



Lake Whatcom Water & Sewer District Board Meeting Access Information

Special Meeting
(Work Session)

Wed October 9, 2024
5:30 p.m.

Meeting Access

Meetings are held in person at our Administrative offices at 1220 Lakeway Drive in Bellingham. If you prefer to attend remotely, access information is below.

Join the meeting from your computer, tablet smartphone:

<https://meet.goto.com/lwwsd/boardmeeting>

You can also dial in using your phone.

Call: [+1 \(224\) 501-3412](tel:+12245013412) **Access Code:** 596-307-141
*Press *6 to mute/unmute your microphone*

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Attending a Meeting

Lake Whatcom Water & Sewer District's regular Board meetings take place on the second Wednesday of each month at 6:30 pm and the last Wednesday of each month at 8:00 am.

Meetings are open to the public per the Open Public Meetings Act.

All meetings are hybrid, available in person or online. If you wish to observe a meeting, but do not plan to actively participate, you may attend anonymously. Turn off your mic & camera, and change your display name to "Observation Only."



Questions?

If you have questions about attending an upcoming meeting, please contact Administrative Assistant Rachael Hope at rachael.hope@lwwsd.org or 360-734-9224.



LAKE WHATCOM WATER AND SEWER DISTRICT

1220 Lakeway Drive
Bellingham, WA 98229

WORK SESSION OF THE BOARD OF COMMISSIONERS

AGENDA

October 9, 2024

5:30 p.m. – Work Session

1. CALL TO ORDER
2. SPECIFIC ITEMS OF WORK
 - A. 2025-2026 Biennial Budget
3. ADJOURNMENT



**AGENDA Work Session Regarding the
BILL Draft 2025-2026 Biennial Budget &
6-Year Capital Improvement Program**

DATE SUBMITTED:	September 26, 2024	MEETING DATE:	October 9, 2024
TO: BOARD OF COMMISSIONERS	FROM: Jenny Signs, Finance Manager/ Treasurer		
GENERAL MANAGER APPROVAL	<i>Jenny Signs</i>		
ATTACHED DOCUMENTS	1. Draft 2025-2026 Budget 2. 6-Year CIP Plan and Memo		
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/>	FORMAL ACTION/ MOTION <input type="checkbox"/>	INFORMATIONAL/ OTHER <input checked="" type="checkbox"/>

BACKGROUND / EXPLANATION OF IMPACT

Through the powers granted under [Revised Code of Washington Title 57](#) (Water-Sewer Districts) and codified under the District’s [Administrative Code](#) Title 2, Chapter 2.2 (1):

The General Manager shall develop an operating and capital improvement budget biennially for both the water and sewer systems. The biennial budget shall provide for the forecasting of revenues and expenditures for the following two fiscal years. The biennial fiscal period shall start on January 1 of an odd-numbered year and end on December 31 of the following even-numbered year. The budget shall be presented to the Board of Commissioners for review and approval prior to the end of December in advance of the next biennium.

On September 25, 2024, staff presented a draft of the 2025-2026 Biennial Budget which outlined revenues, operating expenses, debt service, and capital improvements necessary to operate the system over the course of the next two years. Since that time, the draft has been revised to reflect projections through the end of 2024 as of September 30, 2024. Those changes will be highlighted during the work session.

The Water Utility Fund is facing some challenges in the coming years regarding the funding required to repair and maintain aging water reservoirs. These challenges will have significant cost impacts to the District and will require revision to the District’s long-term capital planning to complete repairs and maintenance to the aging reservoirs and maintain critical infrastructure to ensure continued functionality and continuity within the water system. When the most recent rate study was completed by FCS Group, the deterioration of critical reservoirs within the District were not accounted for thus resulting in these funding challenges. With that being said, staff has created a cash flow analysis and model to discuss some of the options the District

has and a plan to accomplish the necessary repairs and maintenance of these reservoirs.

With the uncertainty of what the City of Bellingham is going to do with the Post Point Wastewater Treatment Plant upgrades, the District’s Sewer Utility Fund will continue to grow at a pace far greater than expected as a result of the Post Point Resource Recovery Project being placed on hold. In 2022, the District took action and began increasing rates to fund our portion of this project through a capital surplus in which funds would be accumulated beginning in 2022 and continuing through 2025, when the project was anticipated to begin construction. However, with that project no longer being pursued and future plans and costs unknown at this time, staff are concerned about how the growing surplus in the coming years may impact customers. While we know the City of Bellingham must do something, the District’s anticipation of having to not only fund a portion of a multi-million dollar project with cash but debt service as a means to pay for this project has shifted. The further the project is delayed, the more cash the District will continue to hold for this project and it is anticipated that at the current estimations and projections, the District will have nearly \$5 million set aside for this project by 2030 which may in fact remove the need to fund this project with debt.

Staff is seeking direction from the Board as we work towards finalizing the 2025-2026 Biennial Budget and prepare for future years beyond the 2-year horizon on how we approach rates, debt issuance, and our capital improvement program. Further, staff will walk the Board through various models in Waterworth.

FISCAL IMPACT

The preliminary budget, for the biennium 2025 – 2026, proposes a budget of approximately \$11.4 million for the water utility and a budget of approximately \$10.7 million for the sewer utility, resulting in a total budget of approximately \$22.1 million.

APPLICABLE EFFECTIVE UTILITY MANAGEMENT ATTRIBUTE(S)

The biennial budget and long-term financial planning affect all EUM attributes.



