$2,000,000**

Lift Station No. 13 Upgrade – Design: This project makes mechanical, structural, and electrical upgrades to Lift Station No. 13. Lift Station No. 13 was installed in 2002. It is not possible to pull the pumps without taking them apart. This project upgrades the pump vault, the mechanical components in the pump vault, and includes upgrading the Motor Control Center (MCC) and telemetry panels.

**Total Estimated Project Cost – Design: \$88,000**

Smuggler’s Gulch Sewer Line Rehab – Pre-Design: Approximately 1,300 feet of concrete sewer line in Smuggler’s Gulch needs to be relined or replaced. This Pre-Design project is to investigate options and secure documentation prior to design and construction of this section of sewer pipe.

**Total Estimated Project Cost – Design & Permitting: \$100,000**

Trenchless Pipe Rehabilitation - Construction: This project includes various annual Trenchless Pipe Rehabilitation projects as identified through the District’s televised inspection program. The 2023 project will reline approximately 2,150 lineal feet of existing pipe with Ultraviolet Cured-in-Place Pipe.

**Total Estimated Project Construction & CM: \$500,000**

Manhole Rehabilitation - Construction: This project includes the rehabilitation of manholes. Through its manhole inspection program, the District plans to repair manholes that exhibit inflow, infiltration or have structural deficiencies. The inspection and repair program will be on-going with work scheduled every other year.

**Total Estimated Project Cost - Construction: \$40,000**

City of Everett WPCF Projects: Based on the District’s Sewer Agreement with the City of Everett, the District is obligated by contract to pay four percent (4%) of capital improvement costs at the Everett Water Pollution Control Facility (WPCF). Everett anticipates the District’s 4% cost for 2023 to be \$418,250.

**Total Estimated Project Cost: \$418,250**

City of Mukilteo Culvert Participation Agreement: This agreement will replace a section of concrete sewer main with restraint joint ductile iron sewer main as part of the City of Mukilteo’s culvert project.

**Total Estimated Project Cost - \$30,000**

CCTV Wastewater Camera: Over the last few years, Operations has increased the use of the CCTV camera for sewer inspections and to support the design and construction of capital projects. The existing camera frequently breaks down causing delay in inspections and impacts to project schedules. This item allows for the purchase of a second camera to increase the reliability of the CCTV program. After the new camera is purchased, the existing (old) camera will transition into a backup camera when the new camera needs maintenance or repairs.

**Total Estimated Equipment Cost - \$20,500**

## Wastewater Treatment Capital Projects

WWTF Capital Plan: The District plans to hire a consultant to review the capital needs at the Wastewater Treatment Facility. The plan will include cost estimates and prioritization of the projects over the next several years.

**Total Estimated Project Cost: \$85,000**

Replacement of diffusers in Oxidation Ditch “B”: The diffusers in “A” ditch were replaced in 2021; this project will replace the diffusers in ditch “B”.

**Total Estimated Project Cost: \$18,000**

WWTF Pavement Sealing: This project will sealcoat the existing pavement surfaces at the WWTF. The sealcoat will extend the life of the underlying pavement by sealing existing cracks and protecting it from the weather. The project includes pressure washing, sealcoating, and restriping.

**Total Estimated Project Cost: \$20,000**

## Projects Shared with Both Utilities

These projects are not specific to just one utility and the cost is split between water and wastewater (47%/53%) based on the number of services for each utility.

Vehicle Replacement: Staff plans to replace a 2010 Chevy 1500 (Unit #1) and a 2002 Ford F550 (Unit #2). These vehicles were chosen for replacement based on several factors including service history, mileage, and wear. The Ford F550 was budgeted to be replaced in 2022 but lack of inventory is delaying the purchase until 2023.

Cost split:	Water	\$ 89,300
	Wastewater	<u>100,700</u>
	<b>Total Estimated Equipment Cost:</b>	<b>\$190,000</b>

Server Replacement: The District plans to replace an existing server due to age.

Cost split:	Water	\$9,400
	Wastewater	<u>10,600</u>
	<b>Total Estimated Project Cost</b>	<b>\$20,000</b>

Administration Building Improvements: The District plans to refurbish/replace the existing HVAC system which is over 20 years old. The District also plans to add gutters on the Operations Building (Bldg. B), upgrade to LED lighting throughout the Administration Building, as well as seal and restripe the parking lot.

