WEST SOUND UTILITY DISTRICT

Board of Commissioners — November 15, 2023
Board Meeting — 1:00 PM

Please direct your smart device or computer to www.wsud.us/meetings for information on virtual attendance.

AGENDA

PUBLIC COMMENTS

CONSENT AGENDA

1. Approval of the Regular Board Meeting Minutes of November 1, 2023
2. Approval of Vouchers WSUD #31819 through #31856 in the amount of $101,471.27
3. Approval of Vouchers SKWRF #17708 through #17729 in the amount of $61,996.41
4. Approval of November Payroll in the Amount of $203,253.56

BOARD DISCUSSION/ACTION ITEM

1. Mr. Will Fortier, RE: Conditional Use Permit Conversion from Guest House to ADU
2. Discussion, Award letter, 2024 PWB Loan, Powell Booster Pump Station Project
3. Discussion, Award letter, 2024 PWB Loan, Lund Avenue Main Relocation Project
4. Resolution 1108-23, Authorizing Action, PFAS Class Action Lawsuit
5. Resolution 1109-23, First Reading, Adopting the SKWRF 2024 Budget
6. Resolution 1110-23, First Reading, Adopting the WSUD 2024 Water, Sewer Budgets
7. Resolution 1111-23, First Reading, Modification of Utility Rates, Fees and Charges
8. Resolution 1112-23, First Reading, Amending Water & Sewer General Facility Charges
9. Resolution 1113-23, Adopting the WSUD 2024 Salary Schedule and Health Benefit Contribution

STAFF REPORTS

1. Plant Manager
2. Operations Manager
3. Finance Manager
4. General Manager

COMMISSIONERS' REPORTS

EXECUTIVE SESSION

Executive Sessions may be scheduled or announced for discussions per RCW 42.30.110.

FUTURE MEETINGS

December 6	Regular Board Meeting
December 20	Regular Board Meeting
January 3	Regular Board Meeting

Executive Sessions may be scheduled as needed for personnel, legal and other similar matters.
The Board may add and take action on other items not listed on the agenda

WEST SOUND UTILITY DISTRICT
Minutes of Meeting of the Board of Commissioners
2924 SE Lund Avenue, Port Orchard, WA 98366
Wednesday, November 1, 2023, at 1:00 p.m.

Chairperson:	Susan Way (Virtual)
Vice Chairperson:	James J. Hart
Commissioner:	Jerry Lundberg

Attending: Randy Screws, General Manager
John Tapia, Operation Manager
Marty Grabill, Plant Manager
Ken Bagwell, Attorney
Amber Brooks, Accounting/Office Assistant

The meeting was called to order by Commissioner Hart at 1:00 p.m.

PUBLIC COMMENTS

CONSENT AGENDA

1. Approval of the Regular Board Meeting Minutes of October 18, 2023
2. Approval of the Special Board Meeting Minutes of October 25, 2023
3. Approval of Vouchers WSUD #31785 through #31818 in the amount of $166,740.56
4. Approval of Vouchers SKWRF #17697 through #17707 in the amount of $189,853.66

Commissioner Lundberg moved to approve the items in the Consent Agenda. The motion was seconded by Commissioner Hart; the motion was approved 3-0.

BOARD DISCUSSION/ACTION ITEM

Resolution 1106-23, Job Description Modification, District Engineer
Passed 3-0

Resolution 1107-23, Professional Services Agreement, Technical Systems, Inc.
Passed 3-0

STAFF REPORTS

PLANT MANAGER'S REPORT

Plant Manager Marty Grabill reported:

- Testing and monitoring as required by the NPDES Permit.
- NPDES Permit renewal is in process.

- Load bank project, awaiting equipment delivery, expected to ship 11/17/2023. No further updates.
- Waste Management completed leachate discharge to the treatment plant there was 950,000 this year.
- Asphalt project is completed. The project included repairing the front entrance to the SKWRF as well as adding a catch basin over by our waste gas flare to prevent stormwater runoff.
- Blower exchange project in process. Awaiting blower: shipped 10/30/2023.
- Budgeting time of year.
- Leadership Kitsap collaboration ongoing.

P.S.E. Conservation Grant Agreement (2021-2023)

- Continuous work with P.S.E. on the Conservation Grant Agreement. Year 3 of 3.

Rotary Drum Thickener-ESCO (2022)

- A new polymer pump and VFD installed.
- Unit is online.
- Installation has been completed.
- Awaiting close-out documents.

Nutrient General Permit (2022)

- Ongoing testing and documentation.
- Still awaiting a decision on in-house accreditation from D.O.E. No further updates.
- Emailed Ecology, Friday 9/29/2023 for updates. No reply.

OPERATIONS MANAGER'S REPORT

Operation Manager John Tapia reported:

CIP - South Park Main Replacement

- Locate and survey completed for the site.
- WSE is working on the recommended easement.

Powell Booster Station Engineering

- 100% of the plans are completed.

Fircrest/Mile Hill Main Replacement

- 2" galvanized to be replaced.
- Possible development going in.

Olney Sewer Replacement

- An engineering contract has been signed with WSE.
- Sent over additions to the project. Lined manholes, additional manhole runs with the side sewer connection.

Crew:

1. St. Vincent DePaul project: City contacted about the permit. Reached out to Caseco for time update, says we are on his schedule.
2. Well 22 has been lowered and rehab is now complete. Transducer is working. VFD is undersized (HVAC). Taurus is working in the recommended size and availability.
3. Waiting on the four new chemical shelters to keep our hypochlorite away from our electrical panels in the well site buildings. Shipping is still delayed.
4. Residential meter replacement project continues, finishing along Beach Dr.
5. WSDOT franchise permit continues. The last section for SR 160 (Sedgwick) has been sent over for approval. We can then start on SR 166.
6. Asphalt patching was done yesterday, repairs were done by us.
7. Continue to work on 2024 Capital Projects for water and sewer. Sent information to Robinson Noble for Well 14 & 16 rehabilitation.
8. Water distribution pumped 40,889,000 gallons of water in October, 1.28 MGD average in October.
9. Carport installation for District, equipment cover has been canceled at this time.
10. The fence at Fred Meyer lift station has been completed.
11. Salmonberry booster 1 pump and motor rebuilt. The pump was leaking and had a broken packing gland. The motor had a bad bearing, so we decided to have them rebuilt. A pump needs to be converted to a mechanical seal. Packing is not made from lead free.
12. Working on the roundabout project for Bethel, Lincoln, and Mitchell.
13. Chlorine gas monitors have been installed per our sanitary survey. Mostly complete, looking for transit numbers.
14. There is now a sample drop station up front in the Commissioner's office.
15. Flow meters ordered for sewer stations. We are prepping for our sewer comp plan coming up.

Water Production: Through October

- 2022- 536,647,000 gal.
- 2023- 548,918,000 gal.
- 1.28 million gallons per day avg.
- 40,889,000 in October

Rain Gauge:

- 2022- 32.11"
- 2023- 24.31"

Difference- 7.8" LESS than last year

GENERAL MANAGER'S REPORT

General Manager Randy Screws reported:

- Staff continues to assess the proposed carport-type area for District vehicles.
- Staff continue working on the re-establishment of a franchise agreement with WSDOT for water utilities.
- Work on the gravity sewer from the Annapolis lift station to eliminate the overflow connection to the City's sewer system continues.
- Reminder of Special Board Meeting on the 25th for the purpose of a budget work session.

COMMISSIONERS' REPORTS
Nothing to report.

EXECUTIVE SESSION
No executive session requested.

ADJOURN
Commissioner Hart moved to adjourn the meeting at 1:37 p.m. Motion was seconded by Commissioner Lundberg; the motion was approved 3-0.

_____
Susan Way
Chairperson

_____
James Jay Hart
Vice-Chairperson

_____
Jerry Lundberg
Secretary

Check Date:									
November 16, 2023									
Batch No.	**92821**	**93118**	Total	**92522**	**92621**	**93021**	**93320**	Total	
BVA No.	040-2023	039-2023		082-2023	081-2023	079-2023	080-2023		
Total	**$ 54,498.43**	**$ 7,497.98**	**$ 61,996.41**	**$ 68,543.44**	**$ 14,604.17**	**$ 882.08**	**$ 17,441.58**	**$ 101,471.27**	**$ 163,467.68**
Starting Voucher No.	17709	17708		31832	31822	31819	31820		
Ending Voucher No.	17729	17708		31856	31831	31819	31821		
JE No. AP									
JE No. Blended									
JE No. Computer Cks									
Board Meeting Date:									
November 15, 2023									

WASHINGTON STATE
PUBLIC WORKS BOARD
INFRASTRUCTURE IS FUNDAMENTAL

1011 Plum St SE • Box 42525 • Olympia, WA 98504-2525
www.pwb.wa.gov

November 1, 2023

Glen Screws
West Sound Utility District #1
2924 SE Lund Ave Port Orchard, WA 98366
rscrews@wsud.us

RE: PUBLIC WORKS BOARD CONSTRUCTION LOAN AWARD LETTER

Dear Manager Screws,

Thank you for submitting a Public Works Board Construction Loan application for consideration by the Public Works Board (Board). Congratulations, your Powell Booster Pump Station Project has been selected for an award of $2,850,000.00 in loan funding. Our office just completed the underwriting for this project, and your loan interest rate is 1.72% with a loan term of 20 years.

The Board approved your construction application at their September 8, 2023 board meeting. The approval date is the loan award date. Any eligible costs incurred from this date forward are reimbursable.

The Governor's Executive Order 21-02 requires projects funded through appropriations in the State's Capital Budget to be reviewed prior to any ground-disturbing activities and the expenditure of any state funds for construction, demolition, or acquisition.

Your contract will be emailed to you for signature using DocuSign once your scope of work and milestones are approved. Applicants must fully execute contracts within six months of receipt.

Once again, thank you for applying to the Public Works Board. Please contact your Project Manager, Tammy Mastro by email at Tammy.Mastro@commerce.wa.gov if you have any questions.

Sincerely,

Sheila Richardson
PWB Programs Director and Tribal Liaison
(564) 999-1927

WASHINGTON STATE
PUBLIC WORKS BOARD
INFRASTRUCTURE IS FUNDAMENTAL

1011 Plum St SE • Box 42525 • Olympia, WA 98504-2525
www.pwb.wa.gov

November 1, 2023

Glen Screws
West Sound Utility District #1
2924 SE Lund Ave Port Orchard, WA 98366
rscrews@wsud.us

RE: PUBLIC WORKS BOARD CONSTRUCTION LOAN AWARD LETTER

Dear Manager Screws,

Thank you for submitting a Public Works Board Construction Loan application for consideration by the Public Works Board (Board). Congratulations, your Lund Avenue Main Relocation Project has been selected for an award of $1,300,000.00 in loan funding. Our office just completed the underwriting for this project, and your loan interest rate is 1.72% with a loan term of 20 years.

The Board approved your construction application at their September 8, 2023 board meeting. The approval date is the loan award date. Any eligible costs incurred from this date forward are reimbursable.

The Governor's Executive Order 21-02 requires projects funded through appropriations in the State's Capital Budget to be reviewed prior to any ground-disturbing activities and the expenditure of any state funds for construction, demolition, or acquisition.

Your contract will be emailed to you for signature using DocuSign once your scope of work and milestones are approved. Applicants must fully execute contracts within six months of receipt.

Once again, thank you for applying to the Public Works Board. Please contact your Project Manager, Tammy Mastro by email at Tammy.Mastro@commerce.wa.gov if you have any questions.

Sincerely,

Sheila Richardson
PWB Programs Director and Tribal Liaison
(564) 999-1927

WEST SOUND UTILITY DISTRICT
RESOLUTION 1108-23

A RESOLUTION OF THE
WEST SOUND UTILITY DISTRICT
BOARD OF COMMISSIONERS
AUTHORIZING ACTION REGARDING
PFAS CLASS ACTION SETTLEMENT AGREEMENTS

WHEREAS, West Sound Utility District #1 ("District") is aware of pending litigation related to PFAS contamination brought by Public Water Systems across the country against the 3M Company ("3M"); and E.I. DuPont de Nemours and Company (n/k/a EIDP, Inc.), DuPont de Nemours Inc., The Chemours Company, The Chemours Company FC, LLC, and Corteva, Inc. (collectively, "DuPont"); and

WHEREAS, there are preliminary settlement agreements entered into in the AFFF Multi-District Litigation No. 2873 ("MDL") which have received preliminary approval from the United States District Court for the District of South Carolina. The current settlement agreements are both Class Action settlements; and

WHEREAS, these settlements are designed to resolve claims for PFAS contamination in Public Water Systems' Drinking Water against 3M and DuPont, as those terms are defined in the respective agreements. While both proposed settlements are still subject to final approval by the MDL Judge, the Honorable Richard M. Gergel of the United States District Court for the District of South Carolina, Public Water Systems must decide by December 4, 2023, for the DuPont case and December 11, 2023, for the 3M case whether to "Opt-Out" of the litigation; and

WHEREAS, The Settlement Class for the DuPont case consists of each of the following:

(a) All Public Water Systems in the United States of America that draw or otherwise collect from any Water Source that, on or before June 30, 2023, was tested or otherwise analyzed for PFAS and found to contain any PFAS at any level;

AND

(b) All Public Water Systems in the United States of America that, as of June 30, 2023, are (i) subject to the monitoring rules set forth in UCMR 5 (i.e., "large" systems serving more than 10,000 people and "small" systems serving between 3,300 and 10,000 people), or (ii) required under applicable state or federal law to test or otherwise analyze any of their Water Sources or the water they provide for PFAS before the UCMR 5 Deadline.

AND

WHEREAS, The Settlement Class for the 3M case consists of each of the following:

(a) All Active Public Water Systems in the United States of America that have one or more Impacted Water Sources as of June 22, 2023.

AND

(b) All Active Public Water Systems in the United States that do not have one or more Impacted Water Sources as of June 22, 2023, and (i) are required to test for certain PFAS under UMCR-5, or (ii) serve more than 3,300 people, according to SDWIS.

AND

WHEREAS, any Public Water System included in the 3M or DuPont class that does not "Opt Out" of the litigation and/or settlements will be included in the settlement and will be entitled to damages as outlined in the settlements and paid in accordance with allocation tables as determined by the settlement agreements; and

WHEREAS, any Public Water System participating in the settlements will be bound by the terms and conditions of those settlement agreements and will waive any past or present claims against 3M and DuPont. Additionally, future claims may be more difficult to pursue according to the terms of the settlement agreements; **NOW THEREFORE,**

THE BOARD OF COMMISSIONERS OF WEST SOUND UTILITY DISTRICT HEREBY RESOLVES:

Section 1. The Board of Commissioners further find that the District is also part of the Settlement Class for the Dupont case as the District is an active public water system located in the United States of America and has one or more impacted water sources as of June 22, 2023.

Section 2. The Board of Commissioners find that the District should "opt-out" of the settlements due to a lack of information regarding the future impacts of PFAS to the District and the need to further assess what damages (if any) the District may have consequence because of any PFAS detections.

Section 3. The Board of Commissioners authorizes Glen R. Screws, General Manager of the District, to request that the District be excluded from the settlement agreements and further authorizes the General Manager to file the necessary information with the Court as required by the settlement agreements to effectuate such exclusion.

Section 3. Ratification. Any act consistent with the authority and prior to the effective date of this Resolution is hereby ratified and affirmed.

Section 4. **Severability.** The provisions of this Resolution are declared separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this resolution, or the invalidity of the application thereof to any person or circumstances, shall not affect the validity of the remainder of the resolution, or the validity of its application to other persons or circumstances.

Section 5. Effective Date. This resolution shall become effective immediately upon adoption and signature as provided by law.

APPROVED and ADOPTED by the Board of Commissioners of West Sound Utility District at a regularly scheduled meeting on November 15, 2023.

WEST SOUND UTILITY DISTRICT
Kitsap County, Washington

_____
Susan Way
Chairperson

_____
James J. Hart
Vice Chairperson

_____
Jerry Lundberg
Secretary

WEST SOUND UTILITY DISTRICT
RESOLUTION 1109-23

A RESOLUTION OF THE WEST SOUND UTILITY DISTRICT BOARD OF COMMISSIONERS ADOPTING THE 2024 BUDGET FOR THE SOUTH KITSAP WATER RECLAMATION FACILITY

WHEREAS, preliminary budgets for the South Kitsap Water Reclamation Facility (SKWRF) for the fiscal year 2024 have been prepared and submitted by the WSUD General Manager to the WSUD Board of Commissioners and the Sewer Advisory Committee on October 4, 2023, and November 1, 2023; and

WHEREAS, the Sewer Advisory Committee (SAC) comprised of three appointed City Council Members and the WSUD Board of Commissioners have deliberated and voted to adopt the SKWRF 2024 Budget in a public meeting conducted on November 1, 2023. Whereby the attending members of the SAC committee, constituting a quorum voted to approve the budget as written with four (4) yeas, zero (0) nays, with two (2) members not in attendance; and **NOW, THEREFORE,**

THE BOARD OF COMMISSIONERS OF WEST SOUND UTILITY DISTRICT HEREBY RESOLVES:

Section 1. Adoption By Reference. The South Kitsap Water Reclamation Facility 2024 Budget covering the period from January 1, 2024, through December 31, 2024, sets forth totals of projected beginning fund balances, revenues, and expenditures by funds and are as follows:

Fund	2024 Projected Beginning Balance	2024 Revenue/ Contributed	2024 Expenditures / Transfers	2024 Projected Ending Balance
SKWRF Operating Fund	$ 2,391,400	$ 3,574,990	$ 4,059,200	$ 1,907,190
SKWRF Capital Fund	$ 1,504,200	$ 1,864,232	$ 1,555,900	$ 1,812,532

APPROVED and ADOPTED by the Board of Commissioners of West Sound Utility District at a regularly scheduled meeting on December 6, 2023.

WEST SOUND UTILITY DISTRICT
Kitsap County, Washington

_____
Susan Way
Chairperson

_____
James J. Hart
Vice Chairperson

_____
Jerry Lundberg
Secretary

WEST SOUND UTILITY DISTRICT
RESOLUTION 1110-23

A RESOLUTION OF THE WEST SOUND UTILITY DISTRICT BOARD OF COMMISSIONERS ADOPTING THE WEST SOUND UTILITY DISTRICT 2024 BUDGET

WHEREAS, a special public meeting presenting the Board of Commissioners with the proposed 2024 Capital Improvement Projects occurred on September 13, 2023; and

WHEREAS, the budget for West Sound Utility District fiscal year 2024 has been prepared and submitted by the WSUD General Manager to the WSUD Board of Commissioners at a public meeting on October 25, 2023, November 15, 2023, and December 6, 2023; **NOW, THEREFORE,**

THE BOARD OF COMMISSIONERS OF WEST SOUND UTILITY DISTRICT HEREBY RESOLVES:

Section 1. Adoption By Reference. The West Sound Utility District 2024 Budget covering the period from January 1, 2024, through December 31, 2024, sets forth totals of projected beginning fund balances, revenues, and expenditures by funds as follows:

Fund	2024 Projected Beginning Balance	2024 Revenue/ Contributed/ Transfers In	2024 Expenditures / Transfers Out	2024 Projected Ending Balance
Water Operating	$ 4,000,000	$ 4,751,650	$ 5,419,361	$ 3,332,289
Water Capital	$ 5,000,000	$ 6,984,750	$ 9,286,940	$ 2,697,810
Wastewater Operating	$ 4,000,000	$ 5,718,300	$ 5,504,662	$ 4,213,638
Wastewater Capital	$ 6,400,000	$ 580,500	$ 6,517,850	$ 1,662,650
Water/Wastewater Bond Fund	$ 193,000	$ 202,800	$ 207,707	$ 188,093
Debt Reserve/Guaranty Fund	$ 215,000	$ 5,000	$ -	$ 220,000
Facility Const. Fee Reserve Fund	$ 4,460,000	$ 214,000	$ 200,000	$ 4,474,000
Rate Stabilization Fund	$ 682,000	$ 148,000	$ -	$ 830,000

APPROVED and ADOPTED by the Board of Commissioners of West Sound Utility District at a regularly scheduled meeting on December 6, 2023.

