



ADOPTED 2022 BUDGET
MUKILTEO WATER AND WASTEWATER DISTRICT

OPERATING AND CAPITAL BUDGET

ADOPTED DECEMBER 1, 2021



Board of Commissioners:
Mike Johnson, President
Jeff Clarke, Vice-President
Thomas McGrath, Secretary

Presented by:
Jim Voetberg, General Manager
J.R. Erickson, Finance Manager
Rick Matthews, Operations/Engineering Manager

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Mukilteo Water and Wastewater District

November 17, 2021

Mukilteo Water and Wastewater District
Rate Payers and Board of Commissioners

Re: 2022 Operating and Capital Budget

Dear Rate Payers and Board of Commissioners:

Attached for review and consideration is the 2022 Operating and Capital Budget. The 2022 Budget continues with previous budgets by focusing on quality and reliable water and wastewater service that is provided in a cost-effective manner.

The 2022 Budget builds upon successes of the past several years. Notable achievements and projects in 2021 include:

Water Distribution:

- Completion of the 2021 Water System Improvement which replaced approximately 2,200 lineal feet of 4-inch cast iron water main with restraint joint 8-inch ductile iron on 8th, 9th, and 10th streets.

Wastewater Collection:

- Completion of the Lift Station No. 9 replacement project. Lift Station No. 9 was constructed in the 1980s and is the second largest lift station on the westside of the District and serving downtown Mukilteo.
- Completion of the Lift Station No. 5 Force Main replacement project. Lift Station No. 5 Force Main was exposed in places and had been subject to recent failures.

Wastewater Treatment Facility:

- Completion of the Wastewater Treatment Facility Admin building project. This project replaced the previous outdated and undersized Admin building.
- Completion of Phase 1 of the UV system refurbishment. This project upgraded the electrical equipment and UV components in UV channel #2.
- Replaced various pumps throughout the facility, including both washwater pumps and the waste activated sludge (WAS) pump. The new pumps are more efficient and require less maintenance.

Administration:

- Successfully hired an Engineering Manager and Senior Accountant.
- Updated the District’s 10-year Capital Improvement Plan (CIP). The 2021 Budget included \$50,000 to update the District’s 10-year CIP; the District was able to complete most of this update in-house and spent less than \$1,000 on consultants.
- Completed the Environmental Protection Agency Risk and Resiliency Assessment and on-track to complete the Emergency Response Plan by the end of the year.

2022 Budget

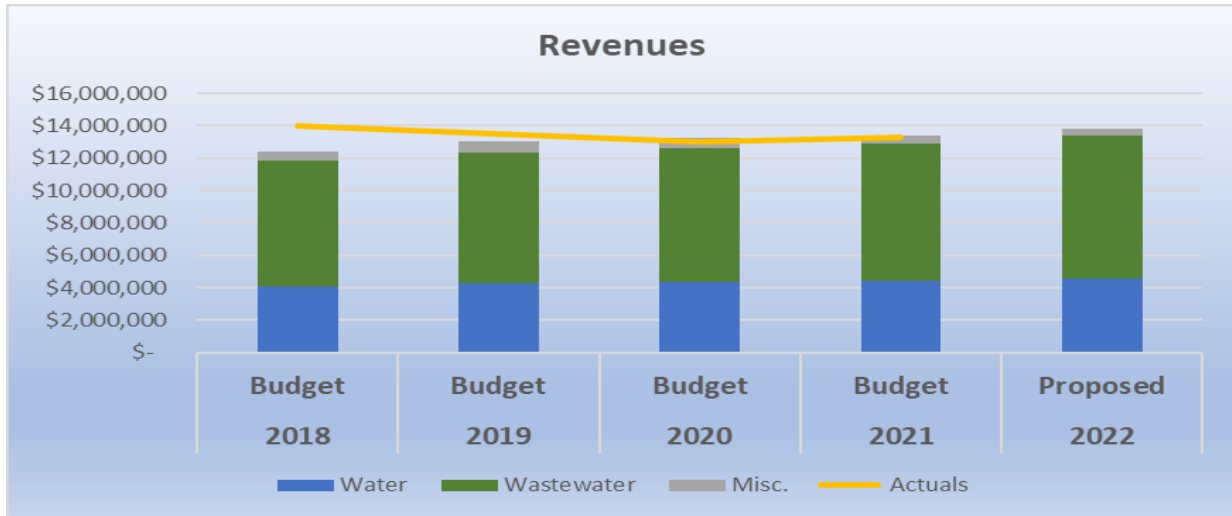
Following are highlights of the 2022 Budget. As with previous budgets, staff takes a slightly conservative approach to both revenues and expenses. Revenues are estimated on the lower side and expenses are estimated on the higher side. This conservative approach allows a cushion for addressing unanticipated financial issues, should they occur, to better ensure the District’s long-term financial sustainability.

Revenues:

Projected service revenues in the 2022 Budget are based on rate increases and billing methodologies recommended in the 2016 water rate study and the 2018 wastewater rate study. Overall, water rates will increase approximately 2.5% and wastewater rates will increase approximately 3.0%. Budgeted 2022 revenues are 3.3% higher than 2021 budgeted revenues.

Historic water and wastewater budgeted revenue and adopted 2022 revenue are as follows:

	<i>2018 Budget</i>	<i>2019 Budget</i>	<i>2020 Budget</i>	<i>2021 Budget</i>	<i>2022 Adopted</i>
<i>Water</i>	\$ 4,069,200	\$ 4,257,300	\$ 4,325,600	\$ 4,416,200	\$ 4,567,000
<i>Wastewater</i>	\$ 7,769,500	\$ 8,071,200	\$ 8,271,400	\$ 8,503,700	\$ 8,849,100
<i>Misc.</i>	\$ 585,100	\$ 686,000	\$ 671,500	\$ 493,700	\$ 379,100
<i>GFC</i>	<u>\$ 238,900</u>	<u>\$ 602,200</u>	<u>\$ 727,400</u>	<u>\$ 130,500</u>	<u>\$ 200,000</u>
<i>Total</i>	\$12,662,700	\$13,616,700	\$13,995,900	\$13,544,100	\$13,995,200

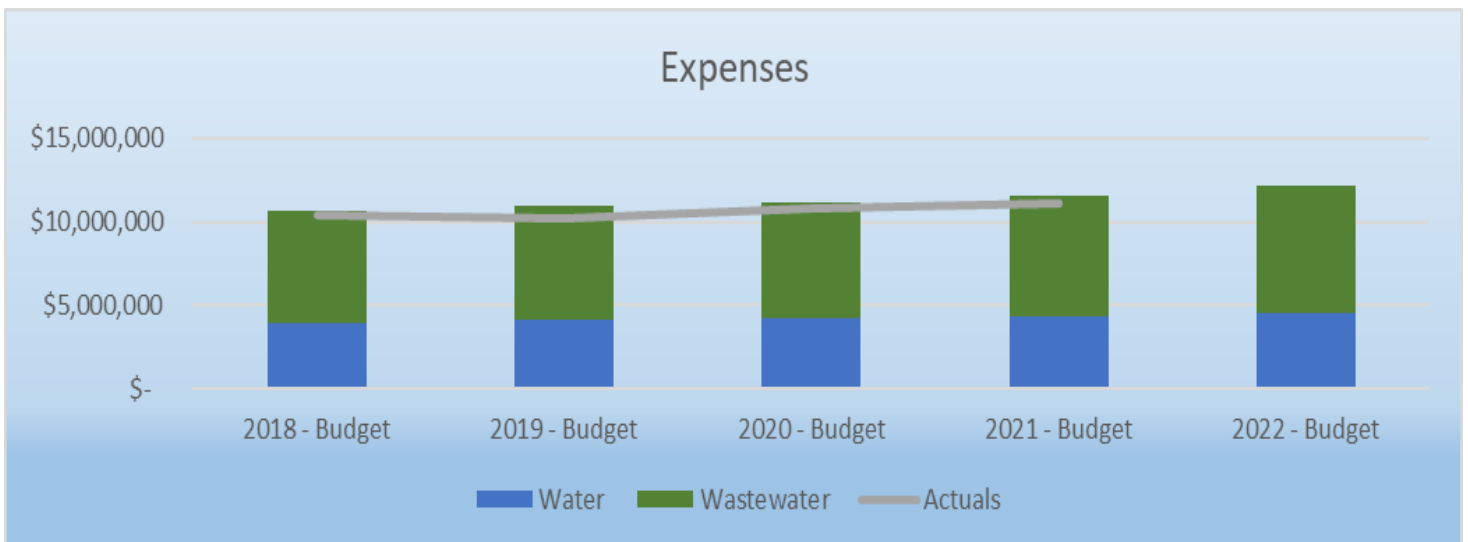


*Actual revenues were higher in 2018 due to GFC revenue

Expenses:

Budgeted 2022 operating, maintenance, and administrative expenses are 5.4% higher than 2021 budgeted expenses. Adopted and historic operating, maintenance, and administrative budgets for the Utilities are as follows:

	2018 Budget	2019 Budget	2020 Budget	2021 Budget	2022 Adopted
Water	\$ 3,962,300	\$ 4,138,500	\$ 4,275,000	\$ 4,343,600	\$ 4,552,100
<u>Wastewater</u>	<u>\$ 6,665,800</u>	<u>\$ 6,801,600</u>	<u>\$ 6,856,800</u>	<u>\$ 7,216,500</u>	<u>\$ 7,633,200</u>
Total	\$10,628,100	\$10,940,100	\$11,131,800	\$11,560,100	\$12,185,300



The five highest budget expenses, representing approximately 91.5% of the overall 2022 Budget, historically and continue to be:

1. Personnel (Labor & Benefits)
2. Depreciation
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 30.3% of the District’s overall operating and maintenance costs. Total labor and benefit costs in the 2022 Budget is \$3,689,600.

