

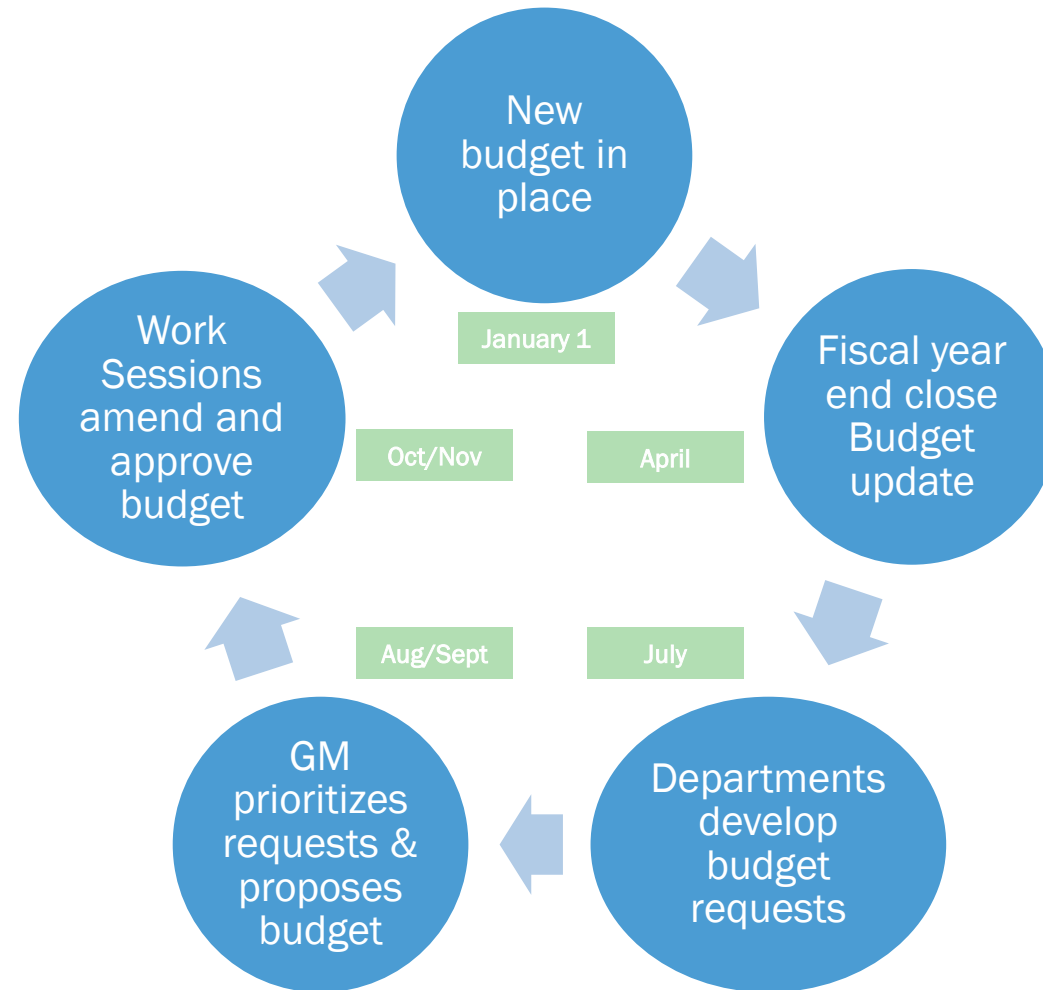
Public Hearing 2025 Proposed Budget

October 8, 2024

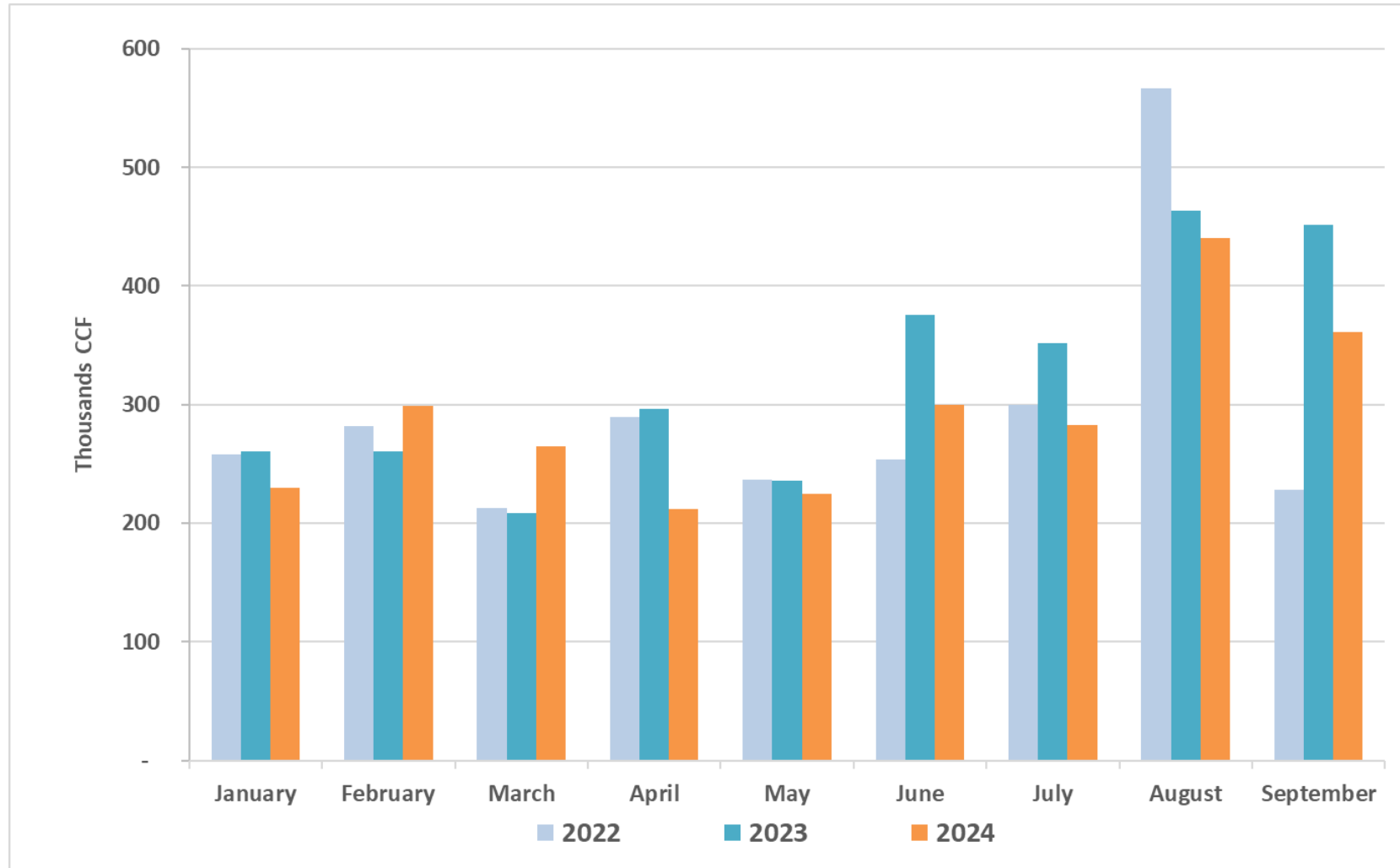


PUBLIC UTILITY DISTRICT
NO. 1 OF SKAGIT COUNTY

Budget Cycle



Y-T-D Consumption



September Forecast

Revenues	2024 YTD	2024 Forecast	2024 Budget	Difference	
Residential & Multi-family	\$ 16,497,514	\$ 22,000,000	\$ 23,455,000	\$ (1,455,000)	-6%
Comm. Gov't & Agriculture	\$ 6,163,538	\$ 8,200,000	\$ 8,183,000	\$ 17,000	0%
