

# Utilities Department 2017- 2018 Proposed Budget

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ENVIRONMENTAL SERVICES COMMISSION MEETING

OCTOBER 6, 2016

# 2017-2018 Budget Review Schedule

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## January 21

- ✓ Introduce 2017-2023 CIP Update and Review Adopted 2015-2021 Utilities CIP

## February 4

- ✓ Review Proposed Changes and Additions to Utilities CIP

## March 3

- ✓ Summarize proposed changes to Utilities CIP
- ✓ 2017-2018 Budget One Process Overview
- ✓ Review Waterworks Financial Policies

- ✓ **March 15- April 1** On-line CIP Open House

## April 7

- ✓ Summarize CIP Public Comments; Request ESC CIP concurrence
- ✓ 2015 year-end budget financial report
- ✓ Early Outlook Forecast

## May 5

- ✓ Review Preliminary Utilities CIP and Operating budget proposals

## May 19

- ✓ Complete review of Utilities Budget Proposals

## June 2

- ✓ Final ESC comments on budget proposals
- ✓ ESC budget proposal recommendations to RTs/LTs

## July 7

- ✓ CIP tour

## October 6

- ✓ Proposed Budget Recap
- ✓ Preliminary Rates Forecast

## October 20

- ☐ ESC Public Hearing on proposed Utilities budget

## November 3

- ☐ ESC budget/rate recommendation to Council

## December 5

- ☐ Anticipated Council budget adoption

## January 2016

- ☐ Recap final Council adopted budget and rates

# Budget Guiding Principles

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- ❖ Compliance with comprehensive financial management policies
- ❖ Investments to sustain current service levels
- ❖ New investments to enhance customer service and/or create efficiencies
- ❖ Competitive rates

# Utility's Department 2017-2018 Proposed Budget (\$282.8M)

## AMI

- ✓ Staffing implementation costs

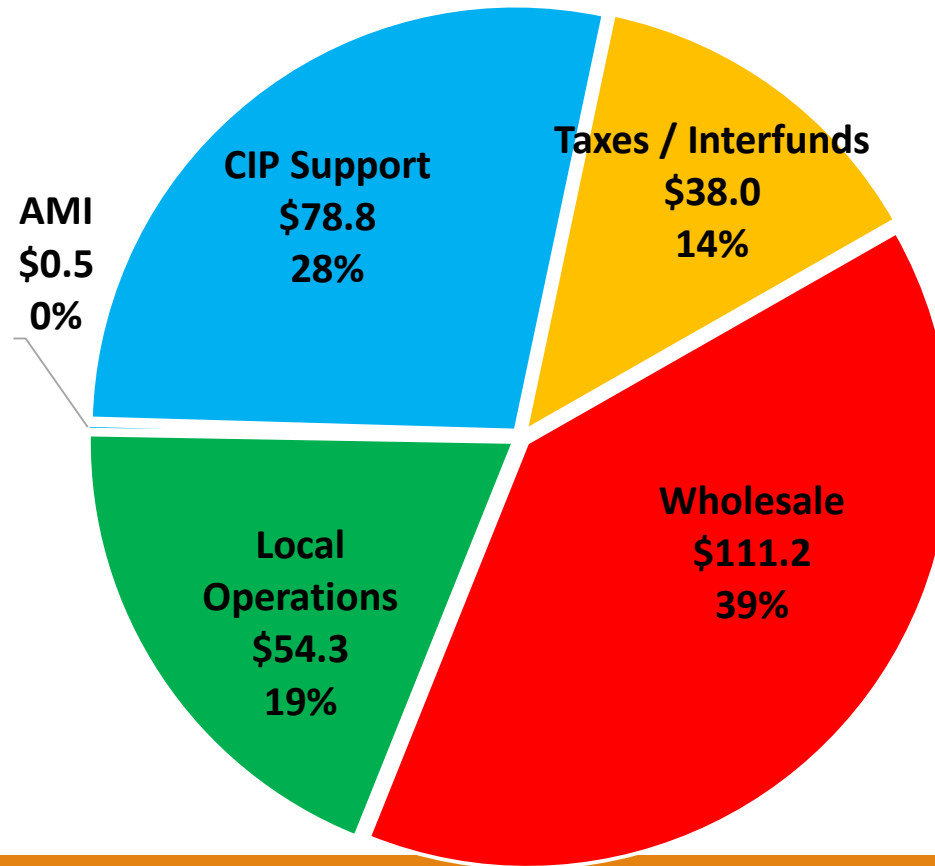
## CIP Support

- ✓ Engineering staffing for CIP delivery
- ✓ Operating transfers to fund CIP and R&R program