- **Direct Labor Costs:** The Salary Wage Matrix will include a 6.5% COLA increase for 2022, based on the October 2020 to October 2021 Seattle, Tacoma, Bellevue Consumer Price Index.
- **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 decrease by 2.5%, this mostly due to a decrease in PERS rates. PERS rates are calculated by the State every two years; the current rate will remain in effect until July of 2023.
- **Health Care costs** are anticipated to be \$593,300 in 2022, which is an 11.6% increase from 2021. This increase is due to a 6% increase in premium costs and the addition of one employee.

Budgeted health care benefits are based on paying the average premium for a family plan (\$2,636 per month). If the actual premium (medical, dental, orthodontia and vision) is less due to employee's status (single, single plus spouse, single plus 1 child, single plus 2 children... etc.) the employee will receive 50% of the difference between \$2,636 and the actual monthly premium cost in a health savings account. The increase is due to a 5.8% increase in Regence and a 7.3% increase in Kaiser rates as well as one additional employee from the 2021 budget.

Purchased Water: The 2022 Budget includes \$1,600,000 for the purchase of water, representing 35% of the Water Utility Budget or 13% of the overall Operating Budget. The 2022 Budget is up 3.1% from the 2021 Budget. Volume of purchased water is estimated by looking at the average of the last five years and also taking into account lower Commercial consumption due to COVID-19. The District also assumes the allocation of water between the Alderwood Water & Wastewater District (AWWD) (78%) and the City of Everett (COE) (22%). Cost of water from the COE is budgeted at \$3.65 per Kgal, up 1.1% from 2021. Cost from AWWD is estimated to be \$2.16 per Kgal, up 5.9% from 2021.

Sewage Disposal: Wastewater from customers east of Paine Field (former Eastside Service Area) flows to Everett's wastewater treatment facility. The 2022 Budget includes \$950,700 for this sewage disposal, representing 12% of the Wastewater Utility budget or 8% of the overall Operating Budget. Everett's sewage disposal cost is based on Equivalent Residential Units (ERU). The District estimates a 4% increase to Everett's treatment rate and continued lower commercial consumption in the wheeling area which leads to an 8% increase compared to the 2021 Budget.

Capital and Debt:

Capital expenditures in the 2022 Budget are as follows:

Water	\$ 2,363,950
Wastewater	<u>\$ 3,568,550</u>
Total	\$ 5,832,500

Funds to pay for capital projects come from service revenues and General Facility Charges (GFCs). GFC revenue in 2022 is estimated to be \$200,000 (\$100,000 in each water and wastewater). Water service rates are projected to pay all expenses and debt principal (\$32,788) due in 2022 and provide rate funded capital of approximately \$1,000,000 which is 130% of depreciation (\$770,000). Wastewater service rates will cover expenses and debt principal in 2022 of approximately \$1,877,150 (this is approximate because the District has an outstanding loan on the Lift Station No. 5 project that is still in progress) and fund approximately \$2,200,000 in rate funded capital. This is lower than the \$2,710,000 of depreciation in 2022, but the District is conservative on its projections and projects 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 6.92 (1.25 required) and a coverage ratio of total debt of 2.73.

The 2022 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 have primarily been planned without the need to borrow funds to

pay for the improvements. The exception is the replacement of Lift Station No. 5 which was awarded a Public Works Trust Fund loan. The Lift Station No. 5 project is expected to be completed in 2022 and the District is estimating \$520,000 of loan funds in 2022. Even with the Public Works Trust Fund loan, the District’s outstanding debt continues to be reduced as illustrated in the below chart.



Impacts from COVID-19:

The impacts of COVID-19 on the District were minimal. Operationally, District facilities including water pump stations, sewer lift stations and the wastewater treatment facility continued to operate normally with no interruption of service. Employee safety protocols were put in place to provide for a safe work environment and to ensure adequate employee coverage for both day-to-day work requirements and the ability to respond to emergencies.

Financially, the District initially saw a higher than normal number of delinquent accounts due to the moratorium on shut-offs. However, between the lifting of the moratorium in October and the City of Mukilteo utilizing their America Rescue Plan funds to pay delinquent accounts within the Mukilteo city limits, the District anticipates ending the year similar to past years.

Conclusion:

The District continues to be in a strong financial position. Service rates are stable with future rate increases projected to mirror anticipated CPI increases. 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

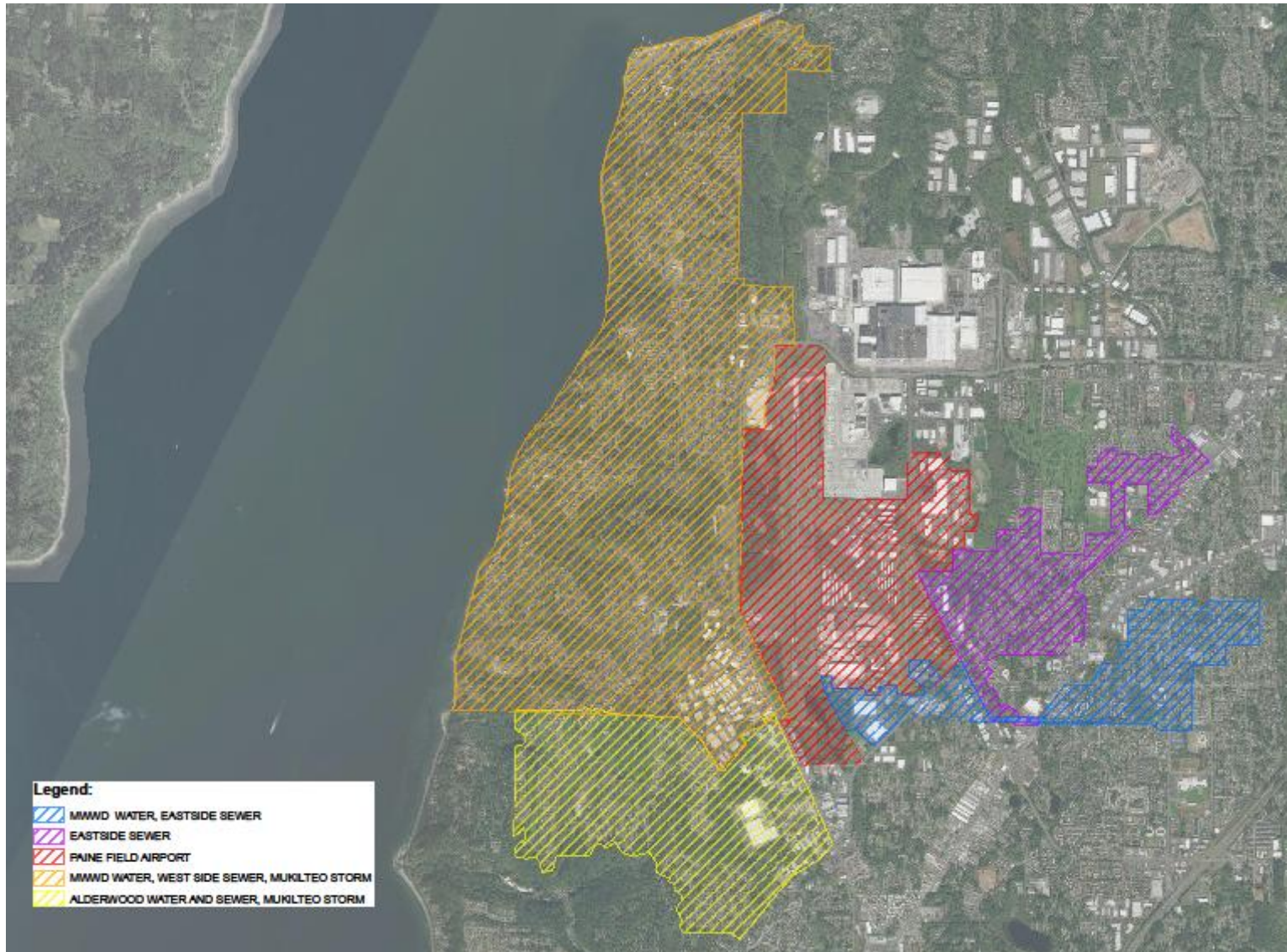
previous years, the 2022 Budget being presented balances revenues with operational and capital costs for the long-term benefit of our customers.

