



# 2018 PROPOSED BUDGET

PUBLIC UTILITY DISTRICT  
NO. 1 OF SKAGIT COUNTY

October 2, 2017

*Skagit*  
**PUD**  
PUBLIC UTILITY DISTRICT

In accordance with District Resolution No. 1361, we are pleased to present the 2018 Proposed Budget for Public Utility District No. 1 of Skagit County.

This report first reviews the budget process and describes the format of the budget document, after which it describes the changes from the Preliminary Budget previously submitted to the Board. Then it summarizes the 2018 Proposed Budget and discusses the major funding changes recommended for 2018.

## SECTION 1: 2018 BUDGET PROCESS

The budget serves as a financial plan that guides and governs the spending commitments of the organization. It is designed to balance *resources* and *requirements* for each fund, where “resources” consist of beginning fund balances plus projected revenues, and “requirements” consist of authorized expenditures plus planned reserve balances at the end of the year. By balancing resources against requirements, the budget is designed to ensure that there is enough cash in each fund to meet its financial commitments. By adopting the budget, the Board also creates *appropriations*, which is an upper limit on spending authority delegated to managers.

The budget process occurs in three stages: Preliminary, Proposed, and Adopted. The Preliminary Budget was submitted to the Board before the first Monday in September. It consisted of our first pass at compiling a large number of budget estimates and balancing proposed expenditures against projected revenues. The Preliminary Budget was the subject of budget workshops in September. We then made changes in response to Board feedback and further staff research. This document is the Proposed Budget, which will be the subject of the public hearing on October 2. After the public hearing, Board members will have the opportunity to direct further changes to the budget, which will be incorporated into the Adopted Budget that is binding at the outset of the 2018 calendar year. After the new calendar year begins, there is inevitably new information that arises and decisions made that may affect the budget during the middle of the year. If mid-year changes are approved by the Board, then the most current version of the 2018 budget at any given point in time will be known as the Revised Budget. If mid-year changes are not needed, then expenditures will continue to be governed by appropriations contained in the Adopted Budget.

## SECTION 2: INTRODUCTION TO BUDGET DOCUMENT

### A. NEW CHART OF ACCOUNTS

The District has implemented a new financial system, Cayenta, to take the place of our old AS400 system. The new financial system has also brought changes to the “chart of accounts,” which is the collection of numerical codes used to track expenditures and revenues, assets and liabilities. Changes to a chart of accounts affect the categories used to describe an organization’s financial activity. In the short run these changes create an unavoidable loss of budget history, but we believe that over the long run the new chart of accounts will improve our ability to manage and control the District finances.

The biggest change to the chart of accounts was the addition of the programmatic categories. So instead of being able to sort expenditures only by major “functions” (supply, treatment, transmission and distribution, customer accounts, administration), we can now sort by departments as well. Departments are a relevant category because they are the key to management accountability—each manager is now responsible for one or more departmental budgets.

In addition to adding the “department” category, the new chart of accounts made some changes in the “object of expenditure” line items. Some of the old line items were merged into new combined line items, while other old line items were separated into more than one new line item. We created a “crosswalk” from the old categories to new categories as closely as possible, but it was not exact.

Historical expenditure and revenue information is useful in budgeting, because it gives us a frame of reference in judging the reasonableness of future estimates. However, we had to make some compromises in the 2018 budget document because of the change in the chart of accounts. Because the historical account

information was not sorted by departments, nor by the new line items, the budget history presented in this document includes only the actual figures for 2015 and 2016, and the budget figure for 2017, but nothing prior to 2015. For the 2015 and 2016 actuals, the totals match the totals in the old chart of accounts, but we had to do some allocating and estimating within particular line items and departments. In future years, as the new chart of accounts matures, we will gradually be able to add additional years of history under the new categories, and we will not need to allocate or estimate historical information.

Along with the change in the financial system, we have also changed the management of our accounting funds compared to previous years. Beginning in 2017, debt service expenditures are now charged directly to the Debt Service Fund instead of the Capital Fund. Beginning in 2018, capital expenditures will now be directly incurred out of the Capital Fund (instead of being spent partly out of the Capital Fund and partly out of the Revenue Fund).

## B. BUDGET DOCUMENT FORMAT

Since the basic categories were changing anyway, for 2017 we took advantage of the opportunity to make what we believe are a variety of other improvements to the budget document. We hope that these changes are informative and useful to the Board as well as to the department managers. At the same time, the budget format is still under development, and we welcome feedback about it.

The remainder of this budget document consists of a discussion of the major features in the 2018 Proposed Budget, including notable changes from previous years. We also include a table showing that the budget complies with the District's fiscal guidelines.

## SECTION 3: DISCUSSION OF 2018 PROPOSED BUDGET

### A. CHANGES FROM PRELIMINARY BUDGET

The Proposed Budget is similar to the Preliminary version submitted to the Board on September 1. The overall operating budget is less than the Preliminary budget, primarily due to reducing costs for computer hardware/communications in the Information Technology Department, improving cost estimates of maintenance at the Water Treatment Plant, and postponing the election costs, the satellite leak detection service, and the OPEB actuarial evaluation until 2019. Offsetting these reductions are the costs of a compensation study for the represented employees and legal services during the bargaining process for a new contract with represented employees. The net effect is a reduction of about 2% or approximately \$257,000.

The capital plan for the Proposed Budget stage contains changes in the timing of projects. We postponed the document management system, the inventory bar coding system, GIS Map update and various other small projects for a reduction in the capital plan of \$1,154,000.

### B. REVENUES

#### B1. UTILITY RATE REVENUE

This budget incorporates the 8.5% rate increase presented in January 2016 as part of the multi-year financial forecast developed by FCS Group. This rate increase is planned to be effective January 1, 2018. Total rate revenue is projected to be \$22,630,000 in 2018.

District staff are researching the idea of adding a surcharge on water billings for future watershed purchases. The District will also address the development of a Customer Assistance Program during our next rate study. This study is scheduled to start in 2018 and will take on the challenge of adjusting our current rate structure so as to fund these programs. How much to charge and what effect this will have on rate increases are unknown at this time.

## B2. SDF AND OTHER NON-RATE REVENUE

Non-rate revenue is projected based on the 2015 and 2016 actual amounts received, as well as a revised estimate for 2017 based on the first six months of the year.

The SDF revenue estimate is likewise based on recent experience. It is estimated to be \$1,100,000 in 2018. SDF revenue is kept in a separate fund, and may be used for growth related or capacity related capital expenditures for the water system.

Revenue projections for the Proposed Budget are shown in Exhibit 1.

### *Exhibit 1: Projected Revenues*

	2016 Actual	2017 Budget	2017 Revised Estimate	2016-2017 % Change	2018 Proposed
<b>Operating Revenue</b>					
Residential/Multifamily	13,343,193	14,534,000	14,710,676	10.2%	16,090,000
Commercial/Fire Protection	4,690,151	4,754,000	4,888,945	4.2%	5,305,000
Government	559,800	574,000	607,353	8.5%	659,000
Irrigation	395,956	465,000	433,340	9.4%	470,000
Resale	89,261	100,000	97,256	9.0%	106,000
<b>Total Rate Revenue</b>	<b>19,078,363</b>	<b>20,427,000</b>	<b>20,737,570</b>	<b>8.7%</b>	<b>22,630,000</b>
Misc Operating Revenues	281,853	263,288	306,026	8.6%	263,288
<b>Total Operating Revenue</b>	<b>19,360,216</b>	<b>20,690,288</b>	<b>21,043,597</b>	<b>8.7%</b>	<b>22,893,288</b>
<b>Capital Contributions</b>					
Wrk Ord Deposits (Non-Donated Plant)	228,156	240,000	324,200	42.1%	300,000
Services	367,340	400,000	481,888	31.2%	408,000
System Development Fees	1,341,132	1,020,000	1,094,808	-18.4%	1,100,000
Capital Grants	47,409	397,500	-	-100.0%	397,500
Pipe Replacement Fee	591,860	600,000	616,604	4.2%	611,000
<b>Total Capital Contributions</b>	<b>2,575,898</b>	<b>2,657,500</b>	<b>2,517,501</b>	<b>-2.3%</b>	<b>2,816,500</b>
<b>Non-Operating Revenue</b>					
Merchandising & Jobbing	-	-	-	0.0%	-
Rental Revenue	20,736	20,000	20,736	0.0%	20,000
Investment Income	69,898	63,000	3,466	-95.0%	78,200
Misc Non-Operating Income	10,575	15,000	48,378	357.5%	25,000
LUD Interest Income	32,881	30,000	32,500	-1.2%	29,000
LUD Penalty Income	3,887	4,000	5,510	41.8%	3,700
LUD Assessments	269,796	175,000	-	-100.0%	-
<b>Total Non-Operating Revenue</b>	<b>407,773</b>	<b>307,000</b>	<b>110,590</b>	<b>-72.9%</b>	<b>234,100</b>
<b>Total Revenue and Capital Contributions</b>	<b>22,343,887</b>	<b>23,654,788</b>	<b>23,671,688</b>		<b>25,943,888</b>

## C. OPERATING COSTS

### C1. SUMMARY OF OPERATING COSTS

The multi-year financial forecast developed by FCS Group includes a projection of Operating expenses based on an historical 5-year average for the Consumer Price Index (CPI) and the Construction Cost Index (CCI). The forecast also includes a projection of increases to salaries, benefits and cost for water purchased from Anacortes, which results in a annual inflation increase of approximately 2.7%. The 2018 Proposed Budget

shows an increase of 3.7% above the amount budgeted in 2017. The additional operating expenses over and above the amount calculated in the financial forecast is a result of a number of items that are either one-time costs or costs that are a result of a change to our operation.

When the additional costs for 2018 are subtracted from the Proposed operating costs, then compared to the projected operating costs for 2018 from FCS Group’s financial forecast, the remaining 2018 operating costs are 1.57% or \$198,471 more than projected. These additional costs are directly related to two additional employees in the Engineering Department: a full-time locator to replace the temporary locator, and a new Construction Manager to save the District consulting costs for management of construction projects.

