



COMMISSIONERS
MONTE RODEN
TED BRANCH
DEAN TAKKO

2009 BUDGET NARRATIVE EXECUTIVE SUMMARY

As you saw last year, our budget now addresses the combined totals for shared expenses in this narrative. Overhead items will be addressed in the Shared Expenses section and this will be followed by sections for Water Expenses and Sewer Expenses. The overhead expenses addressed in the Shared Expenses section will be distributed between the two budgets based on a traditional customer split method. This results in a 43% share of expenses for sewer customers and a 57% share of expenses for water customers. This method for distribution was discussed with the State Auditors office and we were told this was acceptable.

The sewer utility is lagging slightly behind budgeted income. This is mainly due to new connection fees which are expected to be only a third of what we budgeted due to a soft housing market. The majority of the connection fees we collected were paid in bulk in January before the market slowed. We will be revising how we budget for connections this year.

Expenses for the sewer utility should be under budget despite overruns in capital outlay, vehicles and equipment repair and replacement. It is also notable that due to delays with DOE approving our comprehensive plan we did not spend any of the budgeted funds for capital improvements.

Our sewer expenses for 2009 are 17% higher those of 2008. Much of this is attributed to a 23.6% increase in treatment. We are also budgeting \$500,000 for capital improvements so the work that was not done this year can be done next year. Capital outlay will be lower this year because we do not have the expenses related to the water transfer. But we are budgeting for the purchase of a new district vehicle.

Sewer income from service receipts should remain consistent and there is no need for any rate adjustment this year.

The water 2008 budget really developed through out the year as we found things that were not budgeted originally. We expected this to happen since things were tracked and budgeted much differently by the PUD than they are at BHSD. I believe the 2009 budget will be much more accurate than the 2008 budget has been. We will likely still find some things requiring adjustment, but I believe this document does a much better job of identifying the real expenses related to the water utility.

The water utility has lost nearly \$350,000 from its operating fund to date. This number is a bit misleading because we paid \$50,000 in Engineering design fees for a capital project out of operating funds and we ended up having nearly \$150,000 worth of unbudgeted expenses payable to the County and the Overlook Development. With a utility that doesn't have a lot of reserves, this has made the year very challenging. It also made the rate analysis contracted by the PUD last year inadequate since the unexpected \$150,000 in expenses was not taken into consideration in that

process.

In September we requested a \$200,000 draw on a pre arranged loan from the PUD power utility to offset these three large expenses. If we hadn't had to pay these expenses out of operating funds, we would still be losing money for the year but only in the range of \$150,000. Operating expenses are actually coming in under budget, but so is income for the year. We decided to delay the draw since interest on the loan is greater than our current investment return rate.

For 2009 we will expect to see some expenses for the new water source project, but they will be minimal. The bulk of the debt service shouldn't hit us until 2010. We will see a reduction in administrative expenses from the PUD since we will no longer be paying Ray Johnson to be the water system manager, but we still expect to have some reimbursement for time on occasion. We also plan to undertake construction of the Alderwood pump station upgrades in 2009. Funds for this work will be borrowed from the power utility as originally planned and will result in added debt service.

While we know substantial rate increases are needed to cover the impact of the Mint Farm Wells project, a smaller increase is needed to get the water utility in a position where it is truly self supporting. I recommend that increase be implemented this year, and the larger increase be delayed until the financial impacts are more specifically identified.

SHARED EXPENSES

PERSONNEL

In 2008 we added one addition Field 1 position and a Field III utility position. We now have four completely cross certified field technicians and a single utility support position. We are still evaluating this staffing level. I believe we have adequate Field I staffing, but may need one more Field III in order to keep up with scheduled maintenance needs. But at this point we are still evaluating the need. I budgeted a half year of wages for an additional position in case we determine it is needed. If we do determine we need to staff the additional position, I will bring a request to the Board prior to filling that position.

The Portland CPI - All Urban Consumers, July '07 - July '08, is 3.9%. BHSD has traditionally provided the greatest of 3% or .85% of any increase above 3%. For 2009 that value will be 3.32%. Annual step adjustments are recommended across the board, except for Jan, Vicki, Jennifer and Mike who have reached the top steps of their positions.

BENEFITS

SOCIAL SECURITY

We expect the rate of 7.65% on all employees, including commissioners to continue.

Total = \$42,437

Sewer = \$18,248

Water = \$24,189

RETIREMENT

We have no information on increases in PERS contributions for the coming year. We have eight PERS 2 employees and one PERS 3 employee along with Commissioner Monte Rodin who is PERS 1. The Districts contribution rate for the plans is the same. For all full time staff and Commissioner Monte Roden it is 8.31%

Total= \$45,886

Sewer = \$19,731

Water = \$26,155

INDUSTRIAL INSURANCE \ MEDICAL AIDE

The industrial insurance and medical aide are both paid quarterly to the Department of Labor & Industries on all employees and commissioners.

Field Personnel - .69820 per hour

Office Staff - .10240 per hour

Total - \$8,157

Sewer = \$3,506

Water = \$4,651

HEALTH INSURANCE

Our healthcare coverage is purchased through the County. Based on information from the County we will see another increase in premiums this year. Currently we pay \$900.00 for the employer portion of medical and dental. We typically match what the county pays per employee. For 2009 the county is expecting to pay \$950 per month for each employee. This would leave us with a budget of \$950 x 9.5 employees x 12 months.