I wish to acknowledge all staff for their professionalism and dedicated commitment to our customers and their assistance in putting this budget together.

Sincerely,

Jim Voetberg
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.

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

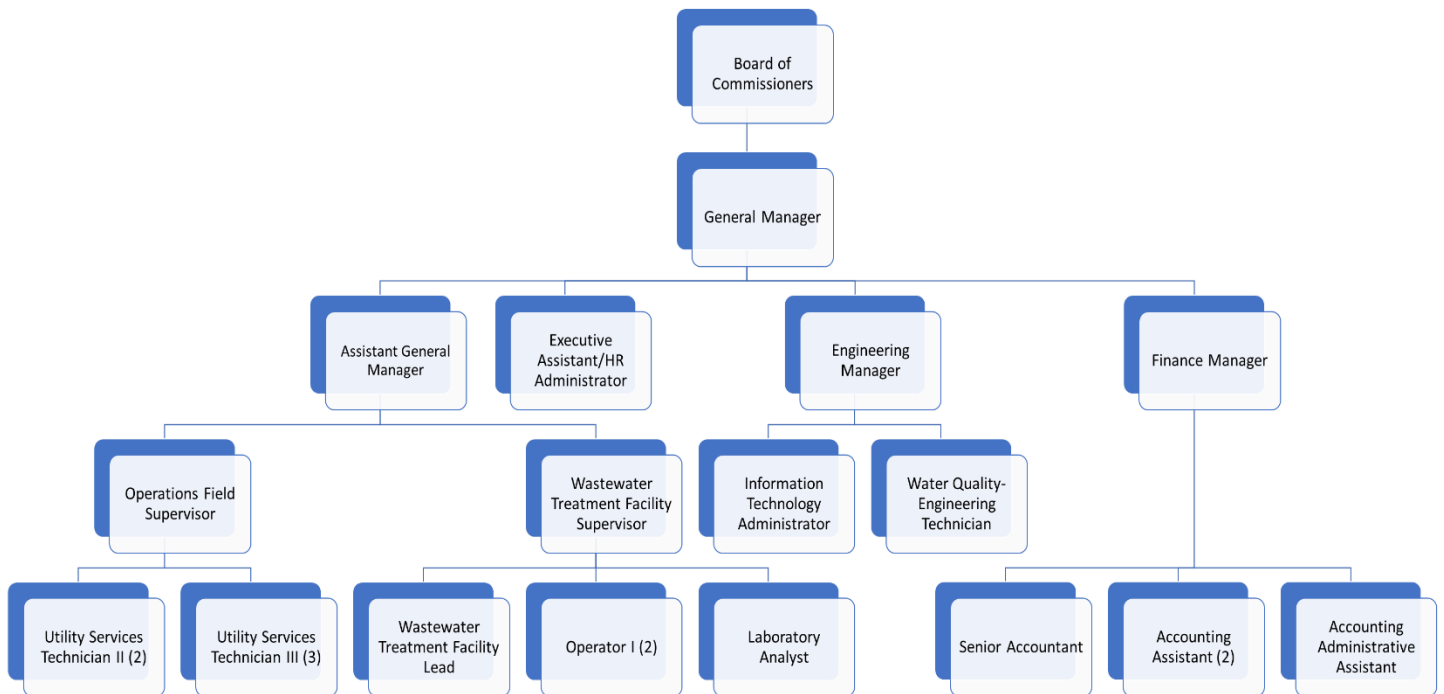
The following Financial Policies outline a general framework of budgetary goals concerning reporting policies, the operating budget, capital budget, reserves and debt management.

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) is required to examine the affairs of the District on an annual basis. However, due to the District’s excellent audit history, the SAO has determined bi-annual audits are sufficient. The examination must include, among other things, the financial condition and resources of the District, whether the laws and constitution of the State are being complied with, 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, 2016 through December 31, 2017. No significant discrepancies or irregularities were found.

MUKILTEO WATER & WASTEWATER DISTRICT STAFF ORGANIZATIONAL CHART



No. of employees managed (as budgeted):

- General Manager – 4
- Assistant General Manager – 2
 - Treatment Facility Supervisor – 4
 - Operations Field Supervisor – 6
- Engineering Manager – 2
- Finance Manager – 4

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 to recommend 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 may be increased to include new capital purchases or projects, or increases in existing budget items as needed.

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 with growth limited primarily to infilling of residential property (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. 2022 operating costs are comparable with 2021 costs with the adjustment of inflation and one new employee.

In 2021, the Department of Ecology initiated a process to regulate and reduce nutrients from wastewater plants discharging to Puget Sound, with new regulations anticipated to be established in December of 2021. Due to the District's Big Gulch Wastewater Treatment Facility ability to reduce nutrients to less than 3 milligrams per liter, it is anticipated the new regulations will have no impact on the operations of the facility. Should the new regulations include requirements that are in addition to normal operational costs, Ecology has a grant available that will cover these additional costs. Since the new regulations have yet to be released, no additional costs and no additional grant revenue is included in the 2022 budget.

Rates

The 2022 budget fits within the existing rates adopted by Resolution No. 467-18, a multi-year rate plan approved in 2018 based on cost and revenue projections. A new rate study and an updated multi-year rate plan is scheduled to be conducted and proposed to the Board for approval in 2022. On average, overall water rates are increasing by 2.5% and wastewater rates by 3.0%. 2022 is the final year of the approved rate increases; the 2022 Budget includes funds for a water and wastewater rate study to calculate future revenue requirements and possible rate increases.

Water Rates

Meter Size	Bi-Monthly Base Rates		
	Single-Family	Multi-Family	Commercial & Irrigation
5/8 x 3/4"	\$ 31.98	\$ 39.44	\$ 38.88
1"	\$ 80.12	\$ 98.78	\$ 97.40
1 1/2"	\$ 155.46	\$ 191.68	\$ 188.98
2"	\$ 243.94	\$ 300.80	\$ 296.56
3"		\$ 605.06	\$ 596.52
4"		\$ 929.72	\$ 916.62
Volume Charge	\$ 3.68	\$ 3.32	\$ 4.32

Volume Charge is per 1,000 gallons

Wastewater Rates

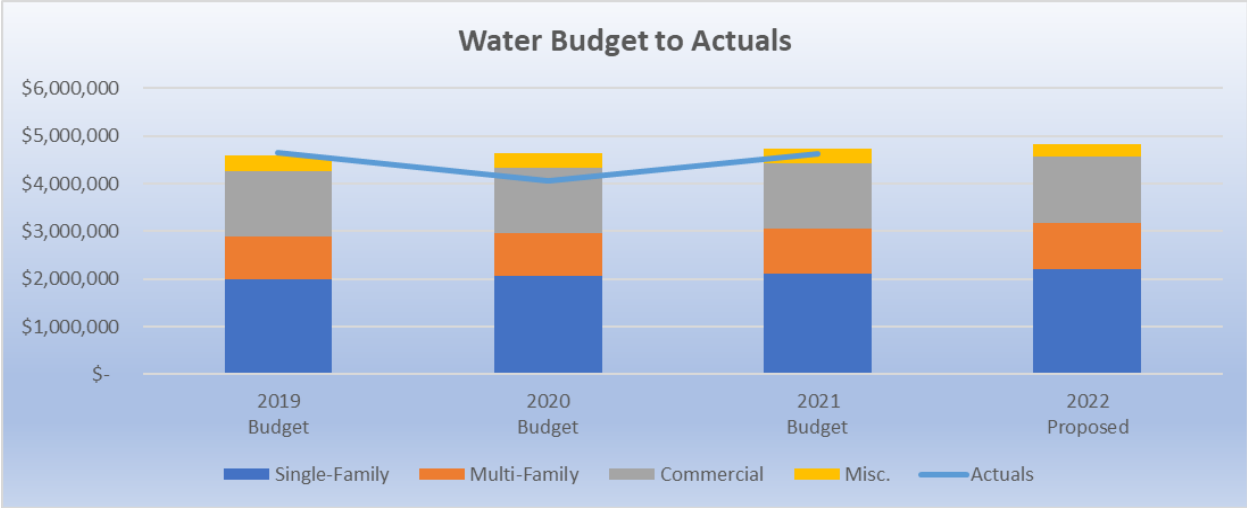
Meter Size	Bi-Monthly Base Rates		
	Single-Family	Multi-Family Per Unit	Commercial & Irrigation
5/8 x 3/4"	\$ 129.76	\$ 103.92	\$ 85.32
1"			\$ 213.28
1 1/2"			\$ 426.58
2"			\$ 682.50
3"			\$ 1,365.46
4"			\$ 2,132.80

Volume Charge (per 1,000 gallons)			
	Single-Family	Multi-Family	Commercial & Irrigation
Class I	N/A	N/A	\$ 9.17
Class II	N/A	N/A	\$ 13.71

