



# **North Beach Water District**

---

*Commissioners*

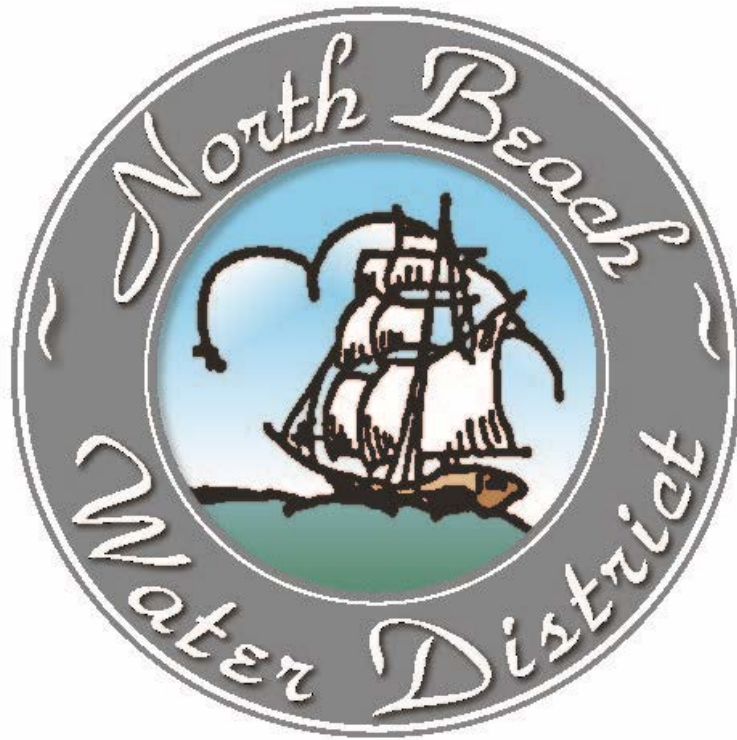
*Brian Sheldon – Gwen Brake – Glenn Ripley*

**2015**

## ***Proposed Operations Budget***



***Located on the North Beach Peninsula serving, Ocean Park, Nachotta, Klipsan, and nearby communities***



### **MISSION STATEMENT**

*The mission of North Beach Water District is to provide high-quality water for residential, commercial, industrial, and fire protection uses that meets or exceeds all local, state, and federal standards and to provide courteous and responsive service at the most reasonable cost to our customers.*

## Table of Contents

---

INTRODUCTION .....	2
OBJECTIVES .....	3
ASSUMPTIONS .....	5
BUDGET SUMMARY .....	5
Table 1-1 .....	5
OPERATIONS ACCOUNT .....	7
WATER REVENUES .....	7
Operational Revenue: .....	7
Non-Operational Revenues: .....	7
Table 1-2 .....	8
OPERATIONAL EXPENDITURES .....	9
Field Payroll Expenses: .....	9
Common Expenses:.....	9
Distribution Expenses: .....	9
Production/Treatment Plant Expenses: .....	9
Table 1-3 .....	10
Administrative Expenses .....	11
Administrative Payroll Expense: .....	11
Office Expenses:.....	11
Professional Expenses: .....	11
Other Expenses:.....	11
Table 1-4 .....	11
Debt Services Expenses .....	13
Table 1-5 .....	14
CAPITAL OPERATIONS AND IMPROVEMENTS .....	14
Table 1-6 .....	15
Operation and Reserve Accounts .....	16
Table 1-8 .....	17
WATER RATES .....	17

## INTRODUCTION

This document is the approved 2015 Operating Budget Report for North Beach Water District.

### District History

In 2006, the North Beach Public Development Authority (NBPDA), predecessor to North Beach Water District (NBWD), acquired the Ocean Park Water Company and the Pacific Water Company. These two investor-owned public water systems were physically intertied and administratively combined into one water system, now operated by NBWD.

NBPDA secured two low-interest loans from the Washington State Public Works Trust Fund and a water revenue bond funded by the Cashmere Valley Bank for a total of 5.5 million dollars to purchase Ocean Park Water Company and Pacific Water Company and to intertie the two systems.