Some of these additional costs that were not factored into the multi-year financial forecast include:

**Exhibit 2: Additional Costs**

New or One-time Operational Costs	
<b>Costs Related to Change of Operations</b>	
Contracted Auditor	\$50,000
Safety Consultant	140,000
Paymentus	71,600
Kaye Smith Bill Outsourcing	26,200
Safety Training for staff	22,500
<b>One-time Costs</b>	
Ranney Well Demolition	90,000
Alger Well Property Transfer	50,000
Sludge Removal	35,000
Reservoir Intake Piping Study	40,000
District-wide training for Northstar/Cayenta/Cityworks and PCI Compliance	70,000
Water Rate Study	25,000
Collective Bargaining Costs	25,000
Total	645,300
2018 Budgeted O&M Costs	13,471,812
2018 Adjusted O&M Costs	12,826,512
Projected 2018 O&M Costs per 2017 FCS Financial Plan	12,628,040
Change in O&M Costs Compared to Projection (\$)	\$198,471
Change in O&M Costs Compared to Projection (%)	1.57%

Exhibit 3 shows how the department budgets are distributed among the major functions.

**Exhibit 3: Summary of Operating Budget**

2017 Proposed O&M Budget									
	01 Supply	03 Treatment	05 T&D	06 Broadband	07 Cust Svc	08 Admin	Expend Offsets	Taxes and Non-Oper	Total
Commissioner						208,319			208,319
Executive						1,218,524			1,218,524
Human Resources						220,898			220,898
Safety						187,800			187,800
Information Technology			38,650			960,952			999,602
Broadband				59,200					59,200
Finance						663,466			663,466
Stores						333,193	(140,000)		193,193
Meters					612,992				612,992
Customer Service					652,915				652,915
Billing					226,510				226,510
Community Relations					212,924				212,924
Engineering	128,000		6,900			1,558,760			1,693,660
Construction & Maintenance			816,335			160,191			976,526
Operations Support		-	52,000			765,093	(360,000)		457,093
Water Treatment Plant	357,000	2,022,474							2,379,474
Water Quality and Lab	13,528	140,144	121,039			32,720			307,431
Distribution	286,600	-	899,994			34,250			1,220,844
Facilities		5,000	15,000		1,000	214,052			235,052
Non-Departmental						86,468	(500,000)	1,158,920	745,389
<b>Total Cash Operating Expenses</b>	<b>785,128</b>	<b>2,167,618</b>	<b>1,949,918</b>	<b>59,200</b>	<b>1,706,341</b>	<b>6,644,686</b>	<b>(1,000,000)</b>	<b>1,158,920</b>	<b>13,471,812</b>

A historical view of the operating budget is only available by function and by line item since the chart of accounts previously was not broken out by department. Exhibit 4 shows a comparison over time by function, while Exhibit 5 shows that same comparison by line item.

**Exhibit 4: Historical Summary of Operating Budget by Function**

2017 Budget Summary by Function	2015 Actual	2016 Budget	2016 Actuals	2017 Budget	2017 Revised Estimate	Proposed 2018 Budget	\$ Change from 2017 Budget	% Change from 2017 Budget
Supply (01)	732,518	700,000	784,320	846,300	490,248	785,128	(61,172)	-7.2%
Treatment (03)	1,718,875	2,060,000	1,713,345	2,142,892	1,973,686	2,167,618	24,726	1.2%
Transmission & Dist (05)	2,738,945	2,657,500	2,340,527	2,006,514	1,303,302	1,949,918	(56,596)	-2.8%
Customer Service (07)	1,109,612	1,300,000	1,255,267	1,631,474	1,726,502	1,706,341	74,867	4.6%
Administration (08)	4,165,277	4,973,500	4,040,804	5,318,881	5,714,210	5,703,886	385,005	7.2%
Taxes and Other (09)	924,371	990,500	973,885	1,048,400	1,082,444	1,158,920	110,520	10.5%
<b>Total</b>	<b>11,389,598</b>	<b>12,681,500</b>	<b>11,108,147</b>	<b>12,994,461</b>	<b>12,290,392</b>	<b>13,471,812</b>	<b>477,351</b>	<b>3.7%</b>



**Exhibit 5: Historical Summary of Operating Budget by Line Item**

Skagit PUD - 2018 Proposed Budget		2015	2016	2016	2017	2018	\$ Change	% Change
Summary by Line Item		Actual	Budget	Actual	Budget	Proposed	from 2017	from 2017
6010	Salary, Wages and Benefits	\$ 7,564,313	\$ 8,253,699	\$ 7,784,099	\$ 8,467,702	\$ 8,550,078	\$ 82,376	1.0%
6180	Chemicals	403,266	420,000	342,485	402,050	426,550	24,500	6.1%
6200	Materials & Supplies	626,856	725,750	589,583	659,448	583,807	(75,641)	-11.5%
6204	Broadband Sales Costs					4,000	4,000	0.0%
6205	Broadband Supplies and Materials	35,316	45,000	37,126	30,000	39,100	9,100	30.3%
6213	Power Purchased for Pumping	473,729	543,750	489,324	524,500	484,500	(40,000)	-7.6%
6215	Ran Barrels	-	-	-	3,600	3,600	-	0.0%
6221	Community Relations	-	-	-	11,850	16,600	4,750	40.1%
6222	Insurance Claims and Reimbursements	1,179	2,000	2,221	-	2,000	2,000	0.0%
6225	Maintenance Contracts	17,333	25,000	15,758	26,800	20,550	(6,250)	-23.3%
6226	Memberships, Licenses, Certifications	71,766	70,000	60,647	74,952	83,066	8,114	10.8%
6228	General Supplies & Non-Professional Services	307,793	134,000	197,041	252,997	275,863	22,866	9.0%
6229	Postage and Shipping	88,662	91,000	96,201	94,560	94,960	400	0.4%
6231	Security	3,240	3,500	3,524	3,240	3,740	500	15.4%
6232	Tools and Small Equipment	27,938	52,750	34,864	32,700	59,750	27,050	82.7%
6234	Utilities	124,916	157,850	130,523	161,270	191,310	30,040	18.6%
6235	Permits	-	-	-	34,265	34,265	-	0.0%
6251	Computer Hardware, Communications, SCADA	91,733	202,500	121,611	188,750	118,900	(69,850)	-37.0%
6252	Computer Software, Licenses and Support	224,568	280,372	287,537	227,200	343,990	116,790	51.4%
6255	Education, Training, Travel and Conferences	72,712	138,079	92,946	198,595	235,875	37,280	18.8%
6260	Building, Furniture, Grounds and Roads	183,531	209,750	204,551	161,822	204,922	43,100	26.6%
6261	Safety	65,214	85,500	83,004	42,180	42,880	700	1.7%
6268	Water Purchased from Others	215,131	200,000	272,720	185,000	185,000	-	0.0%
6230	Professional Services	179,323	406,000	356,108	677,200	620,000	(57,200)	-8.4%
6240	Rental Expense	4,232	4,500	2,810	-	-	-	0.0%
6500	Transportation-Fuel	92,324	135,000	72,957	100,000	100,000	-	0.0%
6501	Transportation-Parts	69,234	110,000	79,815	60,000	60,000	-	0.0%
6502	Transportation-Outside Services	-	-	-	15,000	30,000	15,000	100.0%
6560	Insurance-Property	108,214	215,000	185,495	168,288	180,000	11,712	7.0%
6570	Insurance-Liability	251,443	185,000	190,456	171,092	260,000	88,908	52.0%
6590	Insurance-Other	3,566	-	34,143	-	5,085	5,085	0.0%
6266	Advertising	14,894	30,000	14,072	21,000	22,500	1,500	7.1%
6267	Bad Debts	28,169	30,000	44,647	30,000	30,000	-	0.0%
<i>Expenditure Offsets:</i>								
6550	Transportation Overhead Charge	(107,312)	(140,000)	(381,163)	(360,000)	(360,000)	-	0.0%
6750	Inventory Administrative Overhead	(248,515)	(275,000)	(227,149)	(220,000)	(140,000)	80,000	-36.4%
6751	Administrative Expense Transferred	(529,535)	(650,000)	(1,083,695)	(500,000)	(500,000)	-	0.0%
<i>State Taxes:</i>								
4080	Utility Taxes	906,570	970,000	956,602	999,000	1,109,000	110,000	11.0%
<i>Other Expenditures:</i>								
4082	State Excise Taxes	-	-	-	30,000	32,000	2,000	6.7%
4084	Fire and Dike District Taxes	14,685	18,000	13,804	17,000	16,520	(480)	-2.8%
4087	Miscellaneous Taxes	195	-	195	200	600	400	200.0%
4299	Miscellaneous Expenses	2,921	2,500	3,284	2,200	800	(1,400)	-63.6%
<b>Total Cash Operating Expenditures</b>		<b>\$ 11,389,598</b>	<b>\$ 12,681,500</b>	<b>\$ 11,108,147</b>	<b>\$ 12,994,461</b>	<b>\$ 13,471,812</b>	<b>\$ 477,351</b>	<b>3.7%</b>

**C2. AGENCY MEMBERSHIPS**

The District is a member of many different organizations and we participate in a number of different groups and agencies where we have identified a business interest. Exhibit 6 is a listing of the various agencies, organizations and groups that the District has included in the 2018 Proposed Budget.

**Exhibit 6: Agency Memberships the District Participates In**

Membership	2018 Proposed
Skagit Council of Governments (SCOG)	1,314
Washington PUD Association (WPUDA)	54,167
Washington Water Utilities Council (WWUC)	2,000
Economic Development Association of Skagit County (EDASC)	2,500
Washington Association of Sewer & Water Districts	295
American Water Works Association (AWWA)	5,730
Salmon Festival	5,000
Mount Vernon Chamber	775
Burlington Chamber	600
Sedro Woolley Chamber	750

**C3. STAFFING**

2017 included the addition of a Financial Systems Administrator, the addition of a part-time Customer Service Representative and the outsourcing of our auditing functions to an outside consultant. All three of these changes have proven to be very successful, and additional changes are proposed for 2018.

It is proposed to add a full time Construction Manager for our large capital projects because it will save the District money by not having to hire a consultant for that same work. The bulk of our large capital projects will take place in the next ten years, and so this position is intended to have a duration of approximately ten years.

For many years the District has filled a temporary position to satisfy our utility locates requirements. For the past four years, this has been a full-time temporary position that we have hired through a local employment agency. Based on our need to perform this function, we have hired a full-time Locator as part of our Engineering staff.