LAKE WHATCOM WATER AND SEWER FUND SUMMARIES 2025-2026 - DRAFT

	401	402		460
	WATER	SEWER	TOTAL	BOND RESERVE (RESTRICTED)
2025 Projected Beginning Fund Balance	\$2,551,097	\$2,826,704	\$5,377,801	\$772,334
2025 - 2026 Revenues	\$11,402,078	\$10,748,312	\$22,150,390	
2025 - 2026 Expenditures	\$ (11,411,635)	\$ (9,595,216)	\$ (21,006,851)	
Net Surplus/(Deficit)	\$ (9,557)	\$ 1,153,096	\$ 1,143,539	\$772,334
2026 Projected Ending Fund Balance	\$2,541,540	\$3,979,800	\$6,521,340	\$772,334
2025 - 2026 Allocated to Operating Reserve	\$731,347	\$560,054	\$1,291,401	
2025 - 2026 Rate Study Capital Surplus*	\$576,000	\$596,225	\$1,172,225	
2025 - 2026 Projected Year End Fund Balance	\$ 1,234,193	\$2,823,521	\$4,057,714	
	426	425		
	Water	Sewer	Total	
2025 Contingency Reserve Funds	\$460,000	\$815,000	\$1,275,000	
2026 Contingency Reserve Funds	\$460,000	\$901,000	\$1,361,000	

*Aggregate Rate Study Surplus 2025 through 2026

Lake Whatcom Water and Sewer District
2025 - 2026 Biennial Budget - DRAFT
Water Utility Fund (401)

Fund	Dept.	Account	Title	2023	2024	2024	2025	2026	2025-2026
				Actual	Budget	Projected 9.30.2024	Proposed	Proposed	Combined Proposed
Intergovernmental Revenue									
401	330	331 66 00 01	Environmental Protection Agency	\$ -	\$ 220,000	\$ -	\$ 220,000	\$ -	\$ 220,000
401	330	333 97 00 02	Federal Indirect Grant Homeland Security	\$ -	\$ 2,310,877	\$ 196,966	\$ 724,259	\$ 2,287,825	\$ 3,012,084
401	330	334 01 80 01	State Grant From Military Department	\$ -	\$ 93,700	\$ 77,625	\$ 120,710	\$ 266,134	\$ 386,844
Charges For Services									
401	340	343 40 10 00	Water Sales Metered	\$ 3,050,799	\$ 3,161,387	\$ 3,100,164	\$ 3,239,670	\$ 3,385,455	\$ 6,625,125
401	340	343 40 20 01	DEA Permits - Water	\$ 11,050	\$ -	\$ 5,000	\$ -	\$ -	\$ -
401	340	343 41 10 01	General Facilities Charges - Water	\$ 218,052	\$ 104,058	\$ 234,235	\$ 105,485	\$ 107,540	\$ 213,025
Fines & Penalties									
401	350	359 81 10 00	Combined Fees	\$ 15,315	\$ 8,500	\$ 8,114	\$ 12,500	\$ 12,500	\$ 25,000
401	350	359 90 00 00	Late Fees	\$ 64,752	\$ 60,000	\$ 51,352	\$ 65,000	\$ 65,000	\$ 130,000
Miscellaneous Revenues									
401	360	361 11 00 00	Investment Interest	\$ 77,205	\$ 64,091	\$ 103,367	\$ 118,000	\$ 70,000	\$ 188,000
401	360	369 10 00 00	Sale Of Surplus	\$ 3,991	\$ -	\$ -	\$ -	\$ -	\$ -
401	360	369 10 01 00	Miscellaneous	\$ 3,132	\$ 1,000	\$ 610	\$ 1,000	\$ 1,000	\$ 2,000
401	360	369 40 00 00	Project Reimbursement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
401	360	369 80 00 00	Over/Under	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Sources									
401	390	391 80 00 01	Intergovernmental Loans - Public Works Board Loan	\$ -	\$ 200,000	\$ 200,000	\$ 600,000	\$ -	\$ 600,000
401	390	395 10 00 00	Sale Of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
401	390	395 20 00 00	Deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
401	390	395 20 00 01	Compensation For Loss/Impairment (Formerly Ins. Recovery)	\$ 13,857	\$ -	\$ -	\$ -	\$ -	\$ -
Total Water Fund Revenues				\$ 3,458,153	\$ 6,003,613	\$ 3,977,433	\$ 5,206,624	\$ 6,195,454	\$ 11,402,078
Water Fund Expenditures									
401	534	534 10 10 00	Water - Gen Admin Payroll	\$ 346,232	\$ 371,432	\$ 370,781	\$ 398,451	\$ 410,405	\$ 808,856
401	534	534 10 20 00	Water - Gen Admin Personnel Benefits	\$ 136,723	\$ 184,645	\$ 151,448	\$ 163,307	\$ 168,206	\$ 331,513
401	534	534 10 31 00	Water - Gen Admin Supplies	\$ 7,948	\$ 12,500	\$ 8,000	\$ 12,500	\$ 12,500	\$ 25,000
401	534	534 10 31 01	Water - Meetings/Team building	\$ 2,399	\$ 2,000	\$ 3,132	\$ 3,200	\$ 3,200	\$ 6,400
401	534	534 10 40 00	Water - Merchant Services Fees	\$ 16,760	\$ 14,200	\$ 18,906	\$ 19,700	\$ 20,300	\$ 40,000
401	534	534 10 40 01	Water - Bank Fees	\$ 378	\$ 1,400	\$ 570	\$ 750	\$ 750	\$ 1,500
401	534	534 10 41 00	Water - Quality Assurance Programs	\$ 10,734	\$ 132,310	\$ 133,502	\$ 87,800	\$ 87,800	\$ 175,600
401	534	534 10 41 01	Water - Gen Admin Prof Svc	\$ 127,876	\$ 124,175	\$ 145,276	\$ 116,315	\$ 110,915	\$ 227,230
401	534	534 10 41 02	Water - Engineering Svc	\$ 4,987	\$ 14,000	\$ 7,645	\$ 9,000	\$ 9,000	\$ 18,000
401	534	534 10 41 03	Water - Legal Svc	\$ 18,070	\$ 31,000	\$ 24,407	\$ 31,000	\$ 31,900	\$ 62,900
401	534	534 10 41 04	Water - DEA Expenditures	\$ 6,557	\$ -	\$ -	\$ -	\$ -	\$ -
401	534	534 10 42 00	Water - Admin Communication	\$ 31,484	\$ 33,000	\$ 32,400	\$ 34,000	\$ 35,400	\$ 69,400
401	534	534 10 43 00	Water - Software/IT Subscriptions	\$ 59,653	\$ 63,405	\$ 73,055	\$ 79,060	\$ 80,710	\$ 159,770
401	534	534 10 46 00	Water - Gen Admin Insurance	\$ 98,619	\$ 114,000	\$ 114,000	\$ 89,000	\$ 93,450	\$ 182,450
401	534	534 10 49 00	Water - Gen Admin Misc.	\$ 105	\$ 200	\$ -	\$ 200	\$ 200	\$ 400
401	534	534 10 49 01	Water - Memberships/Dues/Permits	\$ 16,178	\$ 20,500	\$ 19,638	\$ 21,100	\$ 21,750	\$ 42,850
401	534	534 10 49 02	Water - Taxes	\$ 161,097	\$ 165,095	\$ 170,145	\$ 177,800	\$ 185,800	\$ 363,600
401	534	534 40 43 00	Water - Admin Training & Travel	\$ 9,025	\$ 13,000	\$ 10,000	\$ 13,000	\$ 13,000	\$ 26,000
401	534	534 40 43 01	Water - Tuition Reimbursement	\$ -	\$ 500	\$ -	\$ 500	\$ 500	\$ 1,000
401	534	534 50 31 00	Water - Maintenance Supplies	\$ 114,825	\$ 120,500	\$ 94,643	\$ 120,500	\$ 120,500	\$ 241,000
401	534	534 50 31 01	Water - Small Assets	\$ 39,698	\$ 62,250	\$ 57,770	\$ 48,000	\$ 48,000	\$ 96,000
401	534	534 50 48 00	Water - Repair & Maint	\$ 105,923	\$ 120,750	\$ 110,160	\$ 145,000	\$ 150,800	\$ 295,800
401	534	534 50 49 00	Water - Insurance Claims	\$ 3,418	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 10,000
401	534	534 60 41 00	Water - Operations Contracted (Edge Analytical)	\$ 9,485	\$ 12,000	\$ 11,984	\$ 12,500	\$ 12,900	\$ 25,400
401	534	534 60 47 00	Water - City of Bellingham	\$ 51,526	\$ 62,920	\$ 54,081	\$ 62,920	\$ 62,920	\$ 125,840
401	534	534 80 10 00	Water - Operations Payroll	\$ 638,689	\$ 692,736	\$ 662,951	\$ 734,736	\$ 756,778	\$ 1,491,513
401	534	534 80 20 00	Water - Operations Personnel Benefits	\$ 262,021	\$ 288,803	\$ 275,627	\$ 325,820	\$ 335,595	\$ 661,415
401	534	534 80 32 00	Water - Operations Fuel	\$ 26,201	\$ 26,000	\$ 17,811	\$ 31,900	\$ 33,200	\$ 65,100
401	534	534 80 35 00	Water - Safety Supplies	\$ 5,130	\$ 10,000	\$ 5,516	\$ 10,000	\$ 10,000	\$ 20,000
401	534	534 80 35 01	Water - Safety Boots	\$ 1,298	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 2,800
401	534	534 80 35 02	Water - Emergency Preparedness	\$ 588	\$ 3,000	\$ 450	\$ 3,000	\$ 3,000	\$ 6,000
401	534	534 80 43 00	Water - Operation Training/Travel/Certifications	\$ 12,693	\$ 13,000	\$ 14,670	\$ 13,000	\$ 13,000	\$ 26,000
401	534	534 80 47 00	Water - Ops Utilities	\$ 145,246	\$ 153,835	\$ 150,206	\$ 156,200	\$ 162,500	\$ 318,700
401	534	534 80 49 00	Water - Operations Laundry	\$ 1,269	\$ 2,000	\$ 1,648	\$ 2,000	\$ 2,000	\$ 4,000
Total Water Fund Expenditures				\$ 2,472,835	\$ 2,871,556	\$ 2,746,822	\$ 2,928,658	\$ 3,003,378	\$ 5,932,036
Debt Service									
401	591	591 34 77 01	Geneva AC Mains Principal	\$ 119,938	\$ 119,938	\$ 119,938	\$ 119,938	\$ 119,938	\$ 239,876
401	591	591 34 77 02	Div. 22 Reservoir Principal	\$ 65,475	\$ 65,475	\$ 65,475	\$ 65,475	\$ 65,475	\$ 130,950
401	591	591 34 77 03	PWB Loan for Division 7 Reservoir Principal	\$ -	\$ -	\$ -	\$ 8,464	\$ 33,854	\$ 42,318
401	591	592 34 83 01	Geneva AC Mains Interest	\$ 23,388	\$ 21,589	\$ 21,589	\$ 19,790	\$ 17,991	\$ 37,781
401	591	592 34 83 02	Div. 22 Reservoir Interest	\$ 14,732	\$ 13,750	\$ 13,750	\$ 12,768	\$ 11,785	\$ 24,553
401	591	592 34 83 03	PWB Loan for Division 7 Reservoir Interest	\$ -	\$ -	\$ -	\$ 3,440	\$ 13,760	\$ 17,200
Total Water Fund Debt Service				\$ 223,533	\$ 220,752	\$ 220,752	\$ 229,875	\$ 262,803	\$ 492,678