Total = \$108,300

Sewer = \$46,569

Water = \$61,731

SHARED ADMINISTRATIVE AND GENERAL EXPENSES

NORTHWEST UTILITIES NOTIFICATION CENTER (NUNC)

We have no information on rates UCC rates for 2009. Last year they implemented a \$200 increase in dues. Expect 50 locates per month x \$1.00/call = \$50.00\mo x 12 = \$600.00 Plus \$275 annual dues, \$90 surcharge for secretary functions and C.C. DEM pro-rated right to know program @ approximately \$50

Total = \$1,015

Sewer = \$436

Water = \$579

MEMBERSHIP DUES AND SUBSCRIPTIONS

Washington Association of Sewer and Water Districts estimated dues = \$3,075

Cowlitz Wahkiakum Council of Governments estimated dues = \$2,148

Cowlitz Economic Development Council estimated dues = \$260

Drug Free Business - Annual EAP estimated dues = \$250

WASWD Retro Membership estimated dues - \$200

Water Environment Federation estimated dues = \$100

AWWA estimated dues = \$280

Washington Wastewater Collection Personnel Association Certifications (sewer budget only) = \$40

Water Works Operator Certifications (water budget only) = \$336

Washington Association of Municipal Attorneys = \$120

Total = \$6,689

Sewer = \$2,928

Water = \$3,881

INSURANCE

We've been with the Water and Sewer Risk Management Pool since the fiscal year 1989-90 when our annual premium started at \$7,890.00. Our premium for 2007-2008 increased by 15% to \$16,290. Starting in 2008 we added the water properties which increased our premium by approximately \$5,000. We also had our existing properties reassessed this year which resulted in an approximately \$7,000 increase in premiums for those properties. The Insurance pool estimates our 2009-2010 premium will be approximately \$28,000.

In addition, Cowlitz PUD charges us for their liability insurance for the water utility. In 2008 this cost was approximately \$2,500 per month, \$30,000 annually. We believe there is some double coverage involved and are exploring ways to reduce this amount. But for budgeting purposes we will leave the cost at \$30,000.

Total = \$58,000

Sewer = \$12,040

Water = \$45,960

IMAGISTIC COPIER/SCANNER/FAX/PRINTER

Annual maintenance charges are limited to \$.009 per copy printed. While we are coming in well under budget for this line item in 2008, we only billed water customers the last half of the year. This line item will remain at \$1,500 for 2009.

Total. = \$1,500

Sewer = \$645

Water = \$855

COMPUTERS

As you can see from the attached Technology Replacement Schedule, we will be replacing two desktops this year. One is four years old, which is the preferred replacement age, and one is nine

years old and well past its useful life. Both computers have experienced problems recently. We will also be replacing our Security Firewall. Other than these planned purchases, the majority of the expenses in this category are for support, networking and internet access along with a small allowance for miscellaneous expenses and repairs.

(2) Workstations w/ network installation - \$5,000
Security Firewall - \$1,300
Internet Access w/static IP - \$1,260
Verizon Wireless Internet Access for Laptop - \$850
Miscellaneous Computer Expenses - \$1,000
IT Support for (7) Desktop PC's, (1) Laptop and Server- \$9,600

Total = \$19,010

Sewer = \$8,174
Water = \$10,836

DIKING TAX

We saw increases in the valuation of two of our properties. The office and shop valuation increased by 13% and the Louise Street pump station property valuation increased by 42%. We have no information on the levy rate at this time. The 2007 tax rate decreased by 6%. This budget assumes the diking tax rate stays the same for 2009. The tax on the office and shop is split between water and sewer and all other locations are charged to sewer only.

Total = \$792

Sewer = \$337
Water = \$455

OFFICE SUPPLIES AND EQUIPMENT

Last year we increased this line item from \$7,000 to \$10,000 to reflect the water utilities impact on supply needs. But to date we are on track to spend approximately \$6,000 for the year. For 2008 the budgeted amount has been reduced to \$7,000.

Total = \$7,000

Sewer = \$3,010
Water = \$3,990

BILLING AND COLLECTING

Billing is done in-house using the Harris Utility Management software we purchased in 2008. We have changed from the postcard bills to the combined water/sewer bills on 8 1/2 x 11 invoice paper and are now including a return envelope for our customers use. New expenses include paper for door hangers which are used for notification of impending water shut-off. Bill stuffing is done with the envelope stuffer/sealer we purchased in 2008. This year we would like to obtain a Pitney Bowes Mail Station machine to streamline in-house mailing.

Annual Billing Postage - \$10,500
Billing Statements - \$1,550
Billing and Return Envelopes - \$3,400

Harris Software Support Contract - \$4,500
Folder Equipment Maintenance - \$1,128
One Day Programming at Harris - \$750
Folder Sealant - \$500
Pitney Bowes Mail Station Machine - \$240

Total = \$22,568

Sewer = \$9,704
Water = \$12,864

SAFETY/HEALTH

This year's expected budget for small items (gloves, medical exams, training videos, etc.) will remain at \$1,500.00. This amount will be split between sewer and water. Additionally we plan to purchase a manhole collar for the Davit Arm which will be a sewer expense and a fall harness for water. We also need additional flagging and road signage due to the increased road excavation we have been doing and changing DOT requirements. And at ten years old, our gas monitors are nearing the end of their lives. We currently have two monitors. We would like to purchase an additional monitor in case one or both of them become irreparable.