WEST SOUND UTILITY DISTRICT
Kitsap County, Washington

_____
Susan Way
Chairperson

_____
James J. Hart
Vice Chairperson

_____
Jerry Lundberg
Secretary

WEST SOUND UTILITY DISTRICT
RESOLUTION 1111-23

A RESOLUTION OF THE
WEST SOUND UTILITY DISTRICT
BOARD OF COMMISSIONERS
AMENDING WATER AND SEWER RATES AND THE MASTER SCHEDULE OF FEES AND CHARGES

WHEREAS, RCW 57.08 authorizes water and sewer districts to establish water and sewer rates; and

WHEREAS, the District completed a Rate Study conducted by FCS Group in October of 2022 where contained within the final report, FCS Group recommended a rate schedule to address each utility's financial needs and established a financial plan; and

WHEREAS, the District has determined it is necessary to update the water rates, sewer rates, and associated fees and charges for equipment and services; **NOW, THEREFORE,**

THE BOARD OF COMMISSIONERS OF WEST SOUND UTILITY DISTRICT HEREBY RESOLVES:

Section 1. The Board of Commissioners hereby amends the water rates as identified within the rate schedule in the October 2022 Addendum to the FCS Group Final Report Exhibit "A"; and the sewer rates as identified in the FCS Group October 2022 Final Report Exhibit "B" as set forth in the attached Exhibit "C" effective January 1, 2024.

Section 2. The Board of Commissioners hereby amends the District's "Master Schedule of Fees and Charges" for equipment and services as set forth in the attached Exhibit "D" effective January 1, 2024.

APPROVED and ADOPTED by the Board of Commissioners of West Sound Utility District at a regularly scheduled Board meeting on December 6, 2023.

WEST SOUND UTILITY DISTRICT
Kitsap County, Washington

_____
Susan Way
Chairperson

_____
James J. Hart
Vice Chairperson

_____
Jerry Lundberg
Secretary

OCTOBER 2022 ADDENDUM TO FINAL REPORT

Background

Following the completion of the draft report of the rate study, the District notified FCS GROUP that it has experienced significant cost increases in the water utility due to inflation and higher than expected construction bids. Based on conversations with District staff, it is recommended that a higher rate increase is implemented for the water utility in 2023.

Rate Structure

To calculate the additional revenues needed to cover the higher costs, the 2023 inflation assumption was adjusted from 2.50 percent to 8.75 percent based on the June 2021 to June 2022 CPI-U West index. The result was an additional $95,000 to the 2023 cost forecast. As a percentage of current rate revenues, this represents 2.55 percent of rates, increasing the 2023 rate adjustment from 6.80% to 9.35%. Exhibit 1 provides the amended rate schedule that applies the additional 2.55 percent to all customer classes in 2023. The amended rate schedule also accounts for the cost-of-service results outlined in Section III of the report.

Exhibit 1: Amended Water Rate Schedule

	Current 2022	COS 2023	COS 2024	COS 2025	COS 2026	COS 2027
System-Wide Rate Increase		9.35%	6.80%	6.80%	5.00%	5.00%
Base Rate						
5/8", 3/4"	$19.26	$21.10	$22.58	$24.16	$25.85	$27.66
1"	$35.90	$39.33	$42.08	$45.03	$48.18	$51.55
1.5"	$64.11	$70.23	$75.15	$80.41	$86.04	$92.06
2"	$98.74	$108.17	$115.74	$123.84	$132.51	$141.79
3"	$194.88	$213.49	$228.43	$244.42	$261.53	$279.84
4"	$301.29	$330.06	$353.16	$377.88	$404.33	$432.63
6"	$588.49	$644.69	$689.82	$738.11	$789.78	$845.06
Volume Charge: per ccf of water usage						
Single-Family (BiMonthly)						
Block 1	$2.31	$2.51	$2.66	$2.74	$2.82	$2.90
Block 2	$2.67	$2.90	$3.07	$3.16	$3.25	$3.35
Block 3	$3.10	$3.37	$3.57	$3.68	$3.79	$3.90
Multi-Family (Monthly)						
Block 1	$3.26	$3.34	$3.34	$3.34	$3.34	$3.34
Block 2	$3.77	$3.87	$3.87	$3.87	$3.87	$3.87
Block 3	$4.36	$4.47	$4.47	$4.47	$4.47	$4.47
Commercial (Monthly)						
Block 1	$2.54	$2.88	$3.20	$3.55	$3.73	$3.92
Block 2	$2.95	$3.35	$3.72	$4.13	$4.34	$4.56
Block 3	$3.41	$3.87	$4.30	$4.77	$5.01	$5.26
Agricultural/Irrigation (Monthly)						
Block 1	$3.26	$3.88	$4.52	$5.27	$6.14	$7.15
Block 2	$3.77	$4.49	$5.23	$6.09	$7.09	$8.26
Block 3	$4.36	$5.19	$6.05	$7.05	$8.21	$9.56

EXHIBIT "B"

West Sound Utility District

WATER AND SEWER RATE STUDY

FINAL REPORT

October 2022

Washington
7525 166th Avenue NE, Ste. D215
Redmond, WA 98052
425.867.1802

Oregon
4000 Kruse Way Pl., Bldg. 1, Ste 220
Lake Oswego, OR 97035
503.841.6543

Colorado
1320 Pearl St, Ste 120
Boulder, CO 80302
719.284.9168

www.fcsgroup.com

FCS GROUP
Solutions-Oriented Consulting

FCS GROUP
Solutions-Oriented Consulting

Firm Headquarters
Redmond Town Center
7525 166th Ave NE, Ste. D-215
Redmond, Washington 98052

Established 1988
Washington | 425.867.1802
Oregon | 503.841.6543
Colorado | 719.284.9168

October 26, 2022

Randy Screws, General Manager
West Sound Utility District
2924 SE Lund Ave
Port Orchard, WA 98366

Subject: Water and Sewer Rate Study

Dear Randy:

FCS GROUP is pleased to submit this final report of the Water and Sewer Rate Study. The report summarizes the methodology, findings, and recommendations for each of the core elements of the study.

The table below outlines the forecasted annual rate revenue adjustments for the water and sewer utilities from 2023 to 2027. Full rate schedules can be found for the water utility in **Exhibit 3.9** and for the sewer utility in **Exhibit 4.9**. Annual rate adjustments are assumed to be implemented January 1st each year.

Utility	2023	2024	2025	2026	2027
Water	6.8%	6.8%	6.8%	5.0%	5.0%
Sewer	3.5%	4.0%	4.0%	4.0%	4.0%

It has been a pleasure working with you and other District staff on this effort. Please let me know if you have any questions or need additional information on this report. I can be reached at (425) 615 – 6056.

Sincerely,

Angie Sanchez Virnoche
Project Principal

Matt Hobson
Project Manager

Chase Bozett
Senior Analyst

TABLE OF CONTENTS

Section I. EXECUTIVE SUMMARY

I.A. INTRODUCTION

In 2020, West Sound Utility District ("District") contracted with FCS GROUP to conduct a Water and Sewer Rate Study. The study reviewed each utility's financial needs over the 2022 through 2027 planning period. The overall objective of the study was to establish a financial plan for each utility (revenue requirements analysis) that will inform future financial decisions and their impacts, promote long-term sustainability, maintain equitable rates by customer class (cost-of-service analysis), and achieve the District's revenue policy objectives (rate design).

The methods used to establish user rates are based on principles that are generally accepted and widely followed throughout the industry. These principles are designed to produce rates that equitably recover costs from each customer or class of customers based upon the unique demands each class places upon the respective utility. This is accomplished by setting the appropriate level of revenue to be collected from rate payers and establishing a rate structure to equitably collect those revenues.

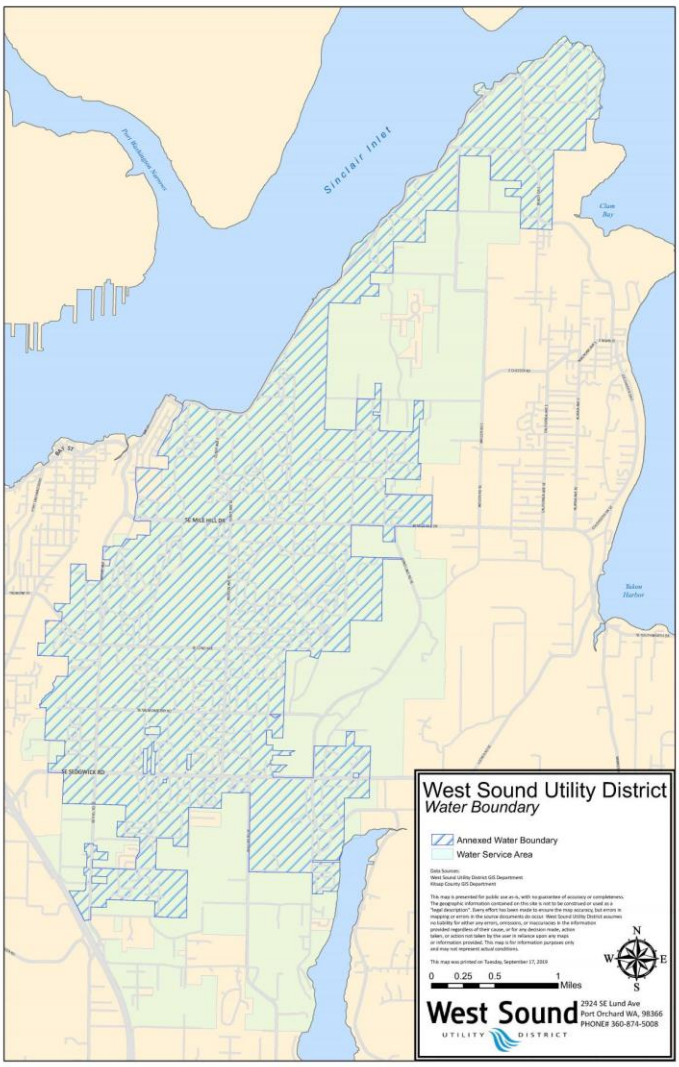
The key analyses completed as part of the rate study include:

- **Revenue Requirement.** This analysis identifies the total revenue requirement to fully fund each utility on a standalone basis, considering operating and maintenance expenditures, capital funding needs, debt requirements and fiscal policy objectives.
- **Cost-of-Service.** This analysis equitably distributes costs to customer classes based on their proportional demand and use of the water and sewer systems.
- **Rate Design.** This analysis includes the development of rate structures that generate sufficient revenue to meet each system's revenue requirement forecast and that address the District's pricing objectives.

I.B. WATER UTILITY

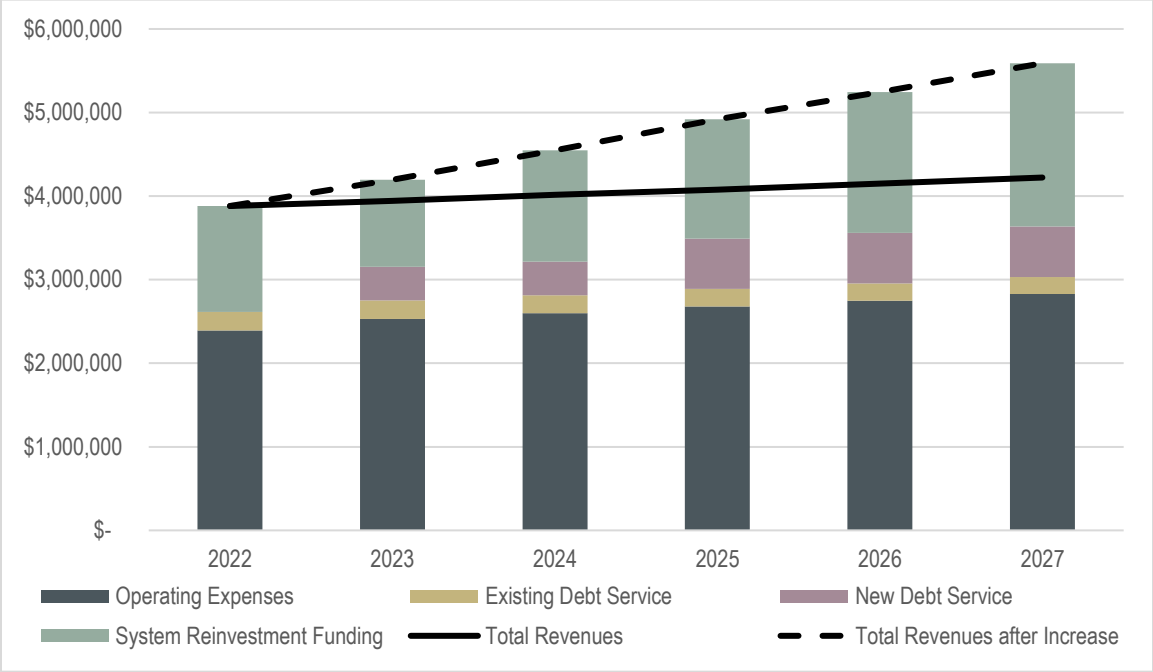
The District owns and operates its water system, which is responsible for providing adequate and uninterrupted water supply for clean, safe, potable water for commercial consumption and fire protection. The water system provides service to approximately 7,100 connections in the service area outlined in **Exhibit 1.1**.

Exhibit 1.1: Water Service Area



A revenue requirement analysis forms the basis for a long-range operating and capital financial plan and multi-year rate management strategy. The analysis is developed by completing an operating forecast that identifies future annual operating costs and a capital funding plan that defines a strategy for funding the capital improvement needs of the District. The operating forecast was developed for the 2022 through 2027 planning period. During the study, a 2022 rate increase was adopted by the Board. This report will focus on the remainder of the forecast from 2023 to 2027. **Exhibit 1.2** provides a summary of the water system revenue requirement findings.

Exhibit 1.2: Water Utility Revenue Requirement Summary



Summary of water utility revenue requirement:

- With the adoption of the Board approved 2022 rate increases, current rate levels are sufficient to meet existing annual financial obligations.
- During the 2023 - 2027 rate setting period, existing revenues are sufficient to cover O&M expenses and both existing and new forecasted debt service.
- Of the approximately $20.55 million in identified capital needs, 36.5 percent ($7.5 million) of the forecasted capital plan is financed by debt proceeds.
- To meet projected financial obligations for the water utility and fund capital projects, rate increases are proposed at 6.8 percent annually in 2023 – 2025 followed by 5.0 percent annually in 2026 and 2027.
- Debt service coverage on bonded debt remains above 3.5X in all years of the forecast while debt service coverage on all debt remains above 3.3X during the forecast.

The cost of service for the water utility determines equitable cost recovery in proportion to the demands each customer class places on the system based on functions of service and known or assumed cost causation. The functions of service reviewed for the water utility include:

- **Customer Costs**: associated with establishing, maintaining, and serving water customers.
- **Meters & Services Costs**: associated with the installation, maintenance, and repair of meters and services.
- **Base Costs:** related to the average level of service provided to meet demand on a year-round basis and are essentially correlated with year-round water consumption.
- **Peak Costs:** related to peak demand service typically associated with the ability of the system to provide capacity to customers with higher-than-average volume, which usually occurs during the summer months.

- **Fire Protection Costs:** associated with the ability of the system to provide adequate capacity and water flow corresponding to minimum fire safety standards required to serve its customer base.
- **Pumping:** associated with costs to provide operations and maintenance to District-owned pumps to supply water service to customers.

Exhibit 1.3 provides a summary of the water utility's revenue distribution based on the cost-of-service analysis (COSA) conducted as part of this study.

Exhibit 1.3: Comparison of Water Current Revenue Distribution to Cost of Service Distribution

Class	Existing 2023 Revenue	COSA 2023 Revenue	Difference $	Difference %
Residential	$ 2,468,685	$ 2,713,010	$ 244,325	9.90%
Multi-Family	730,881	472,476	(258,405)	-35.36%
Commercial	360,250	438,808	78,559	21.81%
Private Fire Service	-	91,659	91,659	
Agricultural	159,925	256,730	96,805	60.53%
Total	**3,719,740**	**3,972,682**	**252,942**	**6.80%**

Because costs fluctuate each year, the needed increase by class can also fluctuate and interclass rate changes are not suggested unless the class's revenue difference is outside the plus-or-minus 5.0 percent threshold. The COSA results indicate that revenues for the residential class are within the cost of service. Currently, multi-family rate revenue exceeds the cost to provide service and, as a result, subsidizes the cost of other customer classes. At this time, the District does not charge customers with public hydrants or private fire lines for service. FCS Group provided a technical memorandum to the District documenting the cost of these services and fee recovery options.

To address the recommended shifts between classes based on the cost-of-service results, updated rates were forecasted through 2027. For consistency between classes, the fixed charges increased at the same rate for all classes while the variable charges were set individually to phase-in the revenue collected from customer classes towards the cost-of-service targets. **Exhibit 1.4** shows the currently adopted 2022 rates as well as forecasted rates through the rest of the study period to increase cost equity between the customer classes.

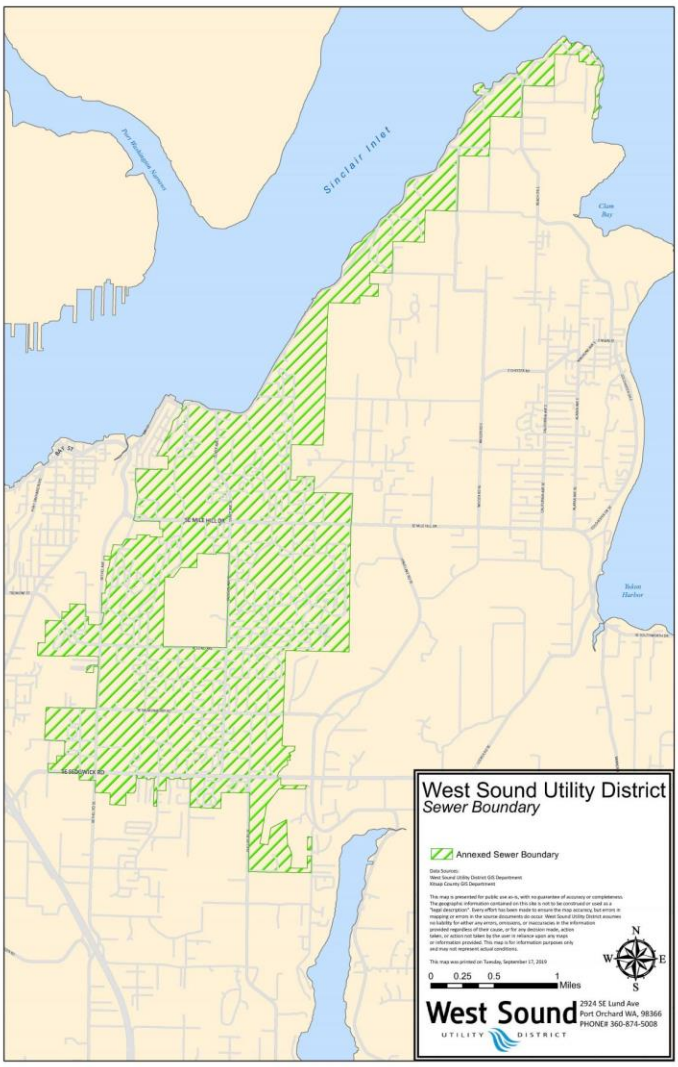
Exhibit 1.4: Existing and Proposed Monthly Water Rates (2022 – 2027)