**Lake Whatcom Water and Sewer District
2025 - 2026 Biennial Budget - DRAFT
Water Utility Fund (401)**

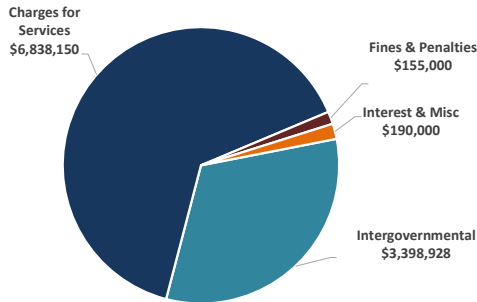
Fund	Dept.	Account	Title	2023 Actual	2024 Budget	2024 Projected 9.30.2024	2025 Proposed	2026 Proposed	2025-2026 Combined Proposed
<i>System Reinvestments</i>									
Capital Expenditures									
401	594	594 34 60 01	Capital Outlay - Budget Only		\$ 1,978,138		\$ 2,156,528	\$ 2,830,393	\$ 4,986,921
401	594	594 34 62 01	Capital Projects - Water Structures	\$ 352,884					\$ -
401	594	594 34 63 01	Capital Projects - Water System	\$ 127,675					\$ -
401	594	594 34 64 01	Capital Outlay - Water Equipment	\$ 54,599					\$ -
401	594	594 34 65 01	Capital Outlay - Small Water Projects	\$ 2,637					\$ -
			Capital Outlay Carryover Projects/Additional Funding						\$ -
Total Water Fund Capital Expenditures				\$ 537,795	\$ 1,978,138	\$ -	\$ 2,156,528	\$ 2,830,393	\$ 4,986,921
Other Financing Sources									
401	597	597 10 00 26	Transfers Out To Fund 426	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Water Fund Other Financing Sources				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Water Fund Expenditures				\$ 3,234,163	\$ 5,070,446	\$ 2,967,574	\$ 5,315,061	\$ 6,096,574	\$ 11,411,635
Fund Gain/Loss				\$ 223,990	\$ 933,167	\$ 1,009,859	\$ (108,437)	\$ 98,880	\$ (9,557)