Cost split:	Water	\$147,000
	Wastewater	<u>165,800</u>
	<b>Total Estimated Equipment Cost:</b>	<b>\$336,800</b>

Radio Infrastructure Replacement: The District plans to replace existing radio communications infrastructure including antenna, base stations, and vehicle radios. Additional base stations will be added in the Admin building and at the Wastewater Treatment Facility.

Cost Split	Water	\$9,400
	Wastewater	<u>\$10,600</u>
	<b>Total Estimated Equipment Cost:</b>	<b>\$20,000</b>

Fence Repairs/Replacement: On November 4, 2022, the region experienced a severe windstorm which brought down trees and limbs causing damage to fences at several District facilities. The District plans to repair or replace the damaged fences.

Cost Split	Water	\$23,500
	Wastewater	<u>\$26,500</u>
		<b>\$50,000</b>

SCADA/Telemetry System Upgrades: This project will update the Districts SCADA/Telemetry system for water distribution and wastewater collection. Servers which were installed in 2016 will be replaced, they are at the end of their useful life and will be unsupported as of October of 2023. Also, the operating software will be replaced and upgraded with more up to date system, which will improve the reliability, security, efficiencies of the operating systems.

Cost split:	Water	\$ 47,000
	Wastewater	<u>53,000</u>
	<b>Total Estimated Equipment Cost:</b>	<b>\$100,000</b>

## Mukilteo Water & Wastewater District

### Proposed 2023 Capital Budget

Project Name	Water	Wastewater	Total
<b>Water</b>			
Old Town Phase 2 (Construction)	\$ 1,270,000		\$ 1,270,000
Large Meter Testing/Replacement Program	\$ 50,000		\$ 50,000
Reservoir No. 1 Interior Recoating (Design)	\$ 10,000		\$ 10,000
<b>Wastewater - Collection</b>			
Lift Station 8 Upgrade (Construction)		\$ 2,000,000	\$ 2,000,000
Lift Station 13 Upgrade (Design)		\$ 88,000	\$ 88,000
Smuggler's Gulch Sewer Line Rehab (Pre-Design)		\$ 100,000	\$ 100,000
Trenchless Pipe Rehabilitation (Design & Construction)		\$ 500,000	\$ 500,000
Manhole Rehabilitation		\$ 40,000	\$ 40,000
City of Everett WPCF Projects		\$ 418,250	\$ 418,250
City of Mukilteo Culvert Part. Agreement		\$ 30,000	\$ 30,000
Cues Camera		\$ 20,500	\$ 20,500
<b>Wastewater - Treatment</b>			
WWTF Capital Plan		\$ 85,000	\$ 85,000
Replace Diffusers in Oxidation Ditch "B"		\$ 18,000	\$ 18,000
Pavement Sealing		\$ 20,000	\$ 20,000
<b>Shared Projects</b>			
Vehicle Replacement	\$ 89,300	\$ 100,700	\$ 190,000
Server Replacement	\$ 9,400	\$ 10,600	\$ 20,000
Admin Building/Campus Improvements	\$ 158,300	\$ 178,500	\$ 336,800
Radio Infrastructure Replacement	\$ 9,400	\$ 10,600	\$ 20,000
Fence Repairs/Replacement	\$ 23,500	\$ 26,500	\$ 50,000
SCADA/Telemetry System Upgrades	\$ 47,000	\$ 53,000	\$ 100,000
<b>Total 2023 Capital Budget</b>	<b>\$ 1,666,900</b>	<b>\$ 3,699,650</b>	<b>\$ 5,366,550</b>

### Projected Water Capital Cash Flow

	2023	2024	2025	2026	2027	2028
Capital Beginning Balance	\$ 9,150,000	\$ 8,630,928	\$ 7,672,928	\$ 6,986,928	\$ 6,202,928	\$ 5,947,928
GFC's	\$ 70,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Trans from Maint- Rate Funded Cap	\$ 1,077,800	\$ 1,175,000	\$ 1,250,000	\$ 1,350,000	\$ 1,425,000	\$ 1,500,000
<b>Total Funds Available</b>	<b>\$ 10,297,800</b>	<b>\$ 9,905,928</b>	<b>\$ 9,022,928</b>	<b>\$ 8,436,928</b>	<b>\$ 7,727,928</b>	<b>\$ 7,547,928</b>