In March 2008, voters approved the formation of the NBWD and elected three commissioners. In January 2009, NBWD and NBPDA completed a transfer agreement whereby NBWD accepted all assets and liabilities of NBPDA.

### Planning

In November 2008, the Department of Health approved the NBPDA Water System Plan (WSP). NBWD adopted the WSP in October 2008 by Resolution 19-2008. The purpose of the WSP is to:

1. To demonstrate that the water system has the financial, technical, and managerial capability to achieve and maintain compliance with all local, state, and federal laws and rules pertaining to public water systems.
2. Identify current and future infrastructure needs and plan to address those needs.
3. To demonstrate that the water system's water rights and its physical capacity are sufficient for current and future needs.
4. Establish eligibility for funding under the Drinking Water State Revolving Fund Program (WAC 246-296).

One of the elements of the WSP is the capital improvement schedule. The capital improvement schedule identifies capital improvement projects along with estimated costs that should be completed within the WSP's 6-year planning horizon.

The Board of Commissioners will consider capital improvement projects identified in the WSP (including any revisions) in making decisions

developing annual operating budgets. Capital improvement projects identified in the WSP will have priority in funding during the budget development process.

The WSP will be reviewed annually to prioritize capital improvement projects and will be revised or amended as needed to address the current condition of the water system.

The preparation and adoption of an operating budget is essential for the management and financial administration of NBWD. As an enterprise utility, NBWD is similar to a commercial operation whose revenues and expenditures are subject to unforeseeable variables related to timing and level of customer service demand. Decisions made throughout the year by the Board of Commissioners and the General Manager are balanced between the need to satisfy service requirements and budgetary constraints.

NBWD service demand is influenced by how people use water, weather patterns, the economy, and growth. Budget objectives must therefore be structured to respond to fluctuating service demands.

NBWD budgeting forecasts are based on historical data, condition of infrastructure, state and federally mandated compliance requirements, and foreseeable increases in operational costs.

NBWD currently provides residential, commercial, and industrial water through a water production and distribution system valued at \$6,067,928. This investment includes eleven active wells, four reservoirs with a combined storage capacity of 700,000 gallons, two booster stations, and more than 25 miles of water mains. During 2015, it is forecasted that NBWD will deliver 12 million cubic feet of water to 2,738 customers.

### **OBJECTIVES**

Special emphasis will be placed on accomplishing the following objectives during calendar year 2015.

1. Complete the replacement of obsolescent service meters with new AMR<sup>1</sup> meters.
2. To operate the water system in compliance with all rules and regulations that apply to public water systems operating in Washington State.



---

<sup>1</sup> Automatic meter reading - Neptune T-10 AMR Meter

3. To provide customers with an uninterrupted supply of safe, high-quality, dependable, fairly priced water.
4. To provide courteous, prompt, and professional customer service at all times.
5. To improve billing, payment methods, and access to information and notices through the NBWD website.
6. To make fiscally responsible decisions that protect the sustainability of the water system.
7. To be watchful for opportunities to increase the economy and efficiency of the water system infrastructure.
8. To fairly and equitably apply the Rules and Regulations adopted in Resolution 12-2008 and subsequent amendments.
9. To develop NBWD's employee competence through certifications, training, and education programs.
10. To make all water system capital improvement decisions based on the Water System Plan.



### ASSUMPTIONS

In preparing the 2015 Operations and Capital Improvement Budget, the following assumptions were used:

1. Revenues will increase in 2015 by .7%.
2. The district will average 2,684 customers a month.
3. Water sales will be 11 million cubic feet (82,280,000 gallons).
4. Two of the district's four field crew positions became vacant in the third quarter of 2014. In December the district recruited and hired two local experienced water system operators. As a consequence, Field Wages in Operating Expense have been calculated using the starting wages of the 2 new employees and anticipated increases for the 2 existing employees, anticipated regular and overtime hours and benefits instead of a cost plus method for 2015.
5. The cost of completing the service meter replacement project will be \$525,000 including all materials and temporary labor.