The Meter Department and the Facility Department will be offering part-time positions during the summer months to provide maintenance work around meters and District facilities. The District has hired summer help for Operations in the past and did so again in 2017. The Meter Department also hired summer help in 2017 and found the position was very successful in clearing brush and other debris from around meters.

The 2018 Preliminary Budget includes hiring a Safety Consultant to update and manage our safety program, similar to 2017. It is the District’s intent to hire someone full-time for this position, as it has been proven that there is an ongoing need to meet the requirements of our operations. While the safety program may not warrant a full-time position by itself, we are looking to add other relevant job responsibilities for this position to create the full-time position. We will continue to refine the position responsibilities with the hopes of advertising in 2018.

To support the District’s efforts to participate in the internship program at Bellingham Technical College, we have budgeted for interns to work at the water treatment plant on a year round basis for approximately 20 hours per week. It is our hopes that the interns will create a pool of skilled and knowledgeable potential applicants for vacant positions at the plant.

The Finance Department will be offering an internship position to current college students to provide accounting majors an opportunity to learn about government accounting. We have budgeted for an intern to work 20 hours per week for approximately 6 months. In 2018, this position will be focusing on updating and creating financial policies for the District.

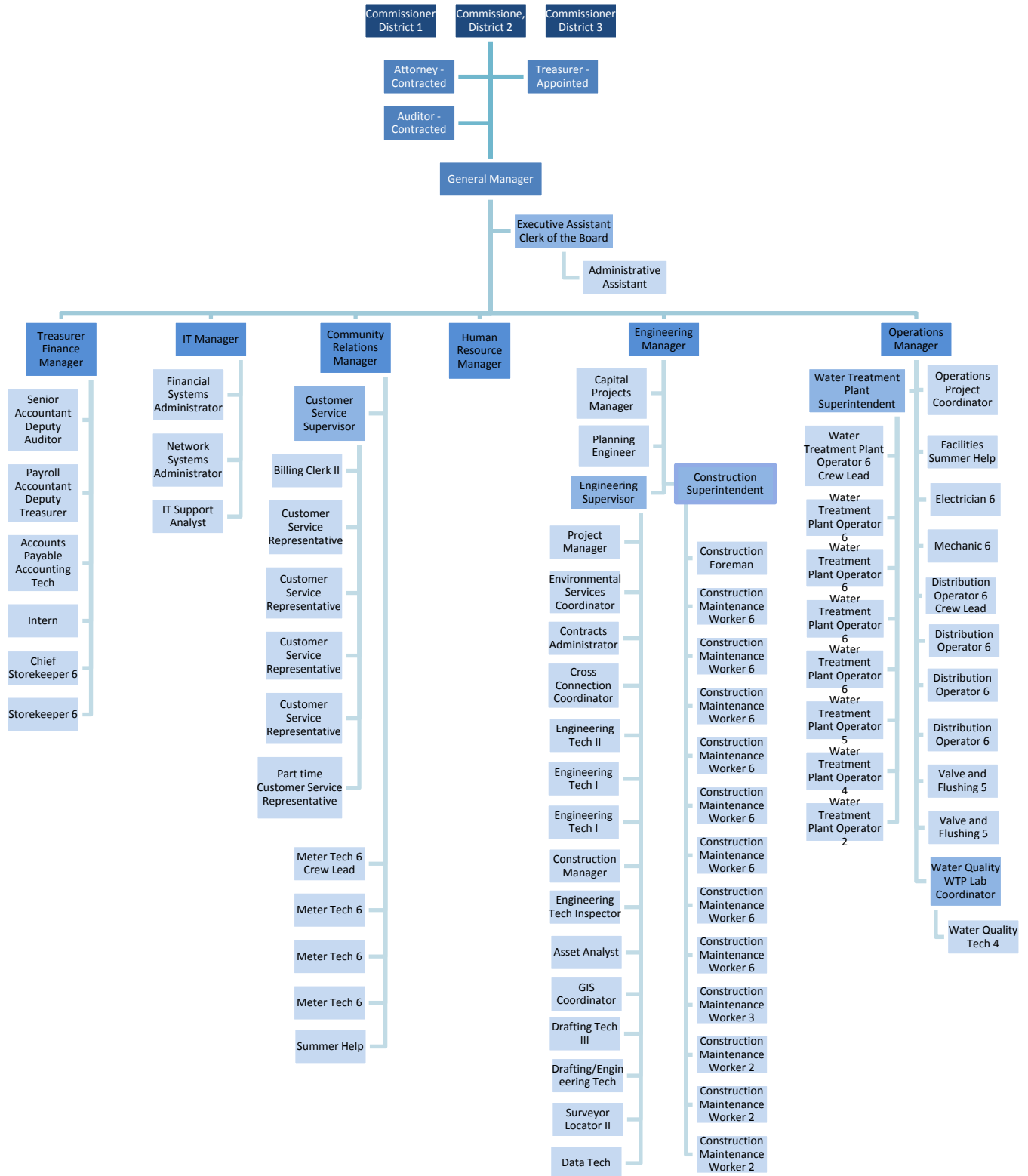
In 2017, the District has contracted with a specialist to conduct a salary survey for non-represented employees. It is the Districts intentions to include the results of the survey in the 2018 budget through an upcoming modification.



**Exhibit 7: Summary of Full-Time Equivalent Positions (FTEs)**

2018 Proposed Budget Authorized FTEs by Department	2013	2014	2015	2016	2017	Proposed 2018	Changes in 2018
Commissioner	-	-	-	-	-	-	
Executive	3.00	3.00	3.00	3.00	3.00	3.00	
Human Resources	1.00	1.00	1.00	1.00	1.00	1.00	
Safety	-	-	-	-	-	-	
Information Technology	3.00	3.00	3.00	3.00	4.00	4.00	
Broadband	-	-	-	-	-	-	
Finance	5.00	5.25	5.25	5.00	4.25	4.25	Remove summer help/Add intern
Stores	2.00	2.00	2.00	2.00	2.00	2.00	
Meters	4.00	4.00	4.00	4.00	4.00	4.42	Add summer
Customer Service	5.00	5.00	5.00	5.00	5.65	5.63	
Billing	1.00	1.00	1.00	1.00	1.00	1.00	
Community Relations	1.00	1.00	1.00	1.00	1.00	1.00	
Engineering	17.75	17.00	18.00	18.00	18.00	20.00	Add Locator & Const. Mgr.
Construction & Maintenance	13.00	13.00	13.00	14.00	14.00	14.00	
Operations Support	4.00	4.00	4.00	4.00	4.25	4.00	
Water Treatment Plant	9.00	9.00	9.00	9.00	9.00	9.50	Add Intern
Water Quality and Lab	3.00	3.00	3.00	2.00	2.00	2.00	
Distribution	3.00	3.00	3.00	4.00	6.00	6.00	
Facilities	-	-	-	-	-	0.42	Add summer help
<b>Total</b>	<b>74.75</b>	<b>74.25</b>	<b>75.25</b>	<b>76.00</b>	<b>79.15</b>	<b>82.22</b>	

**Exhibit 8: Organization Chart**



## D. CAPITAL COSTS

Exhibit 9 is a summary of an updated capital improvement program (CIP). It contains revised expenditure estimates for projects authorized for 2017, and then constant-dollar estimates for the eleven years from 2017 through 2027. One significant change that was made to the CIP involves an adjustment in the overall project cost and the timing of the construction of the Judy Reservoir to Mount Vernon Transmission Line Phase 2. The project budget was revised in 2017 to account for updated construction costs and it was originally scheduled to be constructed in 2018, but permitting and land acquisition issues have resulted in the construction to be pushed back into 2019 and 2020. As a result of this new construction window, some other projects were moved earlier in the CIP to try and keep a balance in the overall workload and expenditures. Projects that were moved up include the Judy Reservoir to Sedro Woolley Transmission Lines and the McLean Road Pipeline.

The total cost of the CIP over the 11-year period in this budget has decreased from what was adopted in the 2017 Budget by approximately \$1.3 million. However, due to the shuffling of projects described above, there are more projects to be completed in the first six years of the CIP (2017-2022) and the total amount in those first six years has increased by about \$11.988 million, or just over \$2 million per year.

Capital Improvement needs were identified through

- Comprehensive system planning process
- Internally developed capital improvement plan

Capital funding plan identifies funding sources available

- Cash reserves, rate funding, SDF, developer contributions, and debt

Rate funded capital replacement is a prudent fiscal target with the following purposes:

- Ongoing system reliability/sustainability
- Equity, charge customers commensurate with the consumption of facility useful life
- Rate stability