#### Capital Projects

Old Town Phase 2	\$ 1,270,000	\$ -	\$ -	\$ -	\$ -	\$ -
102nd Pl to Central Drive	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
92nd St SW/44th Ave W to SR 525	\$ -	\$ -	\$ 164,000	\$ 1,689,000	\$ -	\$ -
84th St SW/44th Ave W to 92nd St	\$ -	\$ -	\$ -	\$ 169,000	\$ 1,739,000	\$ -
84th/Speedway, West to 53rd	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,000
Large Meter Testing/Replacement Progra	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Reservoir No. 1 Interior Recoating	\$ 10,000	\$ 547,000	\$ -	\$ -	\$ -	\$ -
Reservoir No. 5 Exterior Recoating	\$ -	\$ 1,545,000	\$ -	\$ -	\$ -	\$ -
Reservoir 2/5 Generator and Pump Replc	\$ -	\$ 78,000	\$ 1,724,000	\$ -	\$ -	\$ -
Water System Plan	\$ -	\$ -	\$ 85,000	\$ -	\$ -	\$ -

#### Shared Capital Projects

Vehicle Replacement	\$ 89,300	\$ 25,000	\$ 50,000	\$ 329,000	\$ 27,000	\$ 28,000
Rate/GFC Study	\$ -	\$ -	\$ -	\$ 34,000	\$ -	\$ -
Server Replacement	\$ 9,400	\$ -	\$ -	\$ -	\$ -	\$ 11,000
Admin Building HVAC	\$ 117,500	\$ -	\$ -	\$ -	\$ -	\$ -
Admin Building Int Paint	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -
Admin Building LED Lighting	\$ 11,750	\$ -	\$ -	\$ -	\$ -	\$ -
Admin Building Office Improvements	\$ 11,750	\$ 13,000	\$ 13,000	\$ 13,000	\$ 14,000	\$ 14,000
Parking Lot Seal and Stripe (Admin)	\$ 5,993	\$ -	\$ -	\$ -	\$ -	\$ -
Gutters to Operations Building (B)	\$ 11,280	\$ -	\$ -	\$ -	\$ -	\$ -
Radio Infrastructure Replacement	\$ 9,400	\$ -	\$ -	\$ -	\$ -	\$ -
Fence Repairs/Replacement	\$ 23,500	\$ -	\$ -	\$ -	\$ -	\$ -
Lift	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,000
SCADA/Telemetry System Upgrades	\$ 47,000	\$ -	\$ -	\$ -	\$ -	\$ -

<b>Total Water Capital Projects</b>	<b>\$ 1,666,873</b>	<b>\$ 2,233,000</b>	<b>\$ 2,036,000</b>	<b>\$ 2,234,000</b>	<b>\$ 1,780,000</b>	<b>\$ 201,000</b>
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<b>Ending Balance</b>	<b>\$ 8,630,928</b>	<b>\$ 7,672,928</b>	<b>\$ 6,986,928</b>	<b>\$ 6,202,928</b>	<b>\$ 5,947,928</b>	<b>\$ 7,346,928</b>
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**Projected Wastewater Capital Cash Flow**

	2023	2024	2025	2026	2027	2028
Capital Beginning Balance	\$ 8,350,000	\$ 7,669,650	\$ 7,458,650	\$ 7,749,650	\$ 7,504,650	\$ 8,591,650
GFC's	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Property Sale	\$ 300,000					
Trans from Maintenance- Rate Funded Ca	\$ 2,403,400	\$ 2,350,000	\$ 2,580,000	\$ 2,750,000	\$ 3,210,000	\$ 4,015,000
Total Funds Available	\$ 11,353,400	\$ 10,319,650	\$ 10,338,650	\$ 10,799,650	\$ 11,014,650	\$ 12,906,650