Resale	\$ 158,694	\$ 180,000	\$ 176,000	\$ 4,000	2%
Irrigation	\$ 523,228	\$ 660,000	\$ 694,000	\$ (34,000)	-5%
Water Sales	\$ 23,342,974	\$ 31,040,000	\$ 32,508,000	\$ (1,468,000)	-5%

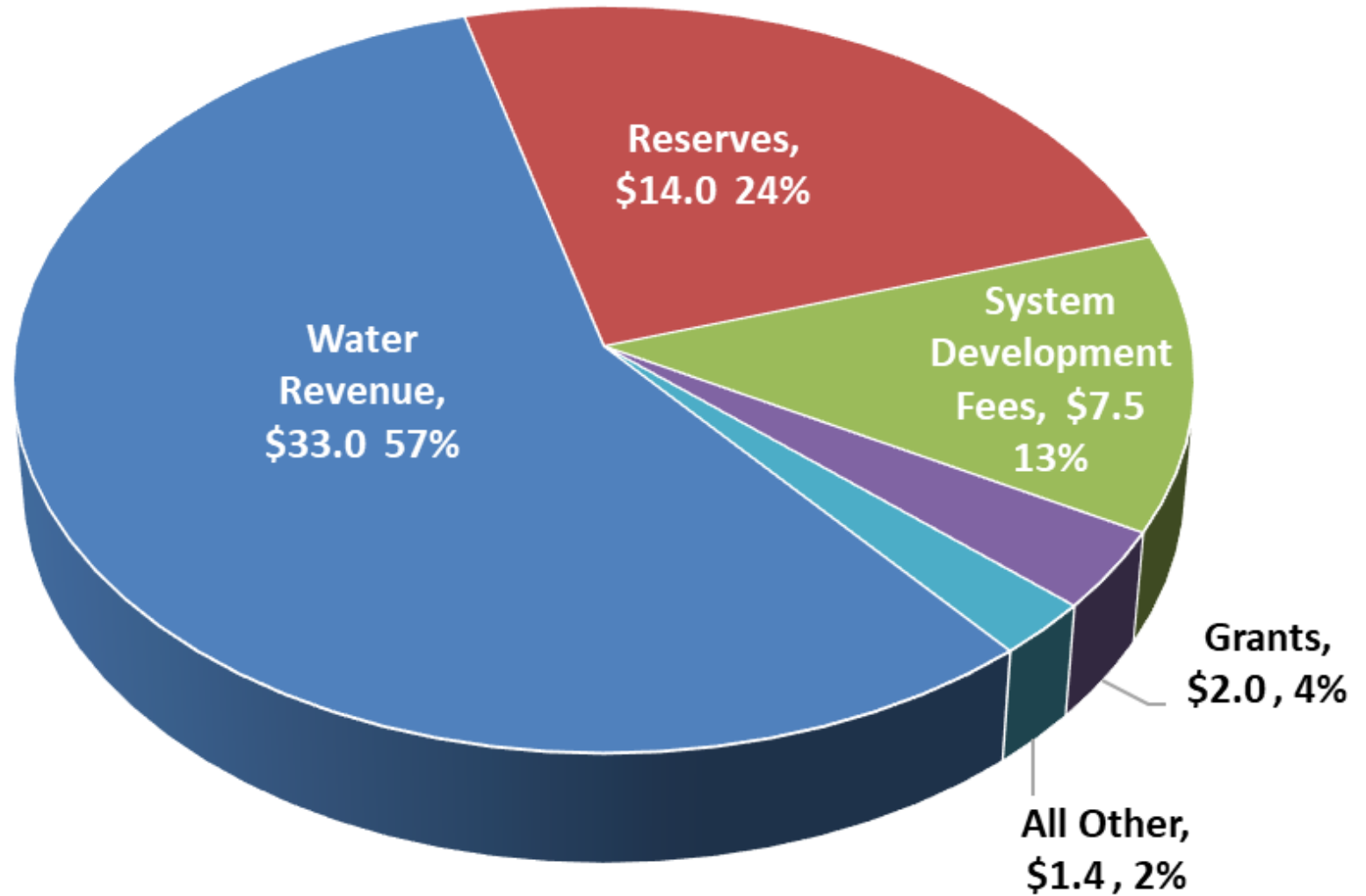
Forecast vs. Budget 2024

	Forecast	Budget
Total Revenues	\$ 34,486,000	\$ 35,680,000
Operating Expenses	\$ 18,500,000	\$ 20,000,000
Debt Service	\$ 4,733,000	\$ 4,733,000
Income / (Loss)	\$ 11,253,000	\$ 10,947,000
Capital	\$ 28,700,000	\$ 29,373,000