**Exhibit 9: Summary of Planned Capital Improvement Projects 2017-2027 (in 2017 Constant Dollars)**

Description	Total 2017-27 (Constant \$)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>Department Capital:</b>												
Finance	\$ 66,000	\$ 25,000	\$ 15,000	\$ 26,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Computer Software/ IT	5,408,000	529,000	379,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Customer/ Meter	70,373	15,000	55,373									
Equipment/Ops	4,016,500	526,000	990,500	600,000	400,000	600,000	150,000	150,000	150,000	150,000	150,000	150,000
Water Treatment Plant	7,295,500	1,984,000	811,500	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Engineering	2,211,500	254,000	157,500	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
<b>Major Capital:</b>												
<b>Operations and Maintenance:</b>												
Cedar Hills Booster Pump	-											
WTP Chemical Feed System Replacement	850,000	850,000										
WTP Dry Scrubber Retrofit	450,000			450,000								
Raw Water PS Pump Analysis (RH2)	200,000	125,000	75,000									
Raw Water Pump Station Upgrade	3,800,000	100,000	1,500,000	1,200,000	1,000,000							
Document Management Software	500,000			500,000								
Badger ORION 5/8 Meter Transmitter Replace	2,500,000									2,500,000		
Cayenta and City Works	240,000	180,000	60,000									
<b>Transmission Pipelines:</b>												
Josh Wilson Road Improvements	65,000	65,000										
Div St. Tank, Booster and N. 30th Piping	8,000,000	6,500,000	1,500,000									
Transmission Line, Judy - MV Phase 2	27,000,000	2,100,000	2,500,000	11,200,000	11,200,000							
Judy SW Transmission Phase 2	6,100,000					1,000,000	5,100,000					
Judy SW Transmission Phase 3	17,200,000						1,300,000	1,700,000	13,200,000	1,000,000		
Judy SW Transmission Phase 4	4,800,000						1,000,000	3,800,000				
<b>Pipelines:</b>												
Burklund Road Pipeline	4,700,000			1,000,000	3,700,000							
Conway I-5 Crossing	1,200,000	200,000	1,000,000									
McLean Road Pipeline	7,500,000			200,000	500,000	6,800,000						
Best Road Pipeline	5,200,000	50,000	5,150,000									
North Fork Skagit River Crossing	9,600,000										1,000,000	8,600,000
<b>Fiber:</b>												
Josh Wilson Fiber	-											
Burlington Hill Fiber	-											
PUD Campus Fiber from Burlington	-											
Old 99 and Cook Rd. Fiber to Sedro Woolley	-											
PUD Campus Fiber from 9th and Highland	100,000		30,000	70,000								
Division St Fiber from 9th and Highland	100,000	30,000	70,000									
Division St Fiber from Waugh Road Booster	40,000		20,000	20,000								
Division St Fiber to Eagle's Nest	100,000		30,000	70,000								
Cascade Ridge Fiber Segment 1	250,000				50,000	200,000						
Cascade Ridge Fiber Segment 2	150,000				30,000	120,000						
Cascade Ridge Fiber Segment 3	300,000				50,000	250,000						
Cascade Ridge Fiber Segment 4	175,000				50,000	125,000						
Duke's Hill Tank Fiber	175,000					50,000	125,000					





## D1. CATEGORIES OF CAPITAL PROJECTS:

**Department Capital** – These are capital expenses that are required on either a one time basis or on a yearly basis to maintain operation of District facilities and functions. Examples include vehicles, construction equipment, facility equipment, and pump replacements and replacement equipment at the Water Treatment Plant.

**Major Capital** – These are the larger projects that most people associate with a Capital Improvement Program. Projects include pipeline replacement, reservoir construction, fiber optic construction, etc. It also includes large department capital projects such as the raw water pump station upgrade.

**Pipe Replacement** – The District’s pipe replacement program includes the survey, design and construction of pipe replacement projects to replace old, undersized or defective pipes.

## D2. CAPITAL PROGRAM CHANGES

According to the 2017 Financial Plan, the total value of the capital projects from 2017-2027 was \$174.3 million. Based on the updated capital plan for the 2018 budget, the total value of the capital projects from 2017-2027 is now \$173 million. The \$1.3 million reduction in the capital program is a result of the following changes:

### a) Department Capital

The 2017 Financial Plan included a preliminary estimate of department capital costs from Operations, Engineering, Water Treatment Plant, Meters, Finance, and the IT Departments for the years 2017-2026. As more thought and preparation is invested in the operation of our system, department capital projects were developed for the 2018 budget. This includes; Operations is seeking to replace two large pieces of equipment in addition to the normal rotation of fleet and equipment; the District will be conducting a study to determine what the District’s building needs will be for the future; major upgrades are needed at the Water Treatment Plant; and the IT department has upgrades planned for the various software used by the District, improvements to the SCADA system and DOH security mandates. For the period 2017-2027, department capital projects were reduced by \$3.8 million from the 2017 Adopted Budget. This is due to the \$3.8 million needed to replace the pumps at the raw water pump station re-classified as major capital.

### b) Major Capital

A review of each of the projects in this category was performed to update the construction costs based on recent projects and an additional \$20.09 million was added to the CIP as a result. An additional \$9 million was added to the CIP for transmission pipeline projects, and an additional \$2.5 million was added to other pipeline projects. A value to purchase the Gilligan Creek Watershed Land was added for \$1.59 million and \$3.8 million was re-classified from Department Capital for the raw water pump station upgrade. Projects that are “Mandated by Other Agencies” are typically \$300,000 each year, however, in 2018 \$810,000 is budgeted for this line item because of the work associated with the Mount Vernon College Way improvement project. Also, new reservoir projects are also appearing in the last year of the CIP to allow for anticipated growth. These are placeholders that depend on the growth patterns of the District.

### c) Pipe Replacement

The typical amount that is budgeted for pipe replacement each year is \$3.5 million. The 2016 Financial Plan had an escalation factor on the pipe replacement budget which resulted in an increasing budget line item reaching a total of nearly \$8 million in 2026. While cost escalation factors need to be built into the budget for labor and materials, our current staffing level could not support the amount of money set aside in the budget for pipe replacement. Therefore, the escalation factors were reduced to a level that is more reasonable, so as to not over-state our funding requirements.

## E. CAPITAL BUDGET AND DEBT SERVICE

The first year of the CIP in Exhibit 9 is the capital budget, which is shown in Exhibit 10 along with a revised estimate of 2017 spending. The 2018 capital budget includes one year of projected inflation, since the figures in Exhibit 8 were shown in 2017 constant dollars.

In previous years, funding of the debt service was apportioned between the Revenue Fund and the System Development Fund. Starting with the 2018 budget, 100% of the debt service will be funded by the Revenue Fund allowing all of the System Development revenue to go towards capital projects.

Exhibit 10 shows the debt service payments scheduled for 2018.

### ***Exhibit 10: 2018 Capital Budget and Debt Service***

Summary of Capital Budget and Debt Service	2017	2018	2018
	Revised	Without	Proposed
<i>2018 Proposed Budget Includes Est. Inflation</i>	Estimate	Inflation	Budget
<b>Capital Budget</b>			
Department Capital	\$ 3,333,000	\$ 2,408,873	\$ 2,474,685
Major Capital	11,790,000	13,045,000	12,569,267
Annual Pipe Replacement	3,500,000	3,500,000	3,595,622
<b>Total Capital Budget</b>	<b>\$ 18,623,000</b>	<b>\$ 18,953,873</b>	<b>\$ 18,639,574</b>
<b>2018 Debt Service</b>			
	Interest	Principal	Total
Debt Service - Bonds	\$ 566,440	\$ 1,300,011	\$ 1,866,451
Less: Federal Tax Credit on 2009B Bonds	(71,015)		(71,015)
<b>Net Debt Service - Bonds</b>	<b>\$ 495,424</b>	<b>\$ 1,300,011</b>	<b>\$ 1,795,436</b>
Public Works Trust Fund Loans	31,831	1,356,201	1,388,032
Other State Loans	169,718	325,647	495,365
<b>Total Debt Service</b>	<b>\$ 696,973</b>	<b>\$ 2,981,859</b>	<b>\$ 3,678,832</b>

## F. FISCAL MANAGEMENT TARGETS

The adequacy of the budget is tested by looking at it in the context of long-term financial policies and seeing whether the budget achieves the District’s fiscal management targets. Following are some comments about how the Adopted Budget compares with the fiscal management targets.

### a) Revenue Fund Ending Balance

*Target:* 2.5 months O&M + Depreciation (\$3.799 million for 2018).

*Projected:* \$4.4 million, which exceeds the target.

### b) Net Liquidity

*Target:* =>180 days of O&M expenses, including fund balances for Revenue, Major Capital, SDF, Rate Stabilization and Debt Service funds.

*Projected:* 205 days, which exceeds the target.

### c) Debt Service Coverage

*Target:* Minimum 1.25 for bonded debt; Planning target for bonded debt is 2.0

*Projected:* 7.0 on bonded debt, which exceeds the target. Debt service coverage on all debt is 3.55.

d) Rate funded capital

*Target:* \$3.5 million minimum (slowly increasing to depreciation expense)

*Projected:* Planned rate-funded capital for 2018 is \$6.678 million, which exceeds the target.

The comparison of the 2018 Preliminary Budget with the District’s fiscal management targets is shown in Exhibit 11.

**Exhibit 11: Comparison of 2018 Preliminary Budget with Fiscal Management Targets**

Fund Summary	2017 Revised	2018
Cash Resources and Requirements	Estimate	Proposed
<b>Major Capital Fund</b>		
<b>Resources:</b>		
Beginning Fund Balance	\$ 6,289,366	\$ 5,921,019
External Revenue:		
Grant from Dept of Ecology	\$ -	\$ 397,500
Investment Earnings	34,208	33,330
Total External Revenue	\$ 34,208	\$ 430,830
Debt Proceeds:		
Debt Proceeds - PWTF Loan (Division St tank)	\$ 6,992,445	\$ -
Debt Proceeds - PWTF Loan (Mountain View)	\$ -	\$ 300,000
Debt Proceeds - Dept of Ecology (Gilligan Cr)	\$ -	\$ 1,192,500
Debt Proceeds - Bonds	4,200,000	8,000,000
Total Debt Proceeds	\$ 11,192,445	\$ 9,492,500
Transfers from Other Funds:		
Revenue Fund - Capital Projects	485,000	770,000
System Development Fund - Capital Projects	310,000	1,000,000
Total Capital Projects Transfers	\$ 795,000	\$ 1,770,000
Total Transfers from Other Funds	\$ 795,000	\$ 1,770,000
Total Revenue	\$ 12,021,653	\$ 11,693,330
Total Resources	\$ 18,311,019	\$ 17,614,349
<b>Requirements:</b>		
Capital Expenditures:		
Major Capital Projects	\$ 12,390,000	\$ 13,045,000
Department Capital Projects	-	-
Annual Pipe Replacement	-	-
Total Capital Expenditures	\$ 12,390,000	\$ 13,045,000
Transfers to Other Funds:		
Debt Service Fund - new debt minimum reserve	\$ -	\$ 709,517
Debt Service Fund - Minimum Bond Reserve	\$ -	991,672
Total Transfers to Other Funds	\$ -	\$ 1,701,189
Total Expenditures	\$ 12,390,000	\$ 14,746,189
Ending Fund Balance	\$ 5,921,019	\$ 2,868,160
Total Requirements	\$ 18,311,019	\$ 17,614,349

## G. RATE FORECAST SUMMARY

An 8.5% rate increase is required in 2018 to meet financial obligations in this budget. Because this budget includes a larger capital program in the first six years than last year's budget, bond issues will be needed in 2018 through 2022, and it will be important to monitor future rate needs. However, the schedule of rate increases presented by FCS Group in January 2016 is still expected to be adequate for at least 5 years, through 2020. The schedule included across-the-board increases of 8% in 2016, 8.5% in 2017-2019, and 8% in 2020.