Gas Monitor - \$2,000
Flagging and Road Signage - \$2,800
Medical Exams for Field Crew - \$600
23.5" Manhole Collar for use with Davit Arm - \$1,800
Fall Harness - \$300
Annual Fire Inspection - \$100
Water Cooler for Field Trucks - \$100

Total = \$9,200

Sewer = \$4,853
Water = \$4,347

CLOTHING

This is a new category this year. We have always provided field staff with an annual clothing and boot allowance but the cost has been included in Office and Shop Maintenance or Safety/Health. It was very easy to overlook. The clothing allowance of \$200 and boot allowances of \$100 per field employee is now included in the Clothing category, while personal protective equipment is still included in Safety/Health. Also this year due to higher visibility and more frequent customer contact we are considering requiring approved shirts and/or sweatshirts/jackets that identify the District for field employees. Since the field crew already receives an allowance for clothing, they would be expected to cover half the cost of shirts with the District logo. Shirts will be approximately \$20 each so the employees cost of \$10 is a reasonable portion of their clothing expense and comparable to what is being spent currently. Field employees may determine how many to purchase, but they will be expected to wear shirts with the District logo that are clean and in good shape each day. Shirts shall be replaced as needed with the District covering half the cost. The District would also cover half the cost of approved sweatshirts or Jackets with the District logo for colder weather if the employee wishes to purchase them.

We are unable by law to provide District clothing to office staff unless it is mandatory dress. But embroidered apparel will be available to office staff and Commissioners who may wish to order at their own expense.

Clothing Allowances for Field Crew - \$1,100
Boot Allowance for Field Crew - \$550
District Portion of Clothing with District Identification - \$500

Total = \$2,150

Sewer = \$925
Water = \$1,225

NEWSLETTER / WEBSITE

We started sending out a newsletter to our customers 2008. This is a reliable way of fulfilling our customer education requirements for the water system, while communicating sewer concerns as well. We had very good feedback on the first newsletter in the spring and are currently preparing a fall newsletter. In addition to these, we have an annual Department of Health requirement to provide a Consumer Confidence Report to each of our water customers on an annual basis.

New expenses planned for 2009 include the creation and monthly maintenance of a website which will give us another avenue for customer education and communication. We will also move towards online account access and payments through the website.

Spring and Fall Newsletters - \$5,000
CCR - \$500
Website Creation/Hosting - \$3,000

Total = \$9,500

Sewer = \$3,440
Water = \$5,060

TRAVEL AND EDUCATION

This category covers conference registration, lodging, meals, staff training and reference material. The following is an estimated summary of next year's expenses:

WEF/AWWA Joint Management Conference Airfare/Registration/Lodging = \$700/\$700/\$1,500
WASWD Spring Conf. Registration/Lodging – \$350/\$250 = \$600
WASWD Fall Conf. Registration/Lodging – \$350/\$500 = \$850
Trip to Harris Computers for Budget Programming Airfare/Lodging - \$600/\$450 = \$1,050
Harris Northwest Users Conference (two attendees) – \$1,000
WaterCAD Training Airfare/Lodging (two attendees) - \$700/\$300 + \$1,000
WASAMA Spring Conference Registration/Lodging (A. Engstrom) - \$850
WASAMA Fall Conference Registration/Lodging (A. Engstrom) - \$925
Field CEU Classes - \$2,000
Field Hotel Budget - \$2,000
Field Meals - \$1,000
UCC Monthly Mtg. – \$225
CWCOG Monthly Meetings - \$100

CEDC Membership Meetings - \$120
Other Training\Education - \$2,000
Reference Material - \$300

Total = \$14,145

Sewer = \$6,845
Water = \$10,075

AUDITOR

This category contains charges imposed by the Cowlitz County Auditor for processing our claims and payroll, estimated for 2009 at \$1,570. We also expense the cost of filing and removing property liens through the Auditor in this account which is associated with said unpredictable lien activity. Those charges, though not estimated, are eventually offset when recovered from the customer to clear the lien and reflected in Miscellaneous Revenue.

Total = \$1,570

Sewer = \$675
Water = \$895

ELECTION EXPENSE

Commissioner Dean Takko's term expires in 2009. Mandatory election expenses charges by the County Auditor will be approximately \$1500.

Total = \$1,500

Sewer = \$645
Water = \$855

UNEMPLOYMENT EXPENSE

A factor of .0038 is currently being applied to the first \$31,400 for each employee's wages

Total = \$1,074

Sewer = \$462
Water = \$612

SHARED BUILDING AND GROUNDS

OFFICE ELECTRICITY

We will be slightly over our \$4,000 budget for office electricity this year so this line item is increased by \$500.

Total = \$4,500

Sewer = \$1,935
Water = \$2,565

TELEPHONE

We have switched cellular phone service providers because Nextel did not have good reception at our remote water pump station. The cost for the new service is slightly higher and we are adding an additional phone for Field Utility employee.

Total = \$3,500

Sewer = \$1,505

Water = \$1,995

EQUIPMENT REPAIR AND REPLACEMENT

We were slightly over budget for sewer and have used less than 20% of the water budget in this category. For miscellaneous repair and replacement of shared equipment, we maintain last years budget of \$3,000.

Identified purchases of shared equipment are as follows:

Replace Locater Unit - \$4,000

Banding Tool and Hose Clamps - \$800

For the sewer utility we expect to make the following purchases:

Cutting System to remove protruding stubs in 6-8" mains (carry over from 2008 budget) – \$3,300

Annual Cleaning of wet wells - \$4,000

Miscellaneous Sewer Equipment Repairs - \$2000

For the water utility we expect to make the following purchases:

Replacement of damaged or worn out tools in truck - \$1,800

Replace Audio Leak Detector - \$3,000

100 Feet Fire Hose - \$300

Boring Tool for Water Service Installation – \$5,500

Pipe Freeze Kit - \$550

Pilot Shut Off Tools - \$500

Cable/Grips for New Service Pulls - \$550

Miscellaneous Water Equipment Repairs - \$2,000

Total = \$29,000

Sewer Equipment Repair and Replacement = \$12,000

Water Equipment Repair and Replacement = \$17,000

OFFICE AND SHOP MAINTENANCE

This category includes: general maintenance supplies, replenishment and additional tools\materials. The budget for this category in 2008 was \$8,000 and we are on track to be slightly under budget. The 2009 budget has not been increased.