Revenue

Water Revenue

	2019 Budget	2020 Budget	2021 Budget	2021 Projected	2022 Adopted	% Change vs 2021 Budget
<i>Single-Family</i>	2,000,300	2,055,300	2,112,400	2,176,604	2,201,400	4.2%
<i>Multi-Family</i>	901,500	913,200	941,600	949,951	978,000	3.9%
<i>Commercial</i>	1,355,500	1,357,100	1,362,200	1,271,577	1,388,000	1.9%
<i>Misc.</i>	330,400	324,200	309,100	236,509	261,400	(15.4%)
<i>Total</i>	4,587,700	4,649,800	4,725,300	4,634,640	4,828,800	2.2%



Significant variances or notable changes

Commercial:

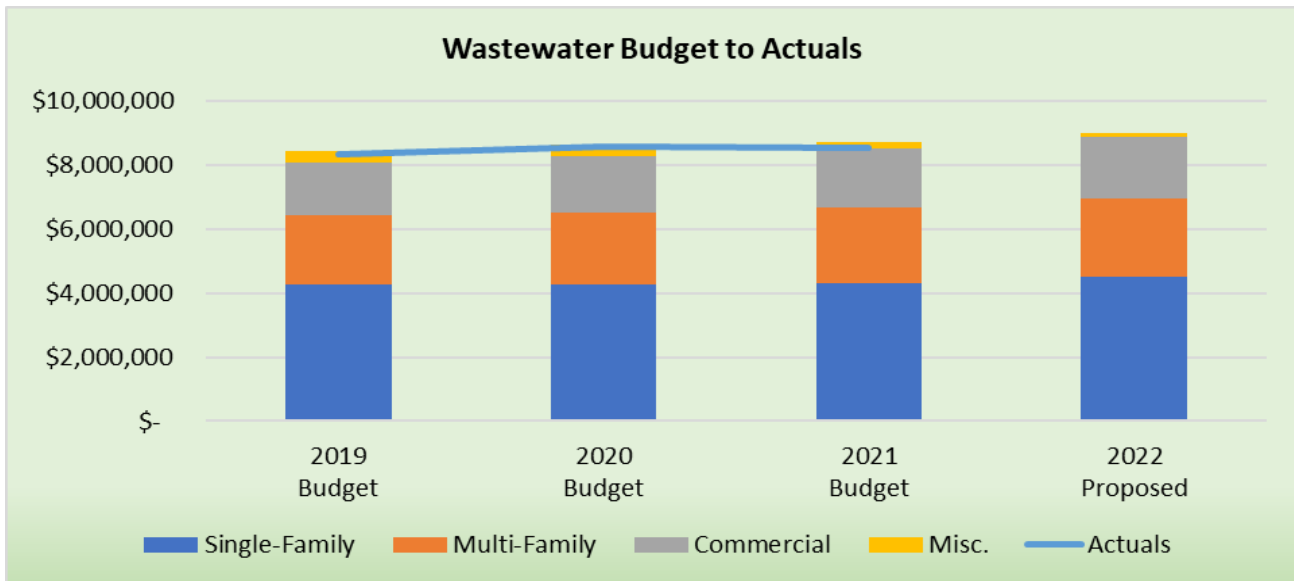
2021 continued to see a decrease in Commercial water consumption due to COVID-19. Consumption in 2020 was 31% below average and 2021 is projected to be 25% below average. The District assumes this reduction will continue but slowly increase throughout 2022, returning to 95% of average by the end of the year. Of note, Residential and Multi-Family water consumption was not materially impacted by COVID-19 and met or exceeded anticipated usage.

Misc.:

Miscellaneous revenue is budgeted to be lower in 2022 due to a combination of reduced interest income and service charge income. Interest rates have declined significantly during the pandemic and have been slow to recover. During much of 2020-21 the State imposed a moratorium on utility late fees and shutoffs due to the COVID-19 pandemic. This ended in September 2021, but service charge income is expected to continue be lower as the District works with customers to get caught up on payments by using extended payment plans.

Wastewater Revenue

	2019 Budget	2020 Budget	2021 Budget	2021 Projected	2022 Adopted	% Change vs 2021 Budget
<i>Single-Family</i>	4,256,600	4,255,400	4,300,700	4,348,325	4,496,100	4.5%
<i>Multi-Family</i>	2,154,600	2,252,200	2,359,000	2,350,776	2,441,000	3.5%
<i>Commercial</i>	1,660,000	1,763,800	1,844,000	1,705,871	1,912,000	3.7%
<i>Misc.</i>	<u>355,600</u>	<u>347,300</u>	<u>184,600</u>	<u>122,229</u>	<u>117,800</u>	<u>(36.2%)</u>
<i>Total</i>	8,426,800	8,618,700	8,688,300	8,527,202	8,966,900	3.2%



Significant variances or notable changes

Service Revenue:

The District does not project major changes in service revenue other than the 3% rate increase.

Misc.:

Similar to water, Miscellaneous wastewater revenue is expected to be lower in 2022 due to reduced interest rates, reduced late fees, and shut-off fees.

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 2020 is estimated to be \$200,000 (\$100,000 in each water and wastewater).

Expenses

The 2022 operating expenses for water are budgeted at \$4,552,100 and \$7,633,200 for wastewater. Overall, this is a 5.4% increase from 2021.

	2018 Budget	2019 Budget	2020 Budget	2021		2022 Budget	% Change
				Budget	Projected		
Labor & Benefits	\$ 2,911,700	\$ 3,164,900	\$ 3,296,200	\$ 3,385,200	\$ 3,261,514	\$ 3,689,600	9.0%
Purchased Water	\$ 1,350,800	\$ 1,460,100	\$ 1,493,200	\$ 1,552,000	\$ 1,461,703	\$ 1,600,000	3.1%
Purchased Sewer Treatment	\$ 806,100	\$ 687,000	\$ 697,400	\$ 879,900	\$ 903,003	\$ 950,700	8.0%
Supplies & Services	\$ 878,400	\$ 908,100	\$ 1,012,200	\$ 1,083,600	\$ 999,621	\$ 1,147,100	5.9%
Repairs & Maintenance	\$ 271,600	\$ 290,400	\$ 251,300	\$ 305,600	\$ 207,118	\$ 288,200	-5.7%
Utilities	\$ 307,800	\$ 311,600	\$ 308,700	\$ 314,200	\$ 307,825	\$ 327,800	4.3%
Taxes	\$ 408,900	\$ 414,500	\$ 419,600	\$ 424,800	\$ 395,047	\$ 440,000	3.6%
Interest Expense	\$ 315,000	\$ 323,400	\$ 305,700	\$ 261,800	\$ 215,097	\$ 261,900	0.0%
Depreciation	\$ 3,377,800	\$ 3,388,100	\$ 3,355,500	\$ 3,353,000	\$ 3,349,200	\$ 3,480,000	3.8%
Total	\$ 10,628,100	\$ 10,948,100	\$ 11,139,800	\$ 11,560,100	\$ 11,100,129	\$ 12,185,300	5.4%

Significant variances or notable changes

Labor and Benefits

- Overall increase of 9.0%. This includes a 6.5% COLA based on the October 2020 – October 2021 Consumer Price Index for the Seattle, Tacoma, Bellevue area.
- The new Engineering Manager position increases Labor & Benefits expenses approximately \$210,000.
- Medical premium costs are expected to increase by 6% plus the addition of one employee.

Purchased Sewer Treatment

- Purchased sewer treatment is made up of two parts. The District pays the City of Everett to treat sewage from customers on the eastside of the District based on Equivalent Residential Units (ERUs). A single-family residential dwelling equals one ERU, and Commercial and Multi-Family ERUs are calculated by taking the water consumption, in cubic feet, divided by 900 (per contract) to get the number of equivalent single-family units. In addition, the District receives credit from Everett for Everett's use of District facilities for their customers (Everett customer flow through District sewer pipes and/or lift stations, this is known as "wheeling"). The wheeling credit is ERU based similar to how the District is charged. The 2022 Budget is \$950,700 which is 8.0% higher than the 2021 Budget. The 2022 Budget includes an estimated 4% rate increase from the City of Everett and continued lower Everett wheeling credit due to lower than normal consumption of commercial accounts in the wheeling area.

Supplies and Services

- The budget for Supplies and Services in 2022 is \$1,147,100, which is \$63,500 (5.9%) higher than 2021. 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 46% paid online for the most recent billing. The 2022 Budget includes \$9,000 more than the 2021 Budget.
 - 2022 includes a bi-annual audit from the State Auditor's Office with an expected cost of \$35,000.
 - Liability and Cyber Insurance costs are increasing by approximately \$20,000 (10%) in 2022.
 - There are no Board positions up for election in 2022 which decreases expenses by \$20,000 versus 2021.

Repairs and Maintenance

- The Repairs & Maintenance budget is \$17,400 lower than 2021. This is made up of:
 - 2021 included replacing the diffusers in "A" Ditch as well as several pump replacements at the Wastewater Treatment Facility; 2022 includes spare parts for the Waste Activated Sludge (WAS) pump and replacing bearings in the Filtrate pump. These items account for approximately \$15,000 less in expenses.