Fund Balance Summary		
2024 Beginning Fund Balance		\$ 1,541,238
2024 Projected Gain/Loss		\$ 1,009,859
2024 Projected Ending Fund Balance		\$ 2,551,097
2025 Projected Gain/Loss		\$ (108,437)
2025 Projected Ending Fund Balance		\$ 2,442,660
2026 Projected Gain/Loss		\$ 98,880
2026 Projected Ending Fund Balance		\$ 2,541,540

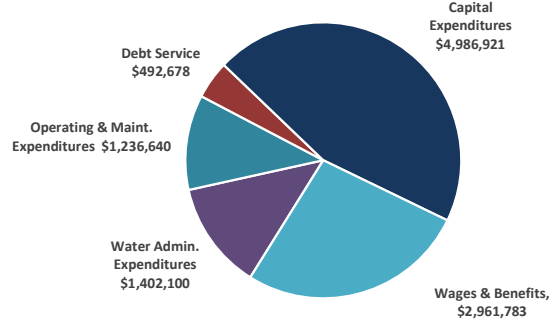
Water Contingency Reserve Fund Balance Summary		
2024 Beginning Fund Balance		\$ 460,000
2024 Projected Gain/Loss		\$ -
2024 Projected Ending Fund Balance		\$ 460,000
2025 Projected Gain/Loss		\$ -
2025 Projected Ending Fund Balance		\$ 460,000
2026 Projected Gain/Loss		\$ -
2026 Projected Ending Fund Balance		\$ 460,000

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2025 - 2026 Budgeted Water Fund Revenues



2025-2026 Budgeted Water Fund Expenditures



Lake Whatcom Water and Sewer District
2025-2026 Biennial Budget - DRAFT
Sewer Utility Fund (402)