### BUDGET SUMMARY

Table 1-1

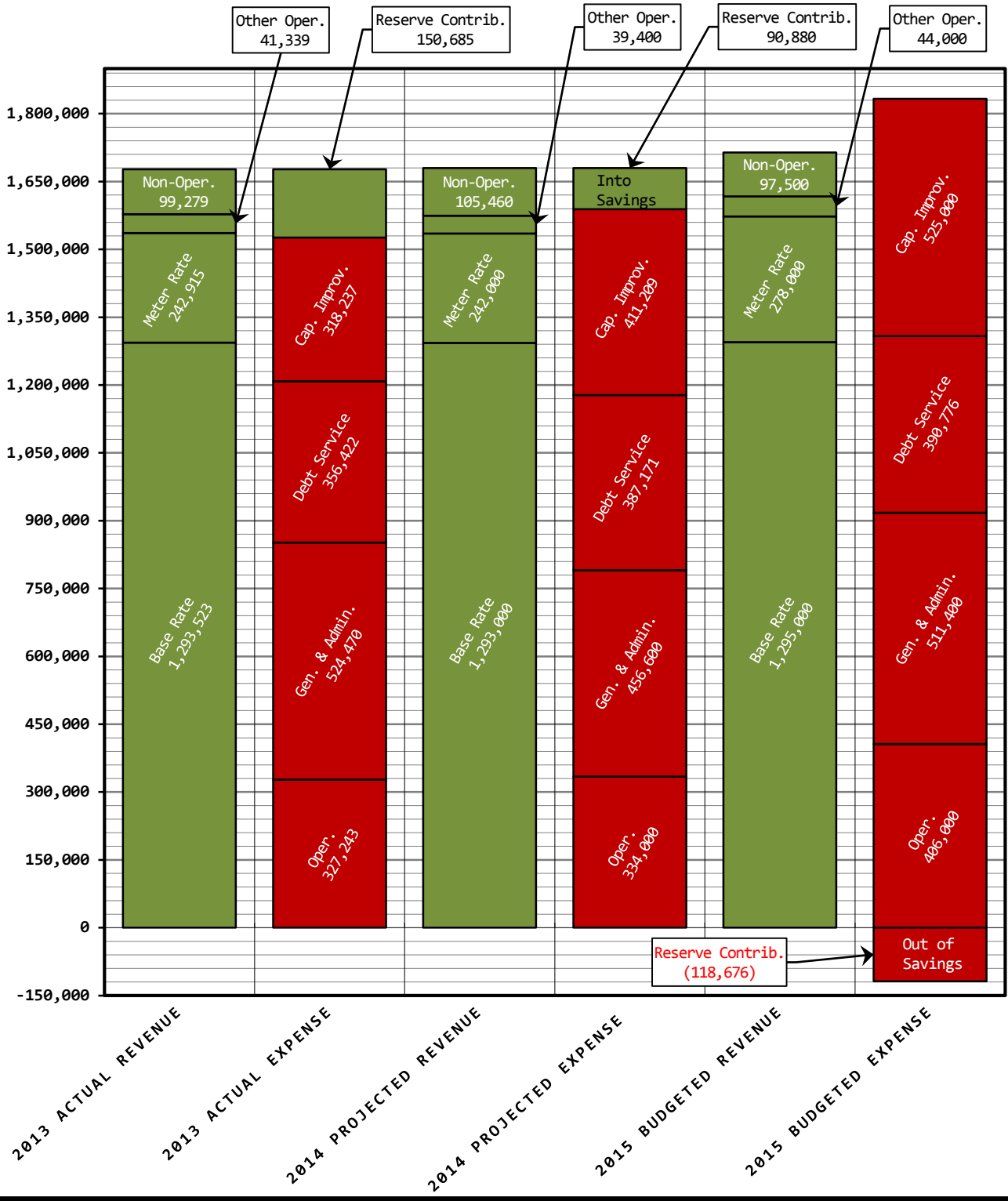
#### REVENUES

Description	2013 Actual	2014 Budget	2014 Projected	2015 Budget	2015 Budget compared to 2014 Projected
Operational Revenue	1,577,777	1,577,000	1,574,400	1,617,000	102.7%
Non-Operational Revenue	99,279	96,600	105,460	97,500	92.5%
<b>Total Revenues</b>	<b>1,677,056</b>	<b>1,673,600</b>	<b>1,679,860</b>	<b>1,714,500</b>	<b>102.1</b>