	Current 2022	COS 2023	COS 2024	COS 2025	COS 2026	COS 2027
System-Wide Rate Increase		6.8%	6.8%	6.8%	5.0%	5.0%
Base Rate						
5/8", 3/4"	$19.26	$20.61	$22.05	$23.59	$25.24	$27.01
1"	$35.90	$38.41	$41.10	$43.98	$47.06	$50.35
1.5"	$64.11	$68.60	$73.40	$78.54	$84.04	$89.92
2"	$98.74	$105.65	$113.05	$120.96	$129.43	$138.49
3"	$194.88	$208.52	$223.12	$238.74	$255.45	$273.33
4"	$301.29	$322.38	$344.95	$369.10	$394.94	$422.59
6"	$588.49	$629.68	$673.76	$720.92	$771.38	$825.38
Volume Charge: per ccf of water usage						
Single-Family (BiMonthly)						
Block 1	$2.31	$2.45	$2.60	$2.68	$2.76	$2.84
Block 2	$2.67	$2.83	$3.00	$3.09	$3.18	$3.28
Block 3	$3.10	$3.29	$3.49	$3.59	$3.70	$3.81
Multi-Family (Monthly)						
Block 1	$3.26	$3.26	$3.26	$3.26	$3.26	$3.26
Block 2	$3.77	$3.77	$3.77	$3.77	$3.77	$3.77
Block 3	$4.36	$4.36	$4.36	$4.36	$4.36	$4.36
Commercial (Monthly)						
Block 1	$2.54	$2.82	$3.13	$3.47	$3.64	$3.82
Block 2	$2.95	$3.27	$3.63	$4.03	$4.23	$4.44
Block 3	$3.41	$3.79	$4.21	$4.67	$4.90	$5.15
Agricultural/Irrigation (Monthly)						
Block 1	$3.26	$3.80	$4.43	$5.16	$6.01	$7.00
Block 2	$3.77	$4.39	$5.11	$5.95	$6.93	$8.07
Block 3	$4.36	$5.08	$5.92	$6.90	$8.04	$9.37

I.C. SEWER UTILITY

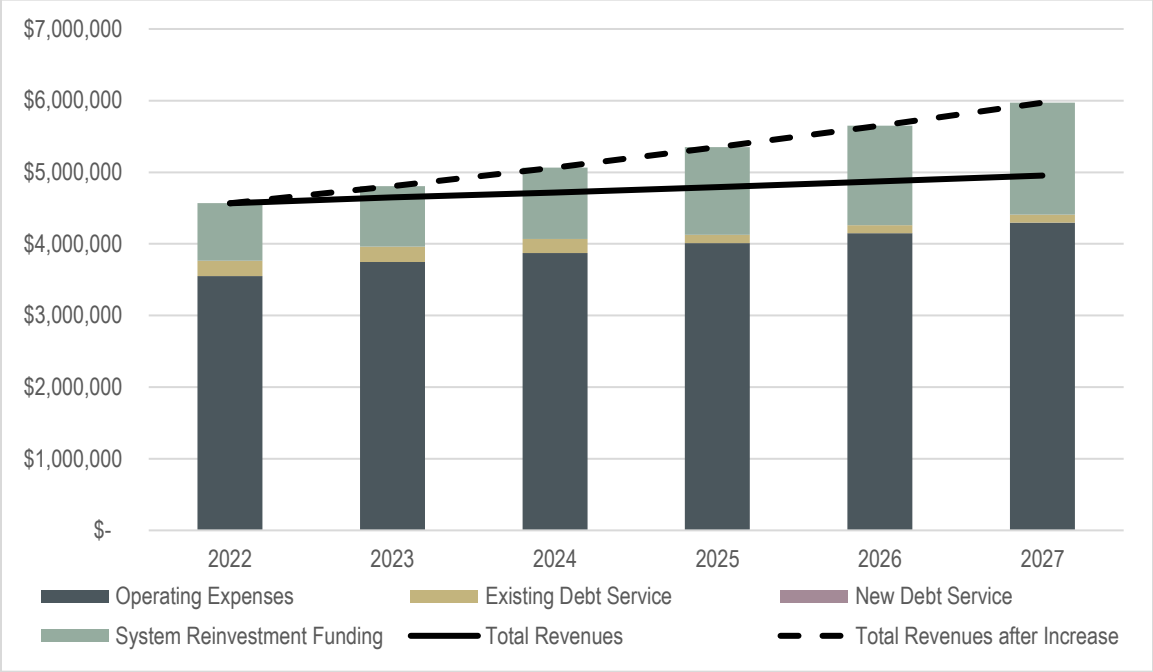
The District owns a sewer collection system that provides uninterrupted sanitary sewer conveyance and mitigates overflows into streams, lakes, and private properties. As a separate entity, the District jointly owns the South Kitsap Water Reclamation Facility (SKWRF), a wastewater treatment plant that provides treatment for both the District and the City of Port Orchard. This analysis will only evaluate the District's collection system and proportional share of SKWRF treatment costs. The sewer service area provides services to approximately 4,000 connections in the area outlined in **Exhibit 1.5**.

Exhibit 1.5: Sewer Service Area



Similar to the water utility, a revenue requirement was completed for the sewer utility and forms the basis for the long-range financial plan and multi-year financial management strategy. The operating forecast was developed for the 2023 through 2027 time period. **Exhibit 1.6** provides a summary of the sewer system revenue requirement findings.

Exhibit 1.6: Sewer Utility Revenue Requirement Summary



Summary of sewer revenue requirement:

- With the adoption of the Board approved 2022 rate increases, current rate levels are sufficient to meet existing annual financial obligations.
- During the 2023 - 2027 rate setting period, existing revenues are sufficient to cover O&M expenses and existing debt service.
- The capital improvement plan over this time totals $10.2 million and would be funded through rates. No new debt is forecasted for the sewer system.
- To meet projected financial obligations for the sewer utility and fund capital projects, rate increases are proposed at 3.5 percent in 2023 followed by annually 4.0 percent through 2027.
- Debt service coverage on bonded debt remains extremely strong ranging from 34.7X to 52.4X during the forecast. Debt service coverage on all debt also remains strong ranging from 6.6X to 18.5X during the period.

The cost-of-service for the sewer utility determines equitable cost recovery in proportion to the demands each customer class places on the system based on functions of service and known or assumed cost causation. Because the wastewater treatment plant is treated as a separate entity, the collection system only has two functions. The functions of service reviewed for the sewer utility include:

- **Customer Costs**: associated with providing service to customers.
- **Sewer Flow Costs**: related to actual and estimated sewer volume processed within the system in a year.

Exhibit 1.7 provides a summary of the sewer utility's revenue distribution based on the cost-of-service analysis (COSA) conducted as part of this study.

Exhibit 1.7: Comparison of Sewer Current Revenue Distribution to Cost of Service Distribution

Classs	Existing 2023 Revenue	COSA 2023 Revenue	Difference $	Difference %
Residential	$ 2,533,178	$ 2,695,959	$ 162,782	6.4%
Multi-Family Residential	1,209,635	1,253,426	43,791	3.6%
Non-Residential	758,797	709,781	(49,016)	-6.5%
Total	**$ 4,501,609**	**$ 4,659,166**	**$ 157,556**	**3.5%**

It should be noted, given the need for assumptions to complete a cost-of-service analysis, the variance for class-specific results is typically considered to be plus-or-minus 5.0 percent, relative to the system average. A cost-of-service study is a snapshot in time and because costs fluctuate each year, the needed increase by class can also fluctuate and interclass rate changes are not suggested unless the class's revenue difference is consistently outside of the 5.0 percent threshold.

The cost-of-service results indicate that for the most part, each customer class is within the 5.0 percent threshold. Currently, revenues from the non-residential class are slightly subsidizing the residential class. To address the relatively minor shifts between classes based on the cost-of-service results, updated rates were forecasted through 2027. **Exhibit 1.9** shows the existing 2022 and proposed 2023 – 2027 rate schedule.

Exhibit 1.8: Existing and Proposed Monthly Sewer Rate Schedule (2022 – 2027)

	Current 2022	COS 2023	COS 2024	COS 2025	COS 2026	COS 2027
Fixed Charge by Class						
Residential (BiMonthly)	$64.92	$67.68	$70.89	$74.26	$77.79	$81.49
Multifamily up to Tri-Plex (BiMonthly)	$64.92	$67.52	$70.56	$73.74	$77.06	$80.72
Non-Residential (Monthly)	$49.81	$49.81	$50.31	$50.81	$51.32	$51.32
Public Parks - Veterans Memorial Park (Monthly)	$64.92	$64.92	$65.57	$66.23	$66.89	$66.89
Public Parks - South Kitsap Community Park (Monthly)	$133.43	$133.43	$134.76	$136.11	$137.47	$137.47
Golf Course - Village Greens (Monthly)	$133.43	$133.43	$134.76	$136.11	$137.47	$137.47
Volume Charge: per ccf of water usage (Non-Residential Only)	$8.23	$8.23	$8.31	$8.39	$8.47	$8.47

I.D. SUMMARY

The rate studies completed for the water and sewer utilities indicate a need for future rate increases to address forecasted increases in operating costs, to fund upcoming capital expenses and to satisfy all financial obligations of the utilities.

We recommend that the District revisit the results of the rate study annually and view the study findings as a living document by continuously comparing study outcomes to actual revenues and expenses. Any significant or unexpected changes may require adjustments to the rate strategy proposed.

Section II. Rate Setting Principles and Methodology

II.A. Overview

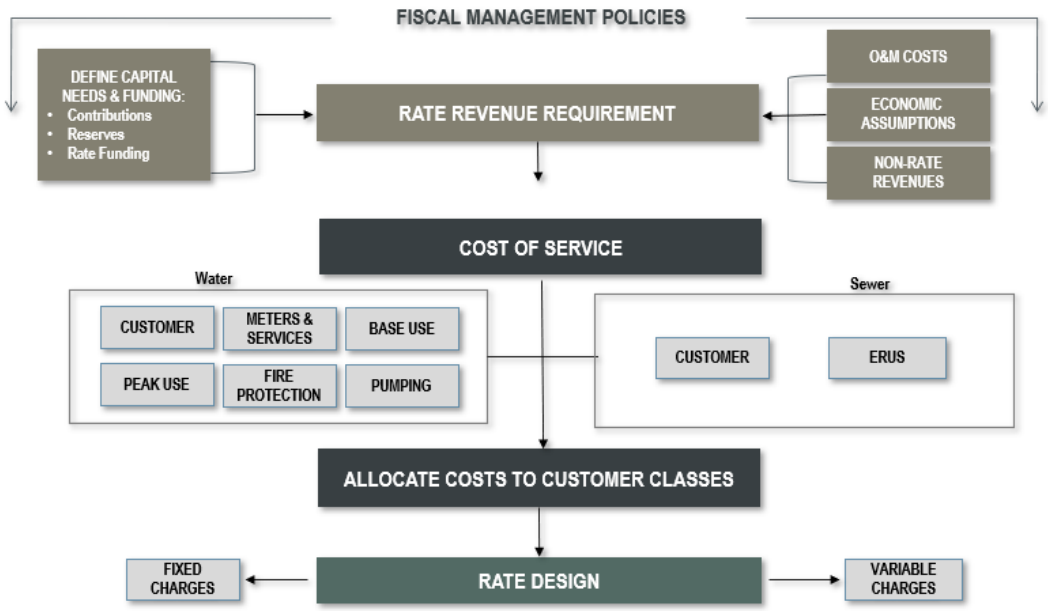
The methods used to establish user rates are based on principles that are generally accepted and widely followed throughout the industry. These principles are designed to produce rates that equitably recover costs from each class of customer by setting the appropriate level of revenue to be collected from ratepayers and establishing a rate structure to collect those revenues.

The three key analyses completed as part of the rate study process are listed below:

- **Revenue Requirement:** This analysis identifies the total revenue requirement to fully fund each utility on a standalone basis, considering operating and maintenance expenditures, capital funding needs, debt requirements and fiscal policy objectives.
- **Cost of Service:** This analysis equitably distributes costs to customer classes based on their proportional demand and use of the system.
- **Rate Design:** This analysis includes the development of rate structures that generate sufficient revenue to meet each system's revenue requirement forecast and to address the District's pricing objectives.

Exhibit 2.1 illustrates the entire rate study process.

Exhibit 2.1 Overview of the Rate Study Process



II.B. FISCAL POLICIES

The basic framework for evaluating utility revenue needs consists of a set of fiscal policies. These policies, which can address a variety of topics including cash management, capital funding strategy, financial performance, and rate equity, are intended to promote long-term financial viability for the District's utilities. Topics addressed in the fiscal policy resolution include reserves, system reinvestment funding, debt management, revenue sufficiency, and rate equity.

II.B.1. Utility Reserves

Reserves are a key component of any utility financial strategy as they provide the flexibility to manage variations in costs and revenues that could otherwise have an adverse impact on ratepayers. The financial plans included the following reserve categories:

- **Operating Reserve:** Operating reserves are designed to provide a liquidity cushion to ensure that adequate cash will be maintained to deal with significant variations in cash balance such as seasonal fluctuations in billings and receipts, unanticipated cash expenses, or lower than expected revenue collections. Industry practice is to maintain a minimum balance in the operating reserve equal to between 60 to 120 days of operations and maintenance (O&M) expenses for a water utility; 30 to 90 days for a sewer utility depending on the utility's rate structure. These, of course, are guidelines and actual levels should be established based upon a jurisdiction's unique needs and tolerance for risk. It is assumed that any operating funds above the minimum reserve target are available for capital purposes and will be transferred to the capital reserve. Based on the District's current policy, the minimum targets of 90 days for water and 55 days for sewer were maintained.
- **Capital Reserve:** A capital contingency reserve is an amount of cash set aside in case of an emergency should a piece of equipment or a portion of the utility's infrastructure fail unexpectedly. The reserve also could be used for other unanticipated capital needs including capital project cost overruns. Industry practices for this reserve range from maintaining a balance equal to one to two percent of fixed assets, an amount equal to a five-year rolling average of Capital Improvement Program (CIP) costs, or an amount determined sufficient to fund equipment failure (other than catastrophic failure). The final target level should balance industry practices with the risk level of the District. Based on the District's current policy, the minimum target was set based on the replacement costs of the largest non-transmission asset for water and largest non-collection asset for sewer.

  Reserves should fluctuate above and below targets, and such experience does not reflect on the quality of budgeting or management. In fact, if a reserve remains static for extended periods of time without use, this may indicate that it is not set appropriately, or is unnecessary. Utility reserves are intended to absorb fluctuation in revenues or expenditures without abrupt rate impacts. As reserve levels vary, a policy structure can define the mechanisms for regulating those levels and returning them to intended targets.
- **Debt Reserve:** Bond covenants often establish reserve requirements as a means of protecting against the risk of nonpayment and are typically specified as a part of these covenants. A common reserve requirement is one year's debt service payment and a debt service coverage ratio of 1.25 to 2.00 times. The balance held in reserve for a particular debt instrument may be used to make the final payment on that debt instrument. The District must continue to fully fund such reserves as required by bond covenant or loan agreement. Since the debt reserve provides a static reserve against inability to pay, it is unnecessary to maintain operating reserves against debt

repayment. For the purpose of this study, the recommended policy for the utilities is to maintain a debt service coverage ratio of at least 1.75X per individual utility and at least 2.00X on a combined utility basis.

II.B.2. System Reinvestment Funding

System reinvestment funding promotes long-term system integrity. There are many metrics that a utility can choose when establishing a policy including but not limited to: a set dollar amount, equal to a percentage of deprecation expense, and a percentage of replacement cost.

For this study, the benchmark chosen is the annual replacement cost depreciation for each utility (estimated at $1.6 million and $1.4 million annually for the water and sewer utilities respectively). Due to the financial impact to rates by implementing this policy, the policy is phased in over the study period and each utility reaches the full replacement cost level of system reinvestment funding by 2026.

II.B.3. Debt Management

Debt issuance is a valuable tool for the District to use to finance certain costs as it allows the District to spread a relatively large cost over multiple years. Debt repayment structures can be quite flexible (e.g., deferred principal repayment), allowing the District to "shape" its cost structure and facilitate a stable progression of moderate rate adjustments.

When developing its capital funding strategy, the District must weigh the pros and cons of issuing debt to pay for a project. On one hand, debt issuance comes with interest and issuance costs that increase the overall cost borne by the utilities; on the other hand, it may mitigate rate impacts and enhance "generational equity," given that the District would generally issue debt to fund infrastructure that is oversized to serve future growth. Too much debt issuance may limit the District's ability to manage its rates, as the debt service payments and related requirements (such as revenue bond coverage) are "rigid" costs that generally cannot be deferred or scaled back; it may also impact the District's credit rating and ability to secure low-cost debt. Conversely, excessive aversion to issuing debt can create problems, as it shifts the burden of funding capital investment to existing customers and may require maintaining higher reserve levels to manage cash flow needs related to capital investment. It is prudent to consider policies related to debt management as part of a broader utility financial policy structure.

II.C. REVENUE REQUIREMENT

A revenue requirement analysis forms the basis for a long-range financial plan and multi-year rate management strategy for each system. It also enables the District to set utility rate structures which fully recover the total cost of operating each system: capital improvement and replacement, operations, maintenance, general administration, fiscal policy attainment, cash reserve management, and debt repayment. Linking rate levels to a financial plan such as this helps to enable not only sound financial performance for the District's utility funds, but also establishes a clear and reasonable relationship between the costs imposed on utility customers and the costs incurred to provide the service.

A revenue requirement analysis establishes the total annual financial obligations of the utility by bringing together the following core elements:

- **Fiscal Policy Analysis:** Identifies formal and informal fiscal policies of the District to ensure that current policies are maintained, including reserve levels, rate funded capital and debt service coverage.
- **Capital Funding Plan:** Defines a strategy for funding the District's capital improvement program, including an analysis of available resources from rate revenues, debt financing, and any special resources that may be readily available (e.g., grants, outside contributions, etc.).
- **Operating Forecast:** Identifies future annual non-capital costs associated with the operation, maintenance, and administration of the system.
- **Sufficiency Testing:** Evaluates the sufficiency of revenues in meeting all financial obligations, including any coverage requirements associated with long-term debt.
- **Strategy Development:** Designs a forward-looking strategy for adjusting rates to fully fund all financial obligations on a periodic or annual basis over the projection period.

II.D. COST OF SERVICE

The purpose of a cost-of-service analysis is to provide a rational basis for distributing the full costs of each utility service to each class of customers in proportion to the demands they place on the system. Detailed cost allocations, along with appropriate customer class designations, help to sharpen the degree of equity that can be achieved in the resulting rate structure design. The key analytical steps of the cost-of-service analysis are as follows:

- **Functional Cost Allocation:** Apportions the annual revenue requirement to the major functions of the system:
  - » Water: customer (general customer costs), meters & services (reading and servicing meters), base (average use), peak (highest use), fire protection (fire specific costs), and pumping (pumping specific costs).
  - » Sewer: customer (general customer costs) and flow (ERUs of flow through the collection system).
- **Customer Class Designation:** Identifies the customer classes that will be evaluated as part of the study. Existing as well as new or revised customer classes or class definitions may be considered. It is appropriate to group customers that exhibit similar usage characteristics and service requirements.
- **Cost Allocation:** Allocates the costs from the functional cost allocation to different customer classes based on their unique demands for each service as defined by system planning documents, industry standards, and recorded user history (from billing data). The results identify shifts in cost recovery by customer class from that experienced under the existing rate structure.

II.E. RATE DESIGN

The principal consideration of rate design is for the rate structure to generate sufficient revenues for the system which are reasonably commensurate with the cost of providing service. The pricing structure is largely dictated by the objectives of the system. Most rate designs consist of fixed and variable charges. Fixed charges typically attempt to cover costs of the system that do not vary while variable charges will fluctuate with a change in user demand.

Other considerations include understandability by the rate payer, administrative ease, revenue stability, interclass and intraclass customer cost equity, conservation, and affordability.

Section III. WATER UTILITY

III.A. INTRODUCTION

The District owns and operates its water system, which is responsible for providing adequate and uninterrupted water supply for clean, safe, potable water for commercial consumption and fire protection. The water system provides service to 7,100 connections within the service area.

III.B. REVENUE REQUIREMENT

A revenue requirement analysis forms the basis for a long-range financial plan and multi-year rate management strategy. The analysis is developed by completing an operating forecast that identifies future annual operating costs and a capital funding plan that defines a strategy for funding the capital improvement needs of the District.

III.B.1. Operating Forecast

The purpose of the operating forecast is to determine whether the existing rates and charges are sufficient to recover the costs the District incurs to operate and maintain the water system. The 2022 budget largely formed the baseline for this forecast. The operating forecast was developed for the 2023 through 2027 time period. The following list highlights some of the key assumptions used in the development of the water utility operating forecast.