Fund	Dept.	Account	Title	2023 Actual	2024 Budget	2024 Projected 9.30.2024	2025 Proposed	2026 Proposed	2025-2026 Combined Proposed
Intergovernmental Revenue									
401	330	331 97 10 02	Federal Grants (FEMA)	\$ 34,987	\$ -	\$ -	\$ -	\$ -	\$ -
Charges For Services									
402	340	343 50 11 00	Sewer Service Residential	\$ 4,791,731	\$ 4,763,437	\$ 4,865,130	\$ 5,047,572	\$ 5,236,856	\$ 10,284,428
402	340	343 50 19 00	Sewer Service Other	\$ 4,581	\$ 5,540	\$ 5,379	\$ 5,750	\$ 5,950	\$ 11,700
402	340	343 50 30 02	DEA Cost Reimbursement	\$ -	\$ -	\$ 6,186	\$ -	\$ -	\$ -
402	340	343 51 10 02	General Facilities Charges - Sewer	\$ 265,644	\$ 122,324	\$ 295,926	\$ 125,380	\$ 128,520	\$ 253,900
Miscellaneous Revenues									
402	360	361 11 00 02	Investment Interest	\$ 77,205	\$ 64,091	\$ 91,814	\$ 118,000	\$ 70,000	\$ 188,000
402	360	361 40 00 02	ULID 18 Interest/Penalties	\$ 1,550	\$ -	\$ 1,675	\$ -	\$ -	\$ -
402	360	368 10 00 02	ULID 18 Principal Payments	\$ 3,571	\$ -	\$ 1,396	\$ -	\$ -	\$ -
402	360	369 10 00 02	Sale Of Surplus	\$ 3,991	\$ 1,000	\$ -	\$ -	\$ -	\$ -
402	360	369 40 00 02	Project Reimbursement	\$ 4,142	\$ 4,141	\$ 4,142	\$ 4,142	\$ 4,142	\$ 8,284
402	360	369 91 01 02	Miscellaneous	\$ 3,132	\$ 1,000	\$ 608	\$ 1,000	\$ 1,000	\$ 2,000
Other Financing Sources									
402	390	395 10 00 02	Sale Of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
402	395	395 20 00 02	Compensation for Loss/Impairment of Capital Asset	\$ 13,857	\$ -	\$ -	\$ -	\$ -	\$ -
402	397	397 10 00 02	Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Sewer Fund Revenues				\$ 5,169,404	\$ 4,961,533	\$ 5,272,256	\$ 5,301,844	\$ 5,446,468	\$ 10,748,312
Sewer Fund Expenditures									
402	535	535 10 10 00	Sewer - Admin Payroll	\$ 346,231	\$ 371,434	\$ 370,781	\$ 398,451	\$ 410,405	\$ 808,856
402	535	535 10 20 00	Sewer - Gen Admin Personnel Benefits	\$ 136,720	\$ 163,622	\$ 151,445	\$ 163,307	\$ 168,206	\$ 331,513
402	535	535 10 31 00	Sewer - Gen Admin Supplies	\$ 7,779	\$ 11,500	\$ 8,000	\$ 12,500	\$ 12,500	\$ 25,000
402	535	535 10 31 01	Sewer - Meetings/Team Building	\$ 2,388	\$ 2,000	\$ 3,132	\$ 3,200	\$ 3,200	\$ 6,400
402	535	535 10 40 00	Sewer - Merchant Services Fees	\$ 16,760	\$ 14,200	\$ 18,906	\$ 18,000	\$ 18,000	\$ 36,000
402	535	535 10 40 01	Sewer - Bank Fees	\$ 370	\$ 1,400	\$ 750	\$ 750	\$ 750	\$ 1,500
402	535	535 10 41 01	Sewer - Gen Admin Prof Svc	\$ 111,810	\$ 124,175	\$ 121,275	\$ 116,315	\$ 110,915	\$ 227,230
402	535	535 10 41 02	Sewer - Engineering Svc	\$ 3,831	\$ 14,000	\$ 3,800	\$ 9,000	\$ 9,000	\$ 18,000
402	535	535 10 41 03	Sewer - Legal Svc	\$ 25,486	\$ 31,000	\$ 24,545	\$ 31,000	\$ 31,900	\$ 62,900
402	535	535 10 41 04	Sewer - DEA Expenditures	\$ 5,142	\$ -	\$ -	\$ -	\$ -	\$ -
402	535	535 10 42 00	Sewer - Admin Communication	\$ 31,484	\$ 33,000	\$ 30,301	\$ 34,000	\$ 35,400	\$ 69,400
402	535	535 10 43 00	Sewer - Software/IT Subscriptions	\$ 57,468	\$ 63,405	\$ 63,405	\$ 88,710	\$ 90,360	\$ 179,070
402	535	535 10 46 00	Sewer - Gen Admin Insurance	\$ 98,619	\$ 114,000	\$ 114,000	\$ 89,000	\$ 93,450	\$ 182,450
402	535	535 10 49 00	Sewer - Gen Admin Misc.	\$ 80	\$ 200	\$ -	\$ 200	\$ 200	\$ 400
402	535	535 10 49 01	Sewer - Memberships/Dues/Permits	\$ 9,326	\$ 15,300	\$ 15,746	\$ 16,220	\$ 16,700	\$ 32,920
402	535	535 10 49 02	Sewer - Taxes	\$ 112,681	\$ 115,000	\$ 124,960	\$ 129,650	\$ 134,500	\$ 264,150
402	535	535 40 43 00	Sewer - Gen Admin Training &Travel	\$ 9,029	\$ 13,000	\$ 10,000	\$ 13,000	\$ 13,000	\$ 26,000
402	535	535 40 43 01	Sewer - Tuition Reimbursement	\$ -	\$ 500	\$ -	\$ 500	\$ 500	\$ 1,000
402	535	535 50 31 00	Sewer - Maintenance Supplies	\$ 43,462	\$ 45,000	\$ 33,500	\$ 45,000	\$ 46,800	\$ 91,800
402	535	535 50 31 01	Sewer - Small Assets	\$ 19,105	\$ 42,000	\$ 28,776	\$ 42,000	\$ 43,700	\$ 85,700
402	535	535 50 48 00	Sewer - Repair & Maint	\$ 122,370	\$ 140,000	\$ 140,000	\$ 145,000	\$ 150,000	\$ 295,000
402	535	535 50 49 00	Sewer - Insurance Claims	\$ -	\$ 2,500	\$ -	\$ 2,500	\$ 2,500	\$ 5,000
402	535	535 60 47 00	Sewer - City of Bellingham	\$ 756,791	\$ 942,500	\$ 808,725	\$ 865,350	\$ 926,000	\$ 1,791,350
402	535	535 80 10 00	Sewer - Operations Payroll	\$ 549,579	\$ 588,048	\$ 572,059	\$ 625,864	\$ 644,639	\$ 1,270,503
402	535	535 80 20 00	Sewer - Operations Personnel Benefits	\$ 222,900	\$ 255,921	\$ 237,624	\$ 270,024	\$ 278,125	\$ 548,150
402	535	535 80 32 00	Sewer - Operations Fuel	\$ 30,048	\$ 26,000	\$ 26,000	\$ 31,900	\$ 33,200	\$ 65,100
402	535	535 80 35 00	Sewer - Safety Supplies	\$ 7,055	\$ 10,000	\$ 4,381	\$ 10,000	\$ 10,000	\$ 20,000
402	535	535 80 35 01	Sewer - Safety Boots	\$ 1,298	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 2,800
402	535	535 80 35 02	Sewer - Emergency Preparedness	\$ 3,753	\$ 5,000	\$ 3,800	\$ 5,000	\$ 5,000	\$ 10,000
402	535	535 80 43 00	Sewer - Operations Training/Travel/Certification	\$ 9,888	\$ 13,000	\$ 13,153	\$ 13,000	\$ 13,000	\$ 26,000
402	535	535 80 47 00	Sewer - Ops Utilities	\$ 124,037	\$ 156,383	\$ 151,332	\$ 160,000	\$ 164,800	\$ 324,800
402	535	535 80 49 00	Sewer - Operations Laundry	\$ 1,871	\$ 2,500	\$ 1,815	\$ 2,500	\$ 2,500	\$ 5,000
Total Sewer Fund Expenditures				\$ 2,867,361	\$ 3,317,988	\$ 3,083,611	\$ 3,343,341	\$ 3,470,650	\$ 6,813,991
Debt Service									
402	591	591 35 77 02	Bond 2016 Principal	\$ 470,000	\$ 480,000	\$ 480,000	\$ 490,000	\$ 520,000	\$ 1,010,000
402	591	591 35 83 02	Bond 2016 Interest	\$ 179,025	\$ 164,925	\$ 164,925	\$ 126,125	\$ 107,925	\$ 234,050
Total Sewer Fund Debt Service				\$ 649,025	\$ 644,925	\$ 644,925	\$ 616,125	\$ 627,925	\$ 1,244,050
Capital Expenditures									
402	594	594 35 60 02	Capital Outlay - Budget Only	\$ -	\$ 2,729,500	\$ 2,420,500	\$ 573,050	\$ 878,125	\$ 1,451,175
402	594	594 35 62 02	Capital Projects - Sewer Structures	\$ 724,923	\$ -	\$ -	\$ -	\$ -	\$ -
402	594	594 35 63 02	Capital Projects - Sewer System	\$ 302,267	\$ -	\$ -	\$ -	\$ -	\$ -
402	594	594 35 64 02	Capital Outlay - Sewer Equipment	\$ 80,156	\$ -	\$ -	\$ -	\$ -	\$ -
402	594	594 35 65 02	Capital Outlay - Small Sewer Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
402	594	594 35 65 02	Capital Outlay - Carry Over Projects/Additional Funding	\$ -	\$ -	\$ 309,000	\$ -	\$ -	\$ -
Total Sewer Fund Capital Expenditures				\$ 1,107,346	\$ 2,729,500	\$ 2,729,500	\$ 573,050	\$ 878,125	\$ 1,451,175
Other Financing Sources									
402	597	597 10 00 25	Transfer Out To Sewer Contingency	\$ -	\$ -	\$ -	\$ -	\$ 86,000	\$ 86,000
Total Other Financing Sources				\$ -	\$ -	\$ -	\$ -	\$ 86,000	\$ 86,000