#### EXPENSES

Description	2013 Actual	2014 Budget	2014 Projected	2015 Budget	2015 Budget compared to 2014 Projected
Operations Expense	327,243	364,500	334,000	406,000	121.6%
General & Administrative Expense	524,470	500,300	456,600	511,400	112%
Debt Service Expense	356,422	388,598	387,171	390,776	100.9%
Capital Improvements Expense	318,237	328,000	411,209	525,000	127.7%
Reserve Contribution Expense	150,685	92,202	92,880	-118,676	-127.7%
<b>Total Expenses</b>	<b>1,677,056</b>	<b>1,673,600</b>	<b>1,681,860</b>	<b>1,714,500</b>	<b>101.9%</b>

## COMPARISON REVENUE TO EXPENSES





## OPERATIONS ACCOUNT

All NBWD revenues and expenses are deposited into and dispersed from the Operations Account. NBWD revenues are grouped into three categories. Operational Revenue, Non-Operational Revenue, and Miscellaneous Revenue.

Table 1-1 (previous page) is a summary of the budgeted revenues and expenditures for 2015 compared with the actual revenues and expenditures for 2013 and projected revenues and expenditures for 2014.

### WATER REVENUES

#### Operational Revenue:

Operational Revenue is revenue that NBWD receives in the course of normal business of operating the water system. It includes the sale of water and charges and fees associated with the collection of water rates. Base rates and metered water sales are NBWD's main source of revenue. In 2015, base rates are forecasted to be \$1,295,000, metered water sales are forecasted to be \$278,000, new accounts fees are forecasted to be \$8,000, and delinquent/lock off fees are forecasted to be \$36,000. The metered rates are being increased from \$2.19 per one hundred cubic feet to \$2.53 per one hundred cubic feet to provide a 2.5% increase in revenue Operational Revenue.

#### Non-Operational Revenues:

Non-Operational revenue is revenue that NBWD generates from sources not associated with the normal business of operating the water system. In 2015 interest for funds on deposit is forecasted to be \$3,000, connection fees (Local and General Facility charges) for new accounts is forecasted to be \$15,000, contract management services with Surfside Homeowners Association are forecasted to be \$60,000, reimbursable expenses for managing the Surfside Water System is forecasted to be \$2,000, and installation of customer valves and other services is forecasted to be \$15,000. The sale of surplus and scrap property is forecasted to be \$2,500. The amount collected from rate payers contributing to the Good Neighbor Program is forecasted to be \$1,000.

Table 1-2 (below) is a summary of the budgeted revenues for 2015 compared with the budgeted and actual revenues for 2013 and the projected actuals for 2014.

**Table 1-2**

<b>OPERATIONAL REVENUES</b>			
<b>Description</b>	<b>2013 Actual</b>	<b>2014 Projected</b>	<b>2015 Budgeted</b>
Base Rate Revenue	1,293,523	1,293,000	1,295,000
Water Sales Revenue	242,915	242,000	278,000
New Customer Revenue	7,769	5,400	8,000
Delinquent Lock-off Revenue	33,570	34,000	36,000
<b>Total Operational Revenues</b>	<b>1,577,777</b>	<b>1,574,400</b>	<b>1,617,000</b>
<b>NON-OPERATIONAL REVENUES</b>			
<b>Description</b>	<b>2013 Actual</b>	<b>2014 Projected</b>	<b>2015 Budgeted</b>
Interest Revenue	1,996	3,400	3,000
Connection Fees Revenue	1,012	29,000	15,000
Surfside Management Revenue	60,000	60,000	60,000
Surfside Reimbursable Revenue	1,613	1,900	2,000
Customer Service Charges Revenue	33,656	4,800	10,000
Surplus Income Revenue	0	5,400	6,500
Good Neighbor Revenue	1,002	960	1,000
<b>Total Non-Operational Revenue</b>	<b>99,279</b>	<b>105,460</b>	<b>97,500</b>
<b>Total Revenue</b>	<b>1,677,056</b>	<b>1,707,774</b>	<b>1,714,500</b>

## OPERATIONAL EXPENDITURES

Operational expenses are the costs of operating and maintaining the water system. It includes field wages and electricity, maintenance and repairs, and other normal and customary cost of keeping the water system operational and in compliance with all federal and state rules and regulations. What it does not cover is the cost of improvements or administrative duties. These costs are shown elsewhere in the budget.