## Local Operations

- ✓ Water, Sewer, Storm system O&M
- ✓ Customer billing
- ✓ Development review
- ✓ Regulatory compliance
- ✓ Asset replacement
- ✓ Information technology including telemetry
- ✓ Administration

(\$ Millions)



## Taxes/Interfunds

- ✓ Taxes and franchise fees
- ✓ Payments to other City departments for services received

## Wholesale

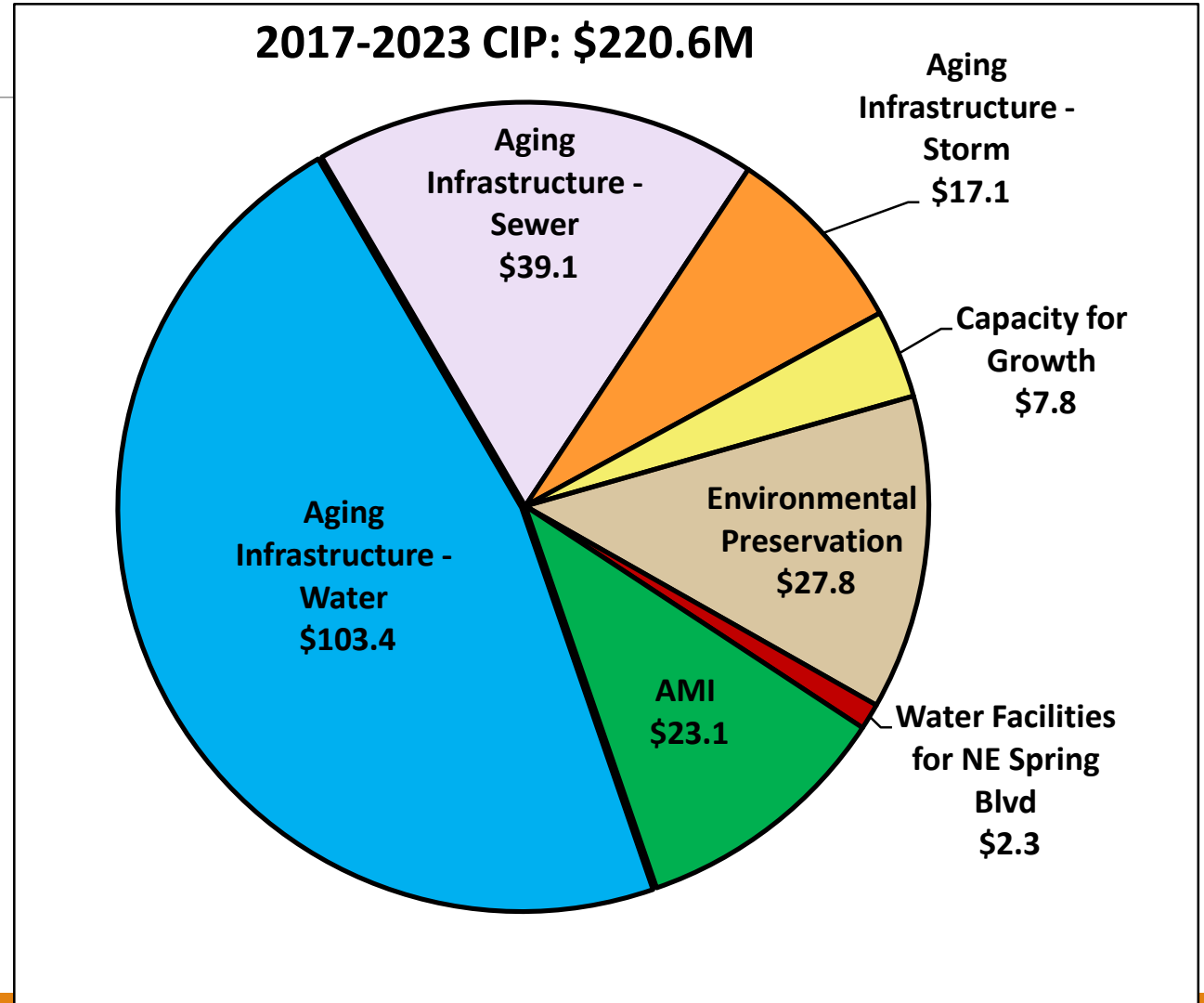
- ✓ Drinking water purchase
- ✓ Wastewater treatment
- ✓ Cascade regional capital facility charges (new connection charges)