Water/Wastewater Breakdown

2022 Adopted Budget - Expenses

Water	2019 Budget	2020 Budget	2021		2022 Budget	Increase / Decrease
			Budget	Projected		
Labor & Benefits	\$ 1,194,400	\$ 1,249,600	\$ 1,231,600	\$ 1,215,368	\$ 1,384,300	12.4%
Purchased Water	\$ 1,460,100	\$ 1,493,200	\$ 1,552,000	\$ 1,461,703	\$ 1,600,000	3.1%
Supplies & Services	\$ 308,500	\$ 353,400	\$ 374,600	\$ 321,045	\$ 396,000	5.7%
Repairs & Maintenance	\$ 96,700	\$ 82,000	\$ 87,400	\$ 57,028	\$ 104,400	19.5%
Utilities	\$ 46,200	\$ 45,600	\$ 51,000	\$ 47,811	\$ 52,200	2.4%
Taxes	\$ 226,900	\$ 234,100	\$ 235,200	\$ 222,516	\$ 243,800	3.7%
Interest Expense	\$ 3,000	\$ 3,100	\$ 2,000	\$ 1,639	\$ 1,400	-30.0%
Depreciation	\$ 802,700	\$ 814,000	\$ 809,800	\$ 806,000	\$ 770,000	-4.9%
Total	\$ 4,138,500	\$ 4,275,000	\$ 4,343,600	\$ 4,133,109	\$ 4,552,100	4.8%

Sewer Collection	2019 Budget	2020 Budget	2021		2022 Budget	Increase / Decrease
			Budget	Projected		
Labor & Benefits	\$ 1,452,000	\$ 1,512,900	\$ 1,611,600	\$ 1,565,424	\$ 1,777,400	10.3%
Purchased Sewer Treatment	\$ 687,000	\$ 697,400	\$ 879,900	\$ 903,003	\$ 950,700	8.0%
Supplies & Services	\$ 345,800	\$ 399,400	\$ 435,600	\$ 415,251	\$ 473,900	8.8%
Repairs & Maintenance	\$ 109,700	\$ 89,200	\$ 130,700	\$ 85,148	\$ 109,400	-16.3%
Utilities	\$ 100,400	\$ 89,900	\$ 98,100	\$ 93,831	\$ 101,300	3.3%
Taxes	\$ 187,600	\$ 185,500	\$ 189,600	\$ 172,532	\$ 196,200	3.5%
Interest Expense	\$ 320,400	\$ 302,600	\$ 259,800	\$ 213,457	\$ 260,500	0.3%
Depreciation	\$ 2,585,400	\$ 2,541,500	\$ 2,543,200	\$ 2,543,200	\$ 2,710,000	6.6%
Total	\$ 5,788,300	\$ 5,818,400	\$ 6,148,500	\$ 5,991,846	\$ 6,579,400	7.0%

Treatment Plant	2019 Budget	2020 Budget	2021		2022 Budget	Increase / Decrease
			Budget	Projected		
Labor	\$ 518,500	\$ 533,700	\$ 542,000	\$ 480,722	\$ 527,900	-2.6%
Supplies & Services	\$ 253,800	\$ 259,400	\$ 273,400	\$ 263,326	\$ 277,200	1.4%
Repairs & Maintenance	\$ 84,000	\$ 80,100	\$ 87,500	\$ 64,942	\$ 74,400	-15.0%
Utilities	\$ 165,000	\$ 173,200	\$ 165,100	\$ 166,183	\$ 174,300	5.6%
Total	\$ 1,021,300	\$ 1,046,400	\$ 1,068,000	\$ 975,173	\$ 1,053,800	-1.3%

Sewer Total	\$ 6,809,600	\$ 6,864,800	\$ 7,216,500	\$ 6,967,020	\$ 7,633,200	5.8%
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Overall	\$ 10,948,100	\$ 11,139,800	\$ 11,560,100	\$ 11,100,129	\$ 12,185,300	5.4%
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*Includes Depreciation from both the Collection system and Treatment Plant

Water/Wastewater Rate Funded Capital

Revenue	Water	Wastewater
Single-Family	\$ 2,201,000	\$ 4,496,100
Multi-Family	\$ 978,000	\$ 2,441,000
Commercial	\$ 1,388,000	\$ 1,912,000
Misc.	\$ 261,400	\$ 117,800
Total Revenue	\$ 4,828,400	\$ 8,966,900

Expenses	Water	Wastewater
Labor & Benefits	\$ 1,384,300	\$ 2,305,300
Purchased Water	\$ 1,600,000	\$ -
Purchased Sewer Treatment	\$ -	\$ 950,700
Supplies & Services	\$ 396,000	\$ 751,100
Repairs & Maintenance	\$ 104,400	\$ 183,800
Utilities	\$ 52,200	\$ 275,600
Taxes	\$ 243,800	\$ 196,200
Debt Service	\$ 1,400	\$ 260,500
Depreciation	\$ 770,000	\$ 2,710,000
Less: Non-cash expenses		
Depreciation	\$ (770,000)	\$ (2,710,000)
Total Cash Expenses	\$ 3,782,100	\$ 4,923,200
Net Cash	\$ 1,046,300	\$ 4,043,700
Debt Service Principal	\$ (32,788)	\$ (1,844,365)
Rate Funded Capital	\$ 1,013,512	\$ 2,199,335

2022
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 2022 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 projects will be funded through GFC Revenue, current year rates, and existing available capital cash (funded through rates), with the exception of the Lift Station 5 upgrade which has a Public Works Trust Fund Loan.

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 2022 Budget includes funds for a rate study, which means capital projects listed after 2022 may change or move years based on the outcome of the study.

Following are the 2022 recommended Capital Projects:

Water Capital Projects

Old Town SR525 Crossing Phase 1 – Construction: This project replaces approximately 2,800 lineal feet of 1964 and 1968, 6” CI water main in Old Town on the west side of SR 525 with 12” and 8” restraint joint DI water main. It also installs approximately 600 lineal feet of new 8” restraint joint DI water main to provide a loop in the water system between SR525 and Webster Street. The project starts at 3rd Street and Lincoln Avenue, crosses west (in a jack and bore) under SR 525 on 3rd Avenue to Washington Avenue, south on Washington Avenue to 4th Street, west on 4th Street to Church Avenue, south on Church Avenue to 8th Street, West on 8th Street to Webster Street, South on Webster, East through the LS 10 property and terminates with a PRV vault at the water main installed for the LS 10 Replacement project. The project creates a new loop to improve water quality, increase system reliability and fire flows.

Total Estimated Project Cost - Construction: \$2,100,000

Old Town Phase 2 – Design: 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 main in Church Avenue between 4th and 3rd Street and up 3rd Street to Washington. The project increases reliability and fire flow.

Total Estimated Project Cost – Design: \$70,000

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 the original paint. The interior coating is beginning to show failures and has reached the end of its useful life. Recoating specifications will be prepared in 2022 with recoating scheduled for 2023.

Total Estimated Project Cost – Design: \$20,000

Reservoir No. 4 Pump Station - Pump No. 3 (Jockey Pump) - Design: This project installs a smaller third pump (jockey pump) with a Variable Frequency Drive (VFD) at the Reservoir No. 4 pump station. This project will allow a better range of operational flow control and provide station redundancy.

Total Estimated Project Cost – Design: \$40,000

Wastewater Capital Projects

Lift Station 5 Upgrade - Construction: This project is a 2021 carryover and upgrades the entire station. Lift Station No. 5 was constructed in the late 1960s with various upgrades in 1991 and 2000. The force main was replaced in early 2021. The lift station has non-code compliant components and is nearing the end of its useful life. This project will improve accessibility, reliability, and redundancy. The pumps and electrical systems will be replaced as well as a larger wet well for increased storage capacity between pump runs. Design and permitting were completed in 2020 and construction began in 2021 and will be completed in 2022.

Total Estimated Project Construction and CM Cost (carryover from 2021): \$600,000

Lift Station No. 8 Upgrades – Design: This project makes specific 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 - Design: \$190,000

Lift Station No. 8 Force Main/Gravity Main – Construction & CM: This project installs approximately 265 feet of the upper part of the Lift Station No. 8 force main that experiences plugging and has high maintenance needs. The project will replace this section of the force main and run a new HDPE main through the vacant Reservoir No. 3 site. This will increase reliability and shorten the overall length of force main.

Total Estimated Project Cost - Construction: \$200,000

Smuggler’s Gulch Sewer Line Rehab – Pre-Design: Approximately 280 feet of concrete sewer line on 60th Pl W (from manhole to manhole) has a significant sag in the line. Initial research does not indicate the District has actual easements for the sewer lines running through Smugglers Gulch. This Pre-Design project is to investigate and, if necessary, secure recorded easements prior to design and construction of this section of sewer pipe.

Total Estimated Project Cost – Design & Permitting: \$50,000

Trenchless Pipe Rehabilitation - Construction: This project includes various annual Trenchless Pipe Rehabilitation projects as identified through the District’s televised inspection program. The first project begins in 2022 with relining approximately 2,450 lineal feet of existing pipe with Ultraviolet Cured-in-Place Pipe.