III.B.1.a Operating Revenue

- **Rate Revenue:** was based on a projection of 2022 rate revenue including the approved 6.8 percent rate increase.
- **Non-Rate Revenue:** consists of permit fees, new meter fees, late fees, interest income, hydrant rental charges, South Kitsap Water Reclamation Facilities (SKWRF) support, and other miscellaneous fees. Non-rate revenues are projected at approximately $200,000 annually.
- **Customer Growth:** is forecasted at 1.75 percent annually based on Port Orchard's population allocation in the Puget Sound Regional Council Vision for 2040.
- **Interest Earnings**: was projected at 1.0 percent per year for all years of the forecast period.

III.B.1.b O&M Expenses

- **General Cost Inflation:** was set at 2.5 percent based on feedback from District staff and in alignment with internal forecasting practices.
- **Construction Cost Inflation (CCI):** was set at 4.0 percent annually based on feedback from the District.
- **Labor Cost Inflation:** was set at 2.5 percent consistent with general cost inflation based on feedback from the District.
- **Benefit Cost Inflation:** was set at 3.25 percent based on feedback from the District.
- **Electricity Inflation:** was assumed to be 0.35 percent based on staff input.

- **Additional O&M Expenses:** approximately $81,000 was added to the forecast in 2023 to represent 0.5 FTE added for one on-site engineer.

III.B.1.c Debt Service

- **Existing Debt Service:** ranges from a high of $225,000 in 2022, dropping to $205,000 annually by 2027 as the District pays off a loan. The District has one outstanding revenue bond and three Public Works Trust Fund (PWTF) loans:
  - Revenue Bond: payments of $165,000 annually that will be paid off in 2028.
  - Unbonded Loans: payments ranging from $60,000 in 2022 to $50,000 in 2024 as one of the loans is paid off by the utility.
- **New Debt Service:** A total of $7.5 million, through two debt issuances, are forecasted in the study period. The first debt issuance is assumed to be $5.0 million in 2023, followed by an issuance of $2.5 million in 2025. These issuances are all conservatively assumed to be revenue bonds, with an interest rate of 4.0 percent, issuance cost of 1.0 percent and a term of 20 years. New debt service payments are forecasted to be $400,000 annually in 2023, increasing to $600,000 annually with the second issuance in 2025.

III.B.1.d Rate-funded Capital

- Rate-funded capital is a way to ensure system integrity through reinvestment in the system. The annual revenue target is equal to the estimated replacement cost depreciation of system assets. Due to the financial impact to rates by implementing this level of rate-funded capital, the target is phased in over the study period and the utility reaches the full replacement cost level of system reinvestment funding by 2026 ($1.7 million).

III.B.2. Capital Funding Plan

The water utility is anticipating $20.6 million in capital costs through the forecast period (adjusted for inflation). Major projects include: Sedgwick Main Relocation Project ($2.2 million), Main on Jackson from Salmonberry to Sedgewick ($1.2 million), and Main on Bethel from Lund to Salmonberry ($1.3 million).

Funding for the capital plan comes from a number of different sources:

- **Cash balances (including interest) and system reinvestment funding:** Cash balances and system reinvestment funding include the beginning capital fund balance, any cash flow from the operating fund above what is needed to meet the operating fund reserve target and available cash after meeting the minimum capital reserve target. Cash balances and system reinvestment funding are forecast to fund $10.5 million of the capital plan through 2027, about 50.9 percent of total capital expenditures in the rate setting forecast period.
- **General Facilities Charge (GFC) revenue:** GFC revenues are forecast at the existing fee levels and are based on the District's area specific permit forecast resulting in 150 to 160 new connections annually. Connection fee revenue is anticipated to contribute $2.6 million over the rate setting period and fund approximately 12.6 percent of the capital plan.
- **Revenue bond proceeds:** Two revenue bond issuances are forecasted, $5 million in 2023 and $2.5 million in 2025. The proceeds of each revenue bond are spread over a two year period to cover funding gaps. Revenue bond proceeds are forecasted to fund 36.5 percent of the capital plan.

Exhibit 3.1 provides a summary of the funding sources for the capital expenditures. A detailed capital plan can be found in the excel model provided to the District.

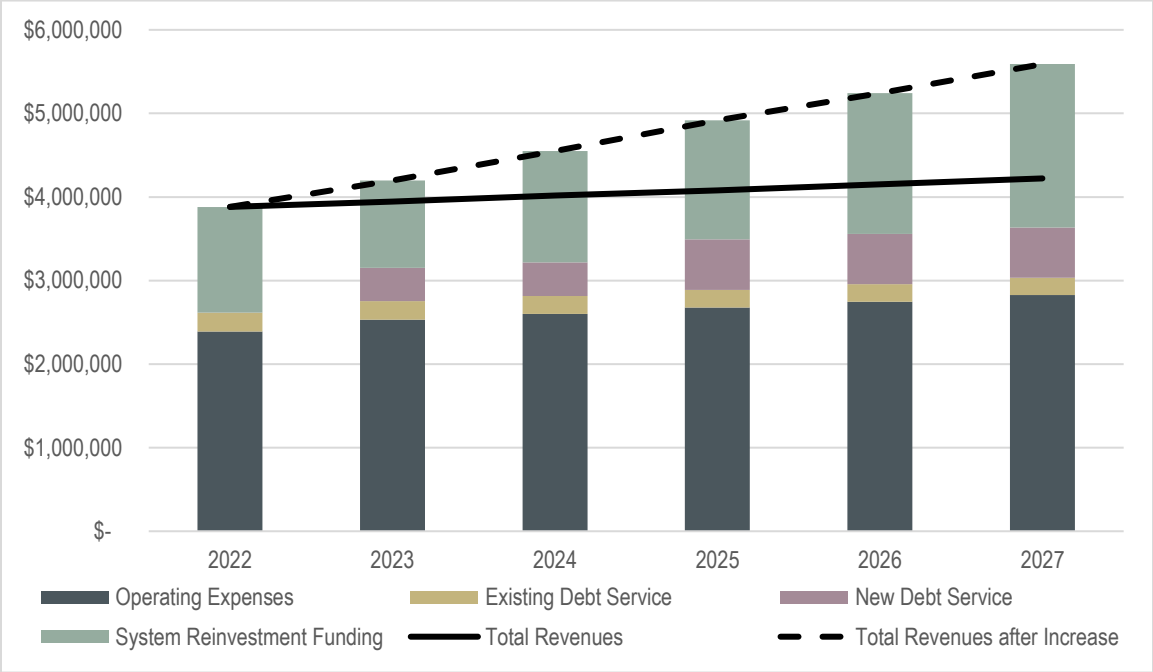
Exhibit 3.1 Water Capital Funding Summary

Funding Summary	2022	2023	2024	2025	2026	2027	Total
Total Capital Costs	**$ 4,366,455**	**$ 4,181,855**	**$ 3,706,655**	**$ 2,886,781**	**$ 1,624,615**	**$ 3,784,089**	**$ 20,550,451**
Funding Sources							
Cash Balances and System Reinvestment Funding	$ 3,946,455	$ 2,035,868	$ -	$ 1,141,617	$ -	$ 3,342,665	$ 10,466,605
General Facilities Charge Revenue	420,000	424,200	428,442	432,726	437,054	441,424	2,583,846
Revenue Bond Proceeds	-	1,721,787	3,278,213	1,312,438	1,187,562	-	7,500,000
Total Capital Funding	**$ 4,366,455**	**$ 4,181,855**	**$ 3,706,655**	**$ 2,886,781**	**$ 1,624,615**	**$ 3,784,089**	**$ 20,550,451**

III.B.3. Summary of Revenue Requirement

The operating forecast components of O&M expenses, debt service and rate-funded capital come together to form the multi-year revenue requirement. The revenue requirement compares the overall revenue available to the water system to the expenses to evaluate the sufficiency of rates on an annual basis. **Exhibit 3.2** provides a summary of the water system revenue requirement findings.

Exhibit 3.2 Water Utility Revenue Requirement Summary



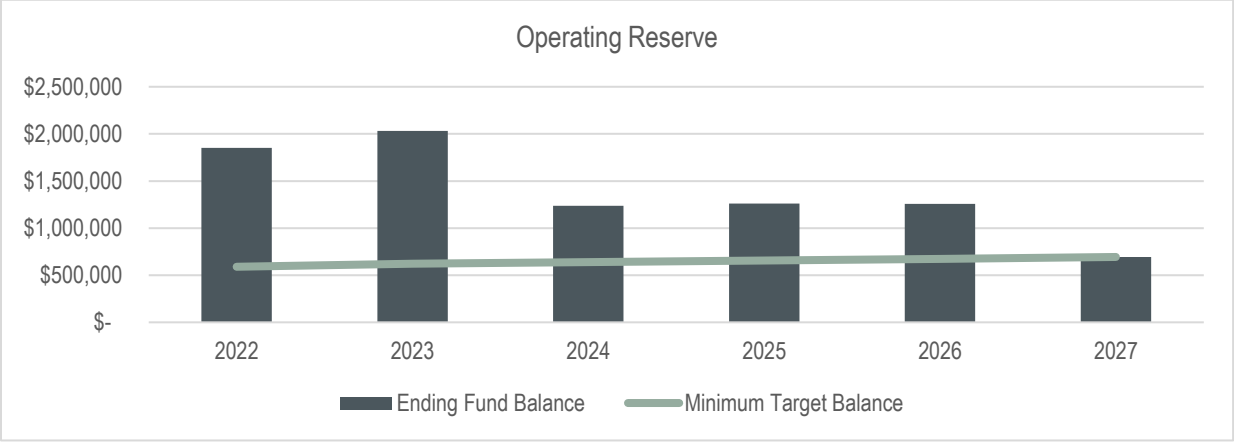
Summary of water utility revenue requirement:

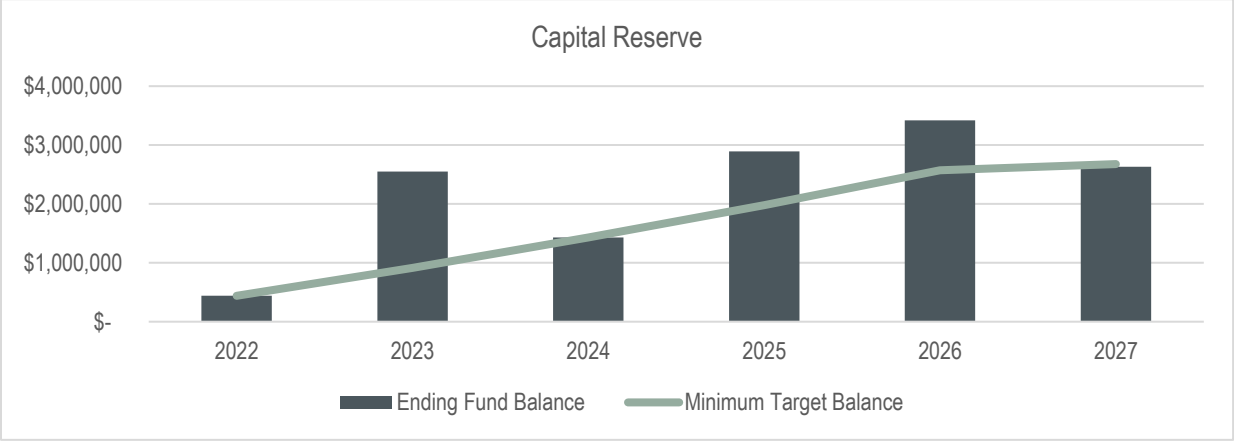
- In 2022, with the inclusion of the approved 6.8% rate increase, current rate levels are sufficient to meet existing annual financial obligations.
- During the 2023 - 2027 rate setting period, existing revenues are sufficient to cover O&M expenses and both existing and new forecasted debt service. However, system reinvestment annual funding targets are not fully supported by existing revenue.
- To meet projected financial obligations for the water utility and fund capital projects, rate increases are proposed at 6.8 percent annually in 2023 – 2025 followed by 5.0 percent annually in 2026 and 2027.
- Debt service coverage on bonded debt remains above 3.5X in all years of the forecast while debt service coverage on all debt remains above 3.3X during the forecast.

Reserves

Exhibit 3.3 shows a summary of the projected operating and capital reserves through 2027 based on the rate forecast presented above. The bars represent projected ending fund balances for each year and the horizontal lines represent the minimum targets for operating and capital reserves. The rate strategy described above is projected to maintain operating reserves at or above the minimum target level of 90 days of operating and maintenance expenses ($0.6 million to $0.7 million over the forecast period). This strategy is also projected to maintain capital reserves at or above the minimum target level. The annual capital reserve target increases from 2023 to 2026 as the District phases into the target funding level equal to the replacement cost of the largest non-transmission asset.

Exhibit 3.3 Operating and Capital Target Balances





III.C. COST OF SERVICE

A cost-of-service analysis determines the equitable recovery of costs from customers according to the unique demands each customer class places on the system. There are three fundamental steps to allocating the annual revenue requirement to customer classes and developing the final rates – 1) allocate utility assets and total utility costs by function, 2) develop customer-specific allocation factors and 3) allocate costs to customer classes. The methodology used conforms to industry practices as identified by the American Water Works Association (AWWA) Principles of Water Rates, Fees and Charges, M1 Manual.

III.C.1. Allocation of Utility Assets by Function

The District's water utility assets in service were reviewed to identify their uses as they relate to providing water service. This allocation assigns value and costs to functional categories based on documented system requirements, including engineering criteria, (e.g. average demand, peak demand, etc.) and industry standard practice based on the relationship of each class of asset and their function in the system. Assets are allocated to the functions of service according to known or assumed cost "causation". The functions of service to which the District's assets were allocated are discussed below.

- **Customer costs**: associated with establishing, maintaining, and serving water customers and tend to include administrative, billing, and customer service costs. These costs are generally uniform by customer regardless of their meter size or demand placed on the water system.
- **Meters & Services costs**: associated with the installation, maintenance, and repairs of meters and services. These costs are typically allocated based on number of connections and meter size.
- **Base costs**: related to average service provided on demand and are essentially correlated with year-round water consumption.
- **Peak costs**: related to peak demand service typically associated with the ability of the system to provide capacity to customers with higher-than-average volume, which usually occurs during the summer months.
- **Fire Protection costs**: associated with the ability of the system to provide adequate capacity and water flow corresponding to minimum fire safety standards required to serve customers. These costs are mostly incremental costs related to providing storage, distribution capacity, and hydrants for fire protection.
- **Pumping costs**: associated with costs to pump water to all customers within the District's service area.

Exhibit 3.4 Water Utility Functional Plant (Assets) in Service

Plant in Service	Total Replacement Cost	FUNCTIONS OF WATER SERVICE						AS ALL OTHERS	TOTAL
		CUSTOMER	METERS & SERVICES	BASE	PEAK	FIRE PROTECTION	PUMPING		
Supply & Treatment	$ 7,465,861	0.00%	0.00%	48.28%	51.72%	0.00%	0.00%	0.00%	100.00%
Pumping	5,436,316	0.00%	0.00%	48.28%	51.72%	0.00%	0.00%	0.00%	100.00%
Storage	9,382,226	0.00%	0.00%	38.75%	41.52%	19.73%	0.00%	0.00%	100.00%
Transmission & Distribution	15,976,404	0.00%	0.00%	34.31%	36.76%	28.93%	0.00%	0.00%	100.00%
Meters & Services	781,557	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Hydrants	734,609	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%
General Plant	6,662,473	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%
Total Utility Plant	$ 46,439,445	$ -	$ 781,557	$ 15,346,951	$ 16,441,365	$ 7,207,099	$ -	$ 6,662,473	$ 46,439,445
Water Service Functions		0.00%	1.96%	38.58%	41.33%	18.12%	0.00%		100.00%
Allocation of "As All Others"		$ -	$ 130,907	$ 2,570,549	$ 2,753,858	$ 1,207,158	$ -	$ (6,662,473)	$ -
TOTAL	**$ 46,439,445**	**$ -**	**$ 912,464**	**$ 17,917,500**	**$ 19,195,223**	**$ 8,414,258**	**$ -**	**$ -**	**$ 46,439,445**
Allocation Percentages		**0.00%**	**1.96%**	**38.58%**	**41.33%**	**18.12%**	**0.00%**	**0.00%**	**100.00%**

The allocation basis (shown in **Exhibit 3.4**) used for the major functions of service are as follows:

- **Supply and Treatment assets**: are allocated based on the peak demand ratio of maximum day to average day (2.07 from the 2012 Water System Plan). Assets were allocated 48.28 percent to base and 51.72 percent to peak.
- **Pumping assets**: are also allocated based on the peak demand ratio of maximum day to average day (2.07 from the 2012 Water System Plan). Assets were allocated 48.28 percent to base and 51.72 percent to peak.

- **Storage assets:** are allocated based on a storage analysis that categorized storage into operating, equalizing, emergency/standby, fire suppression and demand management storage. The storage analysis was based on Table 3-15 of the 2012 Water System Plan and was used to determine the use of storage facilities to meet average, peak, fire requirements or a combination. Assets were allocated to 38.75 percent to base, 41.52 percent to peak, and 19.73 percent to fire.
- **Transmission and Distribution assets:** are allocated based on a pipe analysis of the transmission and distribution network. In the analysis, the water mains between the size of 8 and 12 inches are assumed to have been upsized 2 inches from the minimum requirement for fire protection. The proportion of additional flow available is allocated to fire protection while the remaining amount is allocated based on the peak demand ratio between base and peak. For all pipe inventory not between 8 and 12 inches, those assets are assumed to be allocated between base and peak based on the peak demand ratio. The results of the analysis show 34.31 percent to base, 36.76 percent to peak, and 28.93 percent to fire.
- **Meters & Service assets:** are allocated 100 percent to the meters and service function.
- **Hydrant assets:** are allocated 100 percent to fire.
- **General assets:** are allocated as all other plant assets and allocated in proportion to the assets defined above.

The result of the functional asset allocation is 0 percent to customer, 2 percent allocated to meters & services, 39 percent to base, 41 percent to peak, and 18 percent to fire. The resulting asset allocation is referred to as the "plant in service" allocation and is used to allocate annual costs if the cost supports the total utility system.

III.C.2. Allocation of Utility Costs by Function

Following the functionalization of the utility's assets, the revenue requirement for 2023 is then allocated to these same functions of service based on cost allocation factors derived from the plant-in-service, system planning data, and other known costs. The functionalization of the revenue requirement is described in the bullets below:

- **Administrative Costs:** allocated to as all other costs.
- **Office Operating Supplies:** allocated to as all other costs.
- **Small Tools, Supplies, and Equipment:** allocated as plant in service.
- **Water Conservation and Communication Services:** allocated all to customer.
- **Main Replacement Materials:** allocated based on transmission and distribution assets.
- **Pump Replacement Materials:** allocated based on pump assets.
- **Treatment Chemicals:** allocated based on peak demand ratio.
- **SCADA:** allocated based on supply and treatment allocation.
- **Permit Fees:** allocated all to customer.
- **Meters, Reads, and Setters:** allocated all to meters and services.
- **Added On-Site Engineer:** allocated based on plant-in-service.
- **Existing and New Debt Service:** allocated as plant-in-service.
- **System Reinvestment Funding:** allocated as plant-in-service.