# Updated 2017-2018 Proposed Operating Budget - Drivers

	(\$ Millions)	Key Drivers
<b>Prior Budget</b>	<b>\$291.4</b>	
<b>Changes:</b>		
• Financial Obligations	(\$5.4)	<ul style="list-style-type: none"> <li>✓ Streamlined Fireflow utility tax payment process</li> <li>✓ Updated taxes</li> <li>✓ Updated wholesale costs</li> </ul>
• CIP Funding	( 2.2)	<ul style="list-style-type: none"> <li>✓ Updated funding to reflect revised CIP</li> <li>✓ 1.25 FTEs to support CIP</li> </ul>
• Local Operations	( 0.3)	<ul style="list-style-type: none"> <li>✓ Updated salaries and benefits</li> <li>✓ 1.75 FTEs to support operations (NPDES compliance &amp; Water maint.)</li> </ul>
• AMI	( 0.7)	<ul style="list-style-type: none"> <li>✓ Updated implementation cost</li> </ul>
<b>Subtotal - Changes</b>	<b>(\$8.6)</b>	
<b>New Budget</b>	<b>\$282.8</b>	

# Infrastructure Investments

- ❖ Aging infrastructure (72%)
- ❖ Environmental preservation (13%)
- ❖ Capacity to accommodate growth (5%)
- ❖ Advanced metering infrastructure (10%)



# Updated Water 2017-2023 CIP

	(\$ Millions)
<b>Prior Water CIP (May)</b>	<b>\$138.4</b>
<b>Key Changes:</b>	
• AMI (W-108) – revised project cost and reflect water’s share of costs	<i>(\$8.3)</i>
• Water Pump Station Rehab (W-91) – reduced to align w/ long-term needs	<i>( 1.3)</i>
• Water Main Replacement (W-16) – revised costs & an additional project	<i>1.1</i>
• Water Storage for West Op. Area (W-103) – reduced to recognize existing infrastructure	<i>( 1.1)</i>
Subtotal - Changes	<b>(\$9.6)</b>
<b>New Water CIP</b>	<b>\$128.8</b>

# Updated Sewer 2017-2023 CIP

	(\$ Millions)
<b>Prior Sewer CIP (May)</b>	<b>\$40.2</b>
<b>Key Changes:</b>	
• AMI (S-108) – reflect sewer’s share of costs	\$ 6.9
• Wilburton Sewer Capacity Upgrade (S-60) – increased construction cost	0.5
• Midlakes Pump Station Capacity Improvement (S-61) – refined cost estimate due to site conditions	<u>0.3</u>
Subtotal - Changes	<b>\$7.7</b>
<b>New Sewer CIP</b>	<b>\$47.9</b>



# Updated Storm 2017-2023 CIP

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	(\$ Millions)
<b>Prior Storm CIP (May)</b>	<b>\$42.6</b>
<b>Key Changes</b>	
• Flood Control (D-64) - revised costs & additional projects needed	\$ 1.5
• Minor Capital Projects (D-59) – revised cost due to favorable bids	<u>(0.2)</u>
Subtotal - Changes	<b>\$ 1.3</b>
<b>New Storm CIP</b>	<b>\$43.9</b>