Total Estimated Project Construction & CM: \$350,000

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 2022 to be \$200,000.

Total Estimated Project Cost: \$275,000

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 - \$17,500

Wastewater Treatment Capital Projects

WWTF Dewatering Improvements; Phase II – Purchase and Construction: This project installs new solids dewatering equipment. The existing belt filter press solids dewatering equipment was installed in 1994 and has reached the end of its useful life. Authorization to purchase new dewatering equipment and design of modifications to the existing solids handling building occurred in 2021. This project constructs modifications to the solids handling building and installs the new dewatering equipment.

Total Estimated Project Cost: \$1,350,000

WWTF Security/Process Cameras: The WWTF currently has 14 cameras for security/process monitoring purposes. This project adds additional cameras for better process monitoring and security purposes.

Total Estimated Project Cost: \$30,000

WWTF Electrical Upgrades: This project evaluates and replaces electrical infrastructure throughout the wastewater treatment facility with the goal of relocating facilities above grade over the next six years.

Total Estimated Project Cost: \$50,000

NPDES Permit Renewal: This project prepares documentation for renewal of the wastewater treatment plant's National Pollutant Discharge Elimination System (NPDES) permit.

Total Estimated Project Cost - Design: \$25,000

WWTF Headworks No. 1 Screen Rebuild: This project rebuilds the No. 1 Headworks screen that was installed in 2011.

Total Estimated Project Cost: \$45,000

WWTF UV System Refurbishment – Phase II: This project upgrades the UV-light disinfection equipment. The original UV-light disinfection system was installed in 2001. This project makes upgrades to existing equipment and includes the replacement of existing components including the light modules and relays.

Total Estimated Project Cost (Phase II): \$35,000

WWTF Head Works Study/Improvements: This project evaluates and makes improvements to the wastewater treatment facility's headworks. The headworks is designed for an influent flow of 2.7 million gallons per day (mgd) but averages approximately 1.0 mgd. The lower flows and subsequent lower sewage velocities results in grit and grease build-up in various areas of the headworks. This project will conduct an engineering analysis and designs for small upgrades to the Headworks to reduce grit and grease build-up.

Total Estimated Equipment Cost - \$100,000

WWTF Outfall Pipe (Creek) Relining: This project makes repairs to a section of the WWTF outfall. A portion of the WWTF's outfall that crosses Big Gulch Creek is exposed and susceptible to inflow from the creek should cracking in the pipe occur. This project includes the permitting, design, and re-lining of the entire section of outfall pipe, from manhole to manhole, which includes the exposed section of outfall pipe in the creek with reinforced cured-in-place pipe.

Total Estimated Project Costs - \$100,000

Projects Shared with Both Utilities

Vehicle Replacement: Staff plans to replace a 2011 Ford Escape (Unit #3) with a 2022 Toyota Highlander (or similar) and a 2002 Ford F550. These vehicles were chosen for replacement based on several factors including service history, mileage, and wear. The District also plans to purchase an additional SUV for the new Engineering Manager Position.

Cost split:	Water	\$ 82,250
	Wastewater	<u>92,750</u>
	Total Estimated Equipment Cost:	\$175,000

Rate/GFC Study: The District currently has approved rates through 2022. The District plans to hire a consultant to help the District calculate water and sewer rates, and General Facility Charges for the next five years.

Cost split:	Water	\$28,200
	Wastewater	<u>31,800</u>
	Total Estimated Project Cost	\$ 60,000

Administration Building Improvements: The District has completed a small office remodel creating two additional work spaces. This item is for any additional work and the purchase of office furniture.

Cost split:	Water	\$28,200
	Wastewater	<u>31,800</u>
	Total Estimated Equipment Cost:	\$50,000

Mukilteo Water & Wastewater District

Proposed 2022 Capital Budget

Project Name	Water	Wastewater	Total
<u>Water</u>			
Old Town/SR525 Crossing Phase 1 (Construction)	\$ 2,100,000		\$ 2,100,000
Old Town Phase 2 (Design)	\$ 70,000		\$ 70,000
Reservoir No. 1 Interior Recoating (Design)	\$ 20,000		\$ 20,000
Reservoir 4 Pump #3 Jockey Pump (Design)	\$ 40,000		\$ 40,000
<u>Wastewater - Collection</u>			
Lift Station 5 Upgrade (Construction)		\$ 600,000	\$ 600,000
Lift Station 8 Upgrade (Design)		\$ 190,000	\$ 190,000
Lift Station 8 Force Main/Gravity (Construction)		\$ 200,000	\$ 200,000
Smuggler's Gulch Sewer Line Rehab (Pre-Design)		\$ 50,000	\$ 50,000
Trenchless Pipe Rehabilitation (Construction)		\$ 350,000	\$ 350,000
City of Everett WPCF Projects		\$ 275,000	\$ 275,000
City of Mukilteo Culvert Part. Agreement		\$ 17,500	\$ 17,500
<u>Wastewater - Treatment</u>			
WWTF Solids Bldg Dewatering Improvements		\$ 1,350,000	\$ 1,350,000
WWTF Security/Process Cameras		\$ 30,000	\$ 30,000
WWTF Electrical Upgrades		\$ 50,000	\$ 50,000
NPDES Permit Renewal		\$ 25,000	\$ 25,000
WWTF Headworks No. 1 Screen Rebuild		\$ 45,000	\$ 45,000
WWTF UV System Upgrades Phase 2		\$ 35,000	\$ 35,000
Head Works Study/Improvements		\$ 100,000	\$ 100,000
WWTF Outfall Pipe (Creek)		\$ 100,000	\$ 100,000
<u>Shared Projects</u>			
Vehicle Replacement	\$ 82,250	\$ 92,750	\$ 175,000
Rate/GFC Study	\$ 28,200	\$ 31,800	\$ 60,000
Admin Building Office Improvements	\$ 23,500	\$ 26,500	\$ 50,000
Total 2022 Capital Budget	\$ 2,363,950	\$ 3,568,550	\$ 5,932,500

Projected Water Capital Cash Flow

	2022	2023	2024	2025	2026	2027
Capital Beginning Balance	\$ 9,400,000	\$ 8,149,562	\$ 7,710,562	\$ 6,804,562	\$ 5,137,562	\$ 5,173,562
GFC's	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Trans from Maint- Rate Funded Cap	\$ 1,013,512	\$ 1,300,000	\$ 1,400,000	\$ 1,500,000	\$ 1,600,000	\$ 1,700,000
Total Funds Available	\$ 10,513,512	\$ 9,549,562	\$ 9,210,562	\$ 8,404,562	\$ 6,837,562	\$ 6,973,562
Capital Projects						
Old Town/SR525 Crossing Phase 1	\$ 2,100,000	\$ -	\$ -	\$ -	\$ -	\$ -
Old Town Phase 2	\$ 70,000	\$ 927,000	\$ -	\$ -	\$ -	\$ -
2nd Street WMR/City Mukilteo ILA	\$ -	\$ 31,000	\$ 266,000	\$ -	\$ -	\$ -
102nd Pl to Central Drive	\$ -	\$ 31,000	\$ 107,000	\$ -	\$ -	\$ -
92nd St SW/44th Ave W to SR 525	\$ -	\$ -	\$ -	\$ 143,000	\$ 1,441,000	\$ -
84th St SW/44th Ave W to 92nd St	\$ -	\$ -	\$ -	\$ -	\$ 169,000	\$ 1,739,000
Paine Field Transmission Main	\$ -	\$ -	\$ 266,000	\$ 2,732,000	\$ -	\$ -
Reservoir No. 1 Interior Recoating	\$ 20,000	\$ 515,000	\$ -	\$ -	\$ -	\$ -
Reservoir 4 Pump #3 Jockey Pump	\$ 40,000	\$ 129,000	\$ -	\$ -	\$ -	\$ -
Reservoir No. 5 Exterior Recoating	\$ -	\$ -	\$ 1,592,000	\$ -	\$ -	\$ -
620 Reservoir Pump Station Electrical Upgrades	\$ -	\$ -	\$ -	\$ 219,000	\$ -	\$ -
Water System Plan	\$ -	\$ -	\$ -	\$ 88,000	\$ -	\$ -
Shared Capital Projects						
Vehicle Replacement	\$ 82,250	\$ 63,000	\$ 25,000	\$ 85,000	\$ 19,000	\$ 28,000
Rate/GFC Study	\$ 28,200	\$ -	\$ -	\$ -	\$ 35,000	\$ -
Server Replacement	\$ -	\$ 8,000	\$ -	\$ -	\$ -	\$ -
Admin Building HVAC	\$ -	\$ 122,000	\$ 125,000	\$ -	\$ -	\$ -
Admin Building Int Paint	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -
Admin Building LED Lighting	\$ -	\$ 13,000	\$ -	\$ -	\$ -	\$ -
Admin Building Office Improvements	\$ 23,500	\$ -	\$ -	\$ -	\$ -	\$ -
Total Water Capital Projects	\$ 2,363,950	\$ 1,839,000	\$ 2,406,000	\$ 3,267,000	\$ 1,664,000	\$ 1,767,000
Ending Balance	\$ 8,149,562	\$ 7,710,562	\$ 6,804,562	\$ 5,137,562	\$ 5,173,562	\$ 5,206,562