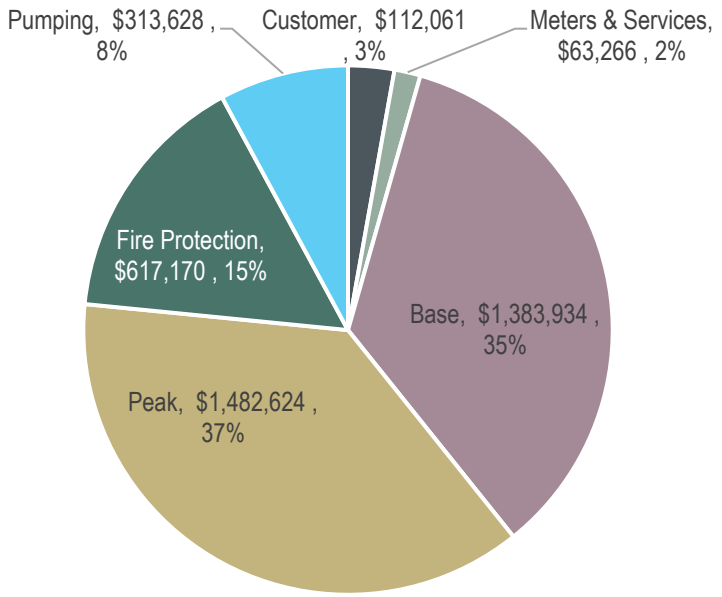
The allocation of the revenue requirement to the functions of service is summarized in **Exhibit 3.5**.

Exhibit 3.5 2023 Water Utility Functional Cost Allocation

Function	Total Revenue Requirement	%
Customer	$ 112,061	2.8%
Meters & Services	63,266	1.6%
Base	1,383,934	34.8%
Peak	1,482,624	37.3%
Fire Protection	617,170	15.5%
Pumping	313,628	7.9%
Total	**$ 3,972,682**	**100%**

The cost allocation indicates that the largest portion of costs, 37 percent, relate to meeting peak water demands, followed by 35 percent related to meeting base (average) water demands, 15 percent to fire protection, 8 percent to pumping, 3 percent to customer, and 2 percent to meters and services. **Exhibit 3.6** provides a summary of the functional cost allocation results.

Exhibit 3.6 Water Utility Functional Cost Allocation Summary (2023 Forecast)



III.C.3. Customer Class Distinctions

The District's current customer classes include a residential class, a multi-residential class, a commercial class, and an agricultural class. The cost-of-service analysis was completed for each of these classes. At the time of this report, the District is considering implementing a new private fire service class. Any findings related to this potential new customer class will be documented in a separate technical memorandum.

III.C.4. Allocation Factors

Once the customer classes were defined, functional cost pools (shown in **Exhibit 3.6**) were then allocated to these customer classes based on the unique demands each class places on the system. In order to complete this task, the analysis consisted of first developing allocation factors that identified customer characteristics including number of accounts, consumption levels, peak demand patterns,

and fire flow requirements. The allocation factors are intended to equitably allocate total functional cost pools to those benefitting from the service. For this study, the water fund costs were allocated to customer classes based on:

- **Customer costs:** allocated on the basis of the number of customer accounts.
- **Meters & Services costs:** allocated on the basis of the number of meter service equivalents.
- **Base costs:** allocated on the basis of total annual water use.
- **Peak costs:** allocated on the basis of the ratio between each class's peak month use to their average total use, multiplied by their total use.
- **Fire Protection costs:** allocated on the basis of the number of accounts and their associated fire flow gallons per minute and duration requirements based on Kitsap County fire flow requirements.
- **Pumping costs:** allocated on the basis of total number of Equivalent Residential Units (ERUs).

Exhibit 3.7 summarizes the allocation factors used and allocations for the customer classes evaluated in the cost-of-service analysis.

Exhibit 3.7 Water Utility Customer Allocation Factors

Customer Class	Customer	Meters & Services	Base	Peak	Fire Protection	Pumping	Total
Allocation Basis	Accounts	Meter Service Equivalents	Total Use	Peak Use	Kitsap County Fire Flow Requirements	Equivalent Residential Units	
Residential	88.2%	80.0%	67.8%	64.7%	76.0%	63.1%	**68.3%**
Multi-Family	3.5%	7.2%	12.8%	11.6%	3.0%	30.9%	**11.9%**
Commercial	7.1%	10.3%	13.6%	12.3%	6.1%	5.1%	**11.0%**
Agricultural	1.2%	2.4%	5.9%	11.4%	0.0%	0.9%	**6.5%**
Private Fire Service	0.0%	0.0%	0.0%	0.0%	14.9%	0.0%	**2.3%**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The cost of service by class was calculated by multiplying the functional cost pools by the allocation factor distribution percentages. Ultimately, this element of the analysis defines the total annual revenue that should be generated from each customer class, in order to achieve cost-based recovery from rates.

III.C.5. Water Utility Cost of Service Results

Exhibit 3.8 provides a comparison of current rate revenue distribution between customer classes and the results of the cost-of-service analysis.

Exhibit 3.8 Comparison of Water Current Revenue Distribution to Cost of Service Distribution

Class	Forecasted 2023 Revenue	%	2023 Cost of Service Allocation	%	$ Difference	%
Residential	$ 2,468,685	66.4%	$ 2,713,010	68.3%	$ 244,325	9.9%
Multi-Family	$ 730,881	19.6%	$ 472,476	11.9%	$ (258,405)	-35.4%
Commercial	$ 360,250	9.7%	$ 438,808	11.0%	$ 78,559	21.8%
Agricultural	$ 159,925	4.3%	$ 256,730	6.5%	$ 96,805	60.5%
Private Fire Service	$ -	0.0%	$ 91,659	2.3%	$ 91,659	
Total	**$ 3,719,740**	**100.0%**	**$ 3,972,682**	**100.0%**	**$ 252,942**	**6.8%**

Because costs fluctuate each year, the needed increase by class can also fluctuate and interclass rate changes are not suggested unless the class's revenue difference is outside the plus-or-minus 5.0 percent threshold. The COSA results indicate that the Residential class is within this threshold while the Multi-Family class is currently subsidizing the Commercial and Agricultural classes.

III.D. RATE DESIGN

The principal objective of the rate design stage is to implement water rate structures that collect the appropriate level of revenue. Establishing rates is a blend of "art" and "science" and especially so when it comes to the rate levels and structures. Several variables must be balanced to arrive at optimal rates and include revenue stability and efficiency of use.

III.D.1. Existing Water Rates

The existing water rate structure is composed of a fixed charge and a variable charge. Some key aspects of the current rate design are the following:

- **Fixed Charge:** A fixed monthly charge is applied to all customer classes on a uniform basis depending on the customer's meter size. Bills are distributed to Single-Family customers on a bi-monthly basis while all other classes are billed on a monthly basis.
- **Variable Charge:** All customer classes are billed based on three tiers of water usage measured as the number of 100 cubic feet (ccf) used. Single-Family customers are billed using the same tier thresholds (regardless of an up-sized meter) based on the customer's bi-monthly usage. All other customer classes are billed on separate thresholds depending on their meter size and monthly usage.
  - » As better detailed customer data becomes available, we recommend that the District evaluate the varying tier sizes for non-Single-Family customers and consider refining and/or establishing a uniform usage charge for each customer class.

District Resolution 1019-22 Exhibit A describes the fixed charges and tiered usage charge thresholds.

III.D.2. Proposed Water Rates

To address the recommended shifts between classes based on the cost-of-service results, updated rates were forecasted through 2027. For consistency between classes, the fixed charges increased at the same rate for all classes while the variable charges were set individually to phase-in class-specific revenues towards the cost-of-service targets. **Exhibit 3.9** shows the adopted 2022 rates as well as forecasted rates through the rest of the study period to increase cost equity between the customer classes.

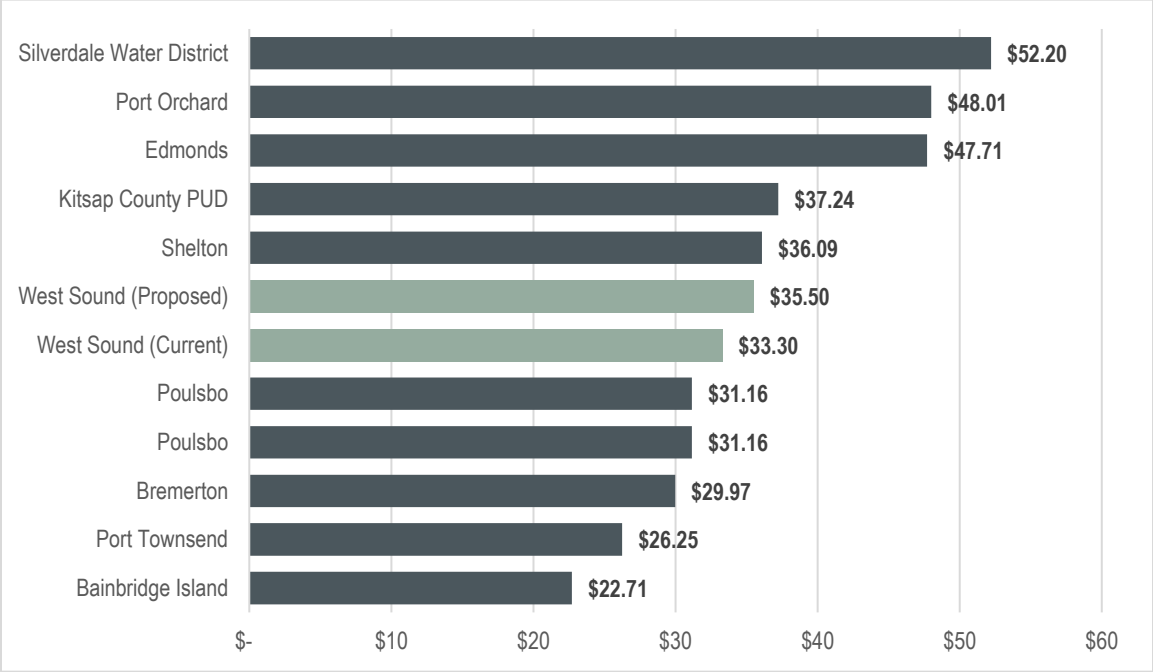
Exhibit 3.9 Proposed Water Rate Schedule

	Current 2022	COS 2023	COS 2024	COS 2025	COS 2026	COS 2027
System-Wide Rate Increase		6.8%	6.8%	6.8%	5.0%	5.0%
Base Rate						
5/8", 3/4"	$19.26	$20.61	$22.05	$23.59	$25.24	$27.01
1"	$35.90	$38.41	$41.10	$43.98	$47.06	$50.35
1.5"	$64.11	$68.60	$73.40	$78.54	$84.04	$89.92
2"	$98.74	$105.65	$113.05	$120.96	$129.43	$138.49
3"	$194.88	$208.52	$223.12	$238.74	$255.45	$273.33
4"	$301.29	$322.38	$344.95	$369.10	$394.94	$422.59
6"	$588.49	$629.68	$673.76	$720.92	$771.38	$825.38
Volume Charge: per ccf of water usage						
Single-Family (BiMonthly)						
Block 1	$2.31	$2.45	$2.60	$2.68	$2.76	$2.84
Block 2	$2.67	$2.83	$3.00	$3.09	$3.18	$3.28
Block 3	$3.10	$3.29	$3.49	$3.59	$3.70	$3.81
Multi-Family (Monthly)						
Block 1	$3.26	$3.26	$3.26	$3.26	$3.26	$3.26
Block 2	$3.77	$3.77	$3.77	$3.77	$3.77	$3.77
Block 3	$4.36	$4.36	$4.36	$4.36	$4.36	$4.36
Commercial (Monthly)						
Block 1	$2.54	$2.82	$3.13	$3.47	$3.64	$3.82
Block 2	$2.95	$3.27	$3.63	$4.03	$4.23	$4.44
Block 3	$3.41	$3.79	$4.21	$4.67	$4.90	$5.15
Agricultural/Irrigation (Monthly)						
Block 1	$3.26	$3.80	$4.43	$5.16	$6.01	$7.00
Block 2	$3.77	$4.39	$5.11	$5.95	$6.93	$8.07
Block 3	$4.36	$5.08	$5.92	$6.90	$8.04	$9.37

III.D.3. Rate Survey

Exhibit 3.10 compares the District's monthly (although billed on a bi-monthly basis) rate with the 2022 rates of other jurisdictions. Note that each jurisdiction has a unique set of geographic traits, customers, and system characteristics, each of which can have a significant impact on rates. Bill calculations assume 6 ccf of monthly water usage.

Exhibit 3.10 Residential Monthly Water Rate Survey (6 ccf monthly, ¾" Meters)



III.E. SUMMARY

The analysis described above concludes the rate study for the water utility. Annual rate increases of 6.8 percent are recommended from 2023 to 2025 followed by 5.0 percent in 2026 and 2027 to prepare the District to fund the planned capital projects and associated debt service for two revenue bonds.

We recommend that the District revisit the study findings during each budget cycle to check that the assumptions used are still appropriate and no significant changes have occurred that would alter the results of the study. The District should use the study findings as a living document, continuously comparing the study outcomes to actual revenues and expenses. Any significant or unexpected changes will require adjustments to the rate strategy proposed.

Section IV. SEWER UTILITY

IV.A. INTRODUCTION

The District owns a wastewater collection system that provides uninterrupted sanitary sewer conveyance and mitigates overflows into streams, lakes, and private properties. As a separate entity, the District jointly owns the South Kitsap Water Reclamation Facility (SKWRF), a wastewater treatment plant that provides to treatment for both the District and the City of Port Orchard.

IV.B. REVENUE REQUIREMENT

Similar to the water utility, a revenue requirement was completed for the sewer utility and forms the basis for the long-range financial plan and multi-year financial management strategy.

IV.B.1. Operating Forecast

The purpose of the operating forecast is to determine whether the existing rates and charges are sufficient to recover the costs the District incurs to operate and maintain the District collection system and share of treatment expenses at the SKWRF. The 2022 budget formed the baseline for this forecast and used to project revenue requirements through the 2023 to 2027 time period. The following list highlights some of the key assumptions used in the development of the sewer utility operating forecast.

IV.B.1.a Operating Revenue

- **Rate Revenue:** was based on an estimate of 2022 rate revenue, increased 5.2 percent to account for the approved rate adjustment in 2022.
- **Non-Rate Revenue:** consists of permit fees, service fees, penalties, SKWRD admin support, interest, and other miscellaneous fees.
- **Customer Growth:** is forecasted at 1.75 percent annually based on Port Orchard's population allocation in the Puget Sound Regional Council Vision for 2040.
- **Interest Earnings**: was projected at 1.0 percent per year for all years of the forecast period.

IV.B.1.b O&M Expenses

- **General Cost Inflation:** was set at 2.5 percent based on feedback from District staff and in alignment with internal forecasting practices.
- **Construction Cost Inflation (CCI):** was set at 4.0 percent annually based on feedback from the District.
- **Labor Cost Inflation:** was set at 2.5 percent consistent with general cost inflation based on feedback from the District.
- **Benefit Cost Inflation:** was set at 3.25 percent based on feedback from the District.
- **Electricity Inflation:** was assumed to be 0.35 percent based on staff input.

- **Additional O&M Expenses:** were included starting in 2023 for approximately $81,000 to represent 0.5 FTE added for one on-site engineer.

IV.B.1.c Debt Service

- **Existing Debt Service:** ranges from a high of $215,000 in 2022, dropping to $195,000 in 2024 and then to $115,000 in 2025 as the District pays off three loans. The District has one outstanding revenue bond and four unbonded loans:
  - » Revenue Bond: payments of $40,000 annually that will be paid off in 2028.
  - » Unbonded Loans: payments ranging from $175,000 in 2022 to $75,000 as loans are paid off by the utility.
- **New Debt Service:** no new debt service is projected during the forecast period to fund the capital program.

IV.B.1.d Rate-funded Capital

- Rate-funded capital is a way to ensure system integrity through reinvestment in the system. The annual revenue target is equal to the estimated replacement cost depreciation of system assets. Due to the financial impact to rates by implementing this level of rate-funded capital, the target is phased in over the study period and the utility reaches the full replacement cost level of system reinvestment funding by 2026 ($1.5 million).

IV.B.2. Capital Funding Plan

The sewer utility capital plan includes approximately $10.2 million in escalated capital costs from 2022 to 2027. Notable projects include Replace Aging Mains ($4.2 million), Olney Sewer Replacement ($1.3 million), and Eliminate Beach Drive Lift Station ($800,000).

Funding for the capital plan identified comes from two different sources:

- **Cash balances (including interest) and system reinvestment funding:** Cash balances and system reinvestment funding include the beginning capital fund balance, any cash flow from the operating fund above what is needed to meet the operating fund reserve target and available cash after meeting the minimum capital reserve target. Cash balances and system reinvestment funding are forecast to fund $8.0 million of the capital plan through 2027, about 78.5 percent of total capital expenditures in the rate setting forecast period.
- **General Facilities Charge (GFC) revenue:** GFC revenues are forecast at the existing fee levels and are based on the District's area specific permit forecast resulting in approximately 90 new connections annually. Connection fee revenue is anticipated to contribute $2.2 million over the rate setting period and fund approximately 21.5 percent of the capital plan.

Exhibit 4.1 provides a summary of the funding sources for the capital program. A detailed capital plan can be found in financial models provided to the District.

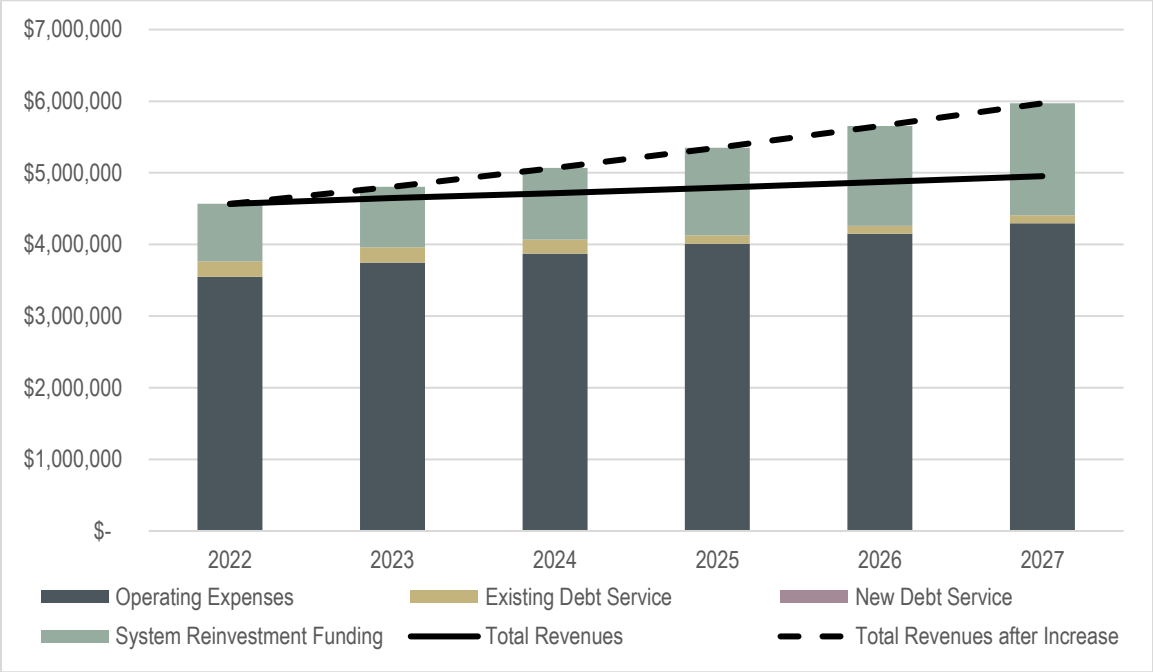
Exhibit 4.1 Sewer Capital Funding Summary

Funding Summary	2022	2023	2024	2025	2026	2027	Total
Total Capital Costs	**$ 2,868,125**	**$2,234,177**	**$ 1,240,455**	**$1,140,879**	**$1,441,168**	**$1,233,975**	**$10,158,780**
Funding Sources							
Cash Balances and System Reinvestment Funding	$ 2,487,325	$1,880,677	$ 883,420	$ 780,274	$1,076,957	$ 866,121	$ 7,974,774
General Facilities Charge Revenue	380,800	353,500	357,035	360,605	364,211	367,854	2,184,005
Total Capital Funding	**$ 2,868,125**	**$2,234,177**	**$ 1,240,455**	**$1,140,879**	**$1,441,168**	**$1,233,975**	**$10,158,780**

IV.B.3. Summary of Revenue Requirement

The operating forecast components of O&M expenses, debt service and rate-funded capital come together to form the multi-year revenue requirement. The revenue requirement compares the overall sewer system revenue against forecasted expenses to evaluate the sufficiency of rates on an annual basis. **Exhibit 4.2** provides a summary of the sewer system revenue requirement findings.