### Field Payroll Expenses:

Field payroll includes wages and benefits for four (4) full time field employees.

NBWD field employees are certified by the Washington State Department of Health to operate public water systems and water treatment plants. Your field employees receive continuing education in customer service and technical and mechanical operations of water systems.

### Common Expenses:

Common expenses include vehicle operational costs, cell phones, equipment rental, equipment and tool purchases, safety equipment (i.e. signs, safety cones, safety training materials, safety compliance equipment such as eyewash and shower stations), and personal protective equipment (i.e. hard hats, gloves, boots, eye protection, ear plugs, high visibility clothing), general plant maintenance (i.e. light bulbs, paint, door locks), and other common expenses.

### Distribution Expenses:

Distribution expenses include repair and replacement of service meters, meter boxes, check valves, and meter setters. Distribution expenses include the improvement, replacement, or repair of failed or damaged water mains. This budget item is very difficult to forecast. Water main repairs can be extensive or localized.

### Production/Treatment Plant Expenses:

Production expenses include the purchase of electricity to operate equipment to pump, treat, store, and convey water to ratepayers. Production expenses also include maintenance and repair of water wells, and other infrastructure such as booster pumps, generators, air compressors, water reservoirs, and control valves.

In 2015 the total operational expenses are forecasted to be \$401,500.

Table 1-3 (below) outlines the operational expenses for 2015.

**Table 1-3**

<b>FIELD PAYROLL EXPENSES</b>			
<b>Description</b>	<b>2013 Actual</b>	<b>2014 Projected</b>	<b>2015 Budgeted</b>
Wages-Field	169,452	170,000	207,000
Taxes & Benefits	51,857	52,000	58,000
<b>Total Payroll Expenses</b>	<b>221,309</b>	<b>222,000</b>	<b>265,000</b>
<b>COMMON EXPENSES</b>			
<b>Description</b>	<b>2013 Actual</b>	<b>2014 Projected</b>	<b>2015 Budgeted</b>
Vehicle Expense	20,775	19,000	20,000
Cellular Phones Expense	3,669	3,400	6,000
Equipment Rental Expense	575	800	1,000
Equipment/Tools Expense	7,247	6,000	8,500
Safety Equipment & PPE Expense	0	5,000	5,000
Maintenance - General	11,077	10,000	10,000
Other Common Expenses	2,912	2,000	3,000
<b>Total Common Expenses</b>	<b>46,254</b>	<b>46,200</b>	<b>53,500</b>
<b>DISTRIBUTION EXPENSES</b>			
<b>Description</b>	<b>2013 Actual</b>	<b>2014 Projected</b>	<b>2015 Budgeted</b>
Meter/Service Box Expense	1,370	3,000	3,000
Distribution Lines Expense	2,146	14,000	15,000
Contract Labor Expense	2,551		1,500
Other Distribution Expenses	0	0	500
<b>Total Distribution Expenses</b>	<b>6,067</b>	<b>17,000</b>	<b>20,000</b>
<b>PRODUCTION/TREATMENT PLANT EXPENSES</b>			
<b>Description</b>	<b>2013 Actual</b>	<b>2014 Projected</b>	<b>2015 Budgeted</b>
Electricity Expense	31,071	31,000	36,000
Treatment Maintenance/Repair Expense	902	0	2,000
Production Maintenance/Repair Expense	15,513	5,800	15,000
Treatment Parts/Supplies Expense	2,915	7,600	6,000
Water Testing Expense	3,211	4,400	5,500
Production Parts/Supplies	0	0	1,500
Other Production/Treatment Expenses	0	0	1,500
<b>Total Production Expenses</b>	<b>53,612</b>	<b>48,800</b>	<b>67,500</b>
<b>Total Field Operations</b>	<b>327,243</b>	<b>334,000</b>	<b>406,000</b>

## Administrative Expenses

### Administrative Payroll Expense:

Administrative payroll includes wages and benefit expenses for the general manager, office manager, and billing clerk(s). The general manager will not be not be receiving a merit or cost of living wage increase in 2015. The office manager will be receiving a merit raise of approximately 3.75% and billing clerk will be receiving merit wage increases of approximately 3.25%

### Office Expenses:

Office expenses include purchases of office supplies, computers and software maintenance, technical services, billing expenses, telephone service, public relations, office space rental, office machine rental, office utilities, and other office related expenses.