For 2018, the average residential rate impact of this budget is \$2.80/month, assuming 6 ccf of water use.

## H. FUND SUMMARIES

Following are fund summaries for each of the District funds, using a cash budgetary basis. The fund summaries are followed by a projected statement of Revenues, Expenses and Changes in Fund Net Assets, which is on the GAAP (Generally Accepted Accounting Principles) basis that is used for financial reporting.

**Exhibit 12: Revenue Fund Summary**

Fund Summary	2017 Revised	2018
Cash Resources and Requirements	Estimate	Proposed
<b>Revenue Fund</b>		
<b>Resources:</b>		
Beginning Fund Balance	\$ 4,414,708	\$ 4,333,089
External Revenue:		
Rate Revenue	\$ 20,737,570	\$ 22,630,000
Miscellaneous Service Fees	306,026	263,288
Capital Surcharge for Pipe Replacement	616,604	611,000
Services/Meters/Developer Projects	806,088	708,000
Investment Earnings	32,910	28,500
Non-Operating Revenues	110,590	186,780
Total External Revenue	\$ 22,609,790	\$ 24,427,568
Transfers from Other Funds:		
System Development Fund (Developer Projects)	\$ 50,000	\$ 50,000
Total Transfers from Other Funds	\$ 50,000	\$ 50,000
Total Revenue	\$ 22,659,790	\$ 24,477,568
Total Resources	\$ 27,074,498	\$ 28,810,657
<b>Requirements:</b>		
Cash Operating Expenditures:		
Cash Operating Budget	\$ 12,290,392	\$ 13,471,812
Projected Underexpenditure	(704,069)	
Net Cash Operating Expenditures	\$ 11,586,323	\$ 13,471,812
Capital Expenditures:		
Services/Meters/Developer Projects	\$ 806,088	\$ 708,000
Department Capital Projects	3,333,000	2,408,873
Annual Pipe Replacement	3,500,000	3,500,000
Total Capital Expenditures	\$ 7,639,088	\$ 6,616,873
Transfers to Other Funds:		
Debt Service Fund - Annual Debt Service	\$ 2,940,636	\$ 3,523,015
Capital Fund - Major Capital Projects	485,000	770,000
Debt Service Fund - Minimum Bond Reserve	90,361	-
Total Transfers to Other Funds	\$ 3,515,997	\$ 4,293,015
Total Expenditures	\$ 22,741,409	\$ 24,381,700
Ending Fund Balance	\$ 4,333,089	\$ 4,428,957
Total Requirements	\$ 27,074,498	\$ 28,810,657



**Exhibit 13: Major Capital Fund Summary**

Fund Summary	2017 Revised	2018
Cash Resources and Requirements	Estimate	Proposed
<b>Major Capital Fund</b>		
<b>Resources:</b>		
Beginning Fund Balance	\$ 6,289,366	\$ 5,921,019
External Revenue:		
Grant from Dept of Ecology	\$ -	\$ 397,500
Investment Earnings	34,208	33,330
Total External Revenue	\$ 34,208	\$ 430,830
Debt Proceeds:		
Debt Proceeds - PWTF Loan (Division St tank)	\$ 6,992,445	\$ -
Debt Proceeds - PWTF Loan (Mountain View)	\$ -	\$ 300,000
Debt Proceeds - Dept of Ecology (Gilligan Cr)	\$ -	\$ 1,192,500
Debt Proceeds - Bonds	4,200,000	8,000,000
Total Debt Proceeds	\$ 11,192,445	\$ 9,492,500
Transfers from Other Funds:		
Revenue Fund - Capital Projects	485,000	770,000
System Development Fund - Capital Projects	310,000	1,000,000
Total Capital Projects Transfers	\$ 795,000	\$ 1,770,000
Total Transfers from Other Funds	\$ 795,000	\$ 1,770,000
Total Revenue	\$ 12,021,653	\$ 11,693,330
Total Resources	\$ 18,311,019	\$ 17,614,349
<b>Requirements:</b>		
Capital Expenditures:		
Major Capital Projects	\$ 12,390,000	\$ 13,045,000
Total Capital Expenditures	\$ 12,390,000	\$ 13,045,000
Transfers to Other Funds:		
Debt Service Fund - new debt minimum reserve	\$ -	\$ 709,517
Debt Service Fund - Minimum Bond Reserve	\$ -	991,672
Total Transfers to Other Funds	\$ -	\$ 1,701,189
Total Expenditures	\$ 12,390,000	\$ 14,746,189
Ending Fund Balance	\$ 5,921,019	\$ 2,868,160
Total Requirements	\$ 18,311,019	\$ 17,614,349

**Exhibit 14: System Development Fund Summary**

Fund Summary	2017 Revised	2018
Cash Resources and Requirements	Estimate	Proposed
<b>System Development Fund</b>		
<b>Resources:</b>		
Beginning Fund Balance	\$ 2,078,474	\$ 1,553,010
External Revenue:		
System Development Fees	\$ 1,094,808	\$ 1,100,000
Investment Income	<u>\$ 11,403</u>	<u>\$ 11,110</u>
Total Revenue	<u>\$ 1,094,808</u>	<u>\$ 1,111,110</u>
Total Resources	<u><u>\$ 3,173,282</u></u>	<u><u>\$ 2,664,120</u></u>
<b>Requirements:</b>		
Transfers to Other Funds:		
Debt Reserve- Debt Service (SDF Share)	\$ 1,260,272	\$ -
Revenue Fund - Developer Projects	\$ 50,000	\$ 50,000
Capital Fund - Major Capital Projects	<u>310,000</u>	<u>1,000,000</u>
Total Transfers to Other Funds	<u>\$ 1,620,272</u>	<u>\$ 1,050,000</u>
Total Expenditures	<u>\$ 1,620,272</u>	<u>\$ 1,050,000</u>
Ending Fund Balance	<u>\$ 1,553,010</u>	<u>\$ 1,614,120</u>
Total Requirements	<u><u>\$ 3,173,282</u></u>	<u><u>\$ 2,664,120</u></u>

**Exhibit 15: Debt Service Fund Summary**

Fund Summary	2017 Revised	2018
Cash Resources and Requirements	Estimate	Proposed
<b>Debt Service Fund &amp; Bond Reserves</b>		
<b>Resources:</b>		
Beginning Fund Balance	\$ 1,762,813	\$ 2,719,700
External Revenue:		
LUD Prior Lien Assessments, Interest, Penalties	\$ 4,920	226,833
Investment Income	5,315	5,260
Total External Revenue	\$ 4,920	\$ 232,093
Transfers from Other Funds:		
Revenue Fund - Minimum Bond Reserve	\$ 90,361	\$ -
Capital Fund - Minimum Bond Reserve		991,672
Capital Fund - Bond Reserve for new debt	-	709,517
System Development Fund - Annual Debt Service	1,260,272	-
Revenue Fund - Annual Debt Service	2,940,636	3,523,015
Total Transfers from Other Funds	\$ 4,291,269	\$ 5,224,204
Total Revenue	\$ 4,296,189	\$ 5,456,297
Total Resources	\$ 6,059,002	\$ 8,175,997
<b>Requirements:</b>		
Debt Service Payments:		
Interest Expense	\$ 471,110	\$ 767,988
Federal Tax Credit for 2009B Bonds	(66,115)	(63,201)
Principal Payments	2,934,307	2,981,859
Debt Service Fund	-	991,672
Total Debt Service Payments	\$ 3,339,302	\$ 3,686,647
Total Expenditures	\$ 3,339,302	\$ 3,686,647
Ending Fund Balance	\$ 2,719,700	\$ 4,489,350
Total Requirements	\$ 6,059,002	\$ 8,175,997

**Exhibit 16: Rate Stabilization Fund Summary**

Fund Summary Cash Resources and Requirements	2017 Revised Estimate	2018 Proposed
<b>Rate Stabilization Fund</b>		
<b>Resources:</b>		
Beginning Fund Balance	\$ 37,159	\$ 37,159
Transfers from Other Funds:		
Revenue Fund	\$ -	\$ -
Total Revenue	<u>\$ -</u>	<u>\$ -</u>
Total Resources	<u><u>\$ 37,159</u></u>	<u><u>\$ 37,159</u></u>
<b>Requirements:</b>		
Transfers to Other Funds:		
Revenue Fund	\$ -	\$ -
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>
Ending Fund Balance	<u>\$ 37,159</u>	<u>\$ 37,159</u>
Total Requirements	<u><u>\$ 37,159</u></u>	<u><u>\$ 37,159</u></u>

**Exhibit 17: Summary of All Funds – Cash Resources and Requirements**

All Funds Cash Resources and Requirements	2017 Revised Estimate	2018 Proposed
Total Resources and Requirements	\$ 54,654,959	\$ 57,302,281
Less: Interfund Transfers	<u>(5,136,269)</u>	<u>(7,044,204)</u>
External Resources and Requirements	<u><u>\$ 49,518,690</u></u>	<u><u>\$ 50,258,077</u></u>