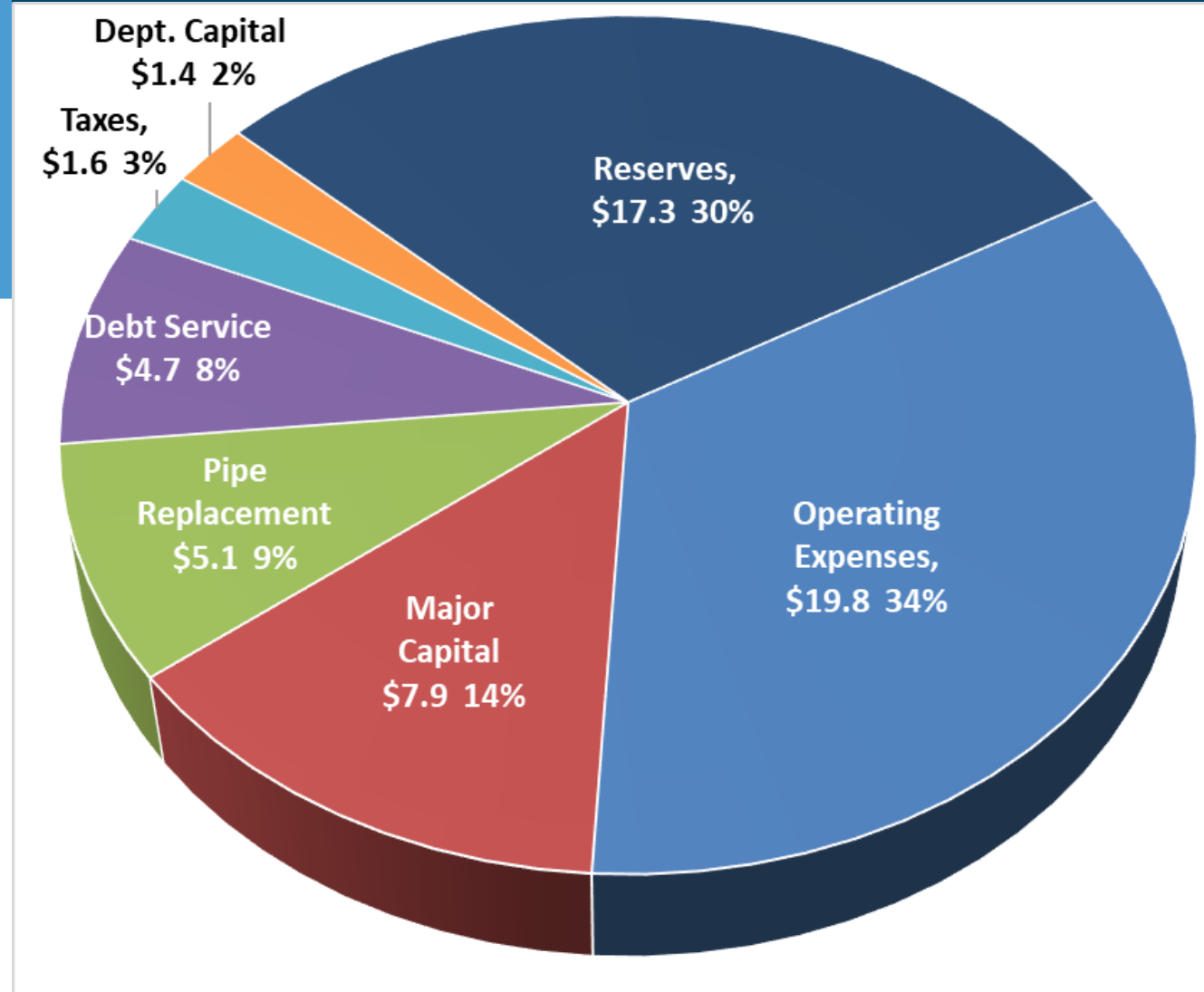
Balance Resources & Requirements

$$\begin{array}{c} \text{Beginning Reserves} \\ + \\ \text{Revenues} \end{array} = \begin{array}{c} \text{Expenditures} \\ + \\ \text{Ending Reserves} \end{array}$$