Total = \$8,000

Sewer = \$3,440

Water = \$4,560

VEHICLES

In 2008 we added an additional service truck, a dump truck and an excavator that was transferred from the PUD. This line item was over budget not only because of fuel increases of nearly 40% at its highest, but also because we ended up paying taxes on the vehicle transfers that we hadn't expected. This year we are proposing the purchase of a vehicle that can be used for District business and out of town training. Currently the crew must drive one of the utility trucks with very poor gas mileage. While the vehicle purchase is included in capital purchases, the additional fuel has been added to this category. This year we are expecting an increase in average monthly fuel costs due to both the additional vehicle and the increased fuel prices. Fuel is budgeted for \$1,300 per month, up from \$750 last year.

Annual Fuel Costs – \$15,600

Vehicle Maintenance - \$3,500

Employee/Board Mileage - \$3,000

Five Gallon Air Powered Grease Gun for Maintenance - \$1,000

Total = \$23,100

Sewer = \$9,933

Water = \$13,167

CAPITAL OUTLAY

We plan to purchase a vehicle in 2009. With the water utility the field crew has a requirement for continuing education which requires them to attend out of town training several times per year. Currently they are driving the utility trucks which use a lot of fuel. The manager also attends several meetings out of town each year for which the new district vehicle will also be used. We plan to purchase a small SUV, possibly a hybrid. We are budgeting \$28,000 for this purchase.

We would also like to add a permit module to our utility management software. This module will cost approximately \$5,800.

The water utility needs to replace the pumps used during mainline failures. The pump controls water loss and helps reduce property damage. We would like to purchase a 6" trailer mount trash pump that can handle 975 gallons per minute. This expense is for the water utility only.

Vehicle Purchase - \$28,000

Permit Module - \$5,800

Trailer Mount Trash Pump - \$9,000

Total = \$42,800

Sewer = \$14,534

Water = \$28,266

SEWER BUDGET

For 2009 we are projecting operating revenue of approximately \$496,000. While we would be fine at our current rates, we are seeing a 17.5% increase in expenses due mainly to additional treatment expenses and the rising cost of fuel and materials. With this budget, I am recommending we pass a resolution implementing automatic annual rate increases tied to the Portland CPI. We are already doing this with our connection fees and it allows us to better keep up with the rising cost of expenses without waiting until a large one time increase is needed. The 2009 rate based on this type of indexed increase would increase from \$45 to \$46.75. The budget was prepared using this assumption.

CASH IN BANK

December 2008 Payroll/January '09 Benefits will be offset by '08 year end payroll/benefit encumbrance reduction, so no cash balance reflected = \$0

MAINTENANCE

Projected 2009 beginning balance reflects an approximately \$85,216 transfer to Capital Reserve I at the end of 2008. This transfer is down from \$697,000 in 2007 and the Maintenance beginning balance is higher as a result of higher expected operating expenses and equipment added to the replacement schedules. In addition, this year we are also retaining the expected Capital Outlay and CIP expenses in the Maintenance Fund so they are not being paid out of operating reserves. This results in a smaller transfer to Capital Reserve I. Maintenance fund allocations can be found in the Projected Fund Balances portion of the budget. The schedules are for the replacement of rolling stock, equipment and technology. They address depreciation and replacement of these items and allocate a portion of the maintenance fund for that replacement. Three additional allocations are for approximately three months emergency operating expenses, emergency repairs and injury or damage claims. Allocating the Maintenance fund this way allows us to determine more accurately how much we can transfer to Capital Reserve #1 at the end of each year. Based on these allocations for the ending fund balances contained in the Maintenance Fund Detail, we will have a beginning maintenance balance of \$1,620,743.

Beginning Balance = \$1,620,743

CAPITAL RESERVE NO. 1

The projected balance for the Capital Reserve I fund at year end 2008, including midyear and year end transfers from Capital Reserve II and year end transfer from Maintenance, is \$2,278,474. This is an increase of nearly \$220,400 over the beginning balance in 2008.

Beginning Balance = \$2,278,474

CAPITAL RESERVE NO. 2

Projected balance at year end 2008 = \$100

SEWER REVENUES

All revenues are based on a service charge of \$46.75 per month per residential equivalent units (eru's). Interest revenue accounts reflect an annual interest rate of 3.0% for Maintenance, 1.5% for CR 2 and 3.75% for CR I accounts.

SERVICE RECEIPTS

In 2008 we cancelled the third step in a three step rate increase indefinitely. Our rates are currently \$45 per month, which they have been since January of 2007. We are currently still looking good on rates although the rising cost of materials and fuel is speeding up the need for an increase. I am proposing we adopt a Resolution for automatic annual increases in both water and sewer rates based on the annual CPI increase. This will allow us to keep up with the rising costs of materials, personnel COLA's and fuel with very small annual increases that will be much less impact on our customers than waiting until a major increase is needed. This also means the only time a major increase should be needed is when we have capital improvement needs. If we are to implement this increase starting in January, rates would increase 3.9%, from \$45 to \$46.75 per month.

Projected billed accounts of 3,040 eru's less 47 average monthly vacancy credits
= $2,993 \times \$46.75 \times 12/\text{mo} = \underline{\$1,679,073}$

CONNECTION FEES

Our current General Facilities Charge is \$2,950 (GFC) implemented January 1, 2008. By resolution, the GFC is to be increased annually by a factor reflecting the ENR Construction Cost Index (CCI) at the beginning of each year. The ENR CCI for Seattle reflects a 1.6% increase. Applying this increase to our GFC we get \$2,997.20. I suggest rounding this number down to \$2,997.