**Exhibit 18: Projected Statement of Revenues, Expenses, and Changes in Fund Net Assets (GAAP Basis)**

PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY				
Proposed Budget - Statement of Revenues, Expenses, and Changes in Fund Net Position (GAAP Basis)				
Projected For the Years Ending December 31, 2018 and 2017				
	2017 Budget	Proposed 2018 Budget	\$ Change	% Change
<b>Operating Revenues:</b>				
Residential-Multiple	14,534,000	16,090,000	1,556,000	10.71%
Commercial	4,754,000	5,305,000	551,000	11.59%
Governmental	574,000	659,000	85,000	14.81%
Irrigation	465,000	470,000	5,000	1.08%
Resale	100,000	106,000	6,000	6.00%
Total Water Sales	20,427,000	22,630,000	2,203,000	10.78%
Misc. Revenues	263,288	263,288	-	0.00%
Total Operating Revenues	20,690,288	22,893,288	2,203,000	10.65%
<b>Operating Expenses:</b>				
Supply	846,300	785,128	(61,172)	-7.23%
Treatment	2,142,892	2,167,618	24,726	1.15%
Transmission and Distribution	2,006,514	1,949,918	(56,596)	-2.82%
Customer	1,631,474	1,706,341	74,867	4.59%
Administrative, Engineering & General	5,318,881	5,703,886	385,005	7.24%
Taxes Other Than Income Taxes	999,000	1,109,000	110,000	11.01%
Depreciation (non cash)	5,046,904	5,507,039	460,135	9.12%
Other Post Employment Benefits (non cash)	275,000	271,030	(3,970)	-1.44%
Total Operating Expenses	18,266,965	19,199,961	932,996	5.11%
Operating Income (Loss)	2,423,323	3,693,327	1,270,004	52.41%
<b>Non Operating Revenues</b>				
Investment Income	63,000	78,200	15,200	24.13%
Interest, Penalty Income on LUDs	34,000	32,700	(1,300)	-3.82%
Rental Income	20,000	20,000	-	0.00%
Miscellaneous Non Operating Income	15,000	25,000	10,000	66.67%
Total Non Operating Revenue	132,000	155,900	23,900	18.11%
<b>Non Operating Expense</b>				
Miscellaneous Non Operating Expense	2,200	800	(1,400)	-63.64%
Interest on Debt, Net of Fed Tax Credit	592,209	700,321	108,112	18.26%
Amortization of discounts (premiums)	12,700	(7,300)	(20,000)	-157.48%
Capitalized Interest	(24,000)	(48,700)	(24,700)	102.92%
Other Taxes	47,200	49,120	1,920	4.07%
Total Non Operating Expense	630,309	694,241	63,932	10.14%
<b>Capital Contributions</b>				
Work Order Deposits	240,000	300,000	60,000	25.00%
Donated Plant	500,000	400,000	(100,000)	-20.00%
System Development Fees	1,020,000	1,100,000	80,000	7.84%
Special Fee-Pipe Replacement	600,000	611,000	11,000	1.83%
Services	400,000	408,000	8,000	2.00%
Local Utility District Assessments	175,000	-	(175,000)	-100.00%
Grants	397,500	397,500	-	0.00%
Total Capital Contributions	3,332,500	3,216,500	(116,000)	-3.48%
Change in Net Position	5,257,514	6,371,486	1,113,972	21.19%



**2018 CAPITAL BUDGET REQUESTS**

DEPT DESCRIPTION		Carry over from 2017	REQUESTED AMOUNT <small>(includes carry over)</small>	2018 Proposed Recommend	Funding Source	Notes
1	Const Variable Message Sign Boards		\$ 33,000	\$ -		This item will not be funded.
2	Const Paving Machine		\$ 130,000	\$ -		This item will not be funded.
3	Ops Architect Services for Building		\$ 250,000	\$ 250,000	Revenue	An allowance for Architect Services for services related to a new building.
4	Ops Mountain View Treatment Systems and Generator	\$ 30,000	\$ 30,000	\$ 30,000	Revenue	Needs motor, rewiring, treatment system and generator.
5	Ops Mailroom Conversion		\$ 25,000	\$ 25,000	Revenue	With the District's billing and mailing being conducted off site, the space is available for other purposes. Recognizing an increasing need for office space this item will repurpose the mailroom for engineering construction contract management personnel.
6	Ops 1 Ton Service Truck for Construction - Flat Bed		\$ 38,500	\$ 34,000	Revenue	Scheduled Fleet Replacement.
7	Ops Base Station & Radios		\$ 15,000	\$ 15,000	Revenue	Current truck radio system is decades old, past useful life
8	Ops 1/2 Ton Pickup		\$ 43,000	\$ 39,000	Revenue	Scheduled Fleet Replacement.
9	Ops Meter Department Truck Replacement - Replaced with Escape		\$ 37,000	\$ 26,500	Revenue	Scheduled Fleet Replacement.
10	Ops Meter Department Truck Replacement		\$ 37,000	\$ 37,000	Revenue	Scheduled Fleet Replacement.
11	Ops Vactor Truck		\$ 480,000	\$ 534,000	Revenue	Replacement of current Vactor truck
<b>REQUESTS FROM OPERATIONS DEPARTMENT</b>			<b>\$ 1,118,500.00</b>	<b>\$ 990,500.00</b>		
12	WTP Water Purification System for Lab		\$ 7,500	\$ 7,500	Revenue	The ability to make deionized pure water for lab testing. Current purification system was installed when the WTP was built and had to be repaired numerous times. This year the amount of lab tests have tripled, which has increased the need of DI water.
13	WTP Ammonia Monochloramine analyzer		\$ 26,000	\$ 26,000	Revenue	Necessary for HOH trigger monitoring.
14	WTP SRD airscour ASCO replacement		\$ 7,500	\$ -		This item has been removed from the requests.
15	WTP Streaming Current Monitor		\$ 14,000	\$ 14,000	Revenue	Coagulation monitor, current one is failing
16	WTP Reservoir walkway		\$ 7,500	\$ 7,500	Revenue	Safety concern walking on large rocks to current walkway
17	WTP Gutters		\$ 16,500	\$ 16,500	Revenue	Past their useful life, damaged, leaking on ground and then freezing in winter. Safety concern.
18	WTP A/C System for control room and electrical room		\$ 25,000	\$ 25,000	Revenue	Climate control for Superintendent office and control room at WTP.
19	WTP Operations Manual Update	\$ 50,000	\$ 165,000	\$ 165,000	Revenue	Creation of a user manual of the Water Treatment Plant mandated by a Department of Health sanitary survey. The manual is intended to meet the criteria, be usable, and updateable.
20	WTP SRD Pump Rebuilds	\$ 150,000	\$ 550,000	\$ 550,000	Revenue	Refurbishment of 3 pumps and motors removed from the SRD and evaluated in the summer of 2017. This is part of a 3-year program to fully refurbish the SRD pumps. Continued annual preventative maintenance funding will be required beyond 2019 to avoid future repairs of this scale.
<b>REQUESTS FROM WATER TREATMENT PLANT</b>			<b>\$ 819,000.00</b>	<b>\$ 811,500.00</b>		

DEPT DESCRIPTION		Carry over from 2017	REQUESTED AMOUNT <small>(includes carry over)</small>	2018 Proposed Recommend	Funding Source	Notes
21	Engr Trimble R2 GNSS External Receiver		\$ 12,500	\$ 12,500	Revenue	Purchase of a 3rd GPS unit with 1 cm accuracy and ability to provide real time updates to the GIS map. This unit will be used by the construction crew to GPS their projects. The other two units are being used by the Development Inspector and the Locator.
22	Engr Gilligan & Mundt Intake Meter SCADA		\$ 50,000	\$ -		This item will not be funded.
23	Engr Sedro Woolley Bulk Water Fill Station		\$ 95,000	\$ 95,000	Revenue	Construction of a bulk water fill station in the eastern part of the District's service area, final location TBD.
24	Engr Unaccounted For Water Meters		\$ 50,000	\$ 50,000	Revenue	Installation of water meters and SCADA at select high use areas for improving water accountability.
25	Engr GIS Map Update		\$ 250,000	\$ -		This item will not be funded.
26	Engr Leica Data Collector		\$ 12,500	\$ -		This item will not be funded.
<b>REQUESTS FROM ENGINEERING</b>			<b>\$ 470,000.00</b>	<b>\$ 157,500.00</b>		
27	CS Northstar Customer Connect		\$ 27,600	\$ 27,600	Revenue	Provide a 'customer presentment' solution that will allow our customers to securely log in and view, monitor and manage their account information and historical billing and payments.
28	Meter Badger Meter Beacon Mobile Integration with Northstar		\$ 20,000	\$ 20,000	Revenue	Beacon Software Suite Licensing, Billing Software Interface, System Setup.
29	Meter Trimble Ranger 3 Handheld Reader		\$ 7,773	\$ 7,773	Revenue	Purchase Trimble Ranger 3 Handheld Reader w/Internal CE Transceiver, Charging Cradle
<b>REQUESTS FROM METER AND CS DEPARTMENT</b>			<b>\$ 55,373.00</b>	<b>\$ 55,373.00</b>		
30	Str Loading Dock Pit Leveler		\$ 15,000	\$ 15,000	Revenue	The current pit leveler is broken and potentially dangerous when loading and unloading trucks.
31	Str Inventory Barcoding Study		\$ 26,000	\$ -		This item will not be funded.
<b>REQUESTS FROM FINANCE DEPARTMENT</b>			<b>\$ 41,000.00</b>	<b>\$ 15,000.00</b>		
32	IT Set Up Miscellaneous Accounts Receivable for Finance		\$ 25,000	\$ -		This item will not be funded.
33	IT Tempered Networks HIP Switch Project		\$ 55,000	\$ -		This item will not be funded.
34	IT New Telephones for SIP Integration	\$ 25,000	\$ 25,000	\$ 25,000	Revenue	With improved internet connectivity at the District offices, as well as new, failover internet connectivity at 9th and Highland, new, SIP compliant, phones will enable us to migrate to a managed phone system and provide "dual homing" for the District's phone system. Dual homing allows failover of District phone connectivity to a different carrier in the event of a failure or emergency. It is part of our Disaster recovery planning.
35	IT Tokay Upgrade and Northstar Integration		\$ 21,000	\$ 21,000	Revenue	Tokay is our backflow management system. For years, it has been a stand-alone system with no integration to our customer information system. As a result, it has been impractical to maintain address consistency, and enter backflow information in multiple systems. The purchase and implementation of the Client/Server SQL database version of the program, staff will be able to maintain consistent, accurate records and reporting for the safety of our customers and for our reporting to the State of Washington.