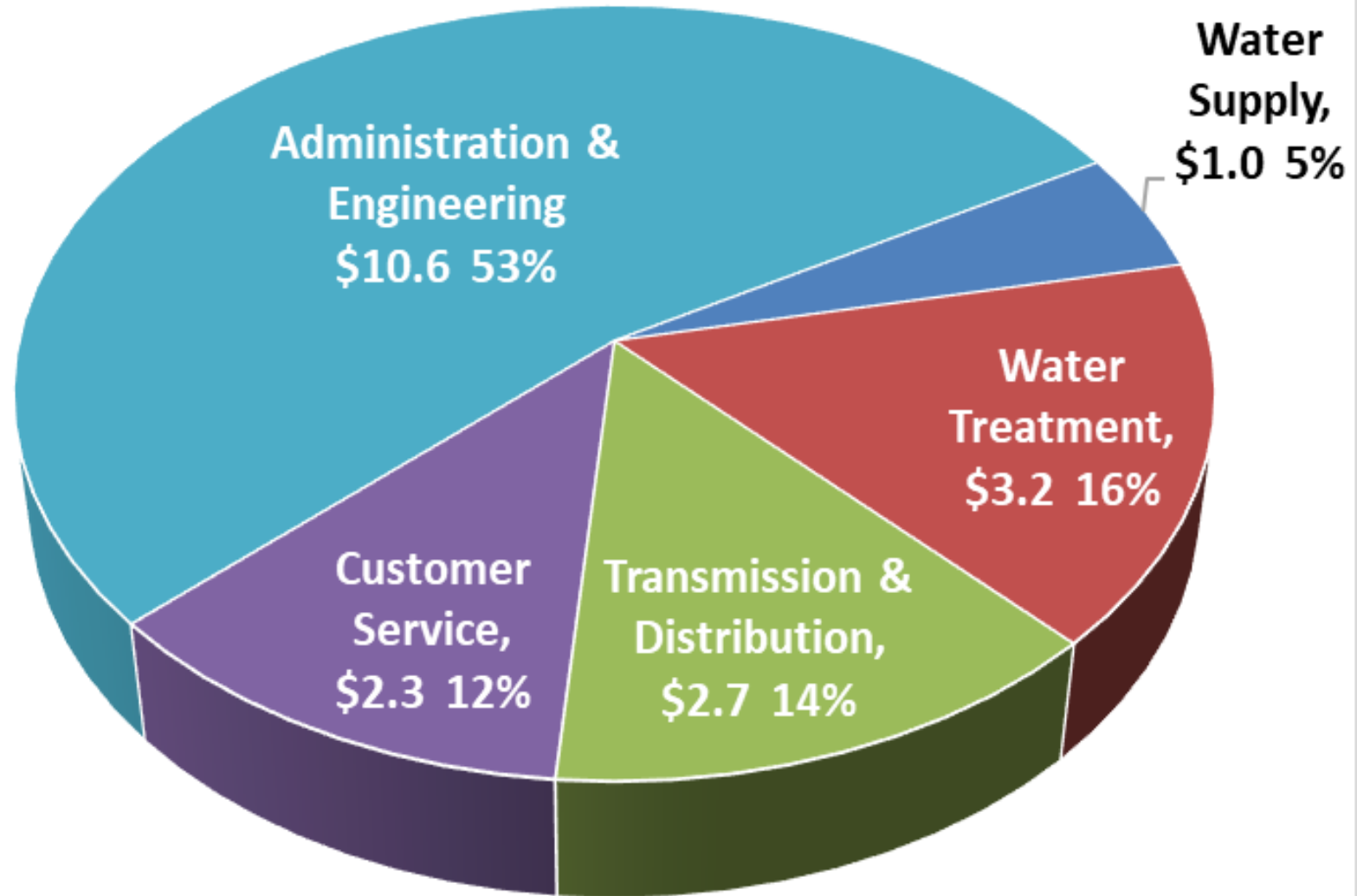
Budget Sources \$57.9 M



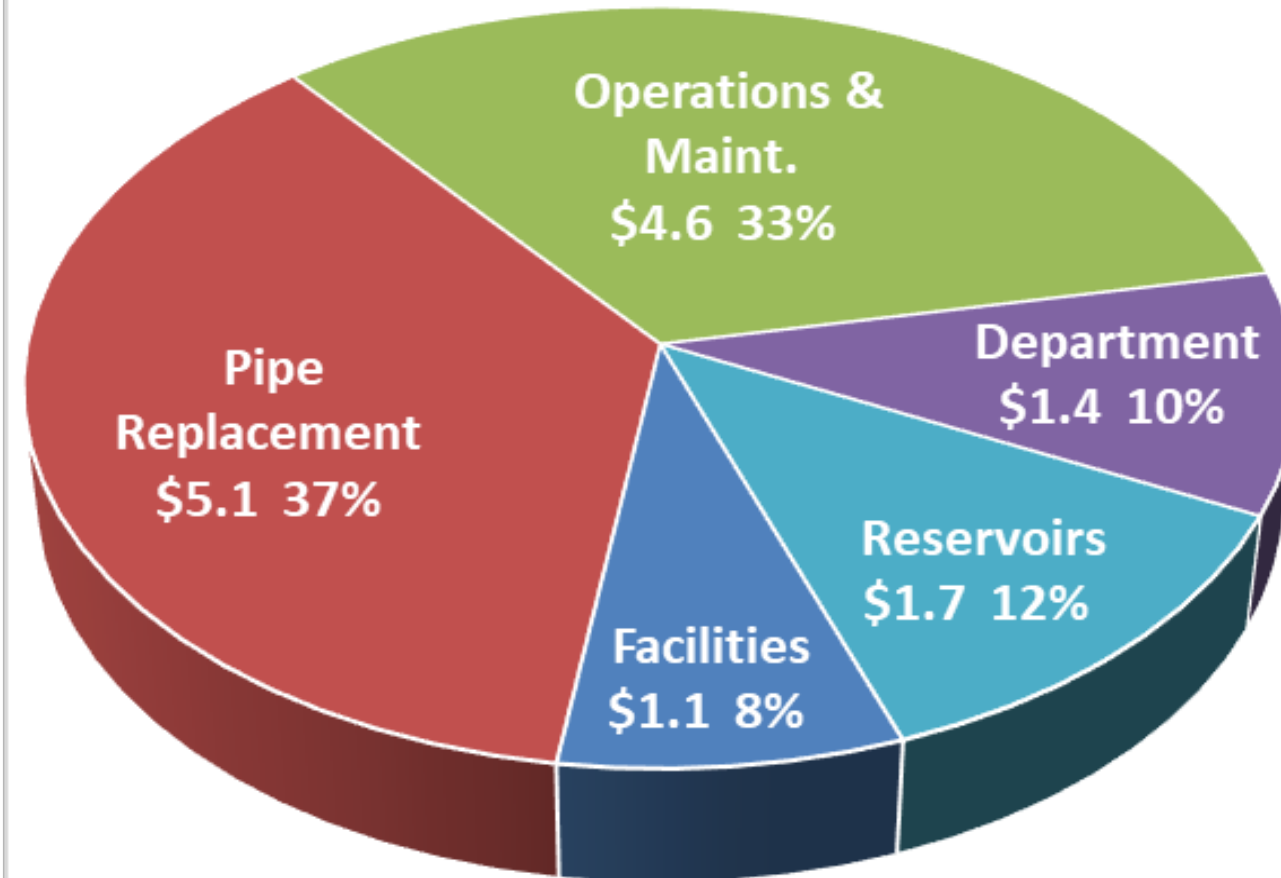
**Budget
Uses
\$57.9 M**



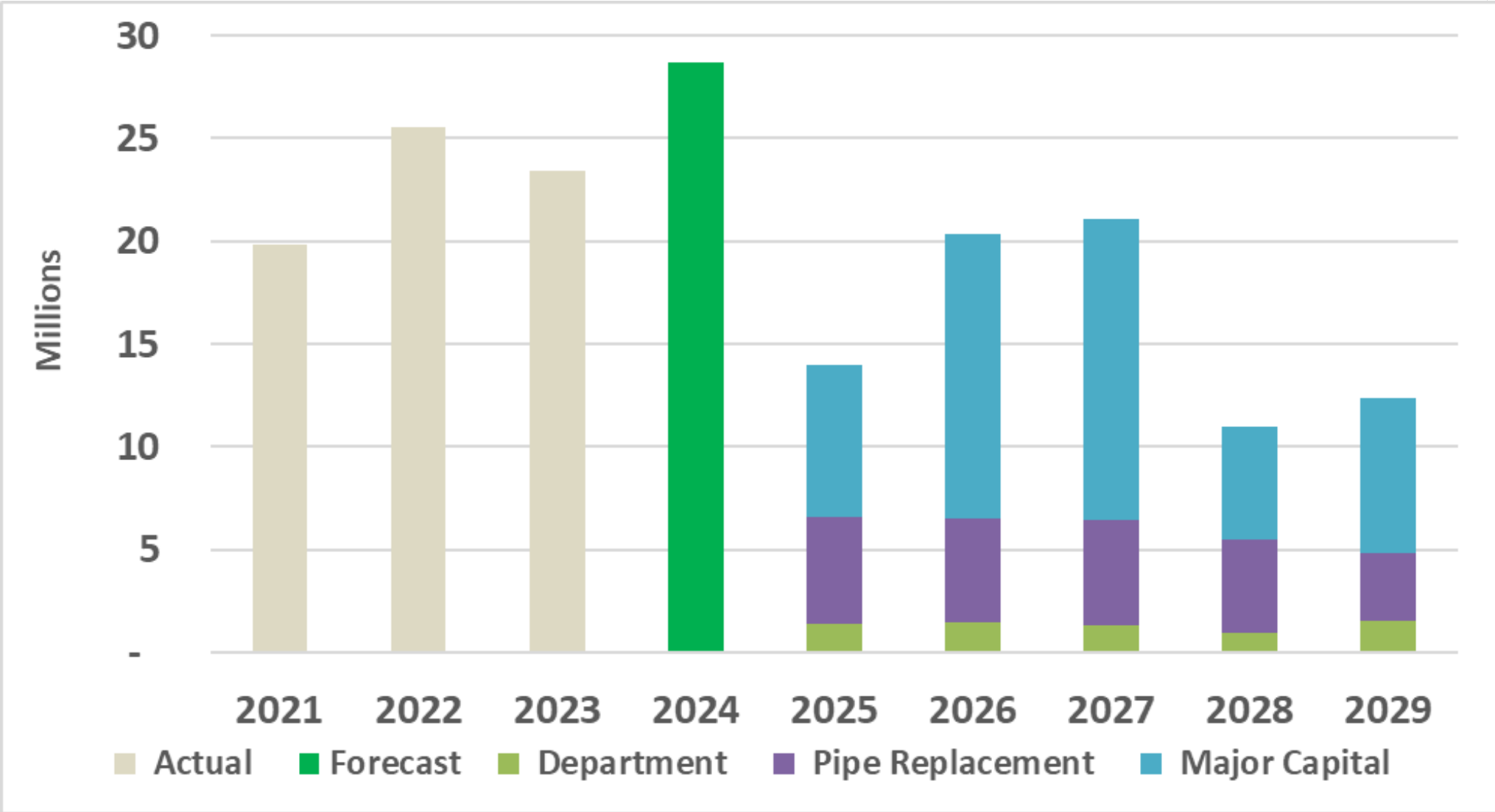
Operations & Maintenance \$21.5 M



2025 Capital Projects \$14 M



Capital Improvement Plan



Financial Policy Metrics

Liquidity Target

Forecasted Ending Balance, All Funds	\$ 17,276,751
