From the Well to the Tap: Budgeting for the Full Cost of Drinking Water Service

Bridget Harris, RCAC
Glenn Barnes, RCAP

April 15, 2021
Thank you to our funder!
Acknowledgement

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Improving Rural Quality of Life

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Moderator

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Western RCAP
Rural Community Assistance Corporation
www.rcac.org

Midwestern RCAP
Midwest Assistance Program
www.map-inc.org

Southern RCAP
Communities Unlimited
www.communitiesu.org

Great Lakes RCAP
Great Lakes Community Action Partnership
www.glcap.org

Southeastern RCAP
Southeast Rural Community Assistance Project
www.sercap.org

Northeastern RCAP
RCAP Solutions
www.rcapsolutions.org

“Improving Rural Quality of Life”
Webinar Agenda

- Explain the basics of budgeting
- Describe a process to identify all the costs associated with drinking water
- Identify resources to help you with budgeting
Budgeting 101

“Improving Rural Quality of Life”
Where to Account for Expenses

- Some expenses are clearly entirely for drinking water
- Some expenses need to be split between drinking water and other utilities
- Some expenses need to be split between drinking water and general activities/general government
Why is This Important?

- Rate setting
- Applying for infrastructure funding
“Improving Rural Quality of Life”
Two Big Categories

- **Expenses**—all the things that we need to pay for to keep the water system operating day in and day out

- **Human Inputs**—the knowledge, skills, and abilities that we need from staff *or from contractors* to keep the water system operating day in and day out

- **Infrastructure**
INTER-GOVERNMENTAL AGREEMENT

BETWEEN

THE CITY OF Gonzaga

AND

PUBLIC UTILITY DISTRICT No. 1 OF EW COUNTY

FOR WATER SALES

THIS AGREEMENT is made and entered into this 6th day of January, 1995, by and between the City of Gonzaga, a municipal corporation, hereinafter referred to as "City" and Public Utility District No. 1 of EW County, hereinafter referred to as "PUD.

WHEREAS, pursuant to Chapter 54.04 RCW, the purpose of the PUD is to conserve the water resources of the county for the benefit of the people thereof, and to supply public utility service, including water for all uses, and

WHEREAS, pursuant to Chapter 54.16 RCW, the PUD may make surveys, plans, investigations or studies for domestic and industrial water supply, and for matters and purposes reasonably connected therewith, within and without the District (except river, stream, and canyon cross-cuts) and compile, compose or copy maps and plans showing the territory that can be most economically served by the various resources and utilities, the nature order in which they should be developed, and how they may be joined and coordinated to make a complete and systematic whole;

WHEREAS, the PUD may construct, purchase, exchange and purchase, acquire, add to, maintain, construct and operate water systems, within or without its limits, for the purpose of furnishing the District, and the inhabitants thereof, and any other person or persons, public and private, with full and exclusive authority to sell and regulate and control the use, distribution, and price thereof;

WHEREAS, pursuant to the GMA requirements, the County has designated that the PUD shall serve as the technical lead agency for the County in proposing, planning, coordinating and providing regional water resource management and supply services;

WHEREAS, the City and the PUD desire to enter into an agreement whereby the PUD will sell to City, water on a wholesale basis; and

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INTER-GOVERNMENTAL AGREEMENT
BETWEEN
THE CITY OF GONZAGA
AND
PUBLIC UTILITY DISTRICT NO. 1 OF EWING COUNTY
FOR WATER SALES

THIS AGREEMENT is made and entered into this day of ______, 20__ by and between the City of Gonzaga, a municipal corporation, hereinafter referred to as “City” and Public Utility District No. 1 of Ewing County, hereinafter referred to as “PUD.”

WHEREAS, pursuant to Chapter 54.04 RCW, the purpose of the PUD is to conserve the water resources of the county for the benefit of the people thereof, and to supply public utility service, including water for all uses, and

WHEREAS, pursuant to Chapter 54.16 RCW, the PUD may make surveys, plans, investigations or studies for domestic and industrial water supply, and for matters and purposes reasonably incidental thereto, with and without the Frances (owner), and compile comprehensive maps and plans showing the territory that can be most economically served by the various resources and utilities, the nature, order in which they should be developed, and how they may be joined and coordinated to make a complete and systematic whole, and

WHEREAS, the PUD may construct, purchase, condemn and purchase, acquire, add to, maintain, construct, and operate water systems, within or without its limits, for the purpose of furnishing the District, and the inhabitants thereof, and any other person including public and private corporations within or without its limits, with ample supplies of water for all purposes, public and private, with full and exclusive authority to sell and regulate and control the use, distribution, and price thereof, and