DEPT DESCRIPTION			Carry over from 2017	REQUESTED AMOUNT (includes carry over)	2018 Proposed Recommend	Funding Source	Notes
36	IT	Cityworks Northstar Integration	\$ 40,000	\$ 40,000	\$ 40,000	Revenue	As we have completed our Northstar implementation and as we complete our upgrades to Cayenta, we will have available staff for the completion of the Cityworks/Northstar Integration. Full integration of Cityworks with the Northstar product will enable full service order and work order enablement Cityworks and Northstar. with this enablement comes the ability to implement mobile service and work orders, as well as the ability to see service order status across multiple systems. *It keeps customer service operating within a single program, yet enables meter readers and others to work on service orders originating within Northstar, but managed and closed within Cityworks.
37	IT	Annual SCADA Improvements		\$ 100,000	\$ -		This item will not be funded.
38	IT	WTP Network Improvements and Wiring Upgrades		\$ 27,000	\$ 27,000	Revenue	As a follow-up to the storage and server improvements at the WTP, we need to wired and wireless infrastructure to bring the District's treatment facilities up to date.
39	IT	GPU Hardware		\$ 10,000	\$ 10,000	Revenue	GPU processing has a twofold advantage. A. It is orders of magnitude faster than RAM and will increase the performance of our database servers.. B. It will enable a pilot project to test the implementation of virtual desktops within the District's IT infrastructure.
40	IT	Redesign Network for Two DMZs		\$ 26,000	\$ 26,000	Revenue	With the increased complexity of our various physical and virtual networks, as well as the implementation of dual-homed internet connectivity, the need for two physical DMZ's has become a reality. This will allow complete separation of SCADA and operational technology and operations from the District's business technology and operations. It is an effort to maintain excellence in the protection of the District's information and technology assets.
41	IT	Cayenta GL Framework Model for Cognos		\$ 55,000	\$ 55,000	Revenue	The GL Framework Model enables improved reporting capabilities through a method that pre-configures all of the table and view structures for deployment within our Cognos reporting system.
42	IT	LUD Integration Software	\$ 40,000	\$ 40,000	\$ 40,000	Revenue	This project is a replacement and migration of our existing LUD software. Our existing software is built upon Foxpro 9 and is no longer supported. The migration to a new platform is essential to the security of our customers and to our ability to operate within best practices. A new system will improve the stability of program operation, improve reporting capabilities, and provide a reliable, supported platform as we move toward the future with all of our new software updates and replacements.
43	IT	DOH Security Mandates-WTP & Remote Sites		\$ 135,000	\$ 135,000	Revenue	This item will be seen annually until we complete our security program in light of DOH requests.
<b>REQUESTS FROM IT DEPARTMENT</b>				<b>\$ 559,000.00</b>	<b>\$ 379,000.00</b>		
<b>TOTAL DEPARTMENT CAPITAL REQUESTS</b>				<b>\$ 3,062,873.00</b>	<b>\$ 2,408,873.00</b>		
44	WSP	Div St Tank, Booster and N 30th Piping		\$ 1,500,000	\$ 1,500,000	Loan and Revenue	Construction of this project is currently underway and will be wrapping up in 2018. This budget line item carries a small portion of the funding into 2018 to cover the final payments.
45	WSP	Fiber from 9th to PUD Campus	\$ 30,000	\$ 30,000	\$ 30,000	Grants	These four projects are part of our long term telecommunications CIP planning and will help make direct connections between our various systems in order to maintain reliable, secure communications The intent of the plan is 3-fold: a. Create a redundant backbone, both for the reliable and secure operations of District systems, and for the benefit of the community. b. Build to as many of our remote facilities as is practical, either through direct build or purchase of services
46	WSP	Fiber from 9th to Division Tank	\$ 30,000	\$ 70,000	\$ 70,000	Grants	
47	WSP	Fiber from Division Tank to Waugh Rd		\$ 20,000	\$ 20,000	Grants	

DEPT DESCRIPTION	Carry over from 2017	REQUESTED AMOUNT <small>(includes carry over)</small>	2018 Proposed Recommend	Funding Source	Notes
<b>48</b> WSP Fiber from Division Tank to Eagle's Nest		\$ 30,000	\$ 30,000	Grants	Implement wireless series to the sites that are not practical.
<b>49</b> WSP Judy-MV Trans Line Phase II	\$ 1,900,000	\$ 2,500,000	\$ 2,500,000	Debt	This project is currently under design and is planned to go to construction in 2019.
<b>50</b> WSP Best Road Pipeline Improvements	\$ 50,000	\$ 5,150,000	\$ 5,150,000	Debt	This project provides for the replacement of 3 inch and 6 inch piping along Best Road from Valentine road to Summers Drive. This allocation is for final design and construction. In 2017 funding was approved for surveying.
<b>51</b> WSP Conway I-5 Crossing	\$ 200,000	\$ 1,000,000	\$ 1,000,000	Revenue	This project replaces a previously repaired section of 6 inch piping under I-5 which is undersized. The improvements will improve system reliability and redundancy in south Mount Vernon, in combination with future Burklund Road pipeline project.
<b>52</b> WSP Burklund Road Pipeline Improvements		\$ 250,000	\$ -		This item will not be funded.
<b>53</b> WSP Mountain View Consolidation		\$ 1,500,000	\$ 300,000	Loan	Construction of 12 inch line from the east end of Division Street to the Mountain View pump and tank site. This project has been approved for a funding contract with the Department of Health, however, it has not been funded due to the State not passing a capital budget.
<b>54</b> WSP Annual Pipe Replacement		\$ 3,500,000	\$ 3,500,000	SDF and Revenue	Distribution system pipe replacement
<b>55</b> O&M Raw Water Pump Station Analysis		\$ 75,000	\$ 75,000	Revenue	The result of this work will be a phased plan to update the Raw Water Pump Station at the WTP and implementation of the first phase of the plan to replace one or two pumps with more efficient and reliable systems.
<b>56</b> O&M Raw Water Pump Station Upgrade		\$ 1,500,000	\$ 1,500,000	Revenue	
<b>57</b> O&M Document Management and Content System		\$ 500,000	\$ -		This item will not be funded.
<b>58</b> O&M Upgrade Cayenta	\$ 60,000	\$ 60,000	\$ 60,000	Revenue	This line is a partial carryover from 2017. Due to staff constraints within Finance and IT, and coordination bottlenecks with Cayenta, we will begin our upgrade in September 2017 with completion in Q1 of 2018. With these constraints to the project schedule, we will need to carry over a portion of our project budget to 2018.
<b>REQUESTS FROM WATER SYSTEM PLAN</b>		<b>\$ 17,685,000.00</b>	<b>\$ 15,735,000.00</b>		
<b>59</b> Engr Blanket WOs			\$ -		This item has been removed from the requests.
<b>60</b> Engr Mandated by Other Agencies		\$ 810,000	\$ 810,000	Revenue	Pipe replacement/relocation in conjunction with agency mandated projects. This request funds work associated with SR536 work by the State, Francis Road Roundabout construction by the State, College Avenue widening by that city of Mount Vernon, and East Jones road gas line relocation by Cascade Natural Gas.
<b>61</b> Engr Customer jobs			\$ -		This item has been removed from the requests.
<b>62</b> Engr General Upsizing (System Devel)			\$ -		This item has been removed from the requests.
		<b>\$ 810,000.00</b>	<b>\$ 810,000.00</b>		
<b>GRAND TOTAL CAPITAL BUDGET</b>		<b>\$ 21,557,873.00</b>	<b>\$ 18,953,873.00</b>		

**2018 BUDGET O&M REQUESTS**

DEPT		DESCRIPTION	REQUESTED AMOUNT	Proposed 2018 Recommended	NOTES
<b>REQUESTS FOR ROUTINE O&amp;M ITEMS</b>					
63	OPS	Annual Tank Cleaning/Inspection	\$ 12,000	\$ 12,000	Annual reservoir cleaning and inspection to maintain water quality and asset management of facilities.
64	Facility	Annual Chemical Spraying-Reservoir & Pump Stations (3 yr)	\$ 5,000	\$ 5,000	Vegetation management at District sites.
65	OPS	Contracted Property Mowing and Clearing	\$ 25,000	\$ 25,000	Mowing and brush cutting at WTP, and Distribution facilities including Dukes Hill Reservoir, Judy Reservoir and pipeline easements and access roads.
66	ENGR	Watershed Stream Gauging Consultation	\$ 36,000	\$ 36,000	Consulting services from Hydrology Northwest to assist in the operation and maintenance of the Cultus Mountain stream gauges.
67	Com Rel	Printing/Pub/Advertising	\$ 19,000	\$ 19,000	Pipeline Newsletter - Customer communication and Water Use Efficiency education
68	Com Rel	Community Outreach	\$ 16,600	\$ 16,600	Includes: School Field trips to Judy Reservoir, Curriculum Materials (The Story of Drinking Water - teaching materials to supplement field trips, DVD, Teachers Guide, Student Booklets), Giveaways, Sponsorships, and Subscriptions/Memberships/Meetings (Survey software tools, Chamber meetings, and training tools).
69	CSR	Paymentus	\$ 71,600	\$ 71,600	Bill payment processing fees for credit/debit cards, e-checks.
70	Billing	Kaye Smith	\$ 26,200	\$ 26,200	Utility bill print and mail; Mail Data Prep and National Change of Address list processing.
71	IT	Annual PC Replacement (1/3 Annual)	\$ 15,000	\$ 15,000	This is actually a routine O&M Lifecycle budget item. Our Desktop PC replacement is on a three year cycle.
72	IT	Fiber Maintenance	\$ 12,000	\$ 12,000	As we build out our fiber and prepare for carrier class management of our systems, more expense will be required for the inspection and maintenance of our fiber systems. Our existing fiber revenues will easily cover this costs.
<b>REQUESTS FOR NON-ROUTINE O&amp;M ITEMS</b>					
73	Facility	HVAC Maintenance	\$ 12,000	\$ 12,000	Annual Cleaning/inspection of HVAC and maintenance at District main campus building.
74	OPS	Bathymetric Survey of Judy Reservoir	\$ 8,000	\$ 8,000	Survey of sedimentation of reservoir. Planning for future potential dredging of reservoir.
75	ENGR	GIS Reference Network Upgrade	\$ 25,000	\$ 25,000	Funding to enter into an inter local agreement with the County to update the WA State Reference network (WSRN). By owning and maintain the base stations the County receives 12 subscriptions of which they use approximately four. This program will update the base stations and provide the district subscriptions at the same or lower cost than if the District purchased the subscriptions directly from WSRN. Updating the base stations provides benefits to all customers who use the system in Skagit County.
76	ENGR	Ranney Well Decommission	\$ 90,000	\$ 90,000	Decommission of the Ranney well on the south shore of the Skagit River. This well has been abandoned and the water rights have been transferred. The District no longer has a use for this well and it is in the District's best interest to decommission the well.
77	ENGR	Dam Monument Surveying	\$ 7,000	\$ 7,000	Annual surveying of monuments strategically placed to evaluate any earth movement.
78	ENGR	Alger Well Property Land Transfer	\$ 50,000	\$ 50,000	Completion of the transfer of land ownership from the County to the District for the parcel on which the Alger well is situated. The ownership was to transfer after completion of the boundary survey and recording of the document. This work has not been completed.
79	ENGR	Satellite Leak Detection Imaging	\$ 135,000		This item will not be funded.
80	CONST	Tapping Machine	\$ 3,000	\$ 3,000	Purchase a tapping machine qualified for use at the AWWA tapping competition.
81	WTP	Electric Valve Actuators (8 per yr)	\$ 69,000	\$ 69,000	Dozens of 25 year old critical motorized valves in WTP on replacement schedule.
82	WTP	Large Display Monitor for Security Cameras	\$ 2,500	\$ 2,500	Enhanced security surveillance for security at WTP and SRD
83	WTP	Sludge Removal (3 yrs)	\$ 35,000	\$ 35,000	Annual sludge removal costs at the water treatment plant.
84	WTP	Reservoir Intake Piping Study	\$ 100,000	\$ 40,000	Consulting services for a study to determine the best repair of leaking tubes under A dam, for the pipes that supply water from tower to the raw water pump station.
85	IT	Cloud Services	\$ 12,000	\$ 12,000	We are reviewing the cost of operation of several different technologies and software in light of moving them to the cloud (Mobile device management, Telephone systems, Desktop software, etc.). This item is a starting point for a pilot project to begin testing this approach.