Exhibit 4.2 Sewer Utility Revenue Requirement Summary



Summary of sewer revenue requirement:

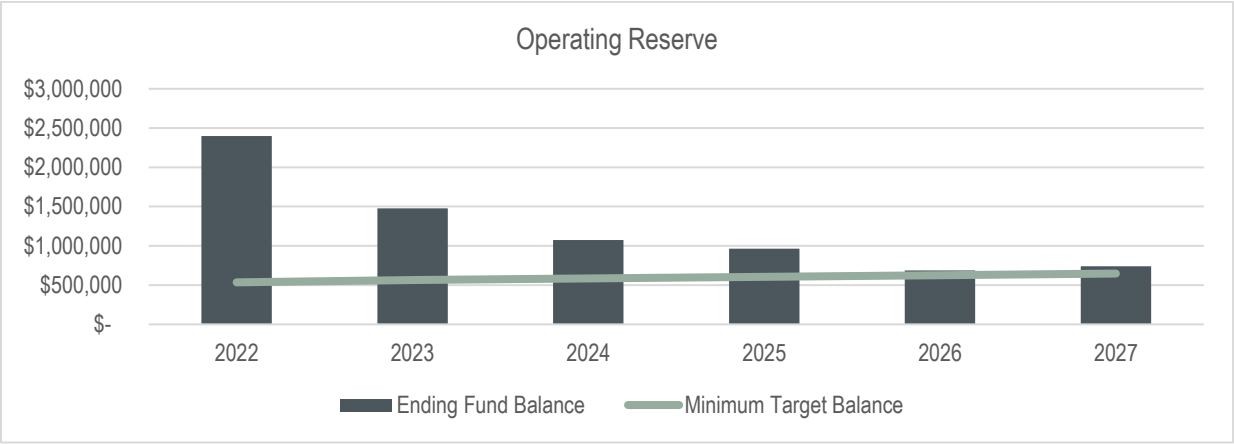
- In 2022, with the inclusion of the 5.2 percent approved rate increase, current rate levels are sufficient to meet existing annual financial obligations.
- During the 2023 – 2027 rate setting period, existing revenues are sufficient to cover O&M expenses and existing debt service. However, system reinvestment funding targets are not fully met with existing rate revenue.
- To meet the projected financial obligations of the sewer utility, the funding plan includes a 3.5 percent increase in 2023 followed by 4.0 percent annual increases each year thereafter.
- Debt service coverage on bonded debt remains above 34.7X in all years of the forecast while debt service coverage on all debt remains above 6.6X during the forecast.

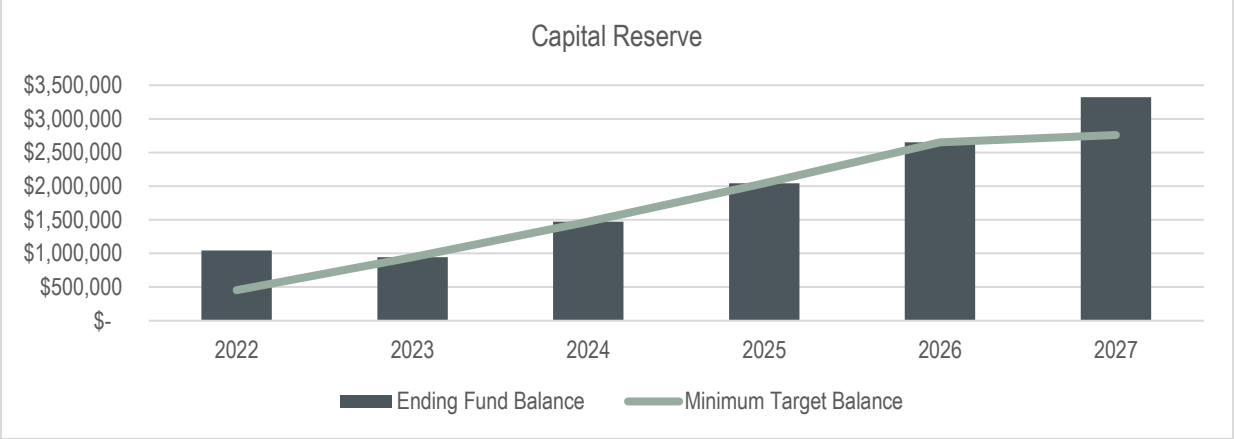
IV.B.4. Reserves

Exhibit 4.3 shows a summary of the projected operating and capital reserves through 2027 based on the rate forecast presented above. The bars represent projected ending fund balances for each year and the horizontal lines represent the minimum targets for operating and capital reserves. The rate strategy described above is projected to maintain operating reserves at or above the minimum target level of 55 days of operating and maintenance expenses ($0.6 million over the forecast period). This strategy is also projected to maintain capital reserves at or above the minimum

target level. The annual capital reserve target increases from 2023 to 2026 as the District phases into the target funding level of the replacement cost of the largest non-collection asset.

Exhibit 4.3 Operating and Capital Target Balances





IV.C. SEWER COST OF SERVICE ANALYSIS

Similar to the water utility, the cost-of-service allocation process for the sewer utility involves three steps - 1) allocate total utility assets and costs by function, 2) develop customer-specific allocation factors and 3) allocate costs to customer classes.

IV.C.1. Allocation of Utility Assets by Function

The District's sewer utility assets in service were reviewed to identify how they relate to providing sewer service. This allocation assigns value and costs to functional categories based on documented system requirements and industry practice based on the relationship of each class of asset and their function in the system. Assets are allocated to the functions of service according to known or assumed cost "causation". The functions of service to which the District's assets were allocated are discussed below.

- **Customer costs:** associated with providing service to customers regardless of sewer contribution, such as billing and office support.
- **Equivalent Residential Unit (ERU):** related to actual and estimated sewer volume processed within the system in a year normalized to a unit based on typical residential flow.

» Generally, sewer cost-of-service analyses includes a "strength" function which is used to allocate utility asset costs related to the strength of sewage processed, in terms of biochemical oxygen demand (BOD) and total suspended solids (TSS). In this particular case, the District incurs operating and capital costs at the treatment plant on an equivalent residential unit basis, so there is not a clear and identifiable cost basis for strength-related treatment costs. As a result, all treatment costs are functionalized as equivalent residential units.

Exhibit 4.4 Sewer Utility Functional Plant (Assets) in Service

Plant in Service	Total Replacement Costs	FUNCTIONS OF SEWER SERVICE		AS ALL OTHERS	TOTAL
		CUSTOMER	ERU		
Treatment	$ -	0.00%	100.00%	0.00%	100.00%
Collection	27,941,238	0.00%	100.00%	0.00%	100.00%
Pumping	9,965,756	0.00%	100.00%	0.00%	100.00%
General Plant	5,827,262	0.00%	0.00%	100.00%	100.00%
Total Utility Plant	$ 43,734,256	$ -	$ 37,906,994	$ 5,827,262	$ 43,734,256
Sewer Service Functions		0.00%	100.00%		100.00%
Allocation of "As All Others"		$ -	$ 5,827,262	$ (5,827,262)	$ -
TOTAL	**$ 43,734,256**	**$ -**	**$ 43,734,256**	**$ -**	**$ 43,734,256**
Allocation Percentages		**0.00%**	**100.00%**	**0.00%**	**100.00%**

IV.C.2. Allocation of Utility Costs by Function

Following the functionalization of the utility's assets, the revenue requirement for 2023 was then allocated to these same functions of service based on cost allocation factors derived from the plant-in-service, system planning data, and other known costs. The following summarizes the key cost allocation assumptions:

- **Administrative costs:** were allocated to as all other.
- **Postage/Printing/Bank Fees/Advertising:** were allocated 100 percent to customer.
- **Rentals/Insurance/Membership Dues:** were allocated all to ERU.
- **Operations Salaries and Benefits:** were allocated to plant in service which is 100 percent allocated to ERU.
- **Collection Materials:** were allocated all to collection which is 100 percent allocated to ERU.
- **Pump Materials:** were allocated all to pumping which is 100 percent allocated to ERU.
- **SKWRF Operations and CIP costs:** were allocated all to treatment which is 100 percent allocated to ERU as costs are based on the proportion of flow delivered to the treatment facility.
- **Added On-Site Engineer:** allocated based on plant in service.
- **Existing Debt Service:** allocated as plant-in-service.
- **System Reinvestment Funding:** allocated as plant-in-service.

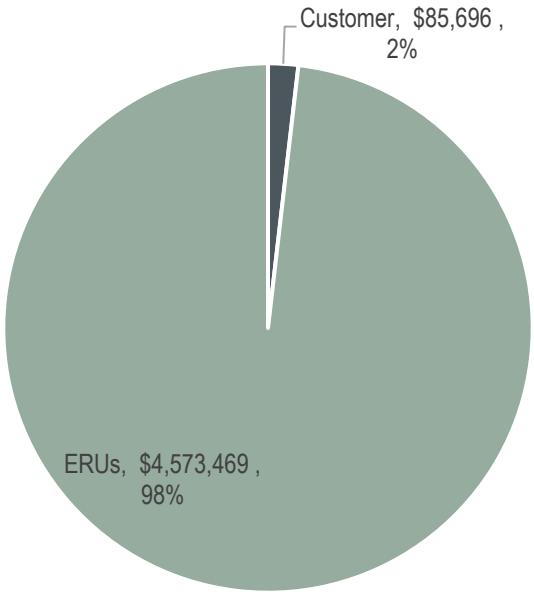
Utility cost allocation results in costs being allocated to the functional cost pools identified in **Exhibit 4.5**.

Exhibit 4.5 Sewer Utility Functional Cost Allocation (2023 Forecast)

Function	Total Revenue Requirement	%
Customer	$ 85,696	1.8%
ERUs	4,573,469	98.2%
Total	**$ 4,659,166**	**100.0%**

The cost allocation indicates that the majority of costs, 98 percent, relate to meeting flow requirements, while the other 2 percent are allocated to customer. The results of the allocation are summarized graphically in **Exhibit 4.6**.

Exhibit 4.6 Sewer Utility Functional Cost Allocation Summary (2023 Forecast)



IV.C.3. Customer Class Distinctions

The District's current customer classes include a residential class, a multi-residential class, and a non-residential class.

IV.C.4. Allocation Factors

Once the customer classes were defined, functional cost pools (shown in **Exhibit 3.6**) were then allocated to these customer classes based on the demand each class places on the system. In order to complete this task, the analysis consisted of first developing allocation factors that identified customer characteristics including number of accounts and equivalent residential units. Allocation factors are intended to equitably allocate total functional cost pools to those benefitting from the service. For this study, the sewer utility revenue requirement was allocated based on the following:

- **Customer costs:** on the basis of the number of customer accounts.
- **ERUs:** on the basis of flow produced per customer class normalized to an equivalent residential unit.

Exhibit 3.7 summarizes the allocation factors used and allocations for the customer classes evaluated in the cost-of-service analysis.

Exhibit 4.7 Sewer Utility Customer Allocation Factors

Customer Class	Customer	ERUs	Total
Allocation Basis	Accounts	ERUs	
Residential	91.1%	57.2%	**57.9%**
Multi-Family Residential	3.9%	27.3%	**26.9%**
Non-Residential	5.0%	15.4%	**15.2%**
Total	**100.0%**	**100.0%**	**100.0%**

IV.C.5. Sewer Cost of Service Analysis Results

Exhibit 4.8 provides a comparison of current rate revenue distribution between customer classes and the distribution of revenues resulting from the cost-of-service analysis.

Exhibit 4.8 Comparison of Sewer Current Revenue Distribution to Cost of Service Distribution

Classs	Existing 2023 Revenue	%	COSA 2023 Revenue	%	Difference $	Difference %
Residential	$ 2,533,178	56.3%	$ 2,695,959	57.9%	$ 162,782	6.4%
Multi-Family Residential	1,209,635	26.9%	1,253,426	26.9%	43,791	3.6%
Non-Residential	758,797	16.9%	709,781	15.2%	(49,016)	-6.5%
Total	**$ 4,501,609**	**100.0%**	**$ 4,659,166**	**100.0%**	**$ 157,556**	**3.5%**

Because costs fluctuate each year, the needed increase by class can also fluctuate and interclass rate changes are not suggested unless the class's revenue difference is outside the plus-or-minus 5.0 percent threshold. The COSA results indicate that revenues for the residential and multi-family residential classes are operating within this threshold while revenues generated from the non-residential class are slightly above the cost to provide service.

IV.D. RATE DESIGN

The principal objective of the rate design stage is to implement rate structures that collect the appropriate level of revenue as outlined by the revenue requirement. Establishing rates is a blend of "art" and "science" and especially so when it comes to the rate levels and structures. Several variables must be balanced to arrive at optimal rates. The main objective in this rate design was to address intraclass equity.

IV.D.1. Existing Sewer Rates

The existing sewer structure is composed of a monthly fixed charge (although Residential and duplexes are billed on bi-monthly basis) for all classes and a volume charge per 100 cubic feet for Non-Residential customers only. In addition to the three customer classes defined in the cost of service, there are also specific rates for the Veterans Memorial Park, South Kitsap Community Park, and the Village Greens golf course. Rate adjustments for these three individual customers are based on the proposed adjustments to the Non-Residential class.

Exhibit 4.9 provides a summary of the existing sewer utility rates.

Exhibit 4.9 Existing Monthly Sewer Rates

Current Rate Schedule	2022
Monthly Fixed Charge by Class (Bill Frequency)	
Residential (BiMonthly)	$64.92
Multifamily (Monthly)	$64.92
Non-Residential (Monthly)	$49.81
Public Parks - Veterans Memorial Park (Monthly)	$64.92
Public Parks - South Kitsap Community Park (Monthly)	$133.43
Golf Course - Village Greens (Monthly)	$133.43
Volume Charge: per ccf of water usage (Non-Residential Only)	$8.23

IV.D.2. Proposed Sewer Rates

The financial plan indicates the need for 3.5 percent increase in 2023 followed by 4.00 percent annual rate increases through the rest of the forecast. To closer align the revenues brought in by each customer class with the indicated cost of service, each customer class increases are proposed to increase as:

- **Single-Family Residential:** 4.25% in 2023, 4.75% each year thereafter.
- **Multi-Family Residential:** 4.00% in 2023, 4.50% from 2024 to 2026, and 4.75% in 2027.
- **Non-Residential:** Hold rates in 2023 followed by 1.00% annual adjustments from 2024 to 2026. It is recommended that the District re-evaluate cost-of-service results before additional adjustments.

Exhibit 4.10 provides a schedule of existing and proposed fixed and volumetric rates for each year from 2022 through 2027.

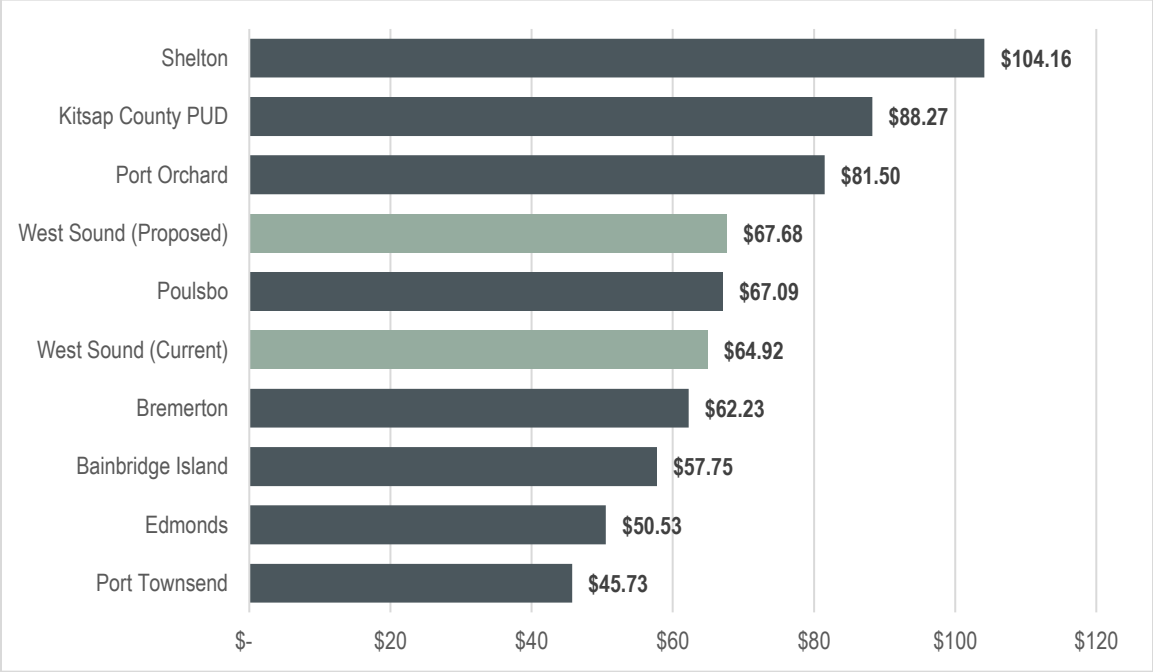
Exhibit 4.10 Proposed Sewer Rate Design Options

	Current 2022	COS 2023	COS 2024	COS 2025	COS 2026	COS 2027
Fixed Charge by Class						
Residential (BiMonthly)	$64.92	$67.68	$70.89	$74.26	$77.79	$81.49
Multifamily (Monthly)	$64.92	$67.52	$70.56	$73.74	$77.06	$80.72
Non-Residential (Monthly)	$49.81	$49.81	$50.31	$50.81	$51.32	$51.32
Public Parks - Veterans Memorial Park (Monthly)	$64.92	$64.92	$65.57	$66.23	$66.89	$66.89
Public Parks - South Kitsap Community Park (Monthly)	$133.43	$133.43	$134.76	$136.11	$137.47	$137.47
Golf Course - Village Greens (Monthly)	$133.43	$133.43	$134.76	$136.11	$137.47	$137.47
Volume Charge: per ccf of water usage (Non-Residential Only)	$8.23	$8.23	$8.31	$8.39	$8.47	$8.47

IV.D.3. Rate Survey

Exhibit 4.11 compares the District's monthly rate with the 2022 rates of other jurisdictions. Note that each jurisdiction has a unique set of geographic traits, customers, and system characteristics, each of which can have a significant impact on rates. Bill calculations assume 5 ccf of monthly sewer flow contribution for those jurisdictions that apply a volume rate to their Residential customers.

Exhibit 4.11 Residential Monthly Sewer Rate Survey (5 ccf of Usage)



IV.E. SUMMARY

The analysis described above concludes the rate study for the sewer utility. The financial plan includes an annual rate adjustment of 3.5 percent increase in 2023 followed by 4.0 percent annual rate increases through the rest of the forecast to ensure the District can continue to fully fund its operations and fund anticipated capital projects over the rate setting period.

We recommend that the District revisit the rate study with each budget cycle to review if revenue and expense projections are reasonable when compared to actual experience. Any significant or unexpected changes will require adjustments to the rate strategy proposed.

EXHIBIT "C"

2024 West Sound Utility District Water Rates and Charges

Meter Size	*Base Rate	Street Lights	Fire Flow	Charge
5/8, 3/4"	$22.58	$0.00	$0.00	Plus Commodity
1"	$42.08	$0.00	$0.00	Plus Commodity
1-1/2"	$75.15	$0.00	$0.00	Plus Commodity
2"	$115.74	$0.00	$0.00	Plus Commodity
3"	$228.43	$0.00	$0.00	Plus Commodity
4"	$353.16	$0.00	$0.00	Plus Commodity
6"	$689.82	$0.00	$0.00	Plus Commodity

Description	Rate	Notes:
*Ready to Serve	$10.86	Monthly. Applies only to properties that have been issued a Binding Letter of water availability or have paid GFC's and have not taken on water service.
*Unit Charge	$22.58	Monthly for each Residential Dwelling Unit, Guest House or accessory building with a kitchen, served shall be assessed monthly for the multi-family class.
Bulk Water Fill At District Offices	$25.00	Account establishment is required for monthly invoicing for bulk water obtained. Intermittent (Intermittent is defined as less than five bulk fills per year) bulk fills do not require an account. All transporting trucks are required to have an approved air-gap, which shall be inspected and approved by the District.