**Capital Projects**

Lift Station 8 Upgrade	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
Lift Station 13 Upgrade	\$ 88,000	\$ 876,000	\$ -	\$ -	\$ -	\$ -
Lift Station 2 Abandonment	\$ -	\$ -	\$ 85,000	\$ 875,000	\$ -	\$ -
Lift Station 11 Upgrade	\$ -	\$ -	\$ -	\$ 55,000	\$ 394,000	\$ -
Smuggler's Gulch Sewer Line Rehab	\$ 100,000	\$ 103,000	\$ 637,000	\$ -	\$ -	\$ -
Trenchless Pipe Rehabilitation	\$ 500,000	\$ 541,000	\$ 584,000	\$ 629,000	\$ 676,000	\$ 725,000
Manhole Rehabilitation	\$ 40,000	\$ -	\$ 48,000	\$ -	\$ 57,000	\$ -
City of Everett WPCF Projects	\$ 418,250	\$ 174,000	\$ 22,000	\$ 219,000	\$ 1,126,000	\$ 997,000
City of Mukilteo Culvert Part. Agreement	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -
WWTF Capital Plan	\$ 85,000	\$ 1,030,000	\$ 1,061,000	\$ 1,093,000	\$ -	\$ -
WWTF Headworks No. 1 Screen Rebuild	\$ -	\$ -	\$ -	\$ -	\$ 57,000	\$ -
Replace Diffusers in Oxidation Ditch "B"	\$ 18,000	\$ -	\$ -	\$ -	\$ -	\$ -
WWTF Aeration Control Improvements	\$ -	\$ 67,000	\$ -	\$ -	\$ -	\$ -
WWTF Clarifier #1 Mechanism Replacement	\$ -	\$ -	\$ -	\$ -	\$ 68,000	\$ 580,000
Cues Camera	\$ 20,500	\$ -	\$ -	\$ -	\$ -	\$ -
Wastewater Comp Plan	\$ -	\$ -	\$ 80,000	\$ -	\$ -	\$ -

**Shared Projects**

Vehicle Replacement	\$ 101,000	\$ 28,000	\$ 57,000	\$ 371,000	\$ 30,000	\$ 31,000
Rate/GFC Study	\$ -	\$ -	\$ -	\$ 38,000	\$ -	\$ -
Server Replacement	\$ 11,000	\$ -	\$ -	\$ -	\$ -	\$ 13,000
Admin Building HVAC	\$ 133,000	\$ -	\$ -	\$ -	\$ -	\$ -
Admin Building Int Paint	\$ -	\$ 28,000	\$ -	\$ -	\$ -	\$ -
Admin Building LED Lighting	\$ 14,000	\$ -	\$ -	\$ -	\$ -	\$ -
Admin Building Office Improvements	\$ 14,000	\$ 14,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 16,000
Parking Lot Seal and Stripe (Admin)	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ -
Gutters to Operations Building (B)	\$ 13,000	\$ -	\$ -	\$ -	\$ -	\$ -
Radio Infrastructure Replacement	\$ 11,000	\$ -	\$ -	\$ -	\$ -	\$ -
Fence Repairs/Replacement	\$ 27,000	\$ -	\$ -	\$ -	\$ -	\$ -
Lift	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,000
SCADA/Telemetry System Upgrades	\$ 53,000	\$ -	\$ -	\$ -	\$ -	\$ -

**Total Capital Projects**

	\$ 3,683,750	\$ 2,861,000	\$ 2,589,000	\$ 3,295,000	\$ 2,423,000	\$ 2,424,000
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**Ending Balance**

	\$ 7,669,650	\$ 7,458,650	\$ 7,749,650	\$ 7,504,650	\$ 8,591,650	\$ 10,482,650
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## Outstanding Debt