WHEREAS, pursuant to the CMA requirements, the County has designated that the PUD will serve as the technical lead agency for the County in proposing, planning, coordinating and providing regional water resource management and supply services, and

WHEREAS, the City and the PUD desire to enter into an agreement whereby the PUD will sell to City, water on a wholesale basis, and

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“Improving Rural Quality of Life”
Expenses

- Withdrawal permit
- Water rights
- Electricity
- Water purchases
Human Inputs

- Administrative
- Operations
- Electrician
- Construction
- Lawyers
Treatment

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“Improving Rural Quality of Life”
Expenses

- Withdrawal permit
- Water rights
- Electricity
- Water purchases
- Chlorine
- Softeners
- Membranes
- Filters
- UV bulbs
- Mortgage on treatment plant

- Cybersecurity
- Property insurance
- Liability insurance
- Testing supplies
- Uniforms
- PPE
- Training
- Certification
- Professional dues

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Human Inputs

- Administrative
- Operations
- Electrician
- Construction
- Lawyers
- SCADA expertise
- Plumbing
- Laboratory
Storage
Expenses

- Withdrawal permit
- Water rights
- Electricity
- Water purchases
- Chlorine
- Softeners
- Membranes
- Filters
- UV bulbs
- Mortgage on treatment plant
- Cybersecurity
- Property insurance
- Liability insurance
- Testing supplies
- Uniforms
- PPE
- Training
- Certification
- Professional dues
- Security
Human Inputs

- Administrative
- Operations
- Electrician
- Construction
- Lawyers
- SCADA expertise
- Plumbing
- Laboratory
Distribution
Expenses

- Withdrawal permit
- Water rights
- Electricity
- Water purchases
- Chlorine
- Softeners
- Membranes
- Filters
- UV bulbs
- Mortgage on treatment plant
- Cybersecurity
- Property insurance
- Liability insurance
- Uniforms
- PPE
- Testing supplies
- Training
- Certification
- Professional dues
- Tools
- Safety equipment
- Traffic cones, etc.
- Auto parts
- Tires
- Fuel
- GIS
- Leak detection
Human Inputs

- Administrative
- Operations
- Electrician
- Construction
- Lawyers
- SCADA expertise
- Plumbing
- Laboratory
- Line repairs
- Traffic conducting

- Vehicle maintenance
- Heavy equipment maintenance
- Road repair
- Mapping/GIS
Expenses

- Withdrawal permit
- Water rights
- Electricity
- Water purchases
- Chlorine
- Softeners
- Membranes
- Filters
- UV bulbs
- Mortgage on treatment plant

- Cybersecurity
- Property insurance
- Liability insurance
- Uniforms
- PPE
- Testing supplies
- Training
- Certification
- Professional dues
- Tools

- Safety equipment
- Traffic cones, etc.
- Auto parts
- Tires
- Fuel
- GIS
- Leak detection
- Lab testing
- Meter testing

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Human Inputs

- Administrative
- Operations
- Electrician
- Construction
- Lawyers
- SCADA expertise
- Plumbing
- Laboratory
- Line repairs
- Traffic conducting

- Vehicle maintenance
- Heavy equipment maintenance
- Road repair
- Mapping/GIS
- Meter reading

“Improving Rural Quality of Life”
## Payment

### Service Address:

<table>
<thead>
<tr>
<th>Account Number</th>
<th>Date Bill Mailed</th>
<th>Service From</th>
<th>Service To</th>
<th>Days Used</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 189901</td>
<td>10/12/2020</td>
<td>10/1/2020</td>
<td>10/31/2020</td>
<td>30</td>
<td>10/31/2020</td>
</tr>
</tbody>
</table>

### Previous Reading | Present Reading | Units Used | Description | Amount Due |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$17</td>
<td>$54</td>
<td>7</td>
<td>Previous Balance</td>
<td>$171.35</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>PAYMENT ** THANK YOU **</td>
<td>$171.35</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>MONTHLY SERVICE费</td>
<td>$87.41</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Quantity @ $7.96/CCF</td>
<td>$55.79</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>MONTHLY SDWA Fee</td>
<td>$26.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>PUC Regulatory Fee</td>
<td>$2.42</td>
</tr>
</tbody>
</table>

Metered use is from Sept 1-30

SINBA-Safe Drinking Water Bond Act
Thank you for your prompt payment.