Projected Wastewater Capital Cash Flow

	2022	2023	2024	2025	2026	2027
Capital Beginning Balance	\$ 8,896,000	\$ 8,146,785	\$ 6,765,785	\$ 7,148,785	\$ 7,658,785	\$ 9,362,785
GFC's	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
PWTF Loan	\$ 520,000					
Trans from Maintenance- Rate Funded Capital	\$ 2,199,335	\$ 2,764,000	\$ 2,819,000	\$ 2,875,000	\$ 2,933,000	\$ 2,992,000
Total Funds Available	\$11,715,335	\$11,010,785	\$ 9,684,785	\$10,123,785	\$10,691,785	\$12,454,785

Capital Projects

Lift Station 5 Upgrade	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ -
Lift Station 8 Upgrade	\$ 190,000	\$ 1,957,000	\$ -	\$ -	\$ -	\$ -
Lift Station 2 Upgrade	\$ -	\$ -	\$ 85,000	\$ 875,000	\$ -	\$ -
Lift Station 11 Upgrade	\$ -	\$ -	\$ -	\$ -	\$ 57,000	\$ 406,000
Lift Station 8 Force Main/Gravity	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -
Smuggler's Gulch Sewer Line Rehab	\$ 50,000	\$ 103,000	\$ 531,000	\$ -	\$ -	\$ -
Trenchless Pipe Rehabilitation	\$ 350,000	\$ 515,000	\$ 557,000	\$ 601,000	\$ 648,000	\$ 696,000
Manhole Rehab	\$ -	\$ 42,000	\$ -	\$ 50,000	\$ -	\$ 58,000
City of Everett WPCF Projects	\$ 275,000	\$ 191,000	\$ 179,000	\$ 22,000	\$ 226,000	\$ 1,160,000
City of Mukilteo Culvert Part. Agreement	\$ 17,500	\$ -	\$ -	\$ -	\$ -	\$ -
WWTF Security/Process Cameras	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -
WWTF Electrical Upgrades	\$ 50,000	\$ 78,000	\$ 80,000	\$ -	\$ 169,000	\$ 174,000
NPDES Permit Renewal	\$ 25,000	\$ 52,000	\$ -	\$ -	\$ -	\$ -
Loader Replacement	\$ -	\$ 258,000	\$ -	\$ -	\$ -	\$ -
Process Automation Study/Improvements	\$ -	\$ -	\$ 107,000	\$ 547,000	\$ -	\$ -
WWTF Infrastructure Evaluation	\$ -	\$ -	\$ 133,000	\$ -	\$ -	\$ -
Vactor Dump Station Re-Design	\$ -	\$ -	\$ 54,000	\$ 274,000	\$ -	\$ -
WWTF Headworks No. 1 Screen Rebuild	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ -
Head Works Study/Improvements	\$ 100,000	\$ 515,000	\$ -	\$ -	\$ -	\$ -
WWTF Headworks No. 2 Screen Rebuild	\$ -	\$ 47,000	\$ -	\$ -	\$ -	\$ -
WWTF Rock Box (Headworks)	\$ -	\$ 103,000	\$ -	\$ -	\$ -	\$ -
WWTF "A/B" Ditch NH3/NO3 Probe Replacement	\$ -	\$ 11,000	\$ 11,000	\$ -	\$ -	\$ -
Replace Diffusers in Oxidation Ditch "B"	\$ -	\$ 19,000	\$ -	\$ -	\$ -	\$ -
WWTF Aeration Control Improvements	\$ -	\$ -	\$ 69,000	\$ -	\$ -	\$ -
Additional Mixer "B" Ditch	\$ -	\$ -	\$ -	\$ -	\$ 169,000	\$ -
WWTF Clarifier #3 Mechanism Replacement	\$ -	\$ 62,000	\$ 531,000	\$ -	\$ -	\$ -
WWTF Clarifier #1 Mechanism Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,000
WWTF Solids Bldg Dewatering Improvements	\$ 1,350,000	\$ -	\$ -	\$ -	\$ -	\$ -
WWTF UV System Upgrades Phase 2	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -
WWTF Outfall Pipe (Creek)	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -
WWTF Eff. Filter Feed Pump & VFD Replacements	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -

Shared Projects

Vehicle Replacement	\$ 92,750	\$ 71,000	\$ 29,000	\$ 96,000	\$ 21,000	\$ 31,000
Rate/GFC Study	\$ 31,800	\$ -	\$ -	\$ -	\$ 39,000	\$ -
Server Replacement	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -
Admin Building HVAC	\$ -	\$ 137,000	\$ 141,000	\$ -	\$ -	\$ -
Admin Building Int Paint	\$ -	\$ -	\$ 29,000	\$ -	\$ -	\$ -
Admin Building LED Lighting	\$ -	\$ 14,000	\$ -	\$ -	\$ -	\$ -
Admin Building Office Improvements	\$ 26,500	\$ -	\$ -	\$ -	\$ -	\$ -

Total Capital Projects	\$ 3,568,550	\$ 4,245,000	\$ 2,536,000	\$ 2,465,000	\$ 1,329,000	\$ 2,595,000
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Ending Balance	\$ 8,146,785	\$ 6,765,785	\$ 7,148,785	\$ 7,658,785	\$ 9,362,785	\$ 9,859,785
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Outstanding Debt

Mukilteo Water & Wastewater District

2022 Debt Service and Outstanding Debt

Description	Maturity Date	Interest Rate	Original Issue	Outstanding 12/31/2021	2022 Principal Payments	2022 Interest Payments	Total 2022 Payments Due
Bonds:							
2008 Improvements & Refunding Bonds (issued for Big Gulch and ULID 11 refunding)	2023	3.75-4.30	1,720,000	50,000	25,000	2,138	27,138
2012 Water & Wastewater Revenue Bonds (issued for Headworks, LS 10, Outfall, and SCADA)	2031	.400-4.00	3,420,000	1,915,000	165,000	67,850	232,850
2015 Refunding Bonds	2028	2.00-4.00	4,885,000	3,540,000	450,000	141,600	591,600
SRF Loans:							
Big Gulch (L0600016)	2028	1.5	1,145,247	416,897	61,524	6,042	67,566
PWTF Loans:							
Res. No. 4 Seismic Upgrade (PW-03-65103-33)	2024	1.5	622,968	98,363	32,788	1,475	34,263
Big Gulch (PW-07-962-PRE-116)	2027	0.5	1,000,000	320,175	53,363	1,601	54,963
Big Gulch (PW-07-962-PRE-121)	2027	0.5	1,000,000	320,175	53,363	1,601	54,963
Big Gulch (PW-06-962-033)	2026	0.5	7,000,000	1,859,375	371,875	9,297	381,172
Big Gulch (PC08-951-032)	2028	0.5	6,739,575	2,465,390	352,199	12,327	364,526
Outfall (PC13-961-019)	2032	0.5	691,061	416,278	37,843	1,041	38,884
Everett WPCF (PC13-961-004)	2032	0.5	1,430,671	963,609	88,495	4,867	93,363
Lift Station 5 & Force Main Improvements (PR20-96103-017) Design Loan	2024	0.79	274,618	171,347	72,501	1,716	74,217
Lift Station 5 & Force Main Improvements (PR20-96103-047)* Construction Loan	2039	1.08	2,037,658	1,032,663	113,203	32,195	145,398
Total			31,966,798	13,569,273	1,877,153	283,750	2,160,903