### Mukilteo Water & Wastewater District

#### 2023 Debt Service and Outstanding Debt

Description	Maturity Date	Interest Rate	Original Issue	Outstanding 12/31/2022	2023 Principal Payments	2023 Interest Payments	Total 2023 Payments Due
<b>Bonds:</b>							
2008 Improvements & Refunding Bonds (issued for Big Gulch and ULID 11 refunding)	2023	3.75-4.30	1,720,000	25,000	25,000	1,075	26,075
2012 Water & Wastewater Revenue Bonds (issued for Headworks, LS 10, Outfall, and SCADA)	2031	.400-4.00	3,420,000	1,750,000	170,000	62,900	232,900
2015 Refunding Bonds	2028	2.00-4.00	4,885,000	3,090,000	465,000	123,600	588,600
<b>SRF Loans:</b>							
Big Gulch (L0600016)	2028	1.5	1,145,247	355,373	62,453	5,113	67,566
<b>PWTF Loans:</b>							
Res. No. 4 Seismic Upgrade (PW-03-65103-33)	2024	1.5	622,968	65,576	32,788	984	33,771
Big Gulch (PW-07-962-PRE-116)	2027	0.5	1,000,000	266,813	53,363	1,334	54,697
Big Gulch (PW-07-962-PRE-121)	2027	0.5	1,000,000	266,813	53,363	1,334	54,697
Big Gulch (PW-06-962-033)	2026	0.5	7,000,000	1,487,500	371,875	7,438	379,313
Big Gulch (PC08-951-032)	2028	0.5	6,739,575	2,113,192	352,199	10,566	362,765
Outfall (PC13-961-019)	2032	0.5	691,061	378,434	37,843	946	38,790
Everett WPCF (PC13-961-004)	2032	0.5	1,430,671	884,953	88,495	4,425	92,920
Lift Station 5 & Force Main Improvements (PR20-96103-017) Design Loan	2024	0.79	274,618	145,001	72,501	1,146	73,646
Lift Station 5 & Force Main Improvements (PR20-96103-047) Construction Loan	2039	1.08	2,037,658	2,037,658	113,203	30,406	143,610
<b>Total</b>			<b>31,966,798</b>	<b>12,866,313</b>	<b>1,898,082</b>	<b>251,266</b>	<b>2,149,349</b>

## Budget Detail

	2023 Proposed			2022 Budget	vs. 2022	% Increase/ Decrease	Notes
	Water	Wastewater	Total				
<b>Operating Revenue</b>							
Service Revenue	\$ 4,814,900	\$ 9,208,500	\$ 14,023,400	\$ 13,416,100	\$ 607,300	4.5%	
Other Revenue	\$ 449,300	\$ 328,000	\$ 777,300	\$ 379,200	\$ 398,100	105.0%	This is a result of higher interest rates
<b>Total Operating Revenue</b>	<b>\$ 5,264,200</b>	<b>\$ 9,536,500</b>	<b>\$ 14,800,700</b>	<b>\$ 13,795,300</b>	<b>\$ 1,005,400</b>	<b>7.3%</b>	
<b>Expenses</b>							
<b>Operations</b>							
Supplies & Services	\$ 58,700	\$ 38,600	\$ 97,300	\$ 63,500	\$ 33,800	53.2%	Includes \$10k to re-core locks, \$5k for two new hydrant meter and backflow assemblies, and \$6k to replace water sampling stations.
Repairs & Maintenance	\$ 99,400	\$ 54,600	\$ 154,000	\$ 157,600	\$ (3,600)	-2.3%	\$15k in manhole maintenance was moved to be part of a bi-annual capital program. It also includes an additional \$10k for large meter testing/replacement.
Utilities	\$ 19,100	\$ 59,600	\$ 78,700	\$ 78,400	\$ 300	0.4%	
<b>Total - Operations</b>	<b>\$ 177,200</b>	<b>\$ 152,800</b>	<b>\$ 330,000</b>	<b>\$ 299,500</b>	<b>\$ 30,500</b>	<b>10.2%</b>	
<b>Treatment</b>							
Supplies & Services		\$ 310,300	\$ 310,300	\$ 277,200	\$ 33,100	11.9%	Includes \$10k for fuel surcharge in biosolids hauling, higher polymer costs (1 additional tote for process and more expensive polymer for the new rotary press).
Repairs & Maintenance		\$ 72,600	\$ 72,600	\$ 74,400	\$ (1,800)	-2.4%	
Utilities		\$ 189,200	\$ 189,200	\$ 174,300	\$ 14,900	8.5%	Includes \$10k increase for power and additional Waste Management costs for removing grit.
<b>Total - Treatment</b>		<b>\$ 572,100</b>	<b>\$ 572,100</b>	<b>\$ 525,900</b>	<b>\$ 46,200</b>	<b>8.8%</b>	
<b>Administration</b>							
Labor & Benefits	\$ 1,493,000	\$ 2,505,300	\$ 3,998,300	\$ 3,689,600	\$ 308,700	8.4%	Includes a 7.8% COLA, step and grade increases for longevity and certifications, medical benefit increases, 2% deferred comp match.
Purchased Water	\$ 1,728,000	\$ -	\$ 1,728,000	\$ 1,600,000	\$ 128,000	8.0%	Assumes a 10% rate increase from AWWD (4/1/2023) and an 11% rate increase from COE.
Purchased Sewer Treatment	\$ -	\$ 964,000	\$ 964,000	\$ 950,700	\$ 13,300	1.4%	Assumes a 5% rate increase from Everett and slightly less ERU's based on more recent averages
Supplies & Services	\$ 432,900	\$ 547,300	\$ 980,200	\$ 806,400	\$ 173,800	21.6%	Largest increases include: 10% increase in liability and cyber insurance (\$35.3k), banking fees from increased use of credit card payments (\$37k), replacing plotter (\$15k; may not happen in 2023), Election costs (\$22k), Admin building landscaping services (\$15k), increased usage of Seattle Techs (\$12k), and increase in fuel prices (\$9k).
Repairs & Maintenance	\$ 27,600	\$ 34,200	\$ 61,800	\$ 56,200	\$ 5,600	10.0%	General rate increases and fleet maintenance.
Utilities	\$ 37,100	\$ 46,100	\$ 83,200	\$ 75,100	\$ 8,100	10.8%	General rate increases mostly in power and communications.
Taxes	\$ 256,900	\$ 205,800	\$ 462,700	\$ 440,000	\$ 22,700	5.2%	
Debt Service	\$ 33,700	\$ 2,105,500	\$ 2,139,200	\$ 2,152,553	\$ (13,353)	-0.6%	
<b>Total - Administration</b>	<b>\$ 4,009,200</b>	<b>\$ 6,408,200</b>	<b>\$ 10,417,400</b>	<b>\$ 9,770,553</b>	<b>\$ 646,847</b>	<b>6.6%</b>	
<b>Total Expenses</b>	<b>\$ 4,186,400</b>	<b>\$ 7,133,100</b>	<b>\$ 11,319,500</b>	<b>\$ 10,595,953</b>	<b>\$ 723,547</b>	<b>6.8%</b>	
<b>Net Income/Rate Funded Capital</b>	<b>\$ 1,077,800</b>	<b>\$ 2,403,400</b>	<b>\$ 3,481,200</b>	<b>\$ 3,199,347</b>			