Number Days of O&M Expenses	305 Days
Target (Minimum)	180 Days
Above/(Below) Target	125 Days

Revenue Fund Balance

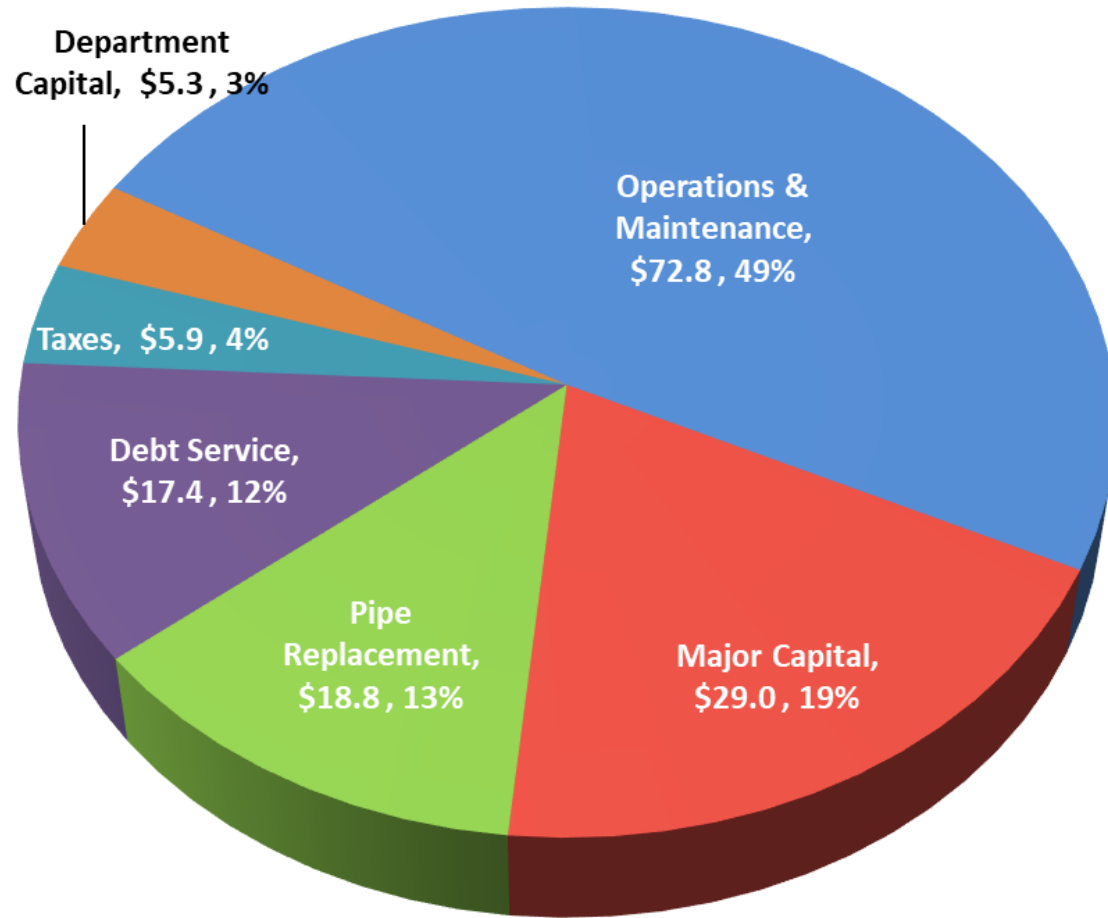
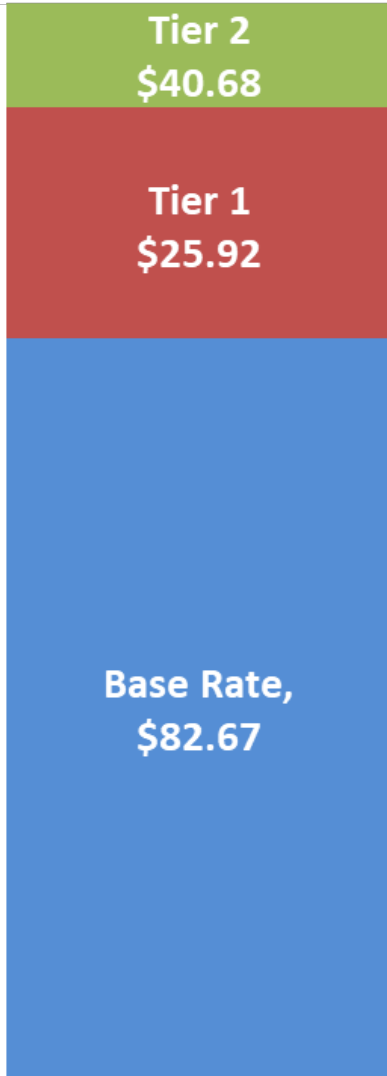
Forecasted Ending Balance Revenue Fund	\$ 7,151,513
Target (Minimum)	
2.5 months of O&M Expenses + Depreciation	\$ 6,274,567
Above/(Below) Target	\$ 876,946