# 2017-2022 Utility Rates Forecast

	2017	2018	2019	2020	2021	2022
<b>Water</b>						
Wholesale	0.8%	1.9%	1.4%	1.4%	1.4%	1.4%
Local	<u>2.6%</u>	<u>4.2%</u>	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>	<u>3.5%</u>
Total	3.4%	6.1%	4.4%	4.4%	4.4%	3.9%
<b>Sewer</b>						
Wholesale	3.1%	0.0%	3.1%	0.0%	1.6%	1.6%
Local	<u>1.3%</u>	<u>2.2%</u>	<u>1.3%</u>	<u>1.1%</u>	<u>1.3%</u>	<u>1.3%</u>
Total	4.4%	2.2%	4.4%	1.1%	2.9%	2.9%
<b>Storm</b>						
Wholesale	-	-	-	-	-	-
Local	<u>4.3%</u>	<u>4.6%</u>	<u>3.5%</u>	<u>3.4%</u>	<u>3.4%</u>	<u>3.4%</u>
Total	4.3%	4.6%	3.5%	3.4%	3.4%	3.4%
<b>Combined (Water, Sewer, Storm)</b>						
Total	<b>4.0%</b>	<b>4.0%</b>	4.3%	2.7%	3.5%	3.4%
<i>Early Outlook Combined Rate Increase</i>	5.7%	4.9%	5.8%	3.9%	4.3%	4.1%

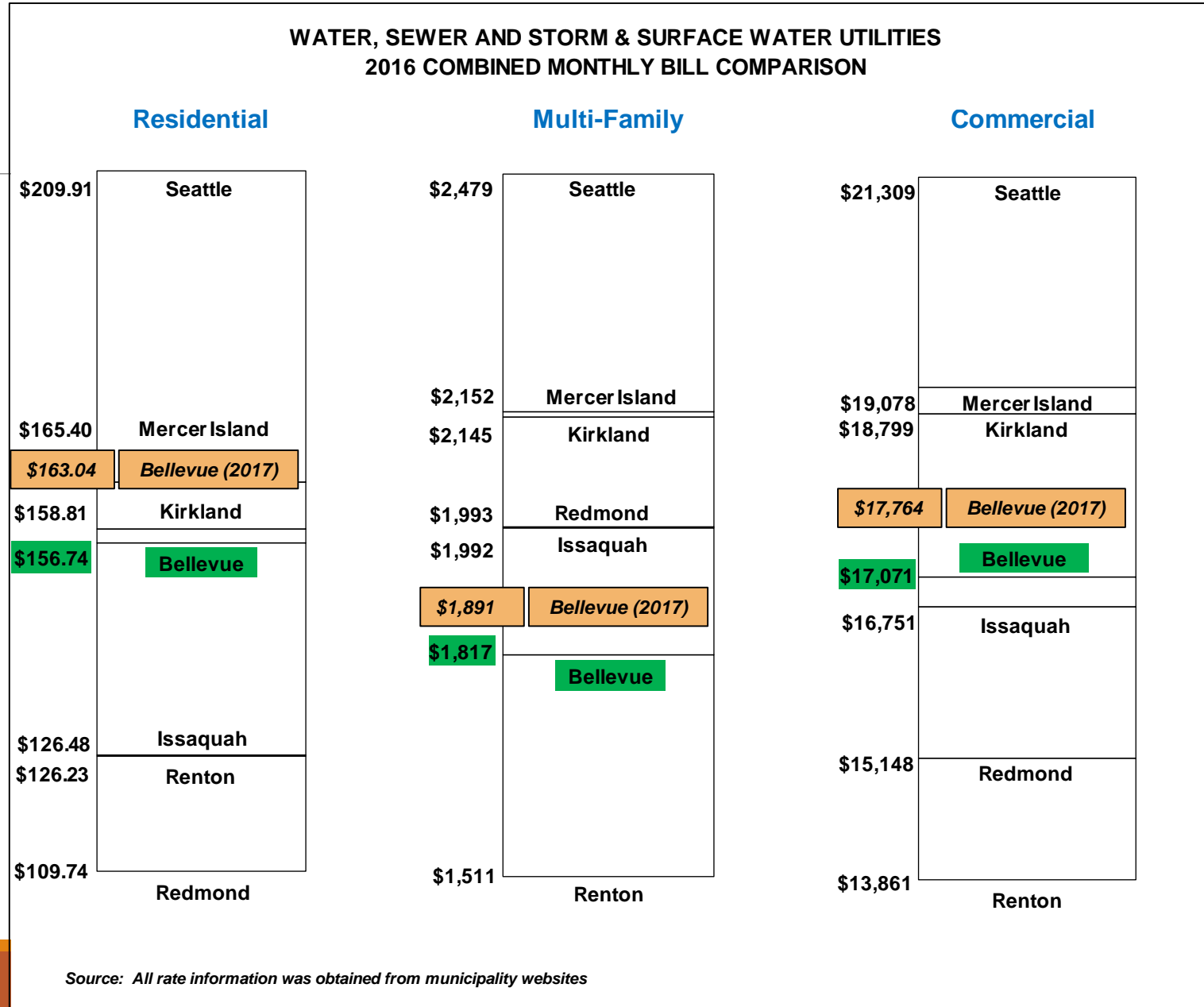
# 2017 Typical Residential Total Utility Bill