DEPT		DESCRIPTION	REQUESTED AMOUNT	Proposed 2018 Recommended	NOTES
86	IT	Microsoft Office Upgrades	\$ 26,000	\$ 26,000	We are running on Microsoft Office 2010. Since our purchase of this software, Microsoft has come out with versions 2013, 2016, and Office 365. It is time to upgrade to the latest version of Microsoft's office product.
87	IT	Programming Services	\$ 35,000	\$ 35,000	This is an annual placeholder to accommodate the known unknown of the requirement for miscellaneous custom programming services for our various systems.
<b>REQUESTS FOR PROFESSIONAL SERVICES</b>					
88	HR	Professional Services	\$ 22,000	\$ 22,000	On an as-needed basis, some professional services must be outsourced by Human Resources. This may include legal services for specific issues, workplace investigations, and consulting. This amount also includes supervisor training and employee development initiatives, such as discrimination/harassment training and other topics.
89	HR	Non-Professional Services	\$ 12,725	\$ 12,725	HR is responsible for arranging several events, including Training Day, retirement parties, flu shots/wellness checks and others. This amount covers such items as above and beyond awards for employees, service and retirement awards, costs for the above mentioned events, some publications (HR Specialist, etc.), salary surveys, and other costs as needed.
90	Safety	Safety Consultant	\$ 140,000	\$ 140,000	The District entered into a consulting agreement with Integrated Safety Solutions in late 2016, which has proven to be successful. The original plan was to reduce hours for the consulting throughout 2017, but there were several events and project which necessitated utilizing more hours than planned. It has become clear that simply adding this work to someone's current position does not give safety the attention it deserves, particularly given the District's varying operations and the safety improvements that have been undertaken to better the District. Although the District is currently considering whether hiring someone FT to do this work is beneficial, in the interim this amount will cover either utilizing ISS throughout 2018 or hiring an FT employee, whichever is deemed to be best.
91	Fin	Professional Services	\$ 144,000	\$ 130,000	This includes annual audit costs and single audit costs for the State Auditor's Office, contracted audit services, attorney foreclosure services on delinquent LUD assessments, budget and rate study support, and an actuarial evaluation for OPEB requirements.
92	Commission	Election Services	\$ 30,000		This item will not be funded.
93	Admin/GM	Professional Services	\$ 186,000	\$ 186,000	This item includes costs for professional services related to District policy review, employment law consultation, contract law clarification, a compensation study for represented staff, legal services for bargaining, and general counsel.
<b>TOTALS BEFORE TRAINING</b>			<b>\$ 1,382,625</b>	<b>\$ 1,143,625</b>	
<b>DISTRICT-WIDE TRAINING</b>					
94	Safety	Safety Training for Staff	\$ 20,000	\$ 20,000	This includes all mandatory and best-practice safety training for staff, which includes our newly implemented computer based training (CBT) with Vivid Learning, first aid/CPR, forklift, safe driver, and all other training necessary to keep the District in compliance and to continue to improve our safety culture.
95	IT	PCI Compliance Training for Staff	\$ 10,000	\$ 10,000	We are required to provide formal training according to Payment Card Industry Data Security Standard (PCI-DSS) Version 3.2, Section 12.3 "Implement a formal security awareness program to make <u>all personnel</u> aware of the cardholder data security policy and procedures."
96	IT	Northstar/Cayenta Training for Staff	\$ 40,000	\$ 40,000	This is for onsite refresh training for the Finance department, Human Resources, and Purchasing. The intent is to budget this as an every other year training to help people take advantage of all the features and functions of the products as they become more proficient over time.
97	IT	Cityworks Training for Staff	\$ 20,000	\$ 20,000	Cityworks is the core of our Asset Maintenance and Management, GIS Assets, and Work Order Management. Ongoing staff training is essential to keep up with the product capabilities and nuances. With the completion of our upgrade to the latest version of City works, it is even more important to help staff learn more about the product.
<b>DISTRICT-WIDE TRAINING TOTALS</b>			<b>\$ 90,000</b>	<b>\$ 90,000</b>	
<b>REQUESTS FOR DEPARTMENT TRAINING</b>					

DEPT		DESCRIPTION	REQUESTED AMOUNT	Proposed 2018 Recommended	NOTES
98	Commission	Training/Meetings	\$ 24,000	\$ 24,000	This includes all related costs for WPUDA Association meetings, WPUDA Water Workshop, WPUDA Annual Conference, AWWA-PNWS Annual Conference and AWWA national Conference for each Commissioner.
99	Admin/GM	Training/Meetings	\$ 9,600	\$ 9,600	This includes all related costs for WPUDA Association meetings, training in employment law and labor relations, and AWWA national Conference.
100	HR	Training	\$ 6,975	\$ 6,975	This includes continuing education to satisfy CE requirements for SPHR and SHRM-SCP certifications, as well as updates and training in employment law, benefits administration labor relations, employee relations, and other areas of the HR function. Some key events are the WA State Employment Law Conference, Labor Law & Arbitration Institute seminars, the AWC Labor Relations Institute, the national SHRM conference and WPELRA meetings and seminars.
101	Safety	Training	\$ 2,500	\$ 2,500	CEU's for Meter Technicians, Harris Customer Training Conference - NorthStar.
102	Fin	Department Training	\$ 11,900	\$ 10,400	Annual WFOA finance officer's training, annual payroll training conference, WPUDA finance officer's semi-annual meetings and records manager's semi-annual meetings, GFOA GAAP update, payroll, accounting, finance and other trainings.
103	Fin	Cayenta Conference	\$ 4,500	\$ 4,500	1 person. Provides a learning opportunity to see the expanding line of products and what is new in current products, learn tips and tricks to increase know-how and improve efficiency in current products, and leverage best practices from peers. This year the tracts include General Ledger, Work Management, Payroll and Human Resources.
104	Stores	Department Training	\$ 1,800	\$ 1,800	CEU's, purchasing and other training for storekeepers.
105	CR/CS/Mtr	Department Training	\$ 5,950	\$ 5,950	CEU's for Meter Technicians, Harris Customer Training Conference - NorthStar.
106	IT	Department Training	\$ 31,900	\$ 31,900	IT training is essential for the successful maintenance and management of our technology assets. It is also both expensive and extremely important in relation to our risk management. IT training expenditures have improved, but with additional staff and the known high cost of IT training, there are continued constraints to the point where it is very difficult for IT staff to stay up to speed and provide the best service possible for our internal customers. The corresponding risk of deferring or neglecting training in the areas of security, core software, and networking is potentially far higher than the amount requested.
107	Engr	Department Training	\$ 9,750	\$ 9,750	Water rights, watershed, cross connections, new software, ESRI, City works, and CEUs.
108	Engr	Training for Engineering Manager	\$ 4,000	\$ 4,000	WPUDA Water Workshop, and PNWS-AWWA.
109	Engr	Training-AWWA ACE Conference	\$ 3,500	\$ 3,500	National AWWA conference to present current topics and technical session on subjects within the water industry.
110	Engr	Training-PNWS AWWA Conference	\$ 2,500	\$ 2,500	Technical presentations focused on local projects, used for capital program planning and design/construction considerations.
111	Ops Support	Training	\$ 6,000	\$ 6,000	Annual CEU's and job specific training for Operators, Water Quality personnel and WTP. AWWA, WPUDA, RO, and other pertaining WQ conferences. SCADA Software training.
112	Distr	Training	\$ 5,000	\$ 5,000	Annual CEU's and job specific training for Operators, Water Quality personnel and WTP. AWWA, WPUDA, RO, and other pertaining WQ conferences. SCADA Software training.
113	Const	Training	\$ 5,000	\$ 5,000	New equipment training and CEU's for the construction crew.
114	Const	PNWS Tapping Team	\$ 4,000	\$ 4,000	The District crews have not participated in the AWWA tapping contest. We have a good crew and this team event would showcase the District's talent, and foster team pride within the construction crew.
115	Lab	Department Training	\$ 2,500	\$ 2,500	Annual CEU's and job specific training for Operators, Water Quality personnel and WTP. AWWA, WPUDA, RO, and other pertaining WQ conferences. SCADA Software training.
116	WTP	Department Training	\$ 6,000	\$ 6,000	Annual CEU's and job specific training for Operators, Water Quality personnel and WTP. AWWA, WPUDA, RO, and other pertaining WQ conferences. SCADA Software training.
<b>DEPARTMENT TRAINING TOTALS</b>			<b>\$ 147,375</b>	<b>\$ 145,875</b>	
<b>TRAINING TOTALS</b>			<b>\$ 237,375</b>	<b>\$ 235,875</b>	
<b>GRAND TOTAL O&amp;M REQUESTS</b>			<b>1,620,000</b>	<b>\$ 1,379,500</b>	