In the past we have based the number of connections on approximately 40% of the available, buildable lots in the District. Unfortunately in 2008 new housing starts dried up. In 2008 we budgeted for 50 new connections. In January we received payment for nine new connections from the same developer that were carryovers from 2007. Since that time we have received payment for only 12 additional connections. Not being able to predict when the housing market will get back to normal, we should budget for a minimal number of connections in 2009. I recommend budgeting for 15 connections @ \$2,997, GFC's = \$44,955

SYSTEM DEVELOPMENT CHARGES (SDC's)

Although these charges are collected from each new customer connecting to the system, the revenue is transferred monthly to the Three Rivers Regional Wastewater Authority. Therefore, it is reflected, but deducted, from our total revenue and expense budget. The current TRRWA SDC is \$1,957. Based on \$1,957 per single family unit x 15 units = \$29,355

INSPECTION FEES

We should budget for 15 inspection permits associated with new construction and 3 permits associated with lateral repairs = $18 \text{ permit fees} \times 50.00 = \underline{\$900}$

LIEN INTEREST ON SERVICE ACCOUNTS

We expect to clear the remainder of our lien accounts in early 2009 as a result of them being switched to water shut-off schedules. This means we could expect to collect \$11,000

Estimate = \$11,000

SERVICE RECEIPTS\BANK INTEREST

Due to changes required by the State Auditor our monthly service receipts are being transferred from Cowlitz Bank to the County Auditor on a more frequent basis which reduces the interest we are able to earn. We are reducing this line item from \$1,000 in 2008 to \$300 in 2009.

Estimate = \$300

MAINTENANCE INTEREST

Based on investment interest at 3.0% = \$30,845

CAPITAL RESERVE NO. 1 INTEREST

Based on investment interest at 3.75% = \$83,104

CAPITAL RESERVE NO. 2 INTEREST

We continue to deposit connection fee revenue directly into a pass book savings account at 1.5% and make periodic transfers to Capital Reserve No. 1 = \$626

SEWER BUDGET EXPENSES

PUBLIC UTILITY TAX

The Utility Tax line item is increased to reflect actual costs in 2008. This year we were required to change from a quarterly filing to a monthly filing and are paying approximately \$2,500 per month.

Estimate = \$30,000

ATTORNEY

Monthly retainer will remain at \$450.00.

Total estimated legal fees = \$12,600

ENGINEER

Developer extension plan review and construction inspection fees are included in this category. Although reimbursement will occur, that component of costs is unpredictable, like customer refunds. Considering miscellaneous information and support for projects. Leave at \$1,000

TREATMENT

The annual treatment plant budget is divided among the four user entities (Longview, Kelso, BHSD, Cowlitz County) on the basis of their respective flow percentages for a given twelve month period. This period includes the months of August through July prior to the adoption of the following year's budget.

Actual flow percentages for the subsequent twelve month period then is applied to the previous year's budget and a "correction" or "adjustment" is added or subtracted from the entity's upcoming treatment obligation.

This year our flow percentage has increased by 8.24% to 8.50%. This results in an increase in our treatment costs of 14%. Treatment is by far our largest annual expense and it makes up over 60% of our operating expenses. Our expected 2008 treatment cost has been increased to reflect the additional flow percentage.

Budget = \$710,982

ELECTRICITY

This category reflects electricity used in the sewer collection system. Office and shop electricity is included in a separate, shared overhead category.

Estimate = \$11,000

WATER

We are no longer charging ourselves for water, but consumption is being tracked.

TELEMETERY

Pump station auto-dialers at \$200.00\mo x 12 = \$2,400, plus an increased cost of \$50.00\mo. For 24 hour answering service x 12 = \$600.

Estimate = \$3,000

LINE EXTENSION AND REPAIR

This line item covers dig up and repair of collection system, both scheduled and unscheduled.

Estimate = \$5,000

CARBON

Carbon for the Nevada Pump Station odor control system was changed in 2007. We expect to replace it again in 2009.

Estimate = \$800

MATERIALS

This category includes pipe, fittings, couplings, concrete risers and cast iron paving rings.

Estimate = \$2,000.00

MANHOLE REHABILITATION

This category is for parts and materials related to our manhole maintenance program. The program consists of scheduled inspections and repairs along with the installation of rain stopper inserts in all District manholes.

Estimate = \$1,000

SEWER REHABILITATION PROJECT

In 2009 we will be replacing an air-vac valve for the Nevada/Lexington pressure line. The existing valve is becoming corroded from the gasses in the system.

Total = \$4,000

DEBT SERVICE

We have one outstanding Public Works Trust Fund Loan on which we will have to pay this year. The loan is the result of our main interceptor failure in November or 2006, much of which has already been repaid with FEMA grant funds. The loan balance is approximately \$25,000. We have a single payment of \$2,044.70 due July 1st, 2008.

Total = \$2,045

CAPITAL IMPROVEMENT PROJECTS

Due to delays by the County and Department of Ecology on Comprehensive Plan approvals, we were unable to complete two planned projects in 2008. This means we did not spend the \$200,000 budgeted in 2008 for pump station upgrades. Projects we hope to undertake in the next budget year are as follows:

Nevada Drive Pump Station – Generator Upgrades, Bypass Pumping Port, Relocation and Replacement of Seal Water System - \$200,000

Eastside Pump Station – Bypass Pumping Port, Replace Float Control System, Relocate J-box, Replace Rails and Lid - \$60,000

We are also budgeting \$40,000 for the scheduled repair of mainlines that have been identified on our small repairs log.