Meters and Services		
Description	***Rate**	**Notes:**
Full Service Meter Connection" 5/8' X 3/4"	Pre-Installed Rate Plus Time and Materials	Full Service Meter: For Meters and related appurtenances installed by the District. Charges shall be levied and collected at the completion of service. The District will supply an estimate of cost for individual service installations based on construction requirements, traffic control, permitting and the Authority Having Jurisdiction road restoration requirements. A deposit in the amount of 50% based on estimated cost will be required prior to service installation.
Full Service Meter Connection 1"	Pre-Installed Rate Plus Time and Materials	
Full Service Meter Connection >1"	Pre-Installed Rate Plus Time and Materials	
Pre-Installed Meter 5/8' x 3/4"	$496	Pre-Installed Service (Meter Only): Fees for the installation of a meter only apply when the service connection and all associated valves, fittings, meter setters, and necessary appurtenances have already been installed in accordance with the District's standards and specifications at the property owners expense.
Pre-Installed Meter 1"	$720	
Pre-Installed Meter 1-1/2"	$1,480	
Pre-Installed Meter 2"	$1,947	
Pre-Installed Meter 3"	$3,104	
Pre-Installed Meter 4"	$4,319	
Pre-Installed Meter 6"	$7,820	

Commodity Charge (COM) per 100 hundred cubic feet/(ccf). ccf = 748 gallons.

***Single Family Residential - Billed Bimonthly**

Meter Size	Block 1 Rate - $/ccf	Block 2 Rate - $/ccf	Block 3 Rate - $/ccf	Rate Code
	$2.66	**$3.07**	**$3.57**	
5/8, 3/4"	0-11	>11-21	>21	109, 110
1"	0-11	>11-21	>21	111

***Multi-Family Residential - Billed Monthly**

Meter Size	Block 1 Rate - $/ccf	Block 2 Rate - $/ccf	Block 3 Rate - $/ccf	Rate Code
	$3.34	**$3.87**	**$4.47**	
5/8, 3/4"	0 - 77	>77 - 146	>146	130
1"	0 -102	>102 - 194	>194	131
1-1/2"	0 - 167	>167 - 316	>316	
2"	0 - 244	>244 - 463	>463	
3"	0 - 424	>424 - 803	>803	
4"	0 - 680	>680 - 1,289	>1,289	
6"	0 - 1,360	>1,360 - 2,578	>2,578	

***Commercial - Billed Monthly**

Meter Size	Block 1 Rate - $/ccf	Block 2 Rate - $/ccf	Block 3 Rate - $/ccf	Rate Code
	$3.20	**$3.72**	**$4.30**	
5/8, 3/4"	0 - 12	>12 - 24	>24	100
1"	0 -16	>16 - 32	>32	101
1-1/2"	0 - 26	>26 - 52	>52	102
2"	0 - 38	>38 - 75	>75	103
3"	0 - 65	>65 - 131	>131	104
4"	0 - 106	>106 - 211	>211	115, 116
6"	0 - 212	>212 - 424	>424	106

***Agricultural/Irrigation - Billed Monthly**

Meter Size	Block 1 Rate - $/ccf	Block 2 Rate - $/ccf	Block 3 Rate - $/ccf	Rate Code
	$4.52	**$5.23**	**$6.05**	
5/8, 3/4"	0 - 66	>66 - 246	>246	100
1"	0 -88	>88 - 327	>327	101
1-1/2"	0 - 143	>143 - 369	>369	102
2"	0 - 209	>209 - 780	>780	103
3"	0 - 363	>363 - 1,353	>1,353	104
4"	0 - 583	>583 - 2,172	>2,172	115, 116
6"	0 - 1,166	>1,166 - 4,344	>4,344	106

*City Customers will incur a cost of service recovery fee of 5%, Resolution 1056-23.

2024 West Sound Utility District Sewer Rates and Charges

Classification	*Monthly	Billing Cycle	Notes:
Residential	$70.89	Bi-Monthly	Per ERU
Multifamily up to Tri-Plex	$70.56	Bi-Monthly	Per ERU
Non-Residential	$50.31	Monthly	Base Rate
	$8.31		For each additional 100 cubic foot of water consumed.
Public Parks - Veterans Memorial Park	$65.57	Monthly	One Public Restroom.
Public Parks - South Kitsap Community Park	$134.76	Monthly	Two public restrooms and one office space.
Golf Course - Village Greens	$134.76	Monthly	Two public restrooms and one office space.
Ready to Serve	$10.86	Monthly	Applies only to properties that have paid GFC's and do not have a physical connection to the sewer.

*City Customers will incur a cost of service recovery fee of 5%, Resolution 1056-23.

EXHIBIT "D"

*2024 WSUD Master Schedule of Fees and Charges

Account Setup Fee	$25.00	Fee to set up new account on propertyor ~~change the billing name and/or address on an existing account~~.
Account Closing -Final Billing Charge	$25.00	Charge to estimate and create a final bill, either by staff or using the automated website application, outside of the normal reading and billing cycle.
Administrative Fee	$100.00	Cost for Administrative Processing and recordkeeping of invoices on items identified and not identified in the Master Schedule of Fees and Charges.
Damage to District Property	T&M	All incurred costs for repair/replacement and incurred labor.
Certified Mail Fee (Issuance on Delinquent Accounts)	$25.00 ~~$10.00~~	Charge for issuance of certified mail per policy.
Public Records Copy, Publishing and Delivery Fees	$0.15	There is no charge for inspecting public records. Fees charged are for the cost of copying, publishing and delivering records and documents, per District requirements. No charge for copies transmitted electronically.
District Maps Black & White	$8.00	Copy of District Service Area Map. No charge for copies transmitted electronically.
District Maps Color	$16.00	Copy of District Service Area Map inprint form. No charge for copies transmitted electronically.
Late Penalty - Percentage of Amount Due	10%	Applied to accounts that are 30 days past due.
Latecomers (Reimbursement)	$100.00	Fee collected per property for administering and collection of the latecomer reimbursement with the balance paid to the developer within sixty (60) days of receipt.
Lien Charge	$300.00	Charge for lien processing, recording and release including Kitsap County Fees.
NSF Charge	$50.00	Fee charged if financial institution returns or reverses a check, ACH payment, credit card, debit card or other account payment.
Outside Utilities Service Agreement (USA) - Recorded	$300.00	Agreement recorded for properties served outside of the Districts Boundaries within service area.
Petition Annexation	$750.00	Petition fee for properties to be included in District Boundaries. Includes SEPA, Public Hearing and recording fees. If Kitsap County requires a surveyor to prepare a legal description, that expense is the responsibility of petitioners.
Petition Street Light	$500.00	Petition fee for properties that desire installation of a street light that meets conditions required by the District. Includes any required SEPA, Public Hearing and recording fees.
Recording Fee	$225.00	Fee applied for any documents that require District recording with the Kitsap County Auditor not included under other scheduled fees/charges.
SEPA Appeal	$300.00	Fee for process to challenge procedural and substantive decisions by the District regarding SEPA decisions.
Fine for Unauthorized use or Tampering	$1,000.00	Unauthorized water and or sewer connection, tampering with water and or sewer facilities taking of water from a hydrant, meter or any District Facilities by any person, firm or corporation without prior written District consent or without first obtaining a permit and/or payment of all associated fees and costs.
Water System Plan or Sewer Comprehensive Plan (Copy)	$75.00	Copy of the current Sewer Comprehensive Plan in a binder. No fee for public inspection.

*2024 WSUD Master Schedule of Fees and Charges

Water System Plan or Sewer Comprehensive Plan (pdf)	$25.00	Copy of the current Water/Sewer Plan in an electronic pdf format. No fee for public inspection.
Developers/Construction Extension Contract Administrative Fee (Extensions greater than 300')	~~$2000~~ $1500	Fee for administration, utility required easement recordings, ~~plan review~~, notary and project document preparation. Subject to conditions of the Agreement.
Developers/Construction Extension Contract Administrative Fee (Extensions less than 300')	$500.00	Fee for administration, utility required easement recordings, notary and project document preparation. Subject to conditions of the Agreement.
Developers/Construction Observation Charge	$5.00/foot Plus $25 per Service Connection	A Construction Observation Charge shall be assessed per foot of pipe installed and for each service connection. The charge includes District inspection, coliform testing and GIS map updates. $300.00 Minimum.
Developers/Construction Plan Review Fee	~~Included in DEC Administrative Fee~~ $500	Plan review fees for construction projects. ~~Plan review for the project. Flat Fee Plus $100 for each additional sheet.~~
Sewer Availability Letter Binding	$0.00	Per terms and conditions. When a binding letter of availability is issued, the District is committing a portion of its facilities to provide service. The General Facilities Charge shall therefore be due and payable when a binding letter of availability is issued.
Sewer Availability/Informational Letter Non-Binding	$0.00	A non-binding letter will signify that the area to be served is within the District service area, Urban Growth Area and will specify any conditions to be met to obtain a binding commitment for sewer availability.
Water Availability Letter Binding	$0.00	Per terms and conditions When a binding letter of availability is issued, the District is committing a portion of its facilities to provide service. The General Facilities Charge shall therefore be due and payable when a binding letter of availability is issued.
Water Availability/Informational Letter Non-Binding	$0.00	A non-binding letter will signify that the area to be served is within the District service area and will specify any conditions to be met to obtain a binding commitment for water availability.
Side Sewer Permit/Inspection Fee (New Installation)	$350.00	Includes permits and inspections of single connections. 90 day permit.
Side Sewer Permit/Inspection Fee (Repairs)	$100.00	Charge for permit and inspection of side sewer repair.
Grinder Pump Installation Inspection/Permit	$750.00	Includes permit, inspections (Installation, hydrostatic testing and final), start-up of system and recording of easement, mapping, etc.
~~Sewer Abandonment Inspection Fee~~	~~$100.00~~	~~Charge for permit and inspection of sewer abandonment and/or removal of Grinder Pump and associated processes).~~
Sewer Abandonment of Service	~~80~~ /125	Service must be disconnected from system by licensed contractor per District requirements and/or removal of grinder pump and associated processes. Includes permit ~~and,~~ line cap inspection, final billing, AHJ letter for demolition permit if needed.. All fees for services are suspended.
Sewer Reinstatement of Abandoned Service	~~80~~ 100	Service must be connected to the system by a licensed contractor. Requires permit and inspection. All fees for services are reinstated and prorated. ~~Non-prorated.~~
Sewer ~~Termination~~ Discontinuance of Service	~~80~~ 25	All fees for services are suspended. Includes final billing. Water services must be suspended or discontinued.

*2024 WSUD Master Schedule of Fees and Charges

Sewer Reinstatement of ~~Abandoned~~ Discontinued Service	~~80~~ 25	All fees for services are reinstated and prorated.
Water ~~Termination~~ Discontinuance of Service	~~80~~ 65	Service must be disconnected from system by District. Service locked. Meter may be pulled. All fees for services are suspended. Includes special meter read and final billing.
Water Reinstatement of Service	~~80~~ 25.00	Service will be reconnected to the system and subject to prorated fees for services. ~~Non-prorated.~~
Hydrant Meter Damage Deposit (All sizes)	$2,500.00	Refundable if returned and with no damage.
Water Hydrant Meter Rental per week ~~(3/4")~~ Non-prorated	$25.00	Weekly rental rate (Sunday - Saturday). Weekly rental rates are not prorated. Hydrants will be read and billed for consumption monthly.
~~Water Hydrant Meter Rental per week (2") Non-prorated~~	~~$25.00~~	~~Weekly rental rate (Sunday - Saturday). Weekly rental rates are not prorated. Hydrants will be read and billed for consumption monthly.~~
~~Water Hydrant Meter Rental per week (3") Non-prorated~~	~~$25.00~~	~~Weekly rental rate (Sunday - Saturday). Weekly rental rates are not prorated. Hydrants will be read and billed for consumption monthly.~~
Grease Trap Inspection Fee	$250.00	Includes Permit and Inspection of installed Grease Trap to District Standards.
Backflow Assembly Inspection Fee	$75.00	Includes inspection post installation and Cross Connection Control system intergration.
Fire Flow Test Fee	$250.00	Includes signage placement and observation only. Testing and report by requestors contracted service.
Water Special Meter Read	$40.00	Customer requested or a meter read required outside of the normal reading/billing cycle.
Water Meter Testing	$150.00	Removal and installation of a temporary meter until testing is complete. If meter is found to be faulty,
Water Turn On Delinquent Accounts	$85.00	Fee for returning account to full service after shut off by District. Per District Policy.
Water Turn Off Delinquent Accounts	$0.00	Water shut off for delinquency per District Policy.
Water Turn Off Meter Lockout (Customer Request) Suspended Service	~~25/~~90.00	Turn off and lock meter per customer request. Includes Meter Read and Final Billing Charge.
Water Turn On Meter Unlock Suspended Service (Customer Request)	$25.00	Unlock and turn on meter at customer request. Account will returned to full service billing.
Water Fill Station (Water Truck)	$25.00 ~~($20.00)~~	Per Truck load any volume.
Equipment Charge Utility Truck per Day	$125.00	District services (Minimum Day)
Equipment Charge Dump Truck per hour with one Operator	$175.00	District services (2 hour minimum)
Equipment Charge Backhoe per hour with one Operator	$225.00	District services (2 hour Minimum)
Equipment Charge TV Truck per hour with two Operators	$250.00	District services (2 hour Minimum)
Equipment Charge Vactor Truck per hour with two Operators	$300.00	District services (2 hour Minimum)
Equipment Charge Boom Truck per hour with two Operators	$300.00	District services (2 hour Minimum)
Equipment Charge Mini Excavator per hour with One Operator	$225.00	District services (2 hour Minimum)
Equipment Charge Street Sweeper per hour with One Operator	$150.00	District services (2 hour Minimum)
Equipment Charge Boom Lift per hour with One Operator	$150.00	District services (2 hour Minimum)
Equipment Charge TV Inspection Camera Charge per hour	$25.00	District services (2 hour Minimum)
Equipment Charge Generator 10kW and larger per hour	$75.00	District services (2 hour Minimum)
Equipment Charge Mandrel/ Inflatable Plugs per day	$35.00	District services
Equipment Charge Inflatable Plugs without bypass per day	$25.00	District services

*2024 WSUD Master Schedule of Fees and Charges

HDPE Electrofusion Machine per day	$100.00	Plus materials cost
Dump Fee. Sewer Spoils, Concrete, Asphalt, Etc.	$65.00	Per ton
Labor per Employee per hour	$75.00	During regular business hours. After-hours/weekends and holidays are subject to overtime rates.
Materials Cost	Cost +15%	Cost plus 15%

*City Customers will incur a cost of service recovery fee of 5% where applicable, Resolution 1056-23.

WEST SOUND UTILITY DISTRICT
RESOLUTION 1112-23

A RESOLUTION OF THE WEST SOUND UTILITY DISTRICT BOARD OF COMMISSIONERS AMENDING WATER AND SEWER GENERAL FACILITY CHARGES

WHEREAS, RCW 57.08 authorizes water and sewer districts to establish water and sewer rates; and

WHEREAS, the District Board of Commissioners adopted Resolution 1140-22 on December 7, 2022, which modified water/sewer rates, policies and procedures; and

WHEREAS, the water and sewer General Facility Charges are generally adjusted each year based on the Engineering News Record Construction Cost Index, Seattle (ENR-CCI) to adjust for inflation; and

WHEREAS, the June 2022 to June 2023 ENR-CCI index indicated an annual increase of 1.78%; **NOW, THEREFORE,**

THE BOARD OF COMMISSIONERS OF WEST SOUND UTILITY DISTRICT HEREBY RESOLVES:

Section 1. The Board of Commissioners hereby amends the water and sewer General Facility Charges with an increase of 1.78% as set forth in the attached Exhibit "A". This resolution shall take effect and be in full force on January 1, 2024.

APPROVED and ADOPTED by the Board of Commissioners of West Sound Utility District at a regularly scheduled meeting on December 6, 2023.

WEST SOUND UTILITY DISTRICT
Kitsap County, Washington

Susan Way Chairperson	James J. Hart Vice Chairperson
Jerry Lundberg Secretary	

EXHIBIT "A"

2024 WSUD Schedule Of General Facility Charges

WATER

Table 1
Supply Treatment Storage and Transmission

Water Meter Size	Weighting Factor/ ERU [1]	Water General Facility Charge
5/8 X 3/4-inch	1.00	$5,321
1-inch	2.00	$10,642
1-1/2-inch	4.00	$21,284
2-inch	6.67	$35,490
3-inch [2]	10.50	$55,869
4-inch	16.67	$88,698
6-inch	33.33	$177,344

[1] For equivalent residential units (ERUs), through 3-inch meter. Larger meter sizes based on a 3/4-inch meter equivalency for AWWA Cold Water Displacement Meters. For larger meter sizes, the change will be multiplied by the weighting factors provided in Table 1.

[2] The District, at its discretion, can determine the GFC based on projected water usage (demand) for any meter size larger than a 2-inch meter, and equate that usage to an equivalent residential unit.

Table 2
Irrigation Water GFC's For General Irrigation

Water Meter Size	Weighting Factor/ ERU	Water General Facility Charge
5/8 X 3/4-inch	2.00	$10,642
1-inch	3.33	$17,719
1-1/2-inch	6.66	$35,490
2-inch	13.32	$55,869

Table 3
Irrigation Water GFC's For Drought Tolerant Irrigation

Water Meter Size	Weighting Factor/ ERU	Water General Facility Charge
5/8 X 3/4-inch	1.00	$5,321
1-inch	1.67	$8,886
1-1/2-inch	3.33	$17,719

SEWER

Sewer General Facility Charge and Treatment Capital Charge
Per Equivalent Residential Unit

Rate Component		Total
General Facility Charge	Treatment Capital Charge	$10,623
$5,417	$5,206	

WEST SOUND UTILITY DISTRICT
RESOLUTION 1113-23

A RESOLUTION OF THE
WEST SOUND UTILITY DISTRICT BOARD OF COMMISSIONERS
ADOPTING THE 2024 SALARY SCHEDULE AND
EMPLOYEE HEALTH INSURANCE BENEFIT CONTRIBUTIONS

WHEREAS, West Sound Utility District Board of Commissioners has determined that a cost-of-living adjustment should be implemented for District employee's wages for 2024; and

WHEREAS, the June CPI-U index for Western Washington Exhibit "A" indicates that the cost of living increased by 3.50% from June 2022 through June 2023; and

WHEREAS, the District provides a selection of health care benefit plans to the District's employees, and each fiscal year the Board sets an amount that the District contributes toward the cost of the employees' health insurance; **NOW, THEREFORE,**

THE BOARD OF COMMISSIONERS OF WEST SOUND UTILITY DISTRICT HEREBY RESOLVES:

Section 1. The attached Wage and Salary Schedule, Exhibit "B" which includes a cost-of-living increase of 3.50%, is hereby approved and shall be effective on January 1, 2024. The General Manager is covered by an employment contract with the District and is therefore exempt from the Exhibit "B" salary schedule.

Section 2. The contribution the District shall make to each employee's monthly health insurance benefit plan shall be as follows: effective January 1, 2024, full-time employees (40/hrs./week) - $1,300/month and part-time employees at a pro-rata amount of a full-time employee based on their regular scheduled hours.

APPROVED and ADOPTED by the Board of Commissioners of West Sound Utility District at a regularly scheduled meeting on November 15, 2023.