<table>
<thead>
<tr>
<th>Amount Due</th>
<th>After Due Date</th>
<th>By Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>$171.66</td>
<td>$176.72</td>
<td>$171.66</td>
</tr>
</tbody>
</table>

$171.66 WILL BE DEDUCTED FROM YOUR BANK ACCOUNT ON 10/23/2020.
Expenses

- Withdrawal permit
- Water rights
- Electricity
- Water purchases
- Chlorine
- Softeners
- Membranes
- Filters
- UV bulbs
- Mortgage on treatment plant
- Cybersecurity
- Property insurance
- Liability insurance
- Uniforms
- PPE
- Testing supplies

- Training
- Certification
- Professional dues
- Tools
- Safety equipment
- Traffic cones, etc.
- Auto parts
- Tires
- Fuel
- GIS
- Leak detection
- Lab testing
- Meter testing
- Office overhead
- Printing
- Postage
- Billing software

- Bank fees
- Credit card processing fees
- Website
- Computers
- Office supplies
- Annual financial audit
- Reporting
- Planning & analysis
- Contingencies
- Debt service
- Utility commission
Human Inputs

- Administrative
- Operations
- Electrician
- Construction
- Lawyers
- SCADA expertise
- Plumbing
- Laboratory
- Line repairs
- Traffic conducting

- Vehicle maintenance
- Heavy equipment maintenance
- Road repair
- Mapping/GIS
- Meter reading
- Billing
- Customer service
- Budgeting
- Board and management
- Human resources
Expenses

- Withdrawal permit
- Water rights
- Electricity
- Water purchases
- Chlorine
- Softeners
- Membranes
- Filters
- UV bulbs
- Mortgage on treatment plant
- Cybersecurity
- Property insurance
- Liability insurance
- Uniforms
- PPE
- Testing supplies

- Training
- Certification
- Professional dues
- Tools
- Safety equipment
- Traffic cones, etc.
- Auto parts
- Tires
- Fuel
- GIS
- Leak detection
- Lab testing
- Meter testing
- Office overhead
- Printing
- Postage
- Billing software

- Bank fees
- Credit card processing fees
- Website
- Computers
- Office supplies
- Annual financial audit
- Reporting
- Planning & analysis
- Contingencies
- Debt service
- Utility commission
- Salaries
- Benefits
- Contract services

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"Improving Rural Quality of Life"
We made it!!!!
Except...
Resources
https://www.rcap.org/managerialfinancialhub/

MANAGERIAL & FINANCIAL HUB

RCAP Managerial & Financial Hub

In order to protect public health and provide safe drinking water to communities, it is vital that water systems have strong managerial and financial capacity.
BUDGETING AND FINANCIAL MANAGEMENT
MARCH 30, 2021 | ASSET MANAGEMENT, MANAGERIAL AND FINANCIAL

- **Basics of Financial Management Guidebook**
  RCAP’s guidebook for small communities on financial policies and controls, budgeting, and monitoring of financial performance.

  A recorded webcast that is a companion to RCAP’s The Basics of Financial Management for Small-community Utilities

  A recorded webcast that is a companion to RCAP’s The Basics of Financial Management for Small-community Utilities

- **Budget How-Tos**
  This document includes tips on creating a budget for a water board.

- **Budget Worksheet for Water Systems**
  A worksheet in Microsoft Excel format that provides a general overview of the annual budget. Calculations are performed automatically within the Excel program.

  These guidebooks address core issues regarding water system sustainability; auditing water use to reduce water losses and increase system efficiency; financial planning and management to ensure sufficient revenues to sustain operations, and asset management to allow the system to provide a sustained level of service at the lowest life cycle cost.

- **FPA: Water Utility COVID-19 Financial Impact Tool**
  A tool that can help drinking water, wastewater, and stormwater utilities assess the financial impact of the COVID-19 pandemic on the utility’s cash flow.
RCAP’s guidebook for small communities on financial policies and controls, budgeting, and monitoring of financial performance

Setting Small Drinking Water System Rates for a Sustainable Future

One of the Simple Tools for Effective Performance (STEP) Guide Series

Don’t Forget Infrastructure!

- RCAP’s next webinar is Tuesday, May 18 at 2pm ET
- Successfully Accessing Water Infrastructure Funding Programs: Advice from Two Former Loan Officers
- [https://register.gotowebinar.com/register/5900005097712838160](https://register.gotowebinar.com/register/5900005097712838160)
From the Well to the Tap: Budgeting for the Full Cost of Drinking Water Service

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