### Professional Expenses:

Professional expenses include payments made to professionals such as lawyers, engineers, accountants, and other professional service providers.

### Other Expenses:

Other expenses include dues and subscriptions to professional associations, travel and education for commissioners and employees, insurance, taxes and fees, and miscellaneous other costs.

In 2015 the total Administrative Expenses are forecasted to be \$521,900.

Table 1-4 (below) provides a summary of the General and Administrative expenses for 2015.

**Table 1-4**

<b>ADMINISTRATIVE PAYROLL EXPENSES</b>			
<b>Description</b>	<b>2013 Actual</b>	<b>2014 Projected</b>	<b>2015 Budgeted</b>
Office Wages Expense	153,820	148,000	159,000
Surfside Management Expense	24,000	24,000	24,000
Employment Taxes and Benefits Expense	35,618	30,000	36,000
<b>Total Administrative Payroll Expenses</b>	<b>218,439</b>	<b>204,000</b>	<b>219,000</b>

**OFFICE EXPENSES**

Description	2013 Actual	2014 Projected	2015 Budgeted
Office Supplies Expense	19,35	7,000	10,000
Computer Expense	4,258	10,000	6,500
Technical Services Expense	116	1,800	2,000
Billing Expense	26,116	25,000	27,000
Office Telephones Expense	6,385	7,000	8,000
Public Relations Expense	3,593	1,200	3,000
Office Rent Expense	15,600	15,600	15,600
Office Machine Rental Expense	11,358	6,500	8,000
Electricity - Office Expense	1,654	1,800	1,800
Other Office Expense	23,949	2,000	2,500
<b>Total Office Expenses</b>	<b>103,964</b>	<b>77,900</b>	<b>84,400</b>

**PROFESSIONAL SERVICES EXPENSES**

Description	2013 Actual	2014 Projected	2015 Budgeted
Meter Readers Expense	24,237	20,000	24,000
Engineering Expense	0	0	17,500
Legal Expense	15,447	9,200	10,000
Accounting Expense	7,162	500	1,000
Other Professional Expense	1,474	1,500	1,500
<b>Total Professional Expenses</b>	<b>48,319</b>	<b>31,200</b>	<b>54,000</b>

**OTHER ADMINISTRATIVE EXPENSES**

Description	2013 Actual	2014 Projected	2015 Budgeted
Dues & Subscriptions Expense	3,503	3,500	3,500
Commissioner Ed. & Travel Expense	7,791	0	2,500
Employee Ed. & Travel Expense	0	6,000	8,500
Liability Insurance Expense	31,907	33,000	35,000
Taxes, Fees & Permit Expense	102,903	90,000	95,000
Other Services Expense	68	0	500
Commissioner Compensation Expense	6,580	10,000	8,000
Good Neighbor Expense	997	1,000	1,000
<b>Total Other Administrative Expense</b>	<b>153,748</b>	<b>143,500</b>	<b>154,000</b>
<b>Total Administrative Expenses</b>	<b>524,470</b>	<b>456,600</b>	<b>511,400</b>



### Debt Services Expenses

Debt services include payment of loans and bonds that funded the initial purchases and subsequent improvements for the water systems that are NBWD. The loans and bonds payments due in 2015 are:

#### Public Works Trust Fund Loan # 117

- Balance on July 1, 2014 - \$631,578.94
- Payment made on July 1, 2014-\$55,789.47
  - \$52,631.58 Principal
  - \$3,157.89 Interest
- Balance on July 2, 2014 - \$578,947.36
- Next Payment due on May 1, 2015 - \$55,526.32