**Lake Whatcom Water and Sewer District
2025-2026 Biennial Budget - DRAFT
Sewer Utility Fund (402)**

Fund	Dept.	Account	Title	2023 Actual	2024 Budget	2024 Projected 9.30.2024	2025 Proposed	2026 Proposed	2025-2026 Combined Proposed
Total Sewer Fund Expenditures				\$ 4,623,732	\$ 6,692,413	\$ 6,458,036	\$ 4,532,516	\$ 5,062,700	\$ 9,595,216
Fund Gain/Loss				\$ 545,672	\$ (1,730,880)	\$ (1,185,780)	\$ 769,328	\$ 383,768	\$ 1,153,096

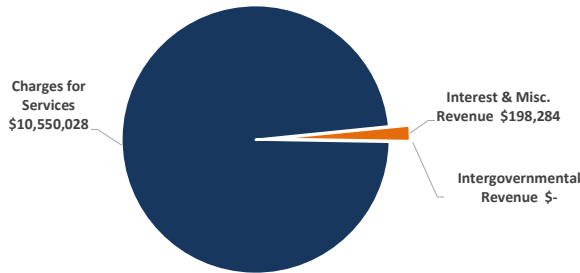
Fund Balance Summary

2024 Beginning Fund Balance	\$ 4,012,484
2024 Projected Gain/Loss	\$ (1,185,780)
2024 Projected Ending Fund Balance	\$ 2,826,704
2025 Projected Gain/Loss	\$ 769,328
2025 Projected Ending Fund Balance	\$ 3,596,032
2026 Projected Gain/Loss	\$ 383,768
2026 Projected Ending Fund Balance	\$ 3,979,800

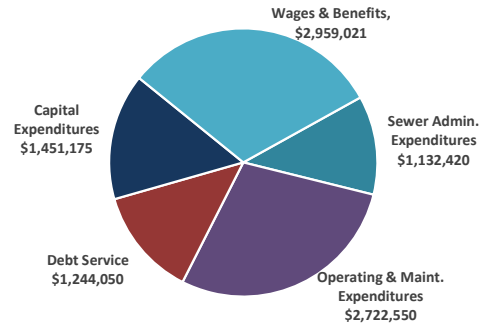
Sewer Contingency Reserve Fund Balance Summary

2024 Beginning Fund Balance	\$ 815,000
2024 Projected Gain/Loss	\$ -
2024 Projected Ending Fund Balance	\$ 815,000
2025 Projected Gain/Loss	\$ -
2025 Projected Ending Fund Balance	\$ 815,000
2026 Projected Gain/Loss	\$ 86,000
2026 Projected Ending Fund Balance	\$ 901,000

2025-2026 Budgeted Sewer Fund Revenues



2025-2026 Budgeted Sewer Fund Expenditures



**Lake Whatcom Water and Sewer District
2025 - 2026 Biennial Budget - DRAFT
Sewer Contingency Reserve Fund (425)**

Fund	Dept.	Account	Title	2023 Actual	2024 Budget	2024 Projected	2025 Proposed	2026 Proposed	2025-2026 Combined Proposed
Other Financing Sources									
425	397	397 10 00 25	Transfer In From Sewer Fund	\$ -	\$ -	\$ -	\$ -	\$ 86,000	\$ 86,000
Total Fund Revenue				\$ -	\$ -	\$ -	\$ -	\$ 86,000	\$ 86,000
Other Financing Sources									
425	597	597 10 20 00	Transfers Out To Fund 420	\$ -	\$ -	\$ -	\$ -	\$ -	-
Total Fund Expenditures				\$ -	\$ -	\$ -	\$ -	\$ -	-
Fund Gain/Loss				\$ -	\$ -	\$ -	\$ -	\$ 86,000	\$ 86,000

Sewer Contingency Reserve Fund Balance Summary

2024 Beginning Fund Balance	\$ 815,000
2024 Projected Gain/Loss	<u>\$ -</u>
2024 Projected Ending Fund Balance	\$ 815,000
2025 Projected Gain/Loss	<u>\$ -</u>
2025 Projected Ending Fund Balance	\$ 815,000
2026 Projected Gain/Loss	<u>\$ 86,000</u>
2026 Projected Ending Fund Balance	\$ 901,000

**Lake Whatcom Water and Sewer District
2025 - 2026 Biennial Budget - DRAFT
Water Contingency Reserve Fund (426)**

Fund	Dept.	Account	Title	2023 Actual	2024 Budget	2024 Projected	2025 Proposed	2026 Proposed	2025-2026 Combined Proposed
Other Financing Sources									
426	397	397 10 00 26	Transfers In From Fund 401	\$ -	\$ -	\$ -	\$ -	\$ -	-
Total Fund Revenue				\$ -	\$ -	\$ -	\$ -	\$ -	-
Total Fund Expenditures				\$ -	\$ -	\$ -	\$ -	\$ -	-

Water Contingency Reserve Fund Balance Summary

2024 Beginning Fund Balance	\$ 460,000
2024 Projected Gain/Loss	\$ -
2024 Projected Ending Fund Balance	<u>\$ 460,000</u>
2025 Projected Gain/Loss	\$ -
2025 Projected Ending Fund Balance	<u>\$ 460,000</u>
2026 Projected Gain/Loss	\$ -
2026 Projected Ending Fund Balance	<u>\$ 460,000</u>

