

PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY  
BOARD OF COMMISSIONERS

**AGENDA**  
NOVEMBER 14, 2023  
4:30 PM

The public is invited to attend in person or via Zoom.

Join the meeting via Zoom: <https://skagitpud.zoom.us/j/87189171574?pwd=WjlcWU5UbC9lUEFxRXBza3RiclRjdz09>

Meeting ID: 871 8917 1574

Passcode: 490612

Or dial: 1-253-215-8782

*Please turn your audio and video off during the meeting. Use the "Raise Hand" feature if you would like to speak during Audience Comments.*

If you have a question or comment for the Board, please submit it by 5 p.m. the Monday prior to the meeting by calling (360) 848-4460 or send an email to [pud@skagitpud.org](mailto:pud@skagitpud.org)

PLEDGE OF ALLEGIANCE

CONSENT AGENDA

1. Approval of Agenda 11/14/23
2. Approval of Minutes 10/24/23 Budget Work Session
3. Approval of Minutes 10/24/23 Regular Meeting
4. Ratification of Vouchers 10/31/23
5. Voucher Approval 11/14/23
6. [Stakkeland Townhouse Apartments Project Acceptance](#)
7. [Affinity At Burlington Project Acceptance](#)

AUDIENCE COMMENTS

OLD BUSINESS

8. General Manager's Report

NEW BUSINESS

9. [2024 SkagitNet Budget and Plan of Operations - Action](#)
10. [2024 Budget and Resolution 2301-23: Adopting the Final Budget for the Calendar Year 2024 - Action](#)

INFORMATION

11. Judy Reservoir Data Report

COMMISSIONER COMMENTS

EXECUTIVE SESSION

- *To consider the sale of property - Per RCW 42.30.110(1)(c): Approx. 20 minute duration*

ADJOURNMENT

MINUTES OF THE SPECIAL MEETING/WORK SESSION OF THE COMMISSION  
PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON

October 24, 2023

The meeting was held in person and virtually via Zoom.

**Commissioners Appearing:** Joe Lindquist, Andrew Miller, Corrin Hamburg

**Appearing In-Person:** George Sidhu, Brian Henshaw, Nick Semrau, Mike Fox, Mark Handzlik, Kathy White, Kevin Tate, Alistair Boudreaux, Sam Shipp, Jay Sedivy, Bill Trueman, Gary Braaten, Ben Hansen, and Pete Gilbert.

**Appearing Remotely:** None.

**CALL TO ORDER**

Commissioner Lindquist called the work session to order at 2:30 p.m.

**2023 BUDGET REVIEW**

- Administration
- Human Resources
- Safety & Risk
- IT
- Community Relations
- Finance

The 2024 proposed budget will be presented to the board for adoption during the regular board meeting on Tuesday, November 14, 2023, at 4:30 p.m.

**ADJOURNMENT**

With no further business to come before the Board, the work session was adjourned at 3:47 p.m.

\_\_\_\_\_  
Joe Lindquist, President

ATTEST

\_\_\_\_\_  
Corrin Hamburg, Secretary

\_\_\_\_\_  
Andrew Miller, Vice President

MINUTES OF THE REGULAR MEETING OF THE COMMISSION  
PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON

October 24, 2023

The regular meeting of the Commission of Public Utility District No. 1 was held in the Aqua Room of the utility located at 1415 Freeway Drive, Mount Vernon, Washington.

The meeting was called to order at 4:30 p.m. Commissioners in attendance were Joe Lindquist, president; Andrew Miller, vice president; and Corrin Hamburg, secretary.

Also in attendance were: George Sidhu, Shannon Patiño, Nick Semrau, Pete Gilbert, Kathy White, Alistair Boudreaux, Brian Henshaw, Mark Handzlik, Jay Sedivy, Kevin Tate, Sam Shipp, Mark Semrau, Bill Trueman, Mark Semrau and Mike Fox.

Participating remotely were: David Phan, Tony Laccarino, and Sharon Mataya.

Commissioner Lindquist led the Pledge of Allegiance.

### CONSENT AGENDA

Commissioner Miller moved to approve the Consent Agenda for October 24, 2023, as presented.

1. Approval of Agenda 10/24/23
2. Approval of Minutes 10/10/23 Regular Meeting
3. Approval of Minutes 10/17/23 Budget Work Session
4. Ratification of Voucher 10/17/23 No. 3105 (\$768,589.66)  
Accounts Payable Voucher No. 27531 – 27605 (\$419,986.77)  
Electronic Funds Transfer (\$348,602.89)
5. Voucher Approval 10/24/23 No. 3106 (\$553,306.87)  
Accounts Payable Voucher No. 27606 – 27656 (\$189,991.59)  
Electronic Funds Transfer (\$121,170.93)  
Payroll Electronic Funds Transfers No. 042028 – M00824 (\$242,144.35)

The motion passed unanimously.

### AUDIENCE COMMENTS

None.

### OLD BUSINESS

6. General Manager's Report: General Manager Sidhu provided an update on the following:
  - 2024 Budget Process: The second work session for the 2024 proposed budget was held at 2:30 p.m. on October 24, 2023. Manager Sidhu asked the Board if they required an additional work session to review the budget and ask additional questions. The Board said that they did not need an additional work session. The budget will be presented for adoption by the board at the next regular meeting on November 14.
  - Skagit River Diversion (SRD) Power Transformer: An additional contract with KVA Electric, Inc. was executed to install surge protection and a battery backup for the communications system at the SRD. A total of \$844,828.90 has been spent on replacing the SRD power transformer. After the final work has been completed, Manager Sidhu will recommend canceling Resolution No. 2299-23, declaring an emergency related to the failure of the power transformer at the Skagit River Diversion.
  - The Safety Practice and Procedure (SP&P) #3016, *Safety Training & Occupational Health Screening Plan*, in the information section of the meeting packet. Manager Sidhu clarified that SP&Ps are items that do not go to the board for formal adoption or approval but are provided for any feedback or comments.
7. Resolution No. 2300-23 Approving the Transfer of Ownership of the Fidalgo Island Water System to the City of Anacortes, Including Amendments Thereto: Manager Sidhu presented Resolution No. 2300-23 for formal adoption. The resolution will make the transfer of ownership to the City of Anacortes official. The amendment to the original agreement to address easements that are still needed was also presented. A brief discussion ensued.

Commissioner Hamburg stated that she was recusing herself from the vote.

Commissioner Miller moved to approve Resolution No. 2300-23, approving the transfer of ownership of the Fidalgo Island Water System to the City of Anacortes, and authorize the general manager to sign the First Amendment to the Fidalgo Island Water System Asset Transfer and Improvement Agreement.

The motion passed, two for and one abstaining.

**NEW BUSINESS**

8. DHM Research Customer Satisfaction Survey Results: Tony Laccarino and David Phan from DHM presented the results of the Customer Satisfaction Survey. Commissioner questions regarding the results were answered during the presentation.

**INFORMATION**

- 9. Review of PUD SP&P #3016, *Safety Training & Occupational Health Screening Plan*
- 10. Monthly Budget Status – September 2023
- 11. Judy Reservoir Data Report

**COMMISSIONER COMMENTS**

None.

**ADJOURNMENT**

Having no further business to come before the board, Commissioner Lindquist moved for adjournment. The motion passed, and the October 24, 2023, meeting was adjourned at 5:10 p.m.

**ATTEST**

\_\_\_\_\_  
Joe Lindquist, President

\_\_\_\_\_  
Corrin Hamburg, Secretary

\_\_\_\_\_  
Andrew Miller, Vice President

As of October 31, 2023

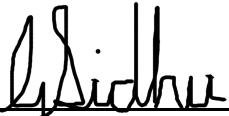
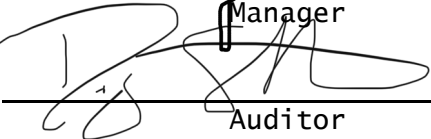
No. 3107

We, the undersigned Board of Commissioners of Public Utility District No. 1 of Skagit County, Washington, do hereby certify that the merchandise and /or services hereinafter specified have been received and are hereby approved for payment in the amount of \$99,300.31 this 31st day of October, 2023.

The total is comprised of the following:

Accounts Payable voucher No. from 27657 through 27695 in the amount of \$99,194.45, Electronic Funds Transfer in the amount of \$105.86. Payroll Electronic Funds Transfers and checks No. through in the amount of \$0.00.

Attest:

  
\_\_\_\_\_  
Manager  
  
\_\_\_\_\_  
Auditor

\_\_\_\_\_  
President  
\_\_\_\_\_  
Vice - President  
\_\_\_\_\_  
Secretary

Date: 10/27/2023

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Voucher	Claimant	Amount
27657	COMMUNITY ACTION OF SKAGIT CTY	427.17
27658	CORE INFRASTRUCTURE	1,212.75
27659	WA ST DEPT OF TRANSPORTATION	617.04
27660	E&E LUMBER INC	24.34
27661	ESRI INC	27,200.00
27662	EUROFINS EATON ANALYTICAL LLC	5,817.00
27663	GILBERT & GILBERT LAWYERS INC	8,800.00
27664	HD FOWLER COMPANY INC	212.65
27665	HUGHES NETWORK SYSTEMS, LLC	127.13
27666	JOSH COVERT	134.62
27667	KAYCIE BOERNER	17.98
27668	ANYTIME LABOR SEATTLE LLC	2,772.56
27669	LANE POWELL PC	7,892.99
27670	LINDE GAS & EQUIPMENT INC	58.30
27671	LYDIG CONSTRUCTION LINC	616.32
27672	MILES SAND & GRAVEL	405.38
27673	NATIONAL SAFETY INC	780.64
27674	NIKIAH HOLTHE	84.30
27675	NORTHSTAR CHEMICAL INC	16,128.65
27676	NPELRA	345.00
27677	AUTO VALUE	224.90
27678	ODP BUSINESS SOLUTIONS, LLC	287.82
27679	POMP'S TIRE SERVICE INC	82.69
27680	PUGET SOUND ENERGY	32.96
27681	RALPH L GARTON	5.00
27682	RESI LTD	137.48

Voucher	Claimant	Amount
27683	RICOH USA INC	60.34
27684	ROBERT HALF MANAGEMENT	3,280.00
27685	SECURITY SOLUTIONS NORTHWEST	424.32
27686	SEDRO WOOLLEY AUTO PARTS INC	12.88
27687	SKAGIT COUNTY DIKE DIST #12-LL	40.00
27688	SKAGIT COUNTY GIS	14,067.50
27689	SUNLAND BARK & TOPSOILS CO	62.02
27690	TRICO COMPANIES LLC	455.82
27691	USABLUEBOOK	621.52
27692	VERIZON WIRELESS	5,403.96
27693	WASHINGTON FINANCE OFFICERS	175.00
27694	ASTOUND BUSINESS SOLUTIONS LLC	145.42
27695 - EDI	ZIPLY FIBER	105.86
		99,300.31



1415 Freeway Drive | Mount Vernon, Washington 98273 | (360) 424-7104 | SkagitPUD.org

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November 14, 2023

**MEMORANDUM**

**TO:** Board of Commissioners  
**FROM:** Mark Handzlik, PE  
**SUBJECT:** Stakkeland Townhouse Apartments Project Acceptance