Total CIP = \$300,000

SYSTEM DEVELOPMENT CHARGE

Cumulative transfer of all projected SDC's to CSOB = \$29,355

SEWER BUDGET ENDING BALANCES

CASH IN BANK

December 2009 Payroll/January '10 Benefits will be offset by '09 year end payroll/benefit encumbrance reduction, so no cash balance reflected = \$0

MAINTENANCE

The maintenance fund is projected to have a balance of \$1,306,209 at year end. Based on reserve amounts of \$25,650 for Rolling Stock, \$11,600 for Equipment and \$17,233 for Technology replacement, our required year end balance is \$1,206,209.00. A transfer of \$441,071 will be made to Capital Reserve I.

Projected 2009 Year end balance = \$1,206,209

CAPITAL RESERVE NO. 1

Projected balance at year end 2009 including midyear transfer from Capital Reserve II and year end transfer from Maintenance = \$2,833,991

CAPITAL RESERVE NO. 2

Projected balance at year end 2009 = \$100

WATER BUDGET

This budget gives the first real look at actual expenses related to the water system. The 2008 budget while closer to actual expenses than previous budgets, still did not include some expenses we should have planned for. Operating expenses are increased 14% this year due to these additional expenses and the increases in cost of fuel and materials.

We will not have any debt service related to the Mint Farm wells in 2009, but a substantial rate increase with a revision of rate structure is recommended in order to stabilize operating income and lessen the impact of future increases necessary for the source supply project. By increasing our base rate and allowing more water usage, we will have a more dependable cash flow stream. We should also consider adopting a resolution for future automatic annual increases tied to the Portland CPI, just as we are considering for sewer rates. If the proposed rate structure intended to bring in \$1,300,000 is adopted, the 2009 operating income will be only \$32,604 and we project we will end the year with \$374,305 in the Maintenance Fund. This is not ideal, but With total annual expenses and debt service of nearly \$1.3 million, this is an adequate reserve.

We also expect connection fees to be down in 2009 due to the poor housing market. We are budgeting for 15 new connections.

WATER REVENUES

SERVICE RECEIPTS

Water rates differ based on geographic location. Rate Area 1 includes Columbia Heights, Beacon Hill and Lexington and is charged according to the attached Schedule 91. All other service areas are charged according to Schedule 93. These rate schedules will be modified by the decided upon rate increase. For the purposes of the draft budget we have assumed an 11% increase in income. Since water is based on consumption and not a flat rate like sewer, service receipts can vary based on customer usage. But based on operating expenses we need to collect \$1,300,000.

CONNECTION FEES

We currently charge \$2,300 for all connections plus a local facilities charge to cover actual time and materials for new services. The Local Facilities Charge is included in the Miscellaneous Revenue line item. In 2008 a resolution was passed to increase the connection fee annually by a factor reflecting the ENR Construction Cost Index (CCI) at the beginning of each year. The ENR CCI for Seattle reflects a 1.6% increase. Applying this increase to our GFC we get \$2,337. We estimate a total of 15 connections in 2009 at a fee of \$2,337.

Total Connection Fees = \$35,055

SERVICE RECEIPTS\BANK INTEREST

Interest earned on service receipts deposited daily in Cowlitz Bank before being transferred approximately weekly to the County Treasurer = \$200

MAINTENANCE INTEREST

Based on investment interest at 3.0% = \$12,267

CAPITAL RESERVE INTEREST

Based on investment interest at 3.0% = \$4,068

MISCELLANEOUS INCOME

We expect to receive loan proceeds of \$200,000. In addition, we receive reimbursement for time and materials on new service installations.

Total - \$202,000

WATER EXPENSES

ATTORNEY

Monthly retainer will remain at \$250

Miscellaneous legal issues at \$2,000

Total estimated legal fees = \$5,000

ENGINEER

Developer extension plan review and construction inspection fees are included in this category. Although reimbursement will occur, that component of costs is unpredictable, like customer refunds. Considering miscellaneous information and support for projects. Leave at \$1,000

PUD ADMINISTRATIVE REIMBURSEMENT

Cowlitz PUD invoices us for any time their employees spend working on the water system. In 2008 Ray Johnson was still the acting water system manager and charged time to the utility on a monthly basis. The average monthly charge in 2008 was \$6300 for an expected annual cost of approximately \$75,000. As of December 31, the Department of Health will allow us to operate on a temporary waiver without Ray as the manager until we obtain the necessary certifications in February. I expect to see a substantial decrease in time billed to the water utility in 2009.

Estimate = \$10,000

PUBLIC UTILITY EXCISE TAX

Taxes are paid by the PUD and reimbursed by BHSD. Estimate approximately \$5,000 per month.

Estimate = \$60,000

DEBT SERVICE

The water utility pays debt service on several loans. There is an outstanding PWTF loan, along with a loan to the power utility and a loan for the regional water treatment plant.

PUD Power Utility Loan - \$55,800

RWTF Loan - \$55,800

PWTF Loan - \$82,800

Estimate = \$194,400

RWTP CAPITAL EXPENSE

This is our portion of scheduled and emergency maintenance for the regional water treatment plant. Expenses are being kept at a minimum due to the planned replacement of the plant.

Estimate = \$70,000

WATER SUPPLY

Water is purchased from the City of Longview at a rate of \$0.0046 per cubic foot (CF). Our average consumption 2004 through 2007 is 45 million CF but there has been a downward trend. The 2009 budget is based on a usage of 43 million CF.