Financial Policy Metrics

<i>Debt Service Coverage</i>	
Projected Net Operating Revenue	\$ 14,616,077
<i>Total Debt Service, including State Loans</i>	<u>\$ 4,736,894</u>
Debt Service Coverage	3.09
Target (Minimum)	2.00
<i>Above/(Below) Target</i>	1.09

<i>Rate-Funded Capital</i>	
Capital Expenditures	\$ 14,473,000
Target (Minimum Prior Year's Depreciation)	9,138,665
<i>Above/(Below) Target</i>	\$ 5,334,335

Average Residential \$149.27



Budget Schedule

- October 8th – Public Hearing
- October 10th – Budget Work Session #1 @ 4:00 p.m.
 - Capital Improvement Plan, Engineering, Operations, and HR
- October 22nd – Regular Meeting
- October 29th – Budget Work Session #2
 - Administration, Safety, IT, Comm. Relations, Finance, & Cust. Service
- November 5th – Budget Work Session #3 – If needed
- November 12th – Regular Meeting
 - Budget Discussion and Adoption



Commissioner Questions

Public Comment Guidelines

- Please State Your Name And Address For the Record
- Please mute or lower the volume on all other devices before speaking. Using multiple devices may cause audio feedback.

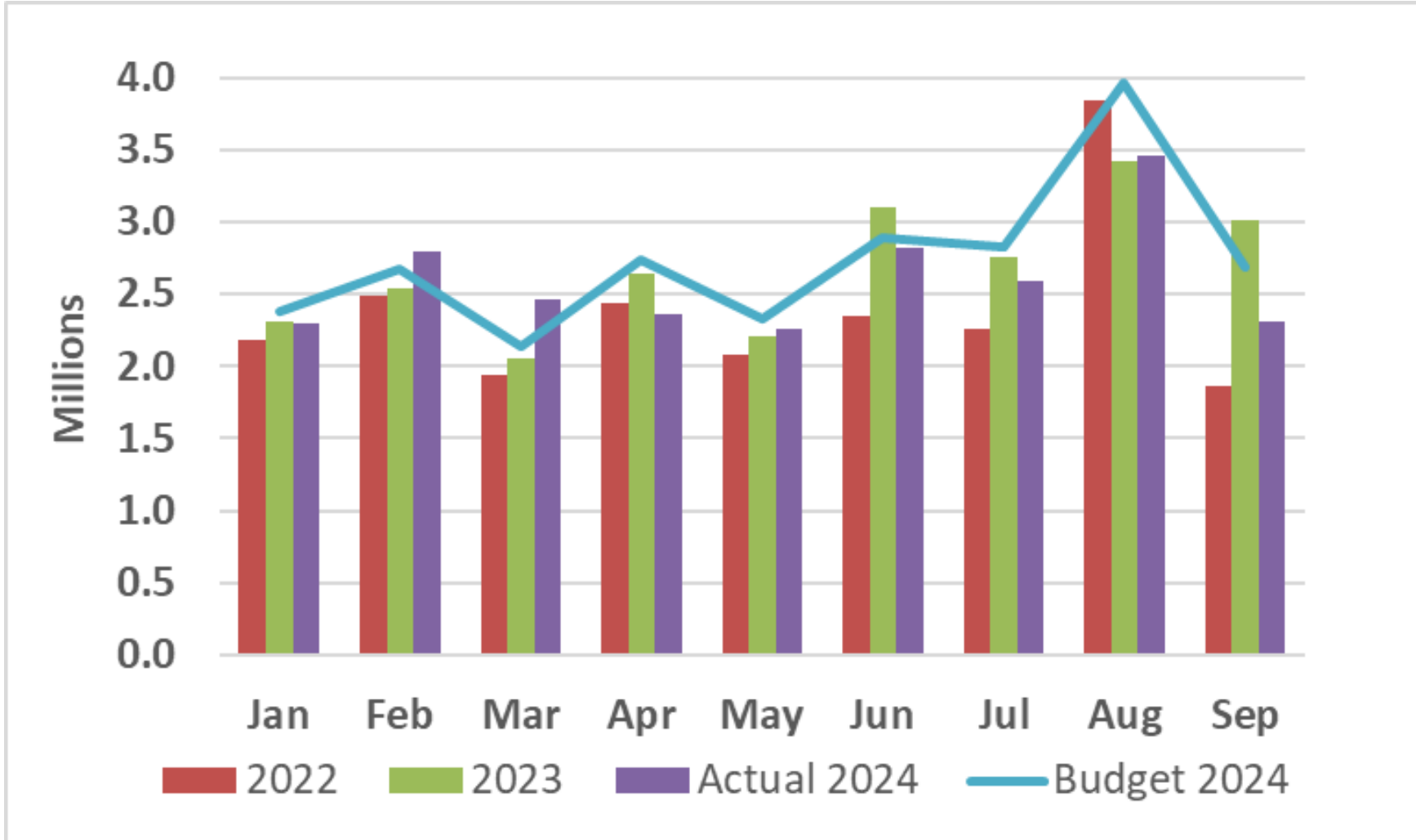
- **Comments:**
 - Brian Henshaw
 - 360-391-7048
 - Henshaw@skagitpud.org



**PUBLIC UTILITY DISTRICT
NO. 1 OF SKAGIT COUNTY**

- Determine District Needs
- Establish Priorities & Goals
- Identifies Funding to Achieve Goals
- Guides & Governs Spending Commitments

Budget-to-Actual



- Cost-of-Service Analysis
- Rate Design Review
- Revenue Requirements
- Rolling Ten-Year Financing Plan