#### Public Works Trust Fund Loan # 129

- Balance on July 1, 2014 - \$631,578.94
- Payment made on July 1, 2014-\$55,789.47
  - \$52,631.58 Principal
  - \$3,157.89 Interest
- Balance on July 2, 2014 - \$578,947.36
- Next Payment due on May 1, 2015 - \$55,526.32

#### 2014 Water Revenue Bond-

- Balance on December 1, 2014 - \$3,535,000
  - Interest Payment made on June 1, 2014 - \$63,030.00
  - Principal Payment made December 1, 2014 - \$145,000
  - Interest Payment made on December 1, 2014 \$63,030.00
- Balance on December 2, 2014 - \$3,390,000
- Next interest only payment due on June 1, 2015 - \$62,595.00
- Next principle payment due on December 1, 2015 - \$150,000.00
- Next interest only payment due on December 1, 2015 - \$62,595.00

#### BIAS Software (0% interest)

- Balance on January 1, 2014 - \$18,127.20
  - Payments on January 31, 2014 - \$4,531.80
- Balance on February 1, 2014 - \$13,595.40
- Next payment due on January 31, 2015 - 4,531.80

In 2015, the total debt service expenses are forecasted to be \$390,776.

Table 1-5 (Below) provides a summary of the Debt Service expenses for calendar year 2015.

**Table 1-5**

<b>DEBT SERVICE EXPENSES</b>			
<b>Description</b>	<b>2013 Actual</b>	<b>2014 Projected</b>	<b>2015 Budgeted</b>
PWTF Loan #117 Expense	56,503	55,789	55,527
PWTF Loan #129 Expense	56,503	55,789	55,527
Cashmere Valley Bond Expense	119,808	0	0
Water Revenue Bond Expense	119,767	271,060	275,190
Bias Software Expense	4,742	4,532	4,532
DWSRF Loan #121 Expense	0	0	0
DWSRF Loan #129 Expense	0	0	0
<b>Total Debt Service Expenses</b>	<b>356,422</b>	<b>387,171</b>	<b>390,776</b>

**CAPITAL OPERATIONS AND IMPROVEMENTS**

Capital Operations expenditures are for tools, vehicles, maintenance equipment, planning, and feasibility studies needed to maintain reliable and quality operations of NBWD infrastructure and customer service.

Capital Improvement Projects scheduled for 2015 are:

**AMR Meter Installation:**

The District started installing radio read (AMR) meters in 2010. These meters have a transmitter that sends the read via radio frequency to a data collector automatically. The benefit of these meters is that they are more accurate, can be read in a fraction of the time of manual read meters, are much safer for District staff (avoiding bee stings, dog bites, and traffic hazards), and will save the District money for meter reading. The District has installed 1,192 AMR meters to date. The District has 2,648 metered services. That leaves 1,456 services left to be replaced with AMR meters. The District's only Capital improvement project for 2015 will be to complete the replacement of 1,456 obsolescent meters with AMR meters. The estimated cost to replace an obsolescent meter with an AMR meter is \$355.00. The estimated cost includes the cost of the meter, a copper meter setter fitted with a dual check valve (ASSE Standard #1024-2004), and replacing approximately 1/3 of the meter boxes. The cost also includes approximately 1,600 hours of temporary labor so the crew can accomplish the majority of the work in the late spring summer and fall months of 2015.

Completing the AMR meter replacement project will result in cost savings for the District. The cost of reading the obsolescent manual read

meters is about \$24,000 a year. The cost of reading the AMR meters per year will be about \$4,000 a year. The other advantage of replacing meters is great accuracy of water sold. As meters age the record less of the water that passes through them. This is referred to as “slippage” in the industry. The American Water Works Association (AWWA) recommends service meters be replaced at between 15 and 20 years of age. At that age meter accuracy has diminished to the point that the cost of meter replacement is less than the loss of revenues with continued use of the obsolescent meter. The District’s manual read meters are all between 15 and 30 years old.

Capital Improvement Expenses for 2015 are projected to be \$525,000.

Table 1-6 (below) provides a summary of Capital Operations and Improvements for 2015 and previous years.