Estimate = \$207,000

WATER SERVICE MAINTENANCE AND REPAIR

Expenses in this category are for the excavation and repair of existing water services. This is a new budget line item, added in 2008 to more accurately reflect real costs experienced by the utility.

Estimate = \$6,000

METER REPLACEMENT PROGRAM

The meter replacement program is for the replacement of existing meters. Our goal is to replace approximately 200 water meters annually due to age or failure.

Estimate = \$8,000

NEW SERVICES

In 2008 we started tracking the expenses related to new services separately. These costs include our materials and contractor excavation costs, but not our crew time. All expenses in this category are reimbursed by the customer.

Estimate = \$5,000

STOCK MATERIALS

This is the purchase of regular stock for repairs and inventory. We are expecting to be on budget for this category in 2008. No increase is needed for 2009.

Estimate = \$18,000

PUMPING ELECTRICITY

This is the electricity cost for the water distribution system. We are currently well under budget in this category and are through our heavy pumping months. For 2009 we recommend lowering this budget amount to \$20,000.

Estimate = \$20,000

HYDRANT MAINTENANCE

In 2008 we established a program for the flushing and repair of hydrants in the District. Parts and materials associated with this program are included in this line item. Main expenses include

replacement of buried extensions, primer, paint and ID tags.

Estimate = \$4,300

RESERVOIR EXPENSES

In 2008 we planned to finish the cleaning of the Ostrander Reservoir. We may not get to it before the end of the year so we are carrying the expense forward to 2009. In addition we identified some repairs in 2008 that will be completed in 2009.

Estimate = \$5,000

LAND RIGHTS AND PERMITS

This covers the purchases of easements and permit costs associated with system repairs and extensions.

Estimate = \$1,500

TELEMETRY

Telemetry is an expense we are currently reimbursing to the PUD. It covers the cost of the existing SCADA system at the water pump stations. Charges are approximately \$425 per month.

Estimate = \$5,100

WATER TESTING

We test twice per month for coliforms at approximately \$200 per month. In 2008 we also sampled for two different disinfection by-products to meet our DOH required Stage 1 Plan. These tests were taken quarterly and run approximately \$250 combined. In 2009, we have to test per our Stage 2 Plan which requires an increase in number and frequency of tests. We expect to test four times in 2009 with eight samples for each by-product during each test. This is by far our biggest expense for water quality testing in 2009. It is possible we can forgo the Sample 2 monitoring due to the decision to relocate our water supply. We will explore this possibility, but due to the substantial costs we are budgeting for worse case scenario.

Regular and Misc. Coliform Testing = \$2,500

Stage 2 DBP Testing = \$8,000

Estimate = \$10,500

METER READING

Contract for monthly residential meter reading at approximately \$2,750 per month.

Estimate = \$33,000

LINE EXTENSION AND REPAIR

This line item covers District expenses, with the exception of contracted excavation, for dig up and repair of collection system, both scheduled and unscheduled.

Estimate = \$20,000

PUMP STATION MAINTENANCE

These expenses are for the repair or replacement of pump station equipment.

Estimate = \$5,000

SPECIALTY VALVE MAINTENANCE

We use a contractor for planned and emergency maintenance and inspection of specialty control valves. We also plan the replacement of several air-vacs.

Estimate = \$8,000

REGULATORY EXPENSE

Department of Health certification fees.

Estimate = \$6,000

EXCAVATION EXPENSE

This is for excavation related to emergency repairs which are contracted out.

Estimate = \$10,000

CAPITAL IMPROVEMENT PROJECTS

We are budgeting an additional \$100,000 for pipe replacement projects. We will prioritize mainlines which experience frequent failures. Due to budget restraints, the \$250,000 Alderwood Pump Station upgrades will be postponed until a later date. This project will be completed if and when loan funds can be obtained from either the DWSRF or PWTF program.

Estimate = \$100,000

WATER BUDGET ENDING BALANCES

CASH IN BANK

December 2008 Payroll/January '09 Benefits will be offset by '08 year end payroll/benefit encumbrance reduction, so no cash balance reflected = \$0