WEST SOUND UTILITY DISTRICT
Kitsap County, Washington

_____
Susan Way
Chairperson

_____
James J. Hart
Vice Chairperson

_____
Jerry Lundberg
Secretary

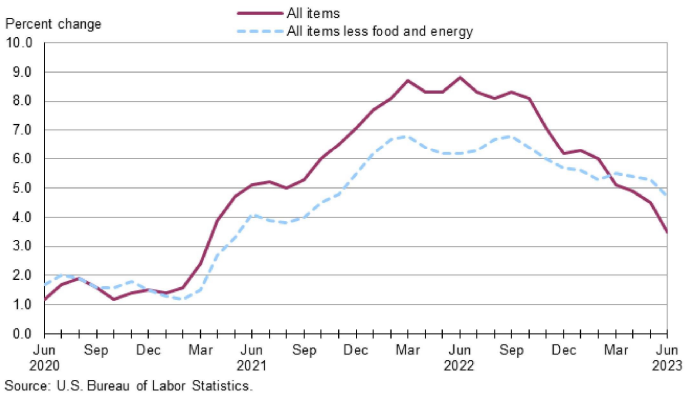
Consumer Price Index, West Region — June 2023

Area prices were up 0.3 percent over the past month, up 3.5 percent from a year ago

Prices in the West Region, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), advanced 0.3 percent in June, the U.S. Bureau of Labor Statistics reported today. (See table A.) The June increase was influenced by higher prices for shelter. (Data in this report are not seasonally adjusted. Accordingly, month-to-month changes may reflect seasonal influences.)

Over the last 12 months, the CPI-U advanced 3.5 percent. (See chart 1 and table A.) Food prices advanced 5.3 percent. Energy prices decreased 11.3 percent, largely the result of a decrease in the price of gasoline. The index for all items less food and energy increased 4.7 percent over the year. (See table 1.)

Chart 1. Over-the-year percent change in CPI-U, West region, June 2020–June 2023



Source: U.S. Bureau of Labor Statistics.

View Chart Data

Food

Food prices advanced 0.3 percent for the month of June. (See table 1.) Prices for food at home increased 0.5 percent, led by higher prices for cereals and bakery products (1.6 percent). Prices for food away from home rose 0.1 percent for the same period.

Over the year, food prices advanced 5.3 percent. Prices for food at home advanced 4.1 percent since a year ago, with higher prices in five of the six grocery categories. Prices for food away from home rose 7.3 percent.

Energy

The energy index rose 0.6 percent over the month. The increase was mainly due to higher prices for gasoline (1.4 percent). Prices for natural gas service advanced 0.9 percent, but prices for electricity fell 0.5 percent for the same period.

Energy prices decreased 11.3 percent over the year, largely due to lower prices for gasoline (-20.7 percent). Prices paid for natural gas service declined 2.8 percent, but prices for electricity advanced 8.9 percent during the past year.

All items less food and energy

The index for all items less food and energy advanced 0.2 percent in June. Higher prices for new and used motor vehicles (0.7 percent) and shelter (0.4 percent) were partially offset by lower prices for apparel (-0.6 percent) and medical care (-0.3 percent).

Over the year, the index for all items less food and energy increased 4.7 percent. Components contributing to the increase included shelter (7.2 percent) and recreation (5.7 percent). Partly offsetting the increases was a price decrease for used cars and trucks (-5.5 percent).

Table A. West region CPI-U 1-month and 12-month percent changes, all items index, not seasonally adjusted

Month	2019		2020		2021		2022		2023	
	1-month	12-month	1-month	12-month	1-month	12-month	1-month	12-month	1-month	12-month
January	0.2	2.7	0.3	2.9	0.2	1.4	0.9	7.7	0.9	6.3
February	0.2	2.4	0.4	3.1	0.5	1.6	0.8	8.1	0.5	6.0
March	0.4	2.4	-0.2	2.5	0.7	2.4	1.3	8.7	0.5	5.1
April	0.8	2.9	-0.4	1.3	1.0	3.9	0.7	8.3	0.5	4.9
May	0.5	2.9	0.1	0.8	0.8	4.7	0.8	8.3	0.4	4.5
June	0.0	2.7	0.4	1.2	0.9	5.1	1.2	8.8	0.3	3.5
July	0.0	2.7	0.5	1.7	0.6	5.2	0.1	8.3		
August	0.1	2.6	0.3	1.9	0.2	5.0	0.0	8.1		
September	0.3	2.6	0.0	1.6	0.2	5.3	0.3	8.3		
October	0.5	2.8	0.2	1.2	0.8	6.0	0.7	8.1		

News Release Information
23-1570-SAN
Wednesday, July 12, 2023

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Related Links
CPI historical databases

Month	2019		2020		2021		2022		2023	
	1-month	12-month	1-month	12-month	1-month	12-month	1-month	12-month	1-month	12-month
November	-0.1	2.8	0.0	1.4	0.5	6.5	-0.4	7.1		
December	-0.2	2.8	-0.1	1.5	0.4	7.1	-0.4	6.2		

The July 2023 Consumer Price Index for the West Region is scheduled to be released on August 10, 2023.

Technical Note

The Consumer Price Index for Atlanta is published bi-monthly. The Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services. The Bureau of Labor Statistics publishes CPIs for two population groups: (1) a CPI for All Urban Consumers (CPI-U) which covers approximately 93 percent of the total U.S. population and (2) a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers approximately 29 percent of the total U.S. population. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

The CPI is based on prices of food, clothing, shelter, fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. Each month, prices are collected in 75 urban areas across the country from about 6,000 housing units and approximately 22,000 retail establishments —department stores, supermarkets, hospitals, filling stations, and other types of stores and service establishments. All taxes directly associated with the purchase and use of items are included in the index.

The index measures price changes from a designated reference date; for most of the CPI-U the reference base is 1982-84 equals 100. An increase of 7 percent from the reference base, for example, is shown as 107.000. Alternatively, that relationship can also be expressed as the price of a base period market basket of goods and services rising from $100 to $107. For further details see the CPI home page on the internet at www.bls.gov/cpi and the CPI section of the BLS Handbook of Methods available on the internet at www.bls.gov/opub/hom/cpi/.

In calculating the index, price changes for the various items in each location are averaged together with weights that represent their importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average. Because the sample size of a local area is smaller, the local area index is subject to substantially more sampling and other measurement error than the national index. In addition, local indexes are not adjusted for seasonal influences. As a result, local area indexes show greater volatility than the national index, although their long-term trends are quite similar. **NOTE: Area indexes do not measure differences in the level of prices between cities; they only measure the average change in prices for each area since the base period.**

The West Region covered in this release is comprised of the following thirteen states: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: 202-691-5200; Telecommunications Relay Service: 7-1-1.

Table 1. Consumer Price Index for All Urban Consumers (CPI-U): Indexes and percent changes for selected periods

West (1982-84=100 unless otherwise noted)

Item and Group	Indexes				Percent change from-		
	Historical data	Apr. 2023	May 2023	Jun. 2023	Jun. 2022	Apr. 2023	May 2023
Expenditure category							
All Items		322.187	323.525	324.448	3.5	0.7	0.3
All items (December 1977=100)		520.798	522.960	524.452	-	-	-
Food and beverages		331.548	332.292	333.399	5.1	0.6	0.3
Food		333.743	334.545	335.671	5.3	0.6	0.3
Food at home		314.637	315.105	316.652	4.1	0.6	0.5
Cereals and bakery products		332.578	330.364	335.657	9.9	0.9	1.6
Meats, poultry, fish, and eggs		336.825	335.716	336.487	-1.8	-0.1	0.2
Dairy and related products		289.049	285.868	283.021	1.9	-2.1	-1.0
Fruits and vegetables		390.117	396.925	398.145	3.2	2.1	0.3
Nonalcoholic beverages and beverage materials		223.174	221.884	224.651	6.5	0.7	1.2
Other food at home		271.392	272.975	274.316	6.7	1.1	0.5
Food away from home		359.175	360.635	360.841	7.3	0.5	0.1
Alcoholic beverages		297.670	297.622	298.455	2.9	0.3	0.3
Housing		357.199	358.482	359.907	6.5	0.8	0.4
Shelter		409.741	411.217	412.895	7.2	0.8	0.4
Rent of primary residence(1)		434.691	436.623	438.909	7.9	1.0	0.5

Footnotes
(1) This index series was calculated using a Laspeyres estimator. All other item stratum index series were calculated using a geometric means estimator.
(2) Indexes on a December 1982=100 base.
(3) Indexes on a December 1997=100 base.
(4) Special index based on a substantially smaller sample.
(5) Indexes on a December 1993=100 base.
(6) Indexes on a December 1977=100 base.

- Data not available
Regions defined as the four Census regions. West includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.
NOTE: Index applies to a month as a whole, not to any specific date. Data not seasonally adjusted.

Item and Group	Historical data	Indexes			Percent change from-		
		Apr. 2023	May 2023	Jun. 2023	Jun. 2022	Apr. 2023	May 2023
Owners' equiv. rent of residences(1)(2)		430.211	431.637	433.261	7.2	0.7	0.4
Owners' equiv. rent of primary residence(1)(2)		429.984	431.408	433.036	7.2	0.7	0.4
Fuels and utilities		394.381	398.406	397.944	5.5	0.9	-0.1
Household energy		344.800	348.178	347.349	5.5	0.7	-0.2
Energy services(1)		346.900	350.672	349.898	6.0	0.9	-0.2
Electricity(1)		384.902	388.620	386.548	8.9	0.4	-0.5
Utility (piped) gas service(1)		277.002	281.177	283.586	-2.8	2.4	0.9
Household furnishings and operations		158.670	158.434	159.572	2.8	0.6	0.7
Apparel		127.835	128.297	127.492	4.2	-0.3	-0.6
Transportation		275.170	277.701	279.390	-5.4	1.5	0.6
Private transportation		272.546	274.958	277.548	-4.5	1.8	0.9
New and used motor vehicles(3)		126.760	127.922	128.793	-1.1	1.6	0.7
New vehicles		177.458	177.760	177.950	3.1	0.3	0.1
New cars and trucks(3)(4)		-	-	-	-	-	-
New cars(4)		176.438	176.661	176.932	2.7	0.3	0.2
Used cars and trucks		185.323	191.043	193.589	-5.5	4.5	1.3
Motor fuel		360.022	362.566	367.307	-20.8	2.0	1.3
Gasoline (all types)		358.005	360.728	365.896	-20.7	2.2	1.4
Gasoline, unleaded regular(4)		354.390	356.999	362.270	-21.0	2.2	1.5
Gasoline, unleaded midgrade(4)(5)		341.128	343.888	348.497	-20.0	2.2	1.3
Gasoline, unleaded premium(4)		349.897	352.890	357.340	-19.1	2.1	1.3
Medical Care		577.995	581.914	580.121	2.3	0.4	-0.3
Medical care commodities		449.743	452.368	455.711	6.0	1.3	0.7
Medical care services		617.737	622.051	618.739	1.5	0.2	-0.5
Professional services		397.866	400.998	402.789	3.8	1.2	0.4
Recreation(3)		130.743	130.674	130.432	5.7	-0.2	-0.2
Education and communication(3)		143.837	143.462	143.390	1.1	-0.3	-0.1
Tuition, other school fees, and child care(6)		1,646.081	1,648.482	1,650.109	4.3	0.2	0.1
Other goods and services		533.577	537.718	538.391	7.5	0.9	0.1
Commodity and Service Group							
All Items		322.187	323.525	324.448	3.5	0.7	0.3
Commodities		227.749	228.671	229.492	-0.6	0.8	0.4
Commodities less food & beverages		177.498	178.399	179.066	-4.1	0.9	0.4
Nondurables less food & beverages		234.974	236.291	237.010	-6.0	0.9	0.3
Nondurables less food, beverages, and apparel		310.080	311.997	313.781	-8.2	1.2	0.6
Durables		126.845	127.428	127.985	-1.9	0.9	0.4
Services		409.081	410.805	411.792	6.0	0.7	0.2
Rent of shelter(2)		436.860	438.448	440.243	7.2	0.8	0.4
Transportation services		374.955	377.918	378.716	3.6	1.0	0.2
Other services		405.204	405.551	405.637	5.8	0.1	0.0
Special aggregate indexes:							
All items less medical care		310.360	311.585	312.618	3.6	0.7	0.3
All items less food		320.487	321.901	322.795	3.2	0.7	0.3
All items less shelter		287.751	289.039	289.655	1.5	0.7	0.2
Commodities less food		182.101	182.993	183.672	-3.9	0.9	0.4

Footnotes

(1) This index series was calculated using a Laspeyres estimator. All other item stratum index series were calculated using a geometric means estimator.
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- Data not available

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NOTE: Index applies to a month as a whole, not to any specific date. Data not seasonally adjusted.

Item and Group	Historical data	Indexes Apr. 2023	May 2023	Jun. 2023	Percent change from- Jun. 2022	Apr. 2023	May 2023
Nondurables		283.585	284.656	285.567	0.1	0.7	0.3
Nondurables less food		239.989	241.239	241.969	-5.4	0.8	0.3
Nondurables less food and apparel		308.455	310.192	311.889	-7.4	1.1	0.5
Services less rent of shelter(2)		419.580	421.703	421.679	4.5	0.5	0.0
Services less medical care services		394.415	395.961	397.238	6.5	0.7	0.3
Energy		359.985	362.956	365.261	-11.3	1.5	0.6
All items less energy		322.400	323.648	324.494	4.8	0.6	0.3
All items less food and energy		321.320	322.640	323.444	4.7	0.7	0.2
Commodities less food and energy commodities		163.217	163.977	164.331	0.8	0.7	0.2
Energy commodities		366.837	369.152	373.848	-20.7	1.9	1.3
Services less energy services		414.292	415.912	416.999	6.0	0.7	0.3

Footnotes
(1) This index series was calculated using a Laspeyres estimator. All other item stratum index series were calculated using a geometric means estimator.
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(3) Indexes on a December 1997=100 base.
(4) Special index based on a substantially smaller sample.
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NOTE: Index applies to a month as a whole, not to any specific date. Data not seasonally adjusted.

Last Modified Date: Wednesday, July 12, 2023

U.S. BUREAU OF LABOR STATISTICS Western Information Office Attn: EA & I, 90 Seventh Street Suite 14-100 San Francisco, CA 94103-6715

Telephone:1-415-625-2270 www.bls.gov/regions/west Contact Western Region

Exhibit "B"

Effective:	January 1, 2024						
Approved	Res 1108-23						
COLA	3.50%						
Pay Grade	**Classification**		**01**	**02**	**03**	**04**	**05**
27	General Manager - Contract						
26	No Classification Assigned	Yearly	126,220.80	132,531.84	139,158.43	146,116.35	153,422.17
		Monthly	10,518.40	11,044.32	11,596.54	12,176.36	12,785.18
25	No Classification Assigned	Yearly	120,210.29	126,220.80	132,531.84	139,158.43	146,116.35
		Monthly	10,017.52	10,518.40	11,044.32	11,596.54	12,176.36
24	No Classification Assigned	Yearly	114,485.98	120,210.28	126,220.79	132,531.83	139,158.42
		Monthly	9,540.50	10,017.52	10,518.40	11,044.32	11,596.54
23	No Classification Assigned	Yearly	109,034.27	114,485.98	120,210.28	126,220.79	132,531.83
		Monthly	9,086.19	9,540.50	10,017.52	10,518.40	11,044.32
22	Wastewater Treatment Plant Mgr	Yearly	103,842.16	109,034.27	114,485.98	120,210.28	126,220.79
	Finance Manager	Monthly	8,653.51	9,086.19	9,540.50	10,017.52	10,518.40
21	Operations Manager	Yearly	98,897.29	103,842.15	109,034.26	114,485.97	120,210.27
	District Engineer	Monthly	8,241.44	8,653.51	9,086.19	9,540.50	10,017.52
20	No Classification Assigned	Yearly	94,187.90	98,897.29	103,842.15	109,034.26	114,485.97
		Monthly	7,848.99	8,241.44	8,653.51	9,086.19	9,540.50
19	Lead Operator SKWRF	Yearly	89,702.75	94,187.89	98,897.28	103,842.14	109,034.25
	Utility Foreman	Monthly	7,475.23	7,848.99	8,241.44	8,653.51	9,086.19
18	No Classification Assigned	Yearly	85,431.19	89,702.75	94,187.89	98,897.28	103,842.14
	~~Maintenance Supervisor SKWRF~~	Monthly	7,119.27	7,475.23	7,848.99	8,241.44	8,653.51

Effective:	**January 1, 2024**						
Approved	Res 1108-23						
COLA	3.50%						
Pay Grade	**Classification**		**01**	**02**	**03**	**04**	**05**
17	No Classification Assigned	Yearly	81,363.03	85,431.19	89,702.75	94,187.89	98,897.28
		Monthly	6,780.25	7,119.27	7,475.23	7,848.99	8,241.44
16	Electronics/Instrumentation Technician	Yearly	77,488.61	81,363.04	85,431.19	89,702.75	94,187.89
	GIS/IT Specialist	Monthly	6,457.38	6,780.25	7,119.27	7,475.23	7,848.99
15	Laboratory Analyst/WWTP Operator II	Yearly	73,798.68	77,488.61	81,363.04	85,431.19	89,702.75
	Inspector/Utility Specialist 3	Monthly	6,149.89	6,457.38	6,780.25	7,119.27	7,475.23
	~~GIS/IT Specialist~~						
14	No Classification Assigned	Yearly	70,284.45	73,798.67	77,488.60	81,363.03	85,431.18
		Monthly	5,857.04	6,149.89	6,457.38	6,780.25	7,119.27
13	WWTP Operator I	Yearly	66,937.57	70,284.45	73,798.67	77,488.60	81,363.03
	Utility Specialist 2	Monthly	5,578.13	5,857.04	6,149.89	6,457.38	6,780.25
12	Senior Customer Service Representative	Yearly	63,750.07	66,937.57	70,284.45	73,798.67	77,488.60
	Accounting Specialist III	Monthly	5,312.51	5,578.13	5,857.04	6,149.89	6,457.38
11	Utility Specialist 1	Yearly	60,714.35	63,750.07	66,937.57	70,284.45	73,798.67
	Operator Trainee	Monthly	5,059.53	5,312.51	5,578.13	5,857.04	6,149.89
10	Customer Service Representative	Yearly	57,823.19	60,714.35	63,750.07	66,937.57	70,284.45
	Accounting Specialist II	Monthly	4,818.60	5,059.53	5,312.51	5,578.13	5,857.04

Effective:	**January 1, 2024**						
Approved	Res 1108-23						
COLA	3.50%						
Pay Grade	**Classification**		**01**	**02**	**03**	**04**	**05**
9	Utility Specialist Trainee	Yearly	55,069.70	57,823.19	60,714.35	63,750.07	66,937.57
	Accounting Specialist I	Monthly	4,589.14	4,818.60	5,059.53	5,312.51	5,578.13
8	No Classification Assigned	Yearly	52,447.33	55,069.70	57,823.19	60,714.35	63,750.07
		Monthly	4,370.61	4,589.14	4,818.60	5,059.53	5,312.51
7	Accounting/Office Assistant	Yearly	49,949.85	52,447.34	55,069.71	57,823.20	60,714.36
		Monthly	4,162.49	4,370.61	4,589.14	4,818.60	5,059.53
6	No Classification Assigned	Yearly	47,571.28	49,949.84	52,447.33	55,069.70	57,823.19
		Monthly	3,964.27	4,162.49	4,370.61	4,589.14	4,818.60
5	No Classification Assigned	Yearly	45,305.97	47,571.27	49,949.83	52,447.32	55,069.69
		Monthly	3,775.50	3,964.27	4,162.49	4,370.61	4,589.14
4	No Classification Assigned	Yearly	43,148.55	45,305.98	47,571.28	49,949.84	52,447.33
		Monthly	3,595.71	3,775.50	3,964.27	4,162.49	4,370.61
3	No Classification Assigned	Yearly	41,093.86	43,148.55	45,305.98	47,571.28	49,949.84
		Monthly	3,424.49	3,595.71	3,775.50	3,964.27	4,162.49
2	No Classification Assigned	Yearly	39,137.01	41,093.86	43,148.55	45,305.98	47,571.28
		Monthly	3,261.42	3,424.49	3,595.71	3,775.50	3,964.27
1	No Classification Assigned	Yearly	37,273.34	39,137.01	41,093.86	43,148.55	45,305.98
		Monthly	3,106.11	3,261.42	3,424.49	3,595.71	3,775.50