### Historic Water Budget and Actuals/Projected

Revenue	2020	2020	2021	2021	2022	2022	2023
	Budget	Actual	Budget	Actual	Budget	Projected	Proposed
Single-Family	\$ 2,055,300	\$ 1,910,655	\$ 2,112,400	\$ 2,179,907	\$ 2,201,000	\$ 2,166,295	\$ 2,310,000
Multi-Family	\$ 913,200	\$ 847,541	\$ 941,600	\$ 952,416	\$ 978,000	\$ 964,068	\$ 1,033,700
Commercial	\$ 1,357,100	\$ 1,057,159	\$ 1,362,200	\$ 1,285,545	\$ 1,388,000	\$ 1,282,438	\$ 1,471,200
Misc.	\$ 324,200	\$ 253,264	\$ 309,100	\$ 258,831	\$ 261,400	\$ 379,444	\$ 449,300
GFC Revenue	\$ 173,900	\$ 421,057	\$ 41,100	\$ 79,523	\$ 100,000	\$ 10,950	\$ 70,000
<b>Water Total</b>	<b>\$ 4,823,700</b>	<b>\$ 4,489,677</b>	<b>\$ 4,766,400</b>	<b>\$ 4,756,223</b>	<b>\$ 4,928,400</b>	<b>\$ 4,803,194</b>	<b>\$ 5,334,200</b>