**Table 1-6**

<b>CAPITAL IMPROVEMENTS</b>			
<b>Description</b>	<b>2013 Actual</b>	<b>2014 Projected</b>	<b>2015 Budgeted</b>
AMR Meter Replacements	127,081	131,250	525,000
AMR Meter Reading Equipment	11,244	0	0
Land and Improvements	66,133	5,000	0
Revenue Bond Cost of Issuance	25,775	0	0
Distribution Improvements	10,026	0	0
Software Training	6,005	0	0
Vacuum Excavator	16,615	0	0
245th Water Main Project	52,967	92,000	0
227th Lane Water Main Extension	2,342	28,449	0
Water System Plan	0	61,000	0
Rate Study	0	30,000	0
5-Yard Dump Truck	0	0	0
Incident Trailer w/equipment	0		0
South Wellfield and Z Street Easement	0	760	0
Z Street Water Main Project	0	48,000	0
2015 GIS Project	0	15,000	0
<b>Total Capital Operations Expenses</b>	<b>318,237</b>	<b>411,209</b>	<b>525,000</b>
<b>Capital Reserve Contribution</b>	<b>150,685</b>	<b>90,880</b>	<b>-118,676</b>

## Operation and Reserve Accounts

NBWD maintains six operation and reserve accounts. These accounts are managed by the Pacific County Treasurer<sup>2</sup>.

The accounts<sup>3</sup> are:

- o Operation Account – Maintained at \$50,000.
- o Operation Reserve Account–Maintained between \$400,000 and \$450,000.
- o Capital Reserve Account – No maintenance balance.
- o Water Revenue Bond Debt Reserve Account–Balance maintained at \$275,000.
- o Debt Reserve Account – \$32,500 is deposited each month in the account. Payments to bonds and loans identified in the Debt Service category are made from this account as they become due.
- o Bond Project Account – This is money set aside for the construction of a Business Office and Equipment Storage facility on property owned by the District and purchase a 10.5 acre real property to be used for a well field.

The 10.5 acre real property was purchased in 2013.

It is anticipated that the Business Office and Equipment Storage facility will be completed in 2015 thereby retiring the Bond Project Account.

**Capital Reserve Contribution.** NBWD budgets money to be either contributed or withdrawn from its Capital Reserve Account according to its capital projects schedule. Capital Reserves are used to replace aging and failed infrastructure and assets, and construct Capital Improvement projects identified in the Water System Plan. The Capital Reserve reduction for 2015 is forecasted to be \$121,780. The District is budgeting a draw down in the Capital Reserve Account in 2015.

---

<sup>2</sup> RCW 57.20.140 – “Maintenance of general fund and special funds”

<sup>3</sup> Resolution 10-2013 – “Establishing the District’s Fiscal Policies”

Table 1-8 (below) Summary of forecasted balances of those accounts on December 31, 2015 compared to the balances for December 31, 2014.

**Table 1-8**

<b>Account</b>	<b>Forecasted Balances for 12/31/2014</b>	<b>Forecasted Balances for 12/31/2015</b>
Operation Account	50,000	50,000
Operation Reserve Account	450,000	450,000
Capital Reserve Account	680,000	565,000
Bond Debt Reserve Account	275,965	275,965
Debt Reserve Account	30,000	30,000
Bond Project Account	1,003,000	0
<b>Total</b>	<b>2,627,000</b>	<b>1,407,965</b>

**WATER RATES**

On March 17, 2014 the Board of Commissioners a contract with FCS Group to prepare a 6 year rate study. The Rate Study will provide an in depth look at the District's cost of operation and revenues both short term and long term with a goal of setting rates at the right level to remain financially sustainable and to continue to deliver safe, reliable service to its rate payers.

Based on recommendations from a rate study the Board of Commissioners adopted a six year rate plan that calls for a rate increase of **approximately 2.5%** in 2015. The rate increase will result in an average increase of **\$1.19** per month for residential rate payers and an average increase of **\$2.01** for commercial rate payers with a 5/8 X 3/4" meter. Commercial rate payers with larger meters will see a 5% to 9% increase in their water bill depending on water use.

A copy of the adopted Rates can be obtained at the North Beach Water Business Office or you can contact the district's office manager, Jack McCarty, at [officemanager@northbeachwater.com](mailto:officemanager@northbeachwater.com) to request a copy be sent to you.