**Requested Action:**  
Accept the Stakkeland Townhouse Apartments project.

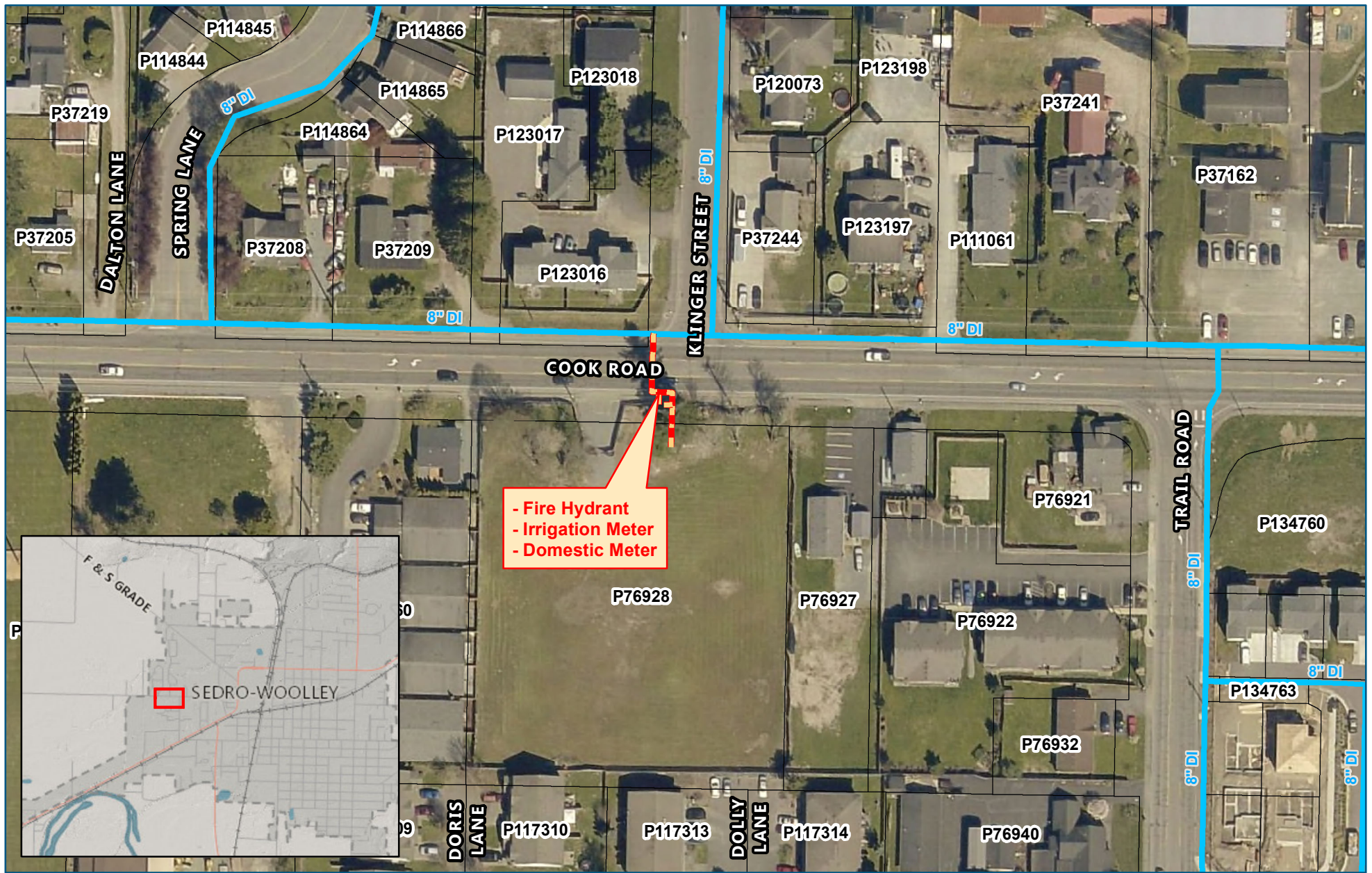
**Background:**

Name of Project: Stakkeland Townhouse Apartments  
Reference: Job ID:CP8624  
Location: Sedro Woolley  
Developer: Seth Stakkeland  
Contractor: C & S Construction

The District has approved the plans and specifications and has inspected the installation of the new water plant within the above project. The Engineering Department has received satisfactory pressure and bacteriological test results. All documentation for this project has been completed.

**Fiscal Impact:**  
None.

Enclosures: 1. [Stakkeland Townhouse Apartment Map](#)



## Stakkeland Townhouse Apartment Project Acceptance



0 50 100 200 Feet

NAD 1983 StatePlane Washington North FIPS 4601 Feet  
Author: wilson  
9/20/2023

- Existing Main
- - - Awaiting Acceptance
- Parcels

Job Identity: CP8624

This map was created from available public records and existing map sources, not from field surveys. While great care was taken in this process, maps from different sources rarely agree as to the precise location of geographic features. The relative positioning of map features to one another results from combining different map sources without field verification.

The PUD #1 of Skagit County disclaims any warranty of merchantability or warranty of fitness of this map for any particular purpose, either expressed or implied. No representation or warranty is made concerning the accuracy, currency, completeness or quality of data depicted on this map. Any user of this map assumes all responsibility for use thereof, and further agrees to hold the PUD #1 of Skagit County harmless from any damage, loss, or liability arising from the use of this map.







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November 14, 2023

**MEMORANDUM**

**TO:** Board of Commissioners  
**FROM:** Mark Handzlik PE, Engineering Manager  
**SUBJECT:** Affinity At Burlington Project Acceptance

**Requested Action:**  
Accept the Affinity At Burlington project

**Background:**

Name of Project: Affinity At Burlington  
Reference: Job ID: CP8623  
Location: Burlington  
Developer: Affinity At Burlington LLC  
Contractor: Western Refinery Services, Inc.

The District has approved the plans and specifications and has inspected the installation of the new water plant within the above project. The Engineering Department has received satisfactory pressure and bacteriological test results. All documentation for this project has been completed.

**Fiscal Impact:**  
None.

Enclosures: 1. [Affinity At Burlington Acceptance Map](#)





1415 Freeway Drive | Mount Vernon, Washington 98273 | (360) 424-7104 | SkagitPUD.org

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November 14, 2023

**MEMORANDUM**

**TO:** Board of Commissioners  
**FROM:** George Sidhu, P.E., General Manager  
**SUBJECT:** 2024 SkagitNet Budget and Plan of Operations - *Action*

**Requested Action:**  
Approve SkagitNet LLC 2024 Budget and Plan of Operations

**Background:**  
This 2024 SkagitNet Budget and Plan of Operations is respectfully submitted to the commissions of the PUD and Port for review and approval.

**Fiscal Impact:**  
The District is not contributing to any operational expenses in 2024, therefore there is no fiscal impact.

- Enclosures:
  1. [SkagitNet 2024 Budget](#)
  2. [SKAGITNET LLC Plan of Operations 2024](#)

SKAGITNET OPERATING BUDGET - 2024						
	-----2023-----				2024	
OPERATING BUDGET	2023 Budget	Assumptions	2023 YTD Actuals (AUG)	Projected Year End	2024 Proposed Budget	Assumptions
<b>OPERATING REVENUES</b>						
Dark Fiber Leases	\$ 142,458.52	Assume 7% revenue growth 2023	\$ 95,582.79	\$ 139,717.39	\$ 149,677.61	7% Increase
Franchise Fees			5,683.42	8,383.04	8,980.66	
Grants (pass through to Port)			171,759.04	171,759.04		Not budgeted (County capital Grants passed through to Port)
<b>TOTAL REVENUES</b>	\$ 142,458.52		\$ 273,025.25	\$ 319,859.47	\$ 158,658.26	
<b>OPERATING EXPENSES</b>						
Business and Occupation Taxes	\$ 10,321.29	Increased with revenues for 2023. Pass through to customers. (0.00471 of Dark Fiber Rev.)	\$ 149.91	\$ 658.07	\$ 704.98	0.471% of Dark Fiber Revenue
Franchise Fees - Skagit County	\$ 8,547.51	2023 equals 6% of gross revenues. (2022 year end represents catch up from 2019-2021 + 2022)	5,683.42	8,383.04	8,980.66	6% of Dark Fiber Revenue
Vetro Network Management Software (O/S Svc - Network Mgmt.)	\$ 9,000.00	New cost after termination of Petrichor network management contract. Fee will be eliminated in 2024 as we move to NoaNet network management.	10,922.24	10,922.24	9,300.00	
Pole Attachment Fees	\$ 20,000.00	2022 actuals were recorded under Licenses. 2023 pole fee estimated with PUD system fees rolled in.	8,146.21	8,146.21	16,716.44	Project Mangers Est.
NoaNet NOC Services @ Port Hut	\$ 2,961.00	Based on monthly fee of \$235 in 2022 + 5% cost escalation 2023. Fee is for monitoring telecom hut.	2,867.79	4,301.69	4,602.80	7% Increase
Mount Vernon Buffer Tube Fee	\$ -	Fee are for dedicated buffer tube from MV to airport. Plan for 2023 was to eliminate fees through renegotiated mutually beneficial agreement with Mount Vernon. Still negotiating this, so fees are still incurred.	6,400.00	9,600.00	9,600.00	\$800 monthly to Mount Vernon. No increase expected.
Operating Supplies (Maint)	\$ 20,000.00	2023 estimate for connection drops and other operating materials.	-	-	20,000.00	Estimated pole transfer costs.
Outside Services	\$ 30,000.00	2023 estimate for system expansion design services and mapping support. (primarily locate fees)	4,769.25	7,153.88	7,654.65	7% Increase (underground location fees)
Communications		Dedicated emergency contact cell phone	168.25	252.38	270.04	7% Increase
Travel including mileage	\$ 15,000.00	2023 is an estimate for Joe Poire's travel.	3,603.64	5,405.46		Travel costs moved to capital budget
Insurance	\$ 11,667.60	Assume a 5% increase for 2023.	11,579.00	11,579.00	12,736.90	10% (Enduris General Liability & Crime Ins.)
Utility Expense	\$ 1,000.00	Assume a 10% increase for 2023. PSE increasing rates.	608.29	912.44	976.31	7% Increase
Licenses	\$ 70.00	2022 included \$8,165.44 PSE pole permits fees, plus \$60 WA Secretary of State and \$10 Washington State business license. 2023 adjusted to move pole fees to separate line item.	130.00	130.00	150.00	State of WA Bus License
Legal	\$ 1,228.50	2023 assume 5% growth. Contract negotiations with providers, etc.	256.00	384.00	410.88	7% Increase
Staff	\$ 75,000.00	2022 actuals equal 25% of Joe Poire's time through year end. 2023 costs are based on consulting contract with Joe for business development services this year.	40,840.07	61,260.11		Staffing costs moved to capital projects.
Grants (passed through to Port)			171,759.04	171,759.04	-	Not budgeted (County capital Grants passed through to Port)
<b>TOTAL EXPENSE</b>	\$ 204,795.90		\$ 267,883.11	\$ 300,847.54	\$ 92,103.66	
<b>NET REVENUE</b>	\$ (62,337.38)		\$ 5,142.14	\$ 19,011.94	\$ 66,554.61	

**SKAGITNET LLC**  
**PLAN OF OPERATIONS**  
**and**  
**BUDGET**  
**2024**

**Port of Skagit**  
**15400 Airport Drive**  
**Burlington, WA 98233**

**Public Utility District No. 1 of Skagit County**  
**1415 Freeway Drive**  
**Mount Vernon, WA 98273**

**November 2023**

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## BACKGROUND AND GOALS

SkagitNet LLC is a joint operating entity of the Port of Skagit County (the “Port”), as Manager (“Manager”), and Skagit County Public Utility District No. 1 (the “PUD”). SkagitNet was formed for the purpose of providing wholesale telecommunication service in the form of a county-wide fiber optic backbone with the collective goals of:

- Providing wholesale open access non-discriminatory broadband infrastructure.
- Creating economic opportunities, including sustainable community wage jobs;
- Consolidating and streamlining administration and management of fiber optic assets;
- Creating operating efficiencies by leveraging PUD and Port resources.
- Supporting communications infrastructure needs of the PUD water system.