**Lake Whatcom Water and Sewer District
2025 - 2026 Biennial Budget - DRAFT
Bond Reserve Fund (460)**

Fund	Program	Dept.	Sub Dept.	Account	Title	2023 Actual	2024 Budget	2024 Projected	2025 Proposed	2026 Proposed	2025-2026 Combined Proposed
Total Fund Revenue						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Fund Expenditures						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Bond Reserve Fund Balance Summary

2024 Beginning Fund Balance	\$ 772,334
2024 Projected Gain/Loss	<u>\$ -</u>
2024 Projected Ending Fund Balance	\$ 772,334
2025 Projected Gain/Loss	<u>\$ -</u>
2025 Projected Ending Fund Balance	\$ 772,334
2026 Projected Gain/Loss	<u>\$ -</u>
2026 Projected Ending Fund Balance	\$ 772,334

Lake Whatcom Water and Sewer District

Capital Improvement Plan



Narrative of Changes to 6-Year CIP included in 2025-26 Budget

This memo summarizes the changes that are proposed between the 2023-24 Six Year Capital Improvement Plan (CIP) and the 2025-26 Six Year CIP. All other projects included in the 2023-24 budget have been carried forward into the 2025-26 budget with minimal to no changes or are new projects proposed for 2029 or 2030.

SHARED WATER /SEWER

Replace Tool Truck

2023-24 Budget

	2023	2024	2025	2026	2027	2028	2029	2030
Water		\$49,000		\$52,000		\$55,000		
Sewer		\$49,000		\$52,000		\$55,000		

Proposed 2025-26 Budget

	2023	2024	2025	2026	2027	2028	2029	2030
Water			\$51,500					\$59,700
Sewer			\$51,500					\$59,700

Summary of Changes: The basis for replacement of tool trucks included in the 2023-24 capital budget was replacement of a tool truck every 2 years, which provided a 14-year replacement interval for each of the 7 trucks. Based on the condition and expected useful lives of current vehicles in the fleet, Engineering and Operations has agreed to budget for a 20-year replacement interval for each vehicle with increased monitoring and inspection after 15-years. The 2025-26 budget includes replacement of VEH-31, a 2005 Chevy Silverado 3500, in 2025 and replacement of VEH-41, a 2010 Ford F350, in 2030.

Replace 5-yard Dump Truck

2023-24 Budget

	2023	2024	2025	2026	2027	2028	2029	2030
Water					\$93,000			
Sewer					\$93,000			

Proposed 2025-26 Budget

	2023	2024	2025	2026	2027	2028	2029	2030
Water								\$99,000
Sewer								\$99,000

Summary of Changes: Replacement of the dump truck is being delayed two years to accommodate substantial capital improvement projects needed to maintain other District infrastructure that were not envisioned at the time of the 2023-24 budget. Cost has been updated to reflect anticipated inflation.

Convert Phone Lines to Cellular Communications

2023-24 Budget

	2023	2024	2025	2026	2027	2028	2029	2030
Water								
Sewer								

Proposed 2025-26 Budget

	2023	2024	2025	2026	2027	2028	2029	2030
Water			\$25,750					
Sewer			\$25,750					

Summary of Changes: No budget was included in the 2023-24 budget for this project. Numerous sewer lift stations and water booster stations continue to rely on telephone communication, which is an outdated technology. This project will replace a portion of these phone lines with new cellular communications that will provide more reliable and robust communication capabilities.

SEWER

Sewer Plan

2023-24 Budget

2023	2024	2025	2026	2027	2028	2029	2030
		\$113,000					

Proposed 2025-26 Budget

2023	2024	2025	2026	2027	2028	2029	2030
						\$123,500	

Summary of Changes: The 2023-24 budget assumed preparation of a sewer plan every six years. The Washington State Department of Ecology, which is the agency that regulates preparation and updates to sewer plans, does not require preparation of sewer plan updates on a specific schedule. Based on internal discussions, due to the limited growth in the District and lack of substantial changes to the District sewer infrastructure, staff recommends a 10 year interval for updates to the sewer plan, which matches the required interval for updating the water system plan. The previous sewer plan was prepared in 2020 and the 2025-26 budget plans for preparation of the next update in 2029. Cost has been updated to reflect inflation.

Flatcar Lift Station Reverse Flow

2023-24 Budget

2023	2024	2025	2026	2027	2028	2029	2030
\$128,000							

Proposed 2025-26 Budget

2023	2024	2025	2026	2027	2028	2029	2030
		\$155,000					

Summary of Changes: This project was originally budgeted in 2021 and was rolled over into the 2023 budget with plans to complete the project in the 2023 watershed work window. For various reasons, including design challenges and permitting issues, construction of the improvements has not yet been completed. In addition, the design challenges have resulted in higher project costs than were originally budgeted. To date, approximately \$98,000 has been spent to complete design and permitting. The remaining \$30,000 is planned to be rolled over and an additional \$119,000 will be added to close the anticipated budget shortfall in the 2025-26 budget. The project is fully designed and will be ready for bidding in early 2025, pending receipt of the building permit from the County.

WATER

Scenic Intertie – Replace Failed Piping to Restore Intertie

2023-24 Budget

2023	2024	2025	2026	2027	2028	2029	2030

Proposed 2025-26 Budget

2023	2024	2025	2026	2027	2028	2029	2030
		\$77,250					

Summary of Changes: In 2023, it was discovered that the piping at the intertie between the City of Bellingham water system and the District water system was broken and could no longer be used. This project will replace the broken piping to restore this intertie. An operational intertie will be critical for upcoming reservoir life extension projects in addition to providing additional long term system resiliency.