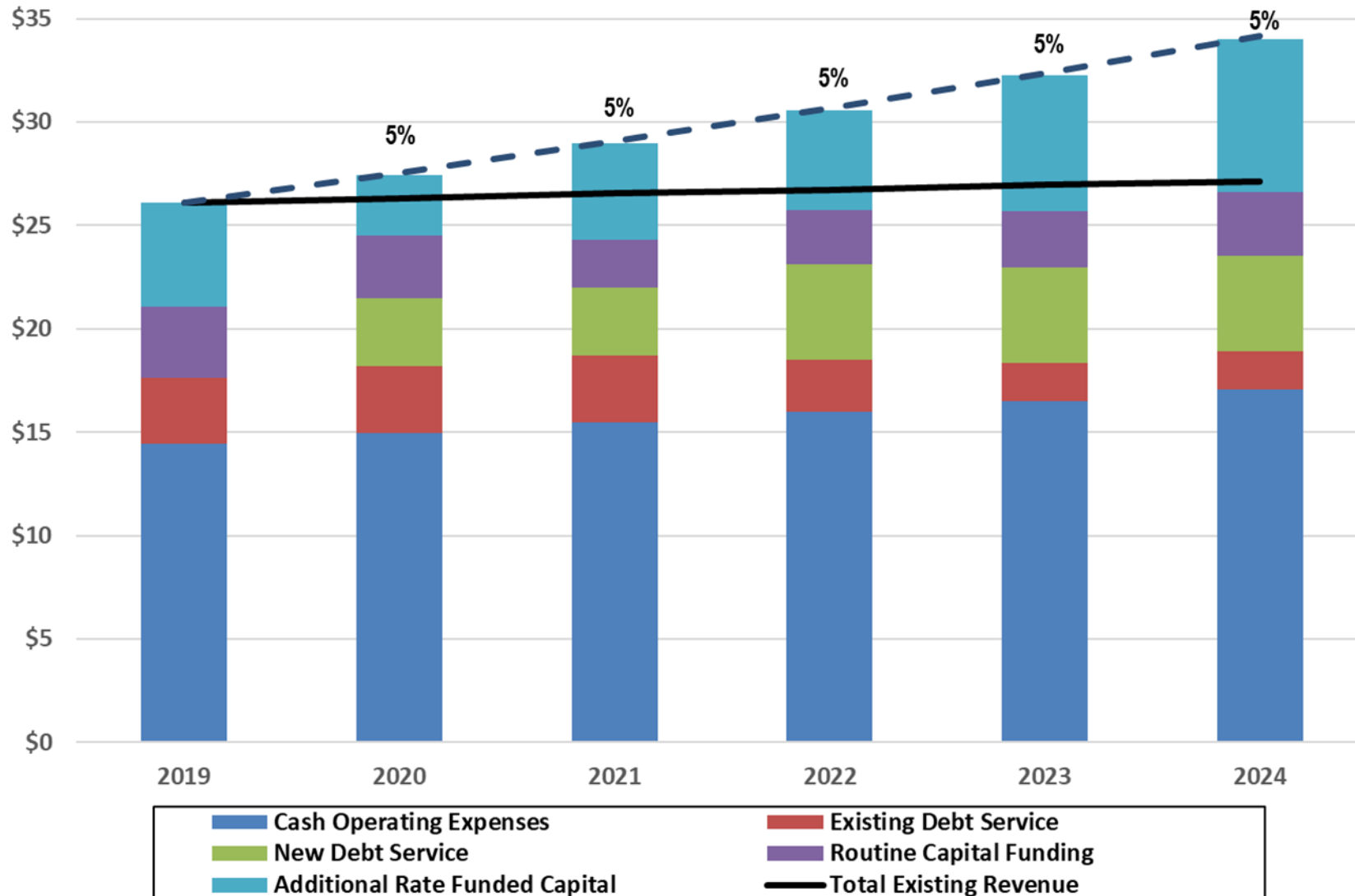
Goal: Distribute Costs Equitably Among Customers

- Utility Costs Broken Out By System Function
 - Customers, Meters & Services, Base Demand, Peak Demand, and Fire Protection
- Allocate Costs To Each Customer Class
 - Residential, Commercial, Agriculture, Fire Protection
- Compare Revenue Generated To Cost-of-Service For Each Customer Class

Rate Design Considerations

- Fixed & Variable Charges
- Meet Revenue Requirements Of District
- Rate Design Changes
 - Help some customers & hurt other customers
- Rate Design Requires Tradeoffs & Choices Between District Policy Goals and Objectives