MAINTENANCE

Projected 2008 Year end balance = \$447,377

CAPITAL RESERVE

Projected 2008 Year end balance = \$152,229

BEACON HILL SEWER DISTRICT

2009 DRAFT SEWER BUDGET

PRESENTED 11/25/08

	2007 ACTUAL	2008 BUDGET	****AS OF**** OCT 31ST	DRAFT 2009 BUDGET
< BENEFITS >				
SOCIAL SECURITY -----	25,367.92	16,264.64		18,340.57
RETIREMENT -----	19,118.30	12,853.81	11,902.40	19,831.60
INDUSTRIAL INSURANCE -----	4,043.07	3,151.12	10,259.62	3,507.41
HEALTH INSURANCE/VEBA-----	71,628.62	37,152.00		46,569.00
SUB-TOTAL	\$120,157.91	\$69,421.57	\$22,162.02	\$88,248.58
< ADMIN. & GEN. EXPENSES >				
UCC DUES -----	326.00	378.40		436.45
ASSOCIATION DUES AND SUBSCRIPTIONS --	5,591.81	2,579.14	214.59	2,928.00
INSURANCE -----	16,290.00	17,430.00	4,352.75	10,905.00
ATTORNEY -----	41,641.01	12,600.00		10,000.00
ENGINEER -----	4,902.65	1,000.00	4,710.90	1,000.00
IMAGISTICS COPIER/FAX -----	654.81	645.00		645.00
COMPUTERS/NETWORK -----	15,052.49	7,324.00	399.93	10,607.00
PUBLIC UTILITY/EXCISE TAX -----	32,113.16	24,000.00	8,483.64	30,000.00
DIKING TAX -----	667.50	373.12	26,140.54	337.00
OFFICE SUPPLIES & EQUIPMENT -----	6,402.07	4,300.00	340.68	3,010.00
BILLING & COLLECTING -----	4,692.95	7,869.00	280.29	9,704.24
SAFETY/HEALTH -----	2,900.09	3,745.00	6,999.24	4,853.00
CLOTHING -----				925.00
NEWSLETTERS/WEBSITE-----			979.48	3,440.00
TRAVEL & EDUCATION -----	8,736.73	4,300.00	969.71	6,845.00
MISCELLANEOUS -----			4,552.34	2,500.00
AUDITOR -----	7,218.26	4,975.00	1,908.05	675.10
CUSTOMER REFUNDS -----	1,497.00		11,587.52	
ELECTION EXPENSE -----			4,685.08	860.00
UNEMPLOYMENT EXPENSE -----	818.36	410.46		461.82
SUB-TOTAL	\$149,504.89	\$91,929.12	\$76,604.74	\$100,132.61
< BUILDING & GROUNDS >				
OFFICE ELECTRICITY -----	4,468.50	1,505.00	1,759.26	1,935.00
TELEPHONE -----	3,861.02	1,143.80	1,759.26	2,150.00
OFFICE & SHOP MAINTENANCE -----	7,005.92	3,440.00	1,652.05	3,440.00
BUILDINGS AND GROUNDS -----			1,995.03	860.00
SUB-TOTAL	\$15,335.44	\$6,088.80	\$7,165.60	\$7,525.00
< PUMPING EXPENSE >				
TREATMENT -----	620,437.00	621,683.00	466,200.00	710,982.00
ELECTRICITY -----	10,321.79	11,000.00	7,422.02	11,000.00
WATER -----	781.85	1,000.00	379.79	
TELEMETERING -----	2,924.73	3,100.00	2,817.67	3,000.00
EQUIPMENT REPAIR & REPLACE -----	14,923.32	9,390.00	14,256.47	12,000.00
SUB-TOTAL	\$649,388.69	\$646,173.00	\$476,819.48	\$736,982.00

BEACON HILL SEWER DISTRICT

2009 FINAL WATER BUDGET
PRESENTED 12/16/08

	2007 BUDGET	FINAL 2008 BUDGET	2008 - AFTER PRIOR YR. EXP.	FINAL 2009 BUDGET
< BALANCE BEGINNING JAN. 1ST >				
CASH IN BANK -----				
MAINTENANCE -----	145,000.00	614,747.00	650,666.76	251,180.36
CAPITAL RESERVES -----		72,000.00	92,700.00	122,539.38
PRIOR YEAR ENCUMBRANCE -----				
SUB-TOTAL BEGINNING BALANCE	\$145,000.00	\$686,747.00	\$743,366.76	\$373,719.74
REVENUES				
SERVICE RECEIPTS -----	1,009,816.00	1,161,288.00	722,951.06	1,498,113.89
CONNECTION FEES -----	72,000.00	150,000.00	34,500.00	35,055.00
DAILY RECEIPT INTEREST -----		400.00	0.00	200.00
MAINTENANCE INTEREST -----	34,000.00	24,181.15	4,629.38	15,415.78
CAPITAL RESERVE INTEREST-----		2,123.02	2,085.19	4,213.20
MISC INCOME -----			4,305.17	7,000.00
LOAN PROCEEDS -----		500,000.00		200,000.00
SUB-TOTAL	\$1,115,816.00	\$1,837,992.16	\$768,470.80	\$1,759,997.87
TOTAL BEGINNING BALANCE PLUS REVENUE		\$2,524,739.16	\$1,511,837.56	\$2,133,717.61
EXPENDITURES				
< PERSONNEL >			OVERHEAD PERCENTAGE	57.00%
ADMINISTRATION -----	178,200.00	59,164.86	49,304.00	63,663.30
FIELD WORKMAN IA -----		35,974.98	29,979.18	37,097.31
FIELD WORKMAN IB -----		32,976.78	24,732.59	35,551.47
FIELD WORKMAN IC -----		29,979.15	24,982.60	32,460.36
FIELD WORKMAN ID -----		24,739.14	18,815.29	30,974.37
FIELD WORKMAN IIIA -----			4,811.94	21,088.29
FIELD WORKMAN IIIB -----				19,886.73
SECRETARY -----		35,270.46	29,392.10	36,370.56
BILLING CLERK -----		29,068.29	24,223.57	29,975.16
OFFICE ASSISTANT -----		27,109.77	22,505.08	27,955.65
COMMISSIONERS -----		2,872.80	1,559.52	2,489.76
OVERTIME PAYOUT -----	13,100.00	8,265.00	2,465.96	1,456.00
SICK LEAVE/VACATION PAYOUT -----			0.00	
PUD ADMINISTRATIVE REIMBURSEMENT -----		79,200.00	33,755.25	10,000.00
SUB-TOTAL	\$191,300.00	\$364,621.23	\$266,527.08	\$348,968.96
< BENEFITS >				
SOCIAL SECURITY -----	61,200.00	21,560.10	18,156.97	24,311.92
RETIREMENT -----		10,489.87	15,306.71	26,288.40
INDUSTRIAL INSURANCE -----		3,821.57	2,853.27	4,649.35
HEALTH INSURANCE/VEBA-----		49,248.00	40,324.34	61,731.00
SUB-TOTAL	\$61,200.00	\$85,119.54	\$76,641.29	\$116,980.68

BEACON HILL SEWER DISTRICT

2009 FINAL WATER BUDGET
PRESENTED