New SV WTP Chlorine Contact Basin

2023-24 Budget

2023	2024	2025	2026	2027	2028	2029	2030
			\$245,000*	\$316,000*	\$1,968,000*		

*proposed as new debt

Proposed 2025-26 Budget

2023	2024	2025	2026	2027	2028	2029	2030
		\$241,907**	\$1,668,393**				

**87.5% funded with FEMA Hazard Mitigation Grant

Summary of Changes: Pre-design for this replacement project was planned to begin in 2026 with construction in 2028 and the project was planned to be funded with new debt in the 2023-24 budget. In 2023, the District was awarded a Hazard Mitigation Grant to replace the chlorine contact basin and this project was accelerated as a result. Preliminary design for the project will be complete by the end of 2024, design will begin in early 2025 and construction in 2026.

Geneva Reservoir and SV WTP Pump House Seismic Upgrades

2023-24 Budget

2023	2024	2025	2026	2027	2028	2029	2030

Proposed 2025-26 Budget

2023	2024	2025	2026	2027	2028	2029	2030
		\$201,002**	\$1,151,700**				

**95% funded with FEMA Hazard Mitigation Grant

Summary of Changes: This project was not included in the 2023-24 budget. In 2023, the District was awarded a Hazard Mitigation Grant to complete seismic upgrades to the Geneva Reservoir and the Sudden Valley WTP Pump House. The 2023-24 budget was subsequently amended to provide funds to begin preliminary design in 2024. Preliminary design for the project will be complete by early 2025, design will begin in early 2025 and construction in 2026.

Replace SV WTP Flash Mixer

2023-24 Budget

2023	2024	2025	2026	2027	2028	2029	2030

Proposed 2025-26 Budget

2023	2024	2025	2026	2027	2028	2029	2030
		\$15,500					

Summary of Changes: This project was not included in the 2023-24 budget. The existing flash mixer, which mixes raw water with alum prior to entering the flocculation tank, has been identified by Operations staff as a critical component of the Sudden Valley WTP that is in need of replacement.

Treatment Center Wells Decommissioning

2023-24 Budget

2023	2024	2025	2026	2027	2028	2029	2030

Proposed 2025-26 Budget

2023	2024	2025	2026	2027	2028	2029	2030
		\$51,500					

Summary of Changes: This project was not included in the 2023-24 budget. The Treatment Center Wells are former drinking water wells that are no longer in service and present a risk of contamination. The project will decommission these two wells, eliminating this risk.

Eagleridge Building Roof and Exterior Paint

2023-24 Budget

2023	2024	2025	2026	2027	2028	2029	2030

Proposed 2025-26 Budget

2023	2024	2025	2026	2027	2028	2029	2030
		\$30,900					

Summary of Changes: This project was not included in the 2023-24 budget. The roof and paint on the Eagleridge Booster Station building have failed and are no longer protecting the structure. The proposed project will replace the roof with new standing seam metal roof and the structure will be repainted, extending the life of the structure.

Division 22-1 Reservoir Recoat and Repair

2023-24 Budget

2023	2024	2025	2026	2027	2028	2029	2030

Proposed 2025-26 Budget

2023	2024	2025	2026	2027	2028	2029	2030
				\$811,000*			

*loan funds

Summary of Changes: This project was not included in the 2023-24 budget. Based on the findings summarized in the Division 22-1, Division 30 and Geneva Reservoir Coating Condition Assessment prepared by Evergreen Coatings in 2022, the coatings on the Division 22-1 reservoir have failed in numerous areas and corrosion has begun deteriorating the structure. To prevent further deterioration and to repair damage that has already occurred, recoating of the interior and exterior of the reservoir and structural repair is needed within the next 3 to 5 years. This improvement will be a “stop gap” measure to extend the life of the reservoir an additional 10 to 12 years to allow the District to plan and budget for replacement. Due to funding limitations and the lack of grant funding available for addressing deferred maintenance, it is expected that this project will be funded with a bond or loan funds. It should be noted that, because the anticipated life of the improvement is less than the loan repayment period (20 years), this project likely won’t qualify for PWB or SRF loans.

Commented [j1]: If the anticipated life of the improvement is less than the loan repayment period (20 years), it likely won’t qualify for a PWB or SRF loan and will, therefore, need to rely on bond issuance or a bank loan. This may be a moot point, if we receive an HMG to replace, though.

The 2016 seismic evaluation completed by BHC Engineers determined that this reservoir does not meet current seismic design standards and the District has submitted an application for a FEMA Hazard Mitigation Grant to replace this reservoir with a new reservoir meeting seismic design standards. The timeline of FEMA’s review of this application and if the project will be funded is unknown. In the event that grant funds are awarded, this recoating and repair project will be cancelled and a portion of this proposed budget would be used for the District matching funds that are typically required for Hazard Mitigation Grants. The District will also continue to pursue other grant funds to fund replacement of this reservoir as soon as possible.

Geneva Reservoir Recoat

2023-24 Budget

2023	2024	2025	2026	2027	2028	2029	2030

Proposed 2025-26 Budget

2023	2024	2025	2026	2027	2028	2029	2030
					\$1,035,500*		

**loan funds*

Summary of Changes: This project was not included in the 2023-24 budget. The Division 22-1, Division 30 and Geneva Reservoir Coating Condition Assessment prepared by Evergreen Coatings, which was completed after the 23-24 budget was approved, states that the interior and exterior coatings on the Geneva Reservoir are in poor condition and need to be removed and replaced. The Evergreen report, which was prepared in December 2022, recommends replacing the coatings within 3 to 4 years to maximize the life of the new coating system. This recoating project, along with the grant-funded seismic upgrades project that will be constructed in 2026, will fully restore the reservoir and extend the life of the reservoir 25-30 years and potentially longer.

Due to funding limitations and the lack of grant funding available for addressing deferred maintenance, it is expected that this project will be funded with loan funds.

Hydrant and PRV Replacement

2023-24 Budget

	2023	2024	2025	2026	2027	2028	2029	2030
Hydrants								

PRVs								
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Proposed 2025-26 Budget

	2023	2024	2025	2026	2027	2028	2029	2030
Hydrants					\$50,000		\$58,000	
PRVs					\$30,000		\$35,000	

Summary of Changes: These projects were not included in the 2023-24 budget. A large fraction of the hydrants and PRVs in the District system were installed in the early 1970s, are over 50 years old and are nearing the end of their useful lives. These two budget line items will become recurring biannual projects to replace this aging infrastructure to ensure system reliability.