		<b>Total Bill</b>
<b>2016 Monthly Bill</b>		<b>\$156.74</b>
<b>2017 Rate Drivers</b>		
<b>Water Supply /Wastewater Treatment</b>	<b>1.8%</b>	<b>2.82</b>
<b>Local</b>		
CIP / R&R	1.4%	2.14
Taxes and Interfunds	0.1%	0.12
Operations	0.2%	0.37
Issaquah Assumption	<u>0.5%</u>	<u>0.86</u>
<b>Total Local</b>	<b>2.2%</b>	<b>3.49</b>
<b>Total Increase</b>		<b>6.31</b>
<b>2017 Monthly Bill</b>		<b>\$163.05</b>

# 2018 Typical Residential Total Utility Bill

		<b>Total Bill</b>
<b>2017 Monthly Bill</b>		<b>\$163.05</b>
<b>2018 Rate Drivers</b>		
<b>Water Supply - CWA</b>	<b>0.7%</b>	<b>1.17</b>
<b>Local</b>		
CIP / R&R	2.1%	3.34
Taxes and Interfunds	0.7%	1.20
Operations	0.7%	0.81
<b>Total Local</b>	<b>3.3%</b>	<b>5.35</b>
<b>Total Increase</b>		<b>6.52</b>
<b>2018 Monthly Bill</b>		<b>\$169.57</b>

# Combined Monthly Utility Bill – 2016 v. 2017



# Stakeholder Budget Outreach

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- ❖ Building Owners and Managers Association (BOMA) – 10/5
- ❖ Bellevue Chamber – 10/13
- ❖ Business Downtown Association - TBD

# You're Invited! Bellevue Utilities Business Customer Forum

Thursday, October 27, 2016 · 7:30 am - 9:30 am · Bellevue City Hall



**8:15 am - 8:30 am**

## **Welcome & State of the Utility**

**Nav Ota, Director of Bellevue Utilities**, will welcome guests and give a brief overview of the future direction of the utility and how it plans to support the business community.

**7:30 am - 8:30 am**

## **Continental Breakfast & Bellevue Essentials**

Enjoy light refreshment and experience Bellevue Essentials, our well-received community education program.

Register today at [www.bellevuewa.gov/business-customer-forum.htm](http://www.bellevuewa.gov/business-customer-forum.htm)

Questions? Contact Michael May at [mmay@bellevuewa.gov](mailto:mmay@bellevuewa.gov) or 425-452-5215

## **8:30 am - 9:30 am Utility Talks**

Attend one or all of our Utility Talks depending on your areas of interest and schedule. Each talk will be 15 minutes long, including time for questions. Each talk will be presented multiple times, giving guests the flexibility to learn more about our utility in a small and informal setting.



## **AMI (Advanced Meter Infrastructure): Empowering Customers to Manage Their Utility Services**

Presenter: Andrew Lee, Deputy Director of Bellevue Utilities



## **Capital Investments: Our Strategy for Meeting Future Capacity**

Presenter: Paul Bucich, Assistant Director, Engineering



## **Utility Rates: How We Set Them and What They Support**

Presenter: Lucy Liu, Assistant Director, Resource Management & Customer Service



## **Water Quality & Resiliency: Ensuring a Consistent and Safe Water Supply**

Presenter: Joe Harbour, Assistant Director, Operations & Maintenance