### Expenses

	2020	2020	2021	2021	2022	2022	2023
	Budget	Actuals	Budget	Actual	Budget	Projected	Proposed
Labor & Benefits	\$ 1,249,600	\$ 1,151,741	\$ 1,231,600	\$ 1,174,023	\$ 1,384,300	\$ 1,343,781	\$ 1,493,000
Purchased Water	\$ 1,493,200	\$ 1,278,944	\$ 1,552,000	\$ 1,403,948	\$ 1,600,000	\$ 1,472,472	\$ 1,728,000
Supplies & Services	\$ 317,300	\$ 304,005	\$ 339,900	\$ 326,579	\$ 396,000	\$ 414,761	\$ 491,600
Repairs & Maintenance	\$ 30,300	\$ 49,711	\$ 27,100	\$ 23,902	\$ 104,400	\$ 75,100	\$ 127,000
Utilities	\$ 26,600	\$ 30,072	\$ 32,200	\$ 32,055	\$ 52,200	\$ 47,662	\$ 56,200
Taxes	\$ 234,100	\$ 196,861	\$ 235,200	\$ 205,635	\$ 243,800	\$ 186,292	\$ 256,900
Debt Service	\$ 3,100	\$ 2,172	\$ 2,000	\$ 1,639	\$ 1,400	\$ 34,140	\$ 33,700
<b>Total</b>	<b>\$ 3,354,200</b>	<b>\$ 3,013,507</b>	<b>\$ 3,420,000</b>	<b>\$ 3,167,782</b>	<b>\$ 3,782,100</b>	<b>\$ 3,574,208</b>	<b>\$ 4,186,400</b>

### Historic Wastewater Budget and Actuals/Projected

Revenue	2020	2020	2021	2021	2022	2022	2023
	Budget	Actuals	Budget	Actuals	Budget	Projected	Proposed
Single-Family	\$ 4,255,400	\$ 3,962,848	\$ 4,300,700	\$ 4,345,760	\$ 4,496,100	\$ 4,477,156	\$ 4,676,000
Multi-Family	\$ 2,252,200	\$ 2,059,340	\$ 2,359,000	\$ 2,357,008	\$ 2,441,000	\$ 2,430,217	\$ 2,546,000
Commercial	\$ 1,763,800	\$ 1,414,353	\$ 1,844,000	\$ 1,711,215	\$ 1,912,000	\$ 1,846,870	\$ 1,986,500
Misc.	\$ 347,300	\$ 315,723	\$ 184,600	\$ 127,614	\$ 117,800	\$ 234,853	\$ 328,000
GFC Revenue	\$ 553,500	\$ 783,574	\$ 89,400	\$ 184,359	\$ 100,000	\$ 97,710	\$ 300,000
<b>Water Total</b>	<b>\$ 9,172,200</b>	<b>\$ 8,535,837</b>	<b>\$ 8,777,700</b>	<b>\$ 8,725,956</b>	<b>\$ 9,066,900</b>	<b>\$ 9,086,806</b>	<b>\$ 9,836,500</b>

### Expenses

Collection & Treatment	2020	2020	2021	2021	2022	2022	2023
	Budget	Actuals	Budget	Actuals	Budget	Projected	Proposed
Labor & Benefits	\$ 2,046,600	\$ 1,902,422	\$ 2,153,600	\$ 2,020,321	\$ 2,305,300	\$ 2,235,360	\$ 2,505,300
Purchased Sewer Treatment	\$ 697,400	\$ 775,398	\$ 879,900	\$ 896,084	\$ 950,700	\$ 901,605	\$ 964,000
Supplies & Services	\$ 658,800	\$ 639,220	\$ 709,000	\$ 698,415	\$ 751,100	\$ 800,217	\$ 896,200
Repairs & Maintenance	\$ 169,300	\$ 183,603	\$ 218,200	\$ 153,945	\$ 183,800	\$ 134,014	\$ 161,400
Utilities	\$ 263,100	\$ 249,148	\$ 263,200	\$ 253,302	\$ 275,600	\$ 253,090	\$ 294,900
Taxes	\$ 185,500	\$ 158,558	\$ 189,600	\$ 165,611	\$ 196,200	\$ 171,339	\$ 205,800
Debt Service	\$ 1,905,150	\$ 1,906,535	\$ 1,969,464	\$ 1,890,909	\$ 2,118,365	\$ 2,116,793	\$ 2,105,500
<b>Total</b>	<b>\$ 5,925,850</b>	<b>\$ 5,814,883</b>	<b>\$ 6,382,964</b>	<b>\$ 6,078,586</b>	<b>\$ 6,781,065</b>	<b>\$ 6,612,418</b>	<b>\$ 7,133,100</b>