Revenue Requirements



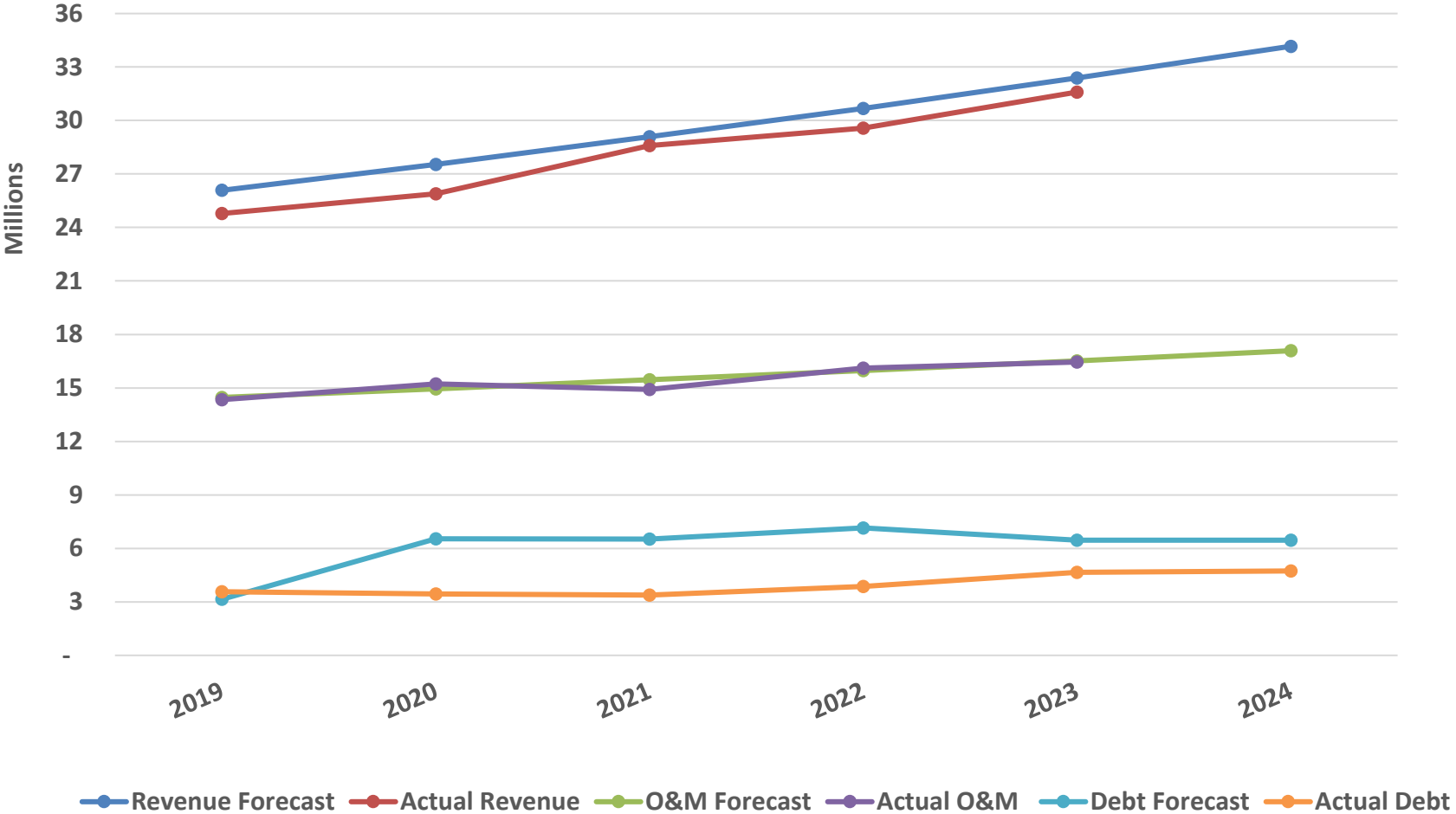
Financial Forecast to Actual

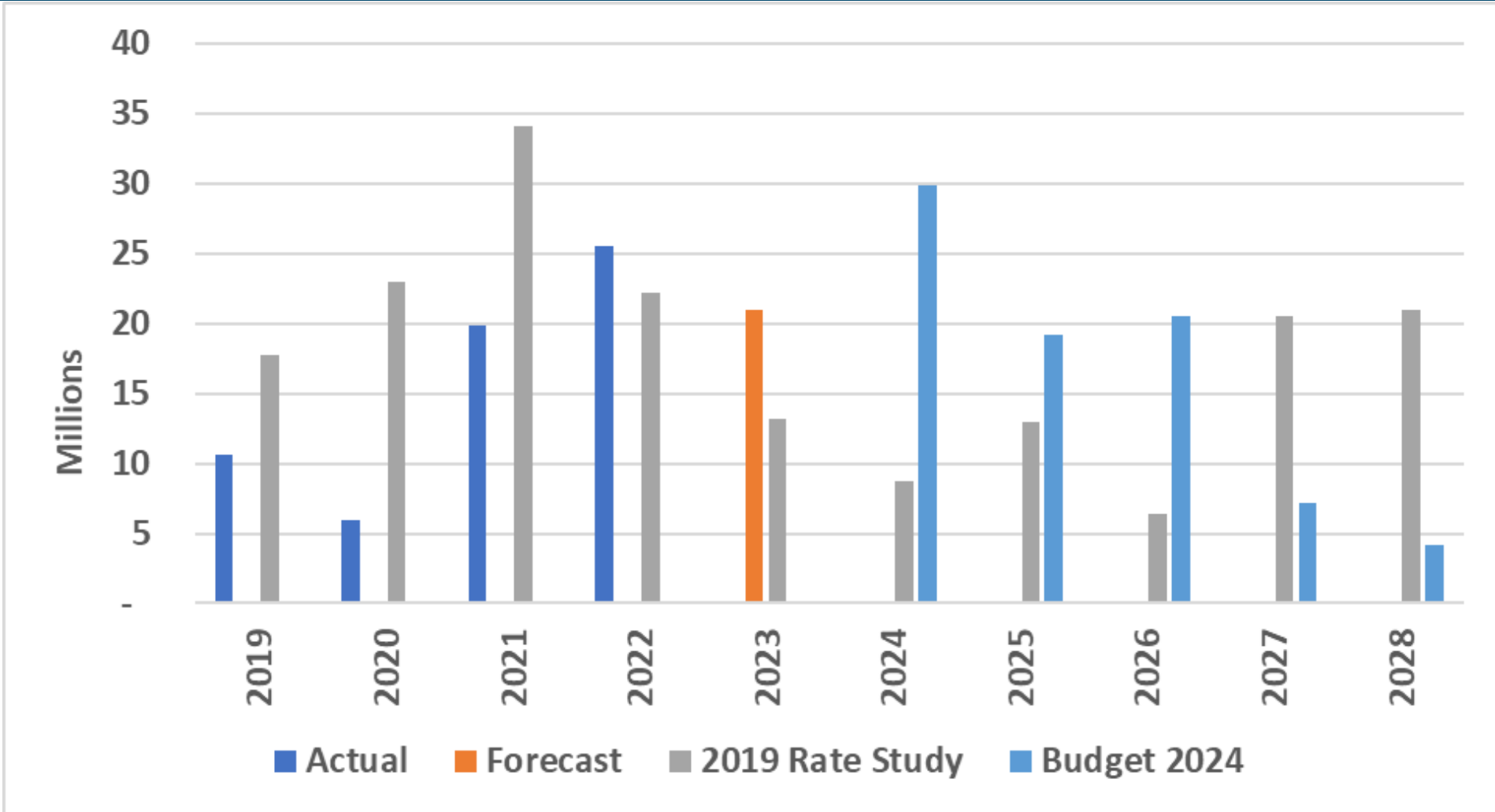
	2019
Revenue Forecast	26,082,534
Actual Revenue	24,782,357
O&M Forecast	14,467,450
Actual O&M	14,342,338
Debt Forecast	3,144,422
Actual Debt	3,563,906
Revenue	(1,300,177)
O&M	125,112
Debt	(419,484)
	(1,594,549)

Financial Forecast to Actual

	2019	2020	2021	2022	2023		Five Year Total
Revenue Forecast	26,082,534	27,536,926	29,090,818	30,681,707	32,384,142		145,776,127
Actual Revenue	24,782,357	25,889,237	28,590,482	29,574,456	31,593,833		140,430,365
O&M Forecast	14,467,450	14,946,029	15,452,287	15,977,126	16,521,281		77,364,173
Actual O&M	14,342,338	15,224,021	14,921,472	16,109,104	16,452,000		77,048,935
Debt Forecast	3,144,422	6,535,135	6,517,301	7,149,430	6,462,797		29,809,084
Actual Debt	3,563,906	3,440,105	3,380,902	3,862,608	4,652,658		18,900,179
Revenue	(1,300,177)	(1,647,689)	(500,336)	(1,107,251)	(790,309)		(5,345,762)
O&M	125,112	(277,992)	530,815	(131,978)	69,281		315,238
Debt	(419,484)	3,095,030	3,136,399	3,286,822	1,810,139		10,908,905
	(1,594,549)	1,169,349	3,166,878	2,047,593	1,089,110		5,878,382

Financial Plan Tracking





Strategic Objectives

- Asset Management – increase life of infrastructure
- Capital Investment – balance amount of investment with rate stability
- Water Resources – manage and promote conservation