## OPERATING FRAMEWORK

SkagitNet will be operated as a dark fiber, open access network model. The model is a public-private partnership where a publicly owned fiber optic backbone is constructed and leased on a wholesale basis to telecommunication system carriers and service providers to deliver service to end-users. Customers of the network will include telecommunication providers licensed by the Utilities and Transportation Commission (UTC), including competitive local exchange carriers (CLECs), community internet service providers (ISPs), and wireless service providers. Customers will lease dark fiber for transport and backhaul capacity.

The network will also include provision of one primary and several ancillary carrier-neutral colocation facilities where providers can house electronics to serve the network. In addition to dark fiber leasing, SkagitNet will also offer rack space, climate control, and standby power in the colocation facilities for a monthly fee. SkagitNet may utilize existing private sector infrastructure on a case-by-case basis. The system will continue to be open-access.

## LEGISLATIVE AUTHORITY

Legislative authority for operation of SkagitNet can be found in the following:

- Port Authority is granted under RCW 53.08.370, 53.08.375, and 53.08.380.
- PUD Authority is granted under RCW 54.16.330 and 54.16.340.

In the 2021 Washington State Legislative Session, three bills passed into law affecting public ports and PUD authorities for telecommunications work.

HB 1336 – 2021-22 granted unrestricted authority for public entities, including ports and PUDs, to provide telecommunications services to end users.

SB 5383 – 2021-22 granted retail authority to PUDs and ports in unserved areas of the state under certain conditions.

HB 1457 – 2021-22 allows the coordinated installation of broadband facilities along state highways.



## OPERATIONAL OBJECTIVES

### Objective

**Build and manage SkagitNet as a carrier grade system, with a high degree of reliability and responsiveness.**

### Action

- Optical fiber within the network will meet industry standard performance and loss characteristics per OTDR (Optical Time-Domain Reflectometer) testing.
- Network will be served by a NOC (Network Operating Center) with 24/7 monitoring services and call-out response.
- Network routes will be designed to provide redundancy.
- Network will be served by on-call service contract to provide 24/7 system maintenance, troubleshooting, and repair.
- Network will be managed with an adequate call-out list to provide after hours and emergency response in accordance with the service level standards specified in the Master Services Agreement.

**Operate in a business-like fashion to be responsive to industry needs in a collaborative effort with both public and private partners.**

- Provide timely responses to new service requests.
- Outside Plant Design services will be provided by qualified in-house staff or contract with one or more qualified outside plan design firms.
- Service extensions will be constructed through public works contracting.
- Service installations and terminations will be completed by trained in-house staff or contracted service providers.
- Provide support services on a contract basis to other public entities for the development of regional cooperation.

## OPERATIONAL OBJECTIVES (CONT.)

Objective	Action
Manage SkagitNet as an open access, carrier neutral network.	<ul style="list-style-type: none"><li>• SkagitNet will lease fiber optic strands on a wholesale basis to licensed Washington Utilities and Transportation Commission internet providers and public entities authorized to provide telecommunication services.</li><li>• SkagitNet will not discriminate between providers seeking to lease capacity on the network.</li></ul>

## CONTRACTING AND PROCUREMENT

Contracting and procurement needs for the operation of SkagitNet’s network include the following:

1. Purchase of materials for construction and maintenance and repair of fiber optic system elements.
2. Consulting services contracts for planning, design, permitting and environmental assessment, and oversight of capital project construction.
3. Small works and public works projects to build and expand system infrastructure.
4. Service contracts to monitor and maintain elements of the system, as well as splicing services.
5. Service agreements and fiber optic lease agreements with telecommunications carriers leasing fiber from SkagitNet.
6. Interlocal agreements with public partners that provide for shared use of fiber optic assets.

Contracting processes and procedures for the planning, design, permitting, and construction of capital projects will be conducted by and through the Port or PUD using the contracting and procurement procedures and policies applicable to the responsible partner.

SkagitNet will be the contracting entity responsible for entering into service agreements and fiber optic lease agreements with telecommunications providers wishing to conduct business utilizing SkagitNet assets.

SkagitNet will be the contracting entity responsible for service contracts necessary for the maintenance and operation of the system.

SkagitNet will be the contracting entity responsible for purchase of materials on hand necessary for the maintenance and expansion of the system.

## TELECOM TAXATION

In the Fall of 2020, the Washington Department of Revenue notified public ports and public utility districts that it had made a preliminary interpretation the Washington law requires public agencies collect and remit both leasehold excise tax (LET) and retail sales tax for the lease or use of dark fiber. Public port districts and public utility districts contested this interpretation. On July 1, 2021, the Department of Revenue issued Excise Tax Advisory 3226.2021 which advises port districts and PUDs to collect and remit both leasehold excise tax and retail sales tax. SkagitNet is now collecting both LET and sales tax from telecom providers selling services on the network and remitting these taxes to the State Department of Revenue.

SkagitNet also collects and pays franchise fees on the network to Skagit County equal to 6% of gross revenues.

## OPERATIONAL ACTIVITIES

The network requires the following services and functional roles:

Role	Resource Plan
<b>Business Development and Network Planning</b>	Port and PUD Management Staff
<b>Outside Plant Design</b>	Qualified contractor
<b>Network Construction</b>	Public works bidding process
<b>Installation/termination of fiber at premises</b>	Trained staff technician and/or qualified contractor
<b>Non-recurring charge estimate</b>	Port of Skagit
<b>Maintenance and Repair</b>	Trained staff technician and/or one or more on-call contractors with qualified contractor
<b>Emergency Restoration Services</b>	Port of Skagit
<b>Locates</b>	Provided under contract with USISC
<b>Network Operating Center</b>	Contract with NoaNet
<b>Network mapping and splice cut sheet management</b>	Port Staff
<b>Customer Billing and Accounts Receivable</b>	SkagitNet, administered by the Port of Skagit
<b>Accounts Payable/Treasurer</b>	Port to provide to PUD a complete set of financial quarterly. Conduct annual audit review process
<b>Auditor</b>	PUD to provide

2024 OPERATING BUDGET

**OPERATING REVENUES**

Dark Fiber Leases	\$ 149,677.61
Franchise Fees	8,980.66
Grants (pass through to Port)	
<b>TOTAL REVENUES</b>	<b>\$ 158,658.26</b>

**OPERATING EXPENSES**

Business and Occupation Taxes	\$ 704.98
Franchise Fees - Skagit County	8,980.66
Vetro Network Management Software (O/S Svc - Network Mgmt.)	9,300.00
Pole Attachment Fees	16,716.44
NoaNet NOC Services @ Port Hut	4,602.80
Mount Vernon Buffer Tube Fee	9,600.00
Operating Supplies (Maint)	20,000.00
Outside Services	7,654.65
Communications	270.04
Travel including mileage	
Insurance	12,736.90
Utility Expense	976.31
Licenses	150.00
Memberships	-
Legal	410.88
<b>TOTAL EXPENSE</b>	<b>\$ 92,103.66</b>
<b>NET REVENUE</b>	<b>\$ 66,554.61</b>

CAPITAL PROJECT LIST

FIBER	BUDGET/ACTUALS	GRANTS	SOURCE	PORT OF SKAGIT	STATUS
User Connection and System Expansion	\$250,000			\$250,000	Ongoing
Sauk-Suiattle Tribe – Darrington to Christian Camp Road	\$2,400,000	\$2,400,000	CERB WSBO		In Progress
Fir Island Fiber-To-The-Premise (FTTP)	\$3,300,000	\$3,000,000		\$300,000	In Progress
Bow Outlying Area FTTP	8,949,167	8,949,167	WSBO Skagit Co. ARPA		In Progress
Farm to Market (N Bayview)	\$300,000			\$300,000	Complete
Segment 7 East County FTTP (Partnership with Ziply)	\$1,700,000	\$850,000	CERB	\$850,000 Debt Service on CERB Loan	Complete
Segment 6 Hamilton to Concrete	\$1,200,000	1,000,000	Skagit Co. 0.09	\$200,000	Complete
Telecommunications Hut	\$220,000			\$220,000	Complete
Segment 4	\$1,000,000	\$1,000,000	Skagit Co. 0.09		Complete
Segments 2&3	\$1,283,000	\$1,000,000	Skagit Co. 0.09	\$283,000	Complete
<b>TOTALS</b>	<b>\$20,602,167</b>	<b>\$18,199,167</b>		<b>\$2,403,000</b>	



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November 14, 2023

MEMORANDUM

**TO:** Board of Commissioners

**FROM:** Brian Henshaw

**SUBJECT:** 2024 Budget and Resolution 2301-23: Adopting the Final Budget for the Calendar Year 2024 - *Action*

**Requested Action:**

Approve Resolution No. 2301-23 adopting the 2024 Budget for Public Utility District No. 1 of Skagit County.

**Background:**

The 2024 Budget continues implementing the capital and financial plans that were developed as part of the 2019 Rate Study. The multi-year financial plan meets both the anticipated operational and capital needs of the PUD while undertaking a Capital Improvement Plan (CIP) that anticipates construction of \$29.7 million of capital projects next year. The focus continues to be maintaining existing water system infrastructure as well as replacing critical infrastructure that is nearing the end of its useful life.

The 2024 Proposed Budget was presented at a public hearing on October 10, 2023. Department managers presented their operation and capital budget requests during work sessions held in October. Based on these discussions and updated financial information, changes have been incorporated into the 2024 Budget presented to you for adoption.

The 2024 operating budget is \$19,999,553, which is a 6.3% increase over last year's budget. Overall, operating expenses increased \$1,184,737 with the largest increase in the salaries & benefits category of \$642,309. Employees received a COLA based on the 3-year rolling average of Consumer Price Index (CPI) as well as increases for higher benefit rates. Other highlighted changes in the operating budget includes *Chemicals* \$33,860 used at the water treatment plant, *Professional Services* \$320,556 contracts for new regulations, water rights, watershed monitoring, actuary services, rate study, and facility permitting, *Computer Software & Licenses* \$114,026 for PUD-wide software, *Insurance Property & Liability* \$72,310 for a general increase in insurance rates, and *Utility taxes* \$116,000 that correspond to the increase in rate revenue.

The modifications between the proposed budget of October 10 and tonight's budget are outlined below. Many of the changes pertain to capital projects for timing, permits, scope, and costs due to construction market conditions. Payroll & benefits expenses were reduced by \$42,415 for actual adjustments to social security, medical, merit, and paid leave.

<b>Change</b>	<b>Revenue or Expense</b>	<b>Add or (Subtract)</b>
SR9 and Kalloch Fish Passage	Expense	50,000.00
SR20 at Marblemount Fish Passage	Expense	125,000.00
Garden of Eden	Expense	75,000.00
Old 99 at Thomas Creek Bridge Replacement	Expense	125,000.00
9 <sup>th</sup> and Highland Storage Tank	Expense	(600,000.00)
Change SSN Maximum from \$170,000 to \$168,400	Expense	(669.19)
Change in Medical and Paid Leave Rate	Expense	(842.87)
Estimated COLA & Merit to Actual	Expense	(40,902.94)
Added Confined Space Equipment	Expense	12,000
	<b>Total 2024 Changes</b>	<b>(255,415)</b>

**2024 Proposed Budget**

Operating	20,029,968
Capital	29,898,680
<b>Total</b>	<b>49,928,648</b>

**2024 Adopted Budget**

Operating	19,999,553	(30,415) Decrease
Capital	29,673,680	(225,000) Decrease
<b>Total</b>	<b>49,673,233</b>	<b>(255,415)</b>

**Fiscal Impact:**

The 2024 Budget incorporates a five-percent increase in base water rates as well as increases in the tiered water rates for high consumption. The rate increases take effect January 1, 2024 and are projected to increase rate revenue by \$1.6 million, which will be used to finance the Capital Improvements Plan.

- Enclosures:    1. [2024 Budget Final](#)  
                   2. [Res 2301-23 Adopting 2024 Budget](#)





# 2024 BUDGET

PUBLIC UTILITY DISTRICT  
NO. 1 OF SKAGIT COUNTY

Adopted | November 14, 2023

*Skagit*  
**PUD**  
PUBLIC UTILITY DISTRICT

In accordance with Resolution No. 2262-19, we are pleased to present the Public Utility District No. 1 of Skagit County 2024 Budget.

## **SECTION 1: BUDGET OVERVIEW**

The 2024 budget serves as a financial plan that guides and governs the spending commitments of the organization. It is designed to balance *resources* and *requirements* by fund, where “resources” consist of beginning fund balances plus projected revenues, and “requirements” consist of authorized expenditures plus planned end-of-year reserve balances. The budget balances resources with requirements to ensure sufficient funds are available to meet all the District’s financial commitments. By adopting the budget, the Board also creates *appropriations*, which is the upper limit of spending authority delegated to the General Manager.

The proposed budget was presented at a public hearing on October 10, 2023. Public comment was taken during the public hearing and at subsequent work sessions. Board members have the opportunity to incorporate public comments and direct changes to the budget before its adoption. The adopted budget will take effect on January 1, 2024.

During the year, circumstances may arise that affect the budget. Any modifications to the budget that may be needed will be approved by the Board and tracked as the revised budget.

## **SECTION 2: FUND OVERVIEW**

### **A. GENERAL REVENUE FUND**

This account receives all income, revenue, and receipts for the District plus any proceeds from the sale, lease, or deposition of District assets. The funds in this account are used for the District’s general operation and maintenance, including repairs, replacements, extensions, and improvements.

### **B. CAPITAL PROJECT FUND**

Construction funds for large capital projects are commonly obtained from the issuance of bonds with the proceeds restricted by bond covenants. Federal or state loans and restricted grant funds may also be accounted for in this fund.

### **C. SYSTEM DEVELOPMENT FUND**

This account is comprised of funds imposed as a condition of service on customers connecting to the system. Fees are based on a blend of historical and planned future capital investments in system infrastructure. The underlying premise being that future customers should pay an equitable share of capital costs that the utility has or will incur to provide system capacity. The funds are restricted by the Commission and used only for growth or capacity-related projects.

### **D. DEBT SERVICE & BOND RESERVE FUND**

Funds are set aside in this account from the Revenue Fund and are used to pay principal and interest on all District debt and meet reserve requirements of the bond covenants.

## **SECTION 3: DISCUSSION OF BUDGET**

### **A. REVENUES**

#### **A1. UTILITY RATE REVENUE**

In 2019, the District engaged the services of FCS Group to complete a Cost-of-Service Analysis and Water Utility Rate Study. The study provided the District with a sustainable, multi-year financial plan that meets the projected total financial needs of the District. Financial needs include expenses to operate and manage the water system, capital project funding, funds for new and existing debt obligations, and meeting the fiscal policy goals established by the Board.

The cost-of-service analysis established a basis for assigning costs and establishing “equity” between water system customers. This was accomplished by developing a series of allocations based on customer data and engineering/planning criteria to assign utility cost recovery to customers in proportion to their estimated demands.

#### **A2. SYSTEM DEVELOPMENT FEES**

System Development Fees (SDF) are one-time fees imposed as a condition of service on new development or on expanded connections to the system. The cost-of-service study included a review and update of the SDF calculation. SDF revenue is accounted for in a separate fund and used only for the water system’s growth and capacity-related capital expenditures.

#### **A3. REVENUE PROJECTIONS**

The budget was developed utilizing FCS Group’s rate study recommendation of a five percent increase in base water rates. To promote conservation, the tiered water rates are increasing at a higher rate for high consumption customers. In addition, the District removed the capital surcharge and modified the tiered water rates to increase equity across water customers.

The proposed rate increases will take effect January 1, and are projected to increase water revenues by almost \$1.6 million in 2024. These funds will be used to fund the Capital Improvement Plan and related debt service. It is anticipated that capital contributions and non-operating revenue may be lower next year as the economy struggles with inflation, higher interest rates, supply chain issues, and economic uncertainty.

**Exhibit 1: Projected Revenues**

	2022 Actual	2023 Forecast	2024 Budget	2023-2024 % Change
<b>Operating Revenues</b>				
Residential/Multi-family	21,159,024	22,337,648	23,455,000	5.0%
Commercial & Government	6,320,000	7,464,134	7,837,000	5.0%
Agriculture	893,480	794,054	834,000	5.0%
Irrigation	815,791	660,660	694,000	5.0%
Resale	181,844	168,045	176,000	4.7%
<b>Total Rate Revenue</b>	<b>29,370,139</b>	<b>31,424,541</b>	<b>32,996,000</b>	<b>5.0%</b>
Misc Operating Revenues	90,279	169,292	178,000	5.1%
<b>Total Operating Revenue</b>	<b>29,460,418</b>	<b>31,593,833</b>	<b>33,174,000</b>	<b>5.0%</b>
<b>Capital Contributions</b>				
Work Orders for others	317,030	195,844	200,000	2.1%
Services	456,048	316,189	320,000	1.2%
System Development Fees	1,038,128	897,631	900,000	0.3%
<b>Total Capital Contributions</b>	<b>1,811,206</b>	<b>1,409,665</b>	<b>1,420,000</b>	<b>0.7%</b>
<b>Non-Operating Revenues</b>				
Rental Revenue	22,809	24,882	1,000	-96.0%
Investment Income	26,921	1,846,766	1,000,000	-45.9%
Misc Non-Operating Income	46,923	11,222	20,000	78.2%
LUD Assessments	83,970	67,904	65,000	-4.3%
Total Non-Operating Revenue	195,033	1,950,774	1,086,000	-44.3%
<b>Total Revenue and Capital Contributions</b>	<b>31,466,657</b>	<b>34,954,272</b>	<b>35,680,000</b>	<b>2.1%</b>

**B. OPERATING EXPENSES**

**B1. SUMMARY OF OPERATING EXPENSES CHANGES**

The financial forecast model includes a projection of operating expenses over the next ten-years based on the historical average of the Consumer Price Index (CPI) and the Construction Cost Index (CCI). For salaries, benefits, and the cost of water purchased from Anacortes, the forecast assumes an annual aggregated cost increase of approximately 4.5%. In each budget cycle, line-item expenses are reviewed, adjusted according to current market conditions, and incorporated as part of the budget.

**Exhibit 2: Operations Budget by Line Item**

Skagit PUD - 2024 Budget		2022	2023	2024	\$ Change	% Change
Summary by Line Item		Actual	Budget	Budget	2023-2024	
6010	Salary, Wages and Benefits	\$ 10,346,326	\$ 11,806,755	\$ 12,449,064	\$ 642,309	5%
6100	Water Purchased from Others	214,827	200,000	200,000	\$ -	0%
6150	Power Purchased for Pumping	582,363	530,000	530,000	\$ -	0%
6180	Chemicals	587,596	685,200	719,060	\$ 33,860	5%
6200	Materials & Supplies	581,124	1,046,100	1,023,100	\$ (23,000)	-2%
6204	Broadband Sales Costs	4,561	5,000	-	\$ (5,000)	-100%
6205	Broadband Supplies and Materials	19,464	15,000	-	\$ (15,000)	-100%
6215	Rain Barrels	5,171	4,500	5,500	\$ 1,000	22%
6221	Community Relations	5,106	53,500	20,500	\$ (33,000)	-62%
6222	Insurance Claims and Reimbursements	11,336	20,000	20,000	\$ -	0%
6225	Maintenance Contracts	12,306	8,800	8,800	\$ -	0%
6226	Memberships, Licenses, Certifications	77,397	90,367	98,743	\$ 8,376	9%
6228	General Supplies & Non-Professional Services	419,396	407,924	406,564	\$ (1,360)	0%
6229	Postage and Shipping	81,131	80,100	70,100	\$ (10,000)	-12%
6230	Professional Services	348,853	699,587	1,020,143	\$ 320,556	46%
6231	Security	3,924	134,040	134,040	\$ -	0%
6232	Tools and Small Equipment	158,854	104,000	117,930	\$ 13,930	13%
6234	Utilities	264,121	387,490	369,030	\$ (18,460)	-5%
6235	Permits	35,299	35,365	35,365	\$ -	0%
6251	Computer Hardware, Communications, SCADA	224,155	179,000	148,500	\$ (30,500)	-17%
6252	Computer Software, Licenses and Support	444,588	492,954	606,980	\$ 114,026	23%
6255	Education and Professional Development	133,641	171,672	173,093	\$ 1,421	1%
6260	Building, Furniture, Grounds and Roads	445,011	373,064	368,014	\$ (5,050)	-1%
6261	Safety	50,798	90,461	55,280	\$ (35,181)	-39%
6266	Advertising	20,569	29,400	28,900	\$ (500)	-2%
6267	Bad Debts	89,836	40,000	40,000	\$ -	0%
6500	Transportation-Fuel	111,126	100,000	100,000	\$ -	0%
6501	Transportation-Parts	51,202	60,000	60,000	\$ -	0%
6502	Transportation-Outside Services	37,327	30,000	30,000	\$ -	0%
6505	Transportation-Enterprise Fleet Mgmt Fee	7,788	4,178	4,178	\$ -	0%
6560	Insurance-Property	352,593	398,180	445,576	\$ 47,396	12%
6570	Insurance-Liability	355,452	393,058	417,972	\$ 24,914	6%
6590	Insurance-Other	1,301	2,000	2,000	\$ -	0%
<i>Expenditure Offsets:</i>						
6550	Transportation Overhead Charge	(196,961)	(455,000)	(455,000)	\$ -	0%
6750	Inventory Administrative Overhead	(206,222)	(250,000)	(250,000)	\$ -	0%
6751	Administrative Expense Transferred	(778,099)	(725,000)	(725,000)	\$ -	0%
<i>State Taxes:</i>						
4080	Utility Taxes	1,449,364	1,500,000	1,616,000	\$ 116,000	8%
<i>Other Expenditures:</i>						
4082	State Excise Taxes	34,771	50,000	88,000	\$ 38,000	76%
4084	Fire and Dike District Taxes	14,302	16,520	16,520	\$ -	0%
4087	Miscellaneous Taxes	4,128	600	600	\$ -	0%
<b>Total Operating Expenditures</b>		<b>\$ 16,405,825</b>	<b>\$ 18,814,816</b>	<b>\$ 19,999,553</b>	<b>\$ 1,184,737</b>	<b>6.3%</b>

The 2024 budget increases operating expenses by \$1,184,737 or 6.3%. The largest dollar increase is in the *Salary, Wages & Benefits* line of \$642,309. There is one new part-time records management position as well as cost-of-living adjustments and increases to medical, vision, dental, and life insurance benefits for all employees. Other line items with significant dollar increases include *Chemicals* \$33,860 used at the water treatment plant, *Professional Services* \$320,556 contracts for new regulations, water rights, watershed monitoring, actuary services, Rate Study, and facility permitting, *Computer Software & Licenses* \$114,026 for districtwide software, *Insurance Property & Liability* \$72,310 for a general increase in insurance rates, and *Utility taxes* \$116,000 that correspond to the increase in rate revenue.

The following section of the budget compares expenses across district functions, departments, and years. These comparisons are included to provide insight into district operations and expenditures.

**Exhibit 3: Summary of Operations Budget by Function**

2024 O&M Budget	Transmission			Customer		Expenditure		Taxes and	Total
	Supply	Treatment	Distribution	Service	Administration	Offsets	Non-Operations		
Commissioner					281,092				281,092
Executive					1,651,494				1,651,494
Human Resources					501,510				501,510
Safety					254,214				254,214
Information Technology			78,000		1,908,385				1,986,385
Finance					698,705				698,705
Stores					401,782	(250,000)			151,782
Meters				675,259					675,259
Customer Service				840,476					840,476
Billing				256,672					256,672
Community Relations				335,004					335,004
Engineering	138,000		312,200		2,145,893				2,596,093
Construction & Maintenance	20,000	50,000	1,965,425		376,760				2,412,185
Operations Support		-	8,000		1,126,625	(455,000)			679,625
Water Treatment Plant	406,500	2,722,294							3,128,794
Water Quality and Lab	18,000	26,600	159,285		218,333				422,217
Distribution	421,000	5,000	87,865		1,271,476				1,785,341
Facilities		-	71,000	-	228,224				299,224
Non-Departmental					47,359	(725,000)	1,721,120		1,043,479
<b>Total Cash Operating Expenses</b>	<b>\$ 1,003,500</b>	<b>\$ 2,803,894</b>	<b>\$ 2,681,775</b>	<b>\$ 2,107,412</b>	<b>\$ 11,111,851</b>	<b>\$ (1,430,000)</b>	<b>\$ 1,721,120</b>	<b>\$</b>	<b>\$ 19,999,553</b>

District Functions:

1 - Supply: pipes and mains used to convey water from the source to the water treatment plant. Judy Reservoir, watershed intakes, and wells are all examples of supply function assets.

3 - Treatment: the water treatment plant located at Judy Reservoir and the Guemes Island osmosis water treatment plant are the assets associated with this function

5 – Transmissions & Distribution: the daily operations and maintenance of the transmission, distribution, and service lines to District customers throughout Skagit County are the expenses associated with this function.

7 – Customer Service: expenses related to customer service, billing, and meter reading departments.

8 – Administration & General Expenses: costs incurred for the general operations of the District not related to a specific water system.

9 – Taxes & Other Non-Operations Expenses: taxes including property, excise, utility, fire, and dike assessments are included in this budget section.

Expenditure Offsets: allocations for services provided by staff to other departments and projects. These allocations reduce District operating expenses by charging them to outside entities and capital projects.

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

Summary by Function	2022	2023	2024	Budget Comparison	
	Actual	Budget	Budget	\$ Change	% Change
Supply (01)	775,407	876,500	1,003,500	127,000	14%
Treatment (03)	2,391,783	2,737,847	2,803,894	66,047	2%
Transmission & Dist. (05)	1,572,309	2,155,715	2,681,775	526,060	24%
Customer Service (07)	1,829,109	2,115,043	2,107,412	(7,631)	0%
Administration (08)	8,334,652	9,362,590	9,681,851	319,261	3%
Taxes and Other (09)	1,502,565	1,567,120	1,721,120	154,000	10%
<b>Total</b>	<b>\$ 16,405,825</b>	<b>\$ 18,814,816</b>	<b>\$ 19,999,553</b>	<b>\$ 1,184,737</b>	<b>6.3%</b>

The increase in the *Supply* (01) budget from the prior year is associated with utility costs for pumping water to the Judy reservoir and for consulting services to protect PUD water rights and assist with regulatory permitting.

The *Transmission & Distribution* (05) budget increase is to pay for a comprehensive study of service lines as part of a new lead inventory regulations implemented by the Department of Health. In addition, there is a general increase in salaries & benefits for the construction and maintenance crews.

The *Taxes & Other* (09) budget increase is for the corresponding taxes associated with the anticipated growth in rate revenue.

Department budgets are prepared by each manager based on their goals and objectives for the coming year. Variations between years are usually due to changes in personnel or new projects being undertaken.

**Exhibit 5: Changes in Department Budgets**

Department	2023 YTD	2023	2024	Change	Description
	September	Budget	Budget		
Human Resources	308,053	468,154	501,510	7.1%	Benefits Administration Consultant
Commissioners	151,382	267,620	281,092	5.0%	
Administration	945,337	1,542,951	1,651,494	7.0%	Property and Liability Insurance
Safety Program	147,093	205,070	254,214	24.0%	Districtwide training expenses & Equipment
Const. Maintenance	1,049,953	2,370,105	2,412,185	1.8%	
Water Treatment Plant	2,066,889	3,025,747	3,128,794	3.4%	
Distribution	1,045,871	1,765,242	1,785,341	1.1%	
Lab & Water Quality	243,336	401,335	422,217	5.2%	Increase in supplies & materials
Operations Support	536,853	627,945	679,625	8.2%	
PUD Main Campus	191,613	299,224	299,224	0.0%	
Information Technology	1,259,671	1,918,647	1,986,385	3.5%	Cyber security & software
Finance	406,976	619,822	698,705	12.7%	Professional Services - actuary & rate study
Stores	126,818	145,702	151,782	4.2%	
Meter Crew	475,446	660,729	675,259	2.2%	
Customer Service	573,927	817,152	840,476	2.9%	Increase in vendor services
Billing	153,213	258,807	256,672	-0.8%	
Community Relations	192,273	378,355	335,004	-11.5%	Customer Survey off year
Engineering	1,620,638	2,164,852	2,596,093	19.9%	Professional Services
Non-departmental	794,754	886,356	1,043,479	17.7%	Taxes, merit pool, administrative overhead
<b>Total</b>	<b>\$ 12,290,096</b>	<b>\$ 18,823,815</b>	<b>\$ 19,999,553</b>	<b>6.3%</b>	

The budget is prepared using an estimate for the number of developer, capital projects, and maintenance projects that will be undertaken during the coming year. Capitalized projects done for others offset the District’s operations budget for salaries and benefits, inventory, and equipment expenses. The budget anticipates roughly the same number of capital and maintenance projects as the current year.

The following chart compares the estimated capitalized labor expense between the current year’s budget and the 2024 budget. There is a small reduction to the percentage of salaries and benefits budgeted for capital projects next year and a corresponding decrease in dollars. It is anticipated that 29% of engineering and construction maintenance salaries and benefits, or \$1,567,727, will be charged to capital projects.

**Exhibit 6: Salary & Benefits Capitalization Comparison**

<b>Salary &amp; Benefits Cost</b>				
<b>2024 Budget</b>	<b>Total</b>	<b>To Capital</b>	<b>% Capital</b>	<b>To O&amp;M</b>
Engineering	3,290,750	1,231,527	37%	2,059,223
Construction & Maint.	2,049,035	336,200	16%	1,712,835
<b>Total</b>	<b>5,339,785</b>	<b>1,567,727</b>	<b>29%</b>	<b>3,772,058</b>

<b>Salary &amp; Benefits Cost</b>				
<b>2023 Budget</b>	<b>Total</b>	<b>To Capital</b>	<b>% Capital</b>	<b>To O&amp;M</b>
Engineering	3,413,033	1,447,403	42%	1,965,630
Construction & Maint.	1,820,394	154,584	8%	1,665,810
<b>Total</b>	<b>\$5,233,427</b>	<b>\$1,601,987</b>	<b>31%</b>	<b>\$3,631,440</b>

**B2. AGENCY MEMBERSHIPS**

The District is a member and participates in several local and regional organizations and events where a business interest has been identified. It is anticipated that the District will continue to support the following organizations and is included in the budget.

**Exhibit 7: Memberships and Sponsorships**

<b>Memberships &amp; Sponsorships</b>	
Washington PUD Association (WPUDA)	\$ 65,000
American Water Works Association (AWWA)	7,400
Chlorine Institute	5,000
Washington Water Utilities Council (WWUC)	2,600
Economic Development Association of Skagit County (EDASC)	2,600
Skagit Council of Governments (SCOG)	1,479
Mount Vernon Chamber	850
Washington Association of Sewer & Water Districts	600
Burlington Chamber	600
<b>Total</b>	<b>\$ 86,129</b>

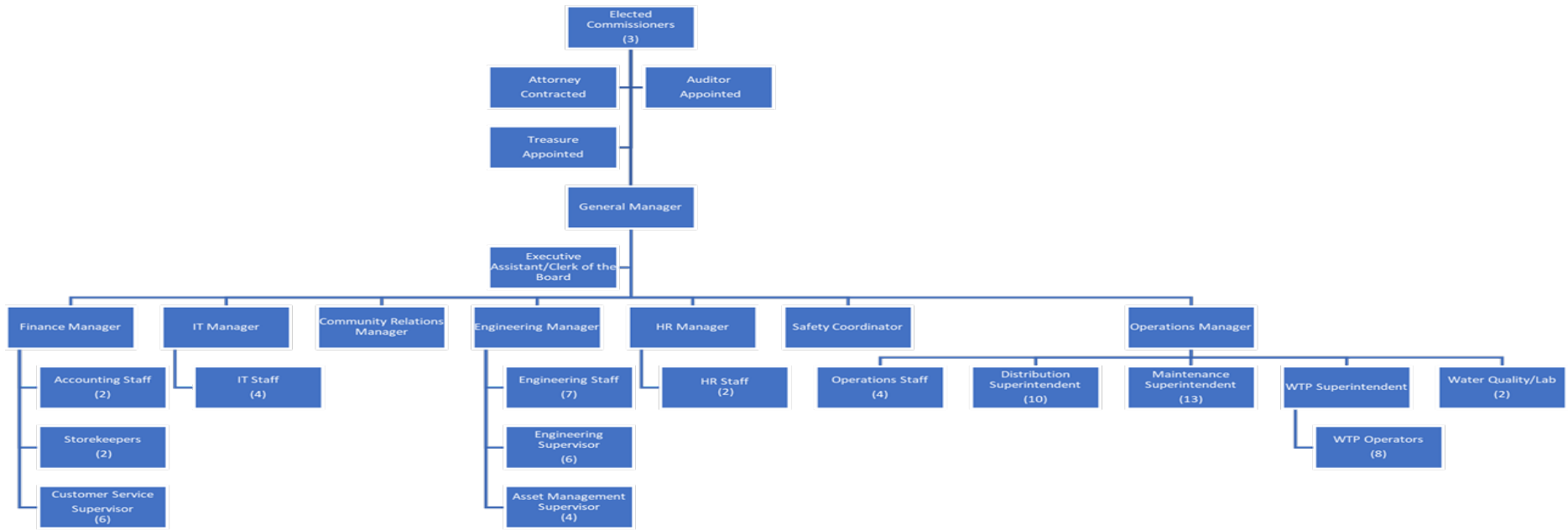


**B3. STAFFING**

The District continues to assess its core functions and level of service and adjusts operations and staffing levels accordingly. The budget shows a slight decrease in the overall number of full-time equivalent employees. The District promotes professional development and looks to fill positions internally whenever there is an interest and a qualified applicant. Recent positions filled with internal promotions include maintenance foreman, server administrator, Human Resources assistant, and accounting positions.

***Exhibit 8: Summary of Full-Time Equivalent Positions (FTEs)***

2024 Budget FTEs by Department	2022	2023	Budget 2024	2023-2024 Change	Description
Executive	2.00	2.00	2.25	0.25	PT Records
Human Resources	2.00	2.00	2.25	0.25	PT Records
Safety	1.00	1.00	1.00	-	
Information Technology	5.00	5.00	5.00	-	
Finance	3.80	3.00	3.00	-	
Stores	2.00	2.00	2.00	-	
Meters	4.00	4.00	4.00	-	
Customer Service	5.00	5.00	5.00	-	
Billing	1.00	1.00	1.00	-	
Community Relations	1.00	1.00	1.00	-	
Engineering	21.80	21.80	19.80	(2.00)	Construction PM & Inspector
Construction & Maintenance	13.00	13.00	14.00	1.00	
Operations Support	4.42	5.00	5.00	-	
Water Treatment Plant	9.50	9.00	9.00	-	
Water Quality and Lab	2.00	2.00	2.00	-	
Distribution	8.00	7.00	7.00	-	
<b>Total</b>	<b>85.52</b>	<b>83.80</b>	<b>83.30</b>	<b>(0.50)</b>	



***Exhibit 9: Organization Chart***

Like all organizations, changing circumstances in the economy, such as the pandemic and the subsequent supply chain disruptions, increase District expenses. Some of these expenses are identified as one-time impacts, while others create ongoing costs that need to be included in future budgets. The capital improvement and financial plans are adjusted for these events as they arise. Highlights of some of these changes in the budget are summarized below.

**Exhibit 10: Additional Expenses 2024**

Department Projects Summary	
<b>Recurring Costs</b>	
Detection & Response Management System	\$50,000
Security for Raw Water Pump Station	\$75,000
DOH Security Mandates	\$150,000
Vehicle Replacement	\$550,000
<b>One-time Costs</b>	
WTP Flocculators Basin Stabilization Study	\$500,000
Storage, network, communication servers	\$400,000
DOH Lead Service Line Inventory	\$400,000
WTP Disinfection Study - System Replacement	\$375,000
General Ledger Software Upgrade	\$320,000
Equipment Replacement	\$66,000
Automatic Gate at WTP	\$75,000
Rate Study	\$50,000
<b>Total</b>	<b>\$3,011,000</b>

**C. CAPITAL IMPROVEMENT PLAN**

Exhibit 11 is a summary of the 10-year rolling Capital Improvement Plan (CIP). It contains estimates for projects planned for 2024-33. The CIP table reflects updates to the schedule and cost of construction for all projects. Other projects were updated as needed for market conditions and to balance the overall workload of staff and expenditures. The CIP anticipates over \$100 million of projects during the next ten-years.

Capital Improvement needs were identified through:

- Comprehensive system planning process
- Internally developed capital improvement plan

Capital Improvement Plan Phases:

- Phase 1 - Needs/Condition Assessment
- Phase 2 - Cost analysis, feasibility, and prioritization
- Phase 3 - Design
- Phase 4 – Construction

The capital funding plan identifies the following funding sources:

- Cash reserves, rate funding, System Development Fees, developer contributions, loans, grants, and debt

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

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

**Exhibit 11: Summary of Planned Capital Improvements Projects 2024-2033**

System Water Plan #	Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	<b>Department Capital:</b>										
	Computer Software/ IT	\$ 995,000	\$ 800,000	\$ 800,000	\$ 700,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
	Customer/ Meter		25,000	25,000	25,000	25,000	25,000	25,000	50,000	50,000	50,000
	Equipment/Ops	576,000	200,000	200,000	200,000	200,000	200,000	200,000	125,000	125,000	125,000
	Water Treatment Plant	115,000	200,000	200,000	200,000	250,000	250,000	250,000	250,000	250,000	250,000
	Engineering		-	-	-	-	-	-	-	-	-
	Safety - Safe Access to District Infrastructure			61,600	61,600	61,600	46,200	30,800	15,400	15,400	15,401
	<b>Department Capital &amp; O&amp;M Total:</b>	<b>\$ 1,686,000</b>	<b>\$ 1,225,000</b>	<b>\$ 1,286,600</b>	<b>\$ 1,186,600</b>	<b>\$ 836,600</b>	<b>\$ 821,200</b>	<b>\$ 805,800</b>	<b>\$ 740,400</b>	<b>\$ 740,400</b>	<b>\$ 740,401</b>
	<b>Pipe Replacement:</b>										
MP20-4	College Way, Urban to LaVenture	1,000,000	1,000,000								
MP20-5	Skagit Country Club Pipeline Replacement	3,600,000									
MP20-6	NW Burlington Pipeline Replacement	2,400,000									
MP20-8	West Mount Vernon Pipeline Replacement	1,200,000									
MP24-1	Conway Pipeline		250,000	250,000	2,500,000						
MP24-2	Alta Vista	50,000	1,300,000								
MP24-3	East division (crew)	60,000	500,000								
MP24-4	Ball Road (crew)	40,000	500,000								
	Riverview Lane Service Repair (crew)	50,000									
	East Victoria Pipeline Replacement (crew)	50,000	200,000								
MP24-6	Pipeline Replacement Program					2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
	<b>Pipeline Replacements Total:</b>	<b>\$ 8,450,000</b>	<b>\$ 3,750,000</b>	<b>\$ 250,000</b>	<b>\$ 2,500,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>
Coordinated Pipeline Replacement	Francis Road Pipe replacement 1	450,000									
	Francis Road Pipe replacement 3		450,000								
	Burlington East/West Connector (crew)	100,000									
	SR9 - John Liner - McGargle Roundabout (crew)	150,000									
	Coordinated Pipeline Replacement & Infill			650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000
	<b>Coordinated Pipeline Replacements Total:</b>	<b>\$ 700,000</b>	<b>\$ 450,000</b>	<b>\$ 650,000</b>	<b>\$ 650,000</b>	<b>\$ 650,000</b>	<b>\$ 650,000</b>	<b>\$ 650,000</b>	<b>\$ 650,000</b>	<b>\$ 650,000</b>	<b>\$ 650,000</b>
Agency Pipeline Relocations	SR 534 (Pioneer Highway) Pipeline Relocation										
	WSDOT Reimbursement										
	Pipeline Relocation at Alger Interchange	2,150,000									
	Grant - Commerce	(150,000)									
	Grant - EPA Community Grant	(2,000,000)									
	Pipeline Relocation at Henson Road (District 10)	270,000									
	Pipeline Relocation at Cedardale Road (District 10)	150,000									
	Infrastructure Assistance Program (District 10)	(630,500)									
	Pipeline Relocation at SR 9 N of Kalloch Road (District 39)	450,000									
	Pipeline Relocation on SR 20 E of Ranger Station Road (Olson Creek) (District 39)	525,000									
	Dist. 39 Infrastructure Assistance Program	(582,000)									
	Garden of Eden Pipeline Relocation	75,000	-								
Old 99 at Thomas Creek Pipeline Relocation	125,000	225,000									
Bulson Creek Pipeline Relocation			125,000	225,000							
	<b>Agency Pipeline Relocation Total:</b>	<b>\$ 382,500</b>	<b>\$ 225,000</b>	<b>\$ 125,000</b>	<b>\$ 225,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Contingent on Grant Funding	Little Mountain		3,000,000	5,000,000							
	TBD Grant Funding		(3,000,000)	(5,000,000)							
	Conway to Lake McMurray Extension						50,000				
	South Conway Extension						50,000				
	Bow Hill to Alger						50,000				
TBD Grant Funding						(150,000)					
	<b>Pipe Replacement Total:</b>	<b>\$ 9,532,500</b>	<b>\$ 4,425,000</b>	<b>\$ 1,025,000</b>	<b>\$ 3,375,000</b>	<b>\$ 2,650,000</b>	<b>\$ 2,650,000</b>	<b>\$ 2,650,000</b>	<b>\$ 2,650,000</b>	<b>\$ 2,650,000</b>	<b>\$ 2,650,000</b>

System Water Plan #	Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>Major Capital:</b>											
MO20-2	WTP Generator	600,000	2,400,000								
MO20-4	WTP SCADA Replacement	50,000	-								
MO20-6	WTP Disinfection Study - System Replacement	375,000									
MO20-16	Disinfection System Replacement		500,000	1,000,000	1,000,000						
MO24-6	WTP Flocculators Basin Stabilization Study	500,000									
MO24-2	WTP Flocculators Basin Stabilization Repairs										
MO24-4	WTP W-1 Pump System Replacement	200,000	1,600,000								
MO24-4	SRD Transformer										
MO24-5	WTP Data Center	200,000	750,000								
MO24-3	WTP Backwash pump upgrade		400,000	1,200,000							
MO20-13	Finished Water Flow Meter	-	-	450,000							
MO13-8	Badger ORION 5/8 Meter Transmitter Replace	2,250,000	2,000,000								
	Overhang in front of shop	10,000	200,000								
	9Th Street Pump			100,000							
	<b>Operations &amp; Maintenance Total:</b>	<b>\$ 4,185,000</b>	<b>\$ 7,850,000</b>	<b>\$ 2,750,000</b>	<b>\$ 1,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Transmission Pipelines:</b>											
MT13-4	Transmission Line, Judy - MV Phase 2										
MT13-4	Transmission Line, Judy - County Portion Bridge										
MT20-1	Judy SW Transmission Phase 2 top of hill	300,000	1,400,000	6,000,000	-					-	-
	<b>Transmission Pipelines Total:</b>	<b>\$ 300,000</b>	<b>\$ 1,400,000</b>	<b>\$ 6,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reservoirs:</b>											
MR13-5	N. Sedro Woolley Storage (430/350 HGL)	300,000	1,200,000	8,000,000							
	Clearwell Painting				1,000,000						
	9th and Highland Storage Tank	-									
	Storage Tank Recoating Program			250,000	500,000	250,000	250,000	250,000	250,000	250,000	250,000
	Seismic Resilience of District Critical Infrastructure	205,000	75,000	410,000	75,000	410,000	75,000	410,000	75,000	410,000	75,000
	Reservoirs Cathodic Protection - Ongoing	90,000	33,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
	<b>Reservoirs Total:</b>	<b>\$ 595,000</b>	<b>\$ 1,308,000</b>	<b>\$ 8,710,000</b>	<b>\$ 1,625,000</b>	<b>\$ 710,000</b>	<b>\$ 375,000</b>	<b>\$ 710,000</b>	<b>\$ 375,000</b>	<b>\$ 710,000</b>	<b>\$ 375,000</b>
<b>Facilities</b>											
MO20-3	Potlatch RO Replacement	400,000									
MX20-2	PUD Campus Design & Construction	12,000,000	3,000,000								
	2023 State Grant Aqua Room	(199,820)									
	SRD Recondition Pumps & Set Motors Rotation			500,000			500,000			500,000	
	Alger Well Capacity (pump & pumphouse)	500,000									
	<b>Facilities Total:</b>	<b>\$ 12,700,180</b>	<b>\$ 3,000,000</b>	<b>\$ 500,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 500,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 500,000</b>	<b>\$ -</b>
<b>Fiber &amp; Other:</b>											
MX13-3	WTP to PUD Campus	875,000									
	9th and Highland Micro Hydro	800,000									
	Trans Alta	(450,000)									
	Rural Clean Energy Fund	(550,000)									
	<b>Major Capital Total:</b>	<b>\$ 18,455,180</b>	<b>\$ 13,558,000</b>	<b>\$ 17,960,000</b>	<b>\$ 2,625,000</b>	<b>\$ 710,000</b>	<b>\$ 875,000</b>	<b>\$ 710,000</b>	<b>\$ 375,000</b>	<b>\$ 1,210,000</b>	<b>\$ 375,000</b>
	<b>Total Capital Projects</b>	<b>\$ 29,673,680</b>	<b>\$ 19,208,000</b>	<b>\$ 20,271,600</b>	<b>\$ 7,186,600</b>	<b>\$ 4,196,600</b>	<b>\$ 4,346,200</b>	<b>\$ 4,165,800</b>	<b>\$ 3,765,400</b>	<b>\$ 4,600,400</b>	<b>\$ 3,765,401</b>

<b>Total from 2023 Budget</b>	36,056,800	19,231,200	10,509,200	11,846,600	14,696,600	12,796,600	3,726,200	4,590,800	3,915,400	9,125,400	
<b>Increase/(Decrease) from 2023</b>	(6,383,120)	(23,200)	9,762,400	(4,660,000)	(10,500,000)	(8,450,400)	439,600	(825,400)	685,000	(5,359,999)	
<b>Average Annual Capital - First Five Years CIP (2024-2028)</b>						<b>Average Annual Capital - Ten Year CIP (2024-2033)</b>					
	<b>2024 Budget \$ 16,107,296</b>					<b>2024 Budget \$ 10,117,968</b>					
	<b>2023 Budget \$ 18,468,080</b>					<b>2023 Budget \$ 12,649,480</b>					
	<b>Increase/(Decrease) \$ (2,360,784)</b>					<b>Increase/(Decrease) \$ (2,531,512)</b>					
<b>Department Capital</b>	1,686,000	1,225,000	1,286,600	1,186,600	836,600	821,200	805,800	740,400	740,400	740,401	
<b>Pipeline Replacement</b>	9,532,500	4,425,000	1,025,000	3,375,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	
<b>Major Capital</b>	18,455,180	13,558,000	17,960,000	2,625,000	710,000	875,000	710,000	375,000	1,210,000	375,000	
<b>Total Capital Improvement Projects</b>	<b>\$ 29,673,680</b>	<b>\$ 19,208,000</b>	<b>\$ 20,271,600</b>	<b>\$ 7,186,600</b>	<b>\$ 4,196,600</b>	<b>\$ 4,346,200</b>	<b>\$ 4,165,800</b>	<b>\$ 3,765,400</b>	<b>\$ 4,600,400</b>	<b>\$ 3,765,401</b>	

## C1. CATEGORIES OF CAPITAL PROJECTS:

**Department Capital** – These capital expenses are required to maintain the operation of District facilities and functions. Examples include purchasing vehicles and construction equipment, facility equipment, pump replacements, and replacement of equipment at the Water Treatment Plant.

**Pipe Replacement** – The District’s pipe replacement program includes surveying, designing, and constructing pipe replacement projects to replace old, undersized, or defective pipes that are at the end of their useful life.

**Major Capital** – These are all other large capital projects typically associated with a Capital Improvement Program. Projects vary from year-to-year and include transmission replacement, reservoir construction, facility repairs, and fiber optic construction.

## C2. CAPITAL PROGRAM SUMMARY

Based on the updated capital plan for the 2024 budget there are projects planned totaling \$100 million over the next ten-years. Highlights of next year’s capital projects include several fish passage projects, pipeline replacement projects, continued work the new District campus, and several projects at the Water Treatment Plant.

### a) Department Capital

The 2024 budget includes \$1.7 million of department capital projects from Operations, Engineering, Water Treatment Plant, Meters, and IT Departments. Next year’s projects include vehicle and equipment replacements, software upgrades, security enhancements, improvements at the Water Treatment Plant, network and communication servers, and Department of Health (DOH) security mandates.

### b) Pipe Replacement

The 2024 budget includes over \$9 million for pipe replacement projects. Two significant projects are the \$3.6 million Skagit Country Club pipeline replacement project and the completion of the \$2.4 million NW Burlington pipeline project. The other \$3 million of pipe replacement projects are split over several projects, including West Mount Vernon, Francis Road, College Way & Laventure, and others depending upon permitting and coordination with other entities.

### c) Major Capital

A review of the projects in this category was performed to update construction costs based on recent projects and market conditions. Major projects scheduled for 2024 include \$600,000 WTP generator, \$2.25 million for meter replacements, permitting & design of North Sedro Woolley reservoir, WTP pump system replacement, and \$12 million for the construction of the District’s new campus building.

## D. CAPITAL BUDGET AND DEBT SERVICE

Exhibit 12 compares the first year of the 2024 Capital Improvement Plan budget to the end of the year capital expenditure forecast. The budget anticipates a \$10 million increase in capital projects, primarily due to the construction of the District’s new building \$12 million, several Water Treatment Plant projects totaling \$4.2 million, and pipe replacement projects totaling \$9 million. The ability to complete these capital projects is dependent upon other agencies, permitting, and the ability to get supplies necessary to complete the projects.

***Exhibit 12: Capital Budget***

Summary of Capital Budgets	2023 Forecast	2024 Budget	Change
<b>Capital Budget</b>			
Department Capital	\$ 1,305,800	\$ 1,686,000	\$ 380,200
Major Capital	\$ 17,507,000	\$18,455,180	\$ 948,180
Annual Pipe Replacement	\$ 735,000	\$ 9,532,500	\$ 8,797,500
<b>Total Capital Budget</b>	<b>\$ 19,547,800</b>	<b>\$29,673,680</b>	<b>\$10,125,880</b>

This capital improvement plan assumes that no additional financing will be used to fund the ten-year buildout. End-of-year reserves, existing loans, and projected cash flow are sufficient to fund the CIP projects. The need for additional financing in the future is dependent upon emerging needs from operations and engineering studies that are underway. Federal and State grant and/or loan opportunities may be utilized on a case-by-case basis.

***Exhibit 13: 2024 Debt Service***

Existing Debt Service	Interest	Principal	Total
Total Bonds	\$ 582,679	\$ 1,102,912	\$ 1,685,591
Total Public Works Trust Fund Loans	\$ 145,506	\$ 1,007,820	\$ 1,153,326
Total Drinking Water State Revolving Loans	\$ 399,905	\$ 1,422,916	\$ 1,822,821
Total Other State Loans	\$ 18,380	\$ 53,621	\$ 72,001
<b>Total Debt Service</b>	<b>\$ 1,146,470</b>	<b>\$ 3,587,269</b>	<b>\$ 4,733,740</b>

## E. FISCAL MANAGEMENT TARGETS

Budget adequacy is tested by looking at the long-term financial policies and whether this budget achieves the District's fiscal management targets. The 2024 budget anticipates spending reserves and utilizing existing debt to pay for the capital improvements identified in this year's CIP.

a) Revenue Fund Ending Balance

*Target:* 2.5 months O&M + Depreciation = \$5,984,000.

*Projected:* 2024 ending balance = \$16,051,000, which exceeds the target.

b) Net Liquidity

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

*Projected:* 466 days, which exceeds the target.

c) Debt Service Coverage

*Target:* Target for bonded debt is 2.0

*Projected:* 9.7 on bonded debt, which is above the target.

3.4 Total Debt service coverage, which exceeds the target.

d) Rate Funded Capital

*Target:* Capital Expenditures target = \$9.1 million = Depreciation expense

*Projected:* Capital paid by rates = \$26,000,000, which exceeds the target.

### ***Exhibit 14: Budget Fiscal Targets***

## F. RATE FORECAST SUMMARY

The 2024 budget was developed utilizing the rate study recommendations of annual five percent increases in base water rates and additional increases in the tiered rates to promote conservation. The rate increase is scheduled to take effect on January 1, 2024, and is projected to increase rate revenues by approximately \$1.6 million. This additional revenue will be used to fund the ten-year Capital Improvements Plan projects and to pay debt service on new and existing debt issued to fund the planned capital improvement program.

For 2024, this budget's average residential rate impact is approximately \$6.82 per two-month billing cycle, assuming 6 CCF of water use.

## G. FUND SUMMARIES

The following two pages compare District fund summaries between this year's forecast and next year's budget.



**Exhibit 15: Comparison by Fund**

<b>All Funds Summary forecast for 2023</b>					
<b>Cash Resources and Requirements</b>					
	Revenue Fund	Major Capital Fund	System Development Fund	Debt Service	Combined
<b>Resources:</b>					
Beginning Fund Balance	33,436,095		4,435,042	2,157,969	40,029,106
<b>External Revenue:</b>					
Rate Revenue	31,593,833				31,593,833
System Development Fees			897,631		897,631
Capital Contributions	512,033				512,033
Grants - Little Mountain		1,145,000			1,145,000
LUD Assessments, Interest, Penalties				67,904	67,904
Investment Income	1,846,766				1,846,766
Non-Operating Revenues	36,104				36,104
<b>Total External Revenue</b>	<b>33,988,736</b>	<b>1,145,000</b>	<b>897,631</b>	<b>67,904</b>	<b>36,099,272</b>
<b>Debt Proceeds:</b>					
Debt Proceeds -					
PWTF Loan - MV Transmission Line		5,850,000			5,850,000
Debt Proceeds - Bonds					
<b>Total Debt Proceeds</b>		<b>5,850,000</b>			<b>5,850,000</b>
<b>Transfers from Other Funds:</b>					
System Development Fund					
Major Capital Fund	6,995,000				6,995,000
Revenue Fund				4,633,740	4,633,740
<b>Total Transfers from Other Funds</b>	<b>6,995,000</b>			<b>4,633,740</b>	<b>11,628,740</b>
<b>Total Revenue</b>	<b>40,983,736</b>	<b>6,995,000</b>	<b>897,631</b>	<b>4,701,644</b>	<b>53,578,011</b>
<b>Total Resources</b>	<b>74,419,831</b>	<b>6,995,000</b>	<b>5,332,673</b>	<b>6,859,613</b>	<b>93,607,117</b>
<b>Uses:</b>					
<b>Operating Expenditures:</b>					
Operations and Maintenance	14,954,610				14,954,610
Utility and Excise Taxes	1,507,731				1,507,731
<b>Total Operating Expenditures</b>	<b>16,462,341</b>				<b>16,462,341</b>
<b>Capital Expenditures:</b>					
Service/Meters/Developer Projects	512,033				512,033
Department Projects	1,305,800				1,305,800
Pipeline Replacement	735,000				735,000
Major Capital Projects	17,507,000				17,507,000
<b>Total Capital Expenditures</b>	<b>20,059,833</b>				<b>20,059,833</b>
<b>Debt Service Payments:</b>					
Interest Payments				1,146,470	1,146,470
Principal Payments				3,487,269	3,487,269
<b>Total Debt Service Payments</b>				<b>4,633,740</b>	<b>4,633,740</b>
<b>Transfers to Other Funds:</b>					
Revenue		6,995,000			6,995,000
Debt Service	4,633,740				4,633,740
<b>Total Transfers to Other Funds</b>	<b>4,633,740</b>	<b>6,995,000</b>			<b>11,628,740</b>
<b>Total Expenditures</b>	<b>41,155,914</b>	<b>6,995,000</b>		<b>4,633,740</b>	<b>52,784,654</b>
Ending Fund Balance	33,263,917		5,332,673	2,225,873	40,822,464
<b>Total Uses</b>	<b>74,419,831</b>	<b>6,995,000</b>	<b>5,332,673</b>	<b>6,859,613</b>	<b>93,607,117</b>

<b>All Funds Summary forecast for 2024</b>					
<b>Cash Resources and Requirements</b>					
	Revenue Fund	Major Capital Fund	System Development Fund	Debt Service	Combined
<b>Resources:</b>					
Beginning Fund Balance	33,263,917		5,332,673	2,225,873	40,822,464
External Revenue:					
Rate Revenue	33,174,000				33,174,000
System Development Fees			900,000		900,000
Capital Contributions	520,000				520,000
Grants - State Fish Passage		1,000,000			1,000,000
LUD Assessments, Interest, Penalties				65,000	65,000
Investment Income	1,000,000				1,000,000
Non-Operating Revenues	21,000				21,000
<b>Total External Revenue</b>	<b>34,715,000</b>	<b>1,000,000</b>	<b>900,000</b>	<b>65,000</b>	<b>36,680,000</b>
Debt Proceeds:					
Debt Proceeds -					
PWTF Loan - MV Transmission Line		2,000,000			2,000,000
Debt Proceeds - Bonds					
<b>Total Debt Proceeds</b>		<b>2,000,000</b>			<b>2,000,000</b>
Transfers from Other Funds:					
System Development Fund					
Major Capital Fund	3,000,000				3,000,000
Revenue Fund				4,733,740	4,733,740
<b>Total Transfers from Other Funds</b>	<b>3,000,000</b>			<b>4,733,740</b>	<b>7,733,740</b>
<b>Total Revenue</b>	<b>37,715,000</b>	<b>3,000,000</b>	<b>900,000</b>	<b>4,798,740</b>	<b>46,413,740</b>
<b>Total Resources</b>	<b>70,978,917</b>	<b>3,000,000</b>	<b>6,232,673</b>	<b>7,024,613</b>	<b>87,236,203</b>
<b>Uses:</b>					
Operating Expenditures:					
Operations and Maintenance	18,383,553				18,383,553
Utility and Excise Taxes	1,616,000				1,616,000
<b>Total Operating Expenditures</b>	<b>19,999,553</b>				<b>19,999,553</b>
Capital Expenditures:					
Service/Meters/Developer Projects	520,000				520,000
Department Projects	1,686,000				1,686,000
Pipeline Replacement	9,532,500				9,532,500
Major Capital Projects	18,455,180				18,455,180
<b>Total Capital Expenditures</b>	<b>30,193,680</b>				<b>30,193,680</b>
Debt Service Payments:					
Interest Payments				1,146,470	1,146,470
Principal Payments				3,587,269	3,587,269
<b>Total Debt Service Payments</b>				<b>4,733,740</b>	<b>4,733,740</b>
Transfers to Other Funds:					
Revenue		3,000,000			3,000,000
Debt Service	4,733,740				4,733,740
Debt Reserve - New Debt					
<b>Total Transfers to Other Funds</b>	<b>4,733,740</b>	<b>3,000,000</b>			<b>7,733,740</b>
<b>Total Expenditures</b>	<b>54,926,973</b>	<b>3,000,000</b>		<b>4,733,740</b>	<b>62,660,712</b>
Ending Fund Balance	16,051,945		6,232,673	2,290,873	24,575,491
<b>Total Uses</b>	<b>70,978,917</b>	<b>3,000,000</b>	<b>6,232,673</b>	<b>7,024,613</b>	<b>87,236,203</b>

RESOLUTION NO. 2301-23

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, ADOPTING THE FINAL BUDGET FOR THE CALENDAR YEAR 2024

WHEREAS, in conformity with RCW 54.16.080, this Commission prepared and filed a proposed budget of the contemplated financial transactions of the District for the ensuing year of 2024, and notice of hearing on said proposed budget was given by publication in the Skagit Valley Herald on September 27, 2023, and October 4, 2023, and

WHEREAS, the Board of Commissioners of said District met on October 10, 2023, and proceeded with the public hearing and consideration of said budget as provided by law, and

WHEREAS, the Board of Commissioners deemed it to be in the best interest of the District that the final budget for the year 2024 be finally determined and adopted as presented.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of Public Utility District No. 1 of Skagit County, Washington, does hereby adopt the budget as finally determined as set out in the copy of said budget attached to this resolution, and by reference is made a part thereof.

ADOPTED by the Commission of Public Utility District No. 1 of Skagit County, Washington, at a regular meeting held this 14<sup>th</sup> day of November 2023.

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Joe Lindquist, President

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Andrew Miller, Vice President

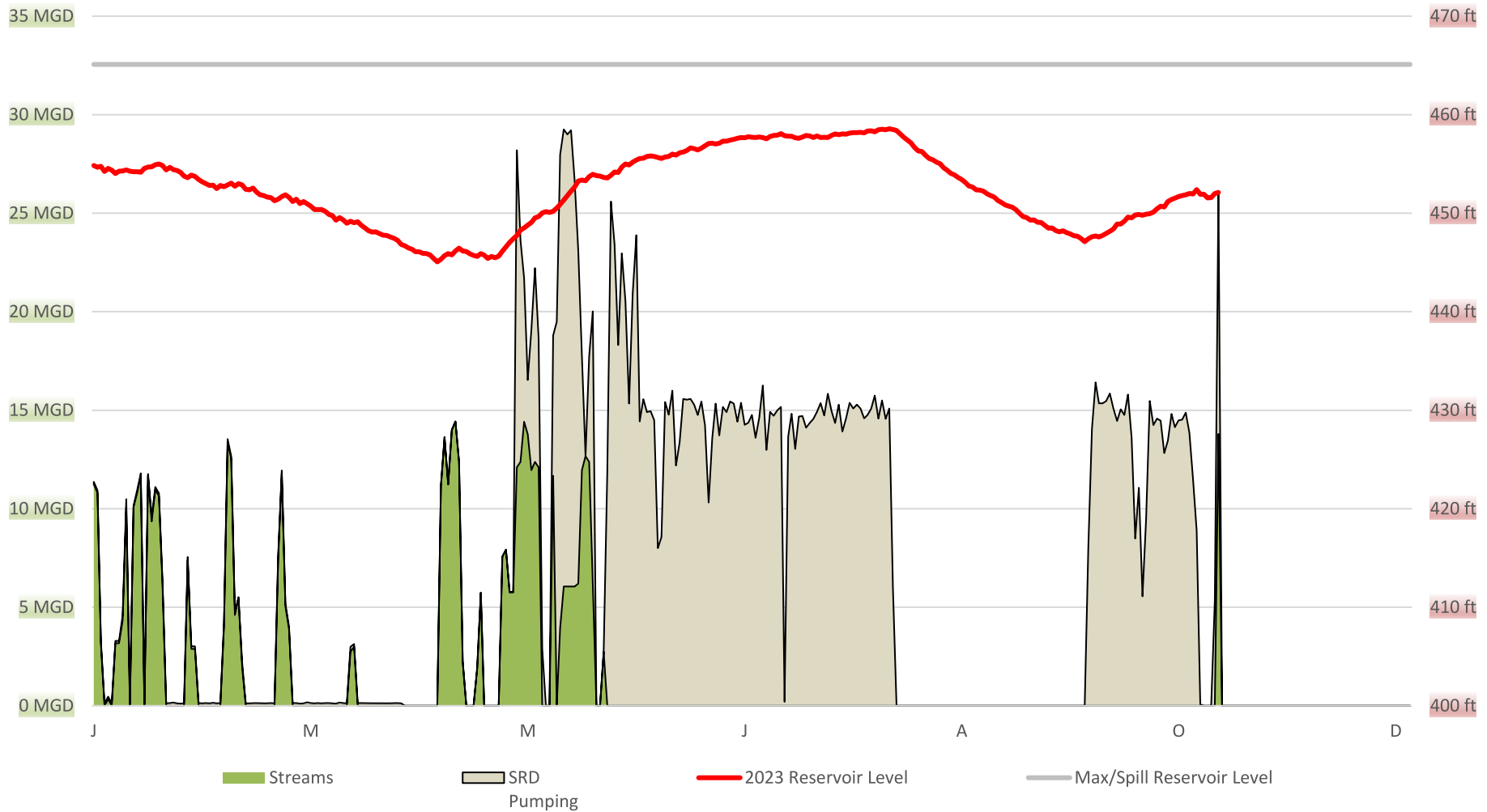
ATTEST

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Corrin Hamburg, Secretary

## 2023 Judy Reservoir Inflows & Elevation

November 01 Elevation:	451.94 (ft)
November 08 Elevation:	452.11 (ft)
Change in Elevation:	0.17 (+ 2.0 Inches)
Spillway Elevation:	465.10
Stream Inflow YTD:	525.14 MG
Skagit River YTD:	1883.12 MG



### 5-YEAR JUDY RESERVOIR ELEVATIONS