*Loan still open

Budget Detail

	2022 Adopted		2021		vs.	% Increase/	
	Water	Wastewater	Total	Budget	2021	Decrease	Notes
Operating Revenue							
Service Revenue	\$ 4,567,000	\$ 8,849,100	\$ 13,416,100	\$ 12,919,900	\$ 496,200	3.8%	
Other Revenue	\$ 261,400	\$ 117,800	\$ 379,200	\$ 493,700	\$ (114,500)	-23.2%	This is a result of reduced fees and lower interest rates.
Total Operating Revenue	\$ 4,828,400	\$ 8,966,900	\$ 13,795,300	\$ 13,413,600	\$ 381,700	2.8%	
Expenses							
Operations:							
Supplies & Services	\$ 32,900	\$ 30,600	\$ 63,500	\$ 63,400	\$ 100	0.2%	
Repairs & Maintenance	\$ 79,200	\$ 78,400	\$ 157,600	\$ 155,600	\$ 2,000	1.3%	
Utilities	\$ 18,900	\$ 59,500	\$ 78,400	\$ 77,300	\$ 1,100	1.4%	
Total	\$ 131,000	\$ 168,500	\$ 299,500	\$ 296,300	\$ 3,200	1.1%	
Treatment							
Supplies & Services	\$ -	\$ 277,200	\$ 277,200	\$ 273,400	\$ 3,800	1.4%	
Repairs & Maintenance	\$ -	\$ 74,400	\$ 74,400	\$ 87,500	\$ (13,100)	-15.0%	2021 included diffuser replacement in "A" ditch.
Utilities	\$ -	\$ 174,300	\$ 174,300	\$ 166,183	\$ 8,117	4.9%	Includes an assumed 5% rate increase from PUD.
Total	\$ -	\$ 525,900	\$ 525,900	\$ 527,083	\$ (1,183)	-0.2%	
Administration							
Labor & Benefits	\$ 1,384,300	\$ 2,305,300	\$ 3,689,600	\$ 3,385,200	\$ 304,400	9.0%	Includes a new FTE, 6.5% COLA, and 6% increase in medical benefits.
Purchased Water	\$ 1,600,000	\$ -	\$ 1,600,000	\$ 1,552,000	\$ 48,000	3.1%	Includes a 1.3% increase from COE, assumed 8.0% increase from AWWD and consumption slightly above 2021 expected but below 2021 budgeted
Purchased Sewer Treat	\$ -	\$ 950,700	\$ 950,700	\$ 879,900	\$ 70,800	8.0%	Assumes a 4% rate increase and continued lower Commercial Cons. on wheeling
Supplies & Services	\$ 363,100	\$ 443,300	\$ 806,400	\$ 746,800	\$ 59,600	8.0%	Includes \$35k for bi-annual audit and a 10% increase in liability insurance
Repairs & Maintenance	\$ 25,200	\$ 31,000	\$ 56,200	\$ 62,500	\$ (6,300)	-10.1%	
Utilities	\$ 33,300	\$ 41,800	\$ 75,100	\$ 71,800	\$ 3,300	4.6%	
Taxes	\$ 243,800	\$ 196,200	\$ 440,000	\$ 424,800	\$ 15,200	3.6%	Increased revenue
Debt Service	\$ 1,400	\$ 260,500	\$ 261,900	\$ 261,800	\$ 100	0.0%	
Depreciation	\$ 770,000	\$ 2,710,000	\$ 3,480,000	\$ 3,353,000	\$ 127,000	3.8%	Addition of WWTF Admin Building, LS 9 upgrade, and LS 5 Force Main
Total	\$ 4,421,100	\$ 6,938,800	\$ 11,359,900	\$ 10,737,800	\$ 622,100	5.8%	
Total Expenses	\$ 4,552,100	\$ 7,633,200	\$ 12,185,300	\$ 11,561,183	\$ 624,117	5.4%	
Net Income	\$ 276,300	\$ 1,333,700	\$ 1,610,000	\$ 1,852,417			
Less Depreciation (non cash expense)	\$ (770,000)	\$ (2,710,000)	\$ (3,480,000)	\$ (3,353,000)			
Debt Service Principal	\$ 32,788	\$ 1,844,365	\$ 1,877,153	\$ 1,769,699			
Rate Funded Capital	\$ 1,013,512	\$ 2,199,335	\$ 3,212,847	\$ 3,435,718			

Historic Water Budget and Actuals/Projected

Revenue	2019	2019	2020	2020	2021	2021	2022
	Budget	Actuals	Budget	Actuals	Budget	Projected	Adopted
Single-Family	\$ 2,000,300	\$ 2,002,469	\$ 2,055,300	\$ 1,910,655	\$ 2,112,400	\$ 2,176,604	\$ 2,201,000
Multi-Family	\$ 901,500	\$ 892,553	\$ 913,200	\$ 847,541	\$ 941,600	\$ 949,951	\$ 978,000
Commercial	\$ 1,355,500	\$ 1,289,978	\$ 1,357,100	\$ 1,057,159	\$ 1,362,200	\$ 1,271,577	\$ 1,388,000
Misc.	\$ 330,400	\$ 474,165	\$ 324,200	\$ 252,917	\$ 309,100	\$ 236,509	\$ 261,400
GFC Revenue	\$ 194,700	\$ 127,382	\$ 173,900	\$ 421,057	\$ 41,100	\$ 47,603	\$ 100,000
Water Total	\$ 4,782,400	\$ 4,786,546	\$ 4,823,700	\$ 4,489,330	\$ 4,766,400	\$ 4,682,243	\$ 4,928,400

Expenses	2019	2019	2020	2020	2021	2021	2022
	Budget	Actuals*	Budget	Actuals	Budget	Projected	Adopted
Labor & Benefits	\$ 1,194,400	\$ 1,161,679	\$ 1,249,600	\$ 1,151,741	\$ 1,231,600	\$ 1,215,368	\$ 1,384,300
Purchased Water	\$ 1,460,100	\$ 1,367,800	\$ 1,493,200	\$ 1,278,944	\$ 1,552,000	\$ 1,461,703	\$ 1,600,000
Supplies & Services	\$ 308,500	\$ (117,335)	\$ 353,400	\$ 481,086	\$ 374,600	\$ 321,045	\$ 396,000
Repairs & Maintenance	\$ 96,700	\$ 47,589	\$ 82,000	\$ 90,542	\$ 87,400	\$ 57,028	\$ 104,400
Utilities	\$ 46,200	\$ 40,854	\$ 45,600	\$ 45,473	\$ 51,000	\$ 47,811	\$ 52,200
Taxes	\$ 226,900	\$ 211,550	\$ 234,100	\$ 196,861	\$ 235,200	\$ 222,516	\$ 243,800
Interest Expense	\$ 3,000	\$ 2,828	\$ 3,100	\$ 2,172	\$ 2,000	\$ 1,639	\$ 1,400
Depreciation	\$ 802,700	\$ 810,048	\$ 814,000	\$ 812,885	\$ 809,800	\$ 806,000	\$ 770,000
Total	\$ 4,138,500	\$ 3,525,012	\$ 4,275,000	\$ 4,059,704	\$ 4,343,600	\$ 4,133,109	\$ 4,552,100

*2019 Supplies & Services included a gain from the sale of a property. Expenses net of the gain were \$326,212

Historic Wastewater Budget and Actuals/Projected

Revenue	2019	2019	2020	2020	2021	2021	2022
	Budget	Actuals	Budget	Actuals	Budget	Projected	Adopted
Single-Family	\$ 4,256,600	\$ 4,321,012	\$ 4,255,400	\$ 3,962,848	\$ 4,300,700	\$ 4,348,325	\$ 4,496,100
Multi-Family	\$ 2,154,600	\$ 2,089,734	\$ 2,252,200	\$ 2,059,340	\$ 2,359,000	\$ 2,350,776	\$ 2,441,000
Commercial	\$ 1,660,000	\$ 1,664,690	\$ 1,763,800	\$ 1,414,353	\$ 1,844,000	\$ 1,705,871	\$ 1,912,000
Misc.	\$ 355,600	\$ 472,406	\$ 347,300	\$ 315,723	\$ 184,600	\$ 122,229	\$ 117,800
GFC Revenue	\$ 407,500	\$ 135,811	\$ 553,500	\$ 783,574	\$ 89,400	\$ 114,999	\$ 100,000
Water Total	\$ 8,834,300	\$ 8,683,654	\$ 9,172,200	\$ 8,535,837	\$ 8,777,700	\$ 8,642,201	\$ 9,066,900

Expenses

Collection & Treatment	2019	2019	2020	2020	2021	2021	2022
	Budget	Actuals	Budget	Actuals	Budget	Projected	Adopted
Labor & Benefits	\$ 1,970,500	\$ 1,935,597	\$ 2,046,600	\$ 1,902,422	\$ 2,153,600	\$ 2,046,146	\$ 2,305,300
Purchased Sewer Treatment	\$ 687,000	\$ 632,422	\$ 697,400	\$ 775,398	\$ 879,900	\$ 903,003	\$ 950,700
Supplies & Services	\$ 599,600	\$ 570,098	\$ 658,800	\$ 670,811	\$ 709,000	\$ 678,577	\$ 751,100
Repairs & Maintenance	\$ 193,700	\$ 182,484	\$ 169,300	\$ 183,603	\$ 218,200	\$ 150,090	\$ 183,800
Utilities	\$ 265,400	\$ 256,213	\$ 263,100	\$ 249,147	\$ 263,200	\$ 260,014	\$ 275,600
Taxes	\$ 187,600	\$ 173,906	\$ 185,500	\$ 158,558	\$ 189,600	\$ 172,532	\$ 196,200
Debt Service	\$ 320,400	\$ 288,732	\$ 302,600	\$ 271,810	\$ 259,800	\$ 213,457	\$ 260,500
Depreciation	\$ 2,585,400	\$ 2,618,046	\$ 2,541,500	\$ 2,575,126	\$ 2,543,200	\$ 2,543,200	\$ 2,710,000
Total	\$ 6,809,600	\$ 6,657,498	\$ 6,864,800	\$ 6,786,875	\$ 7,216,500	\$ 6,967,020	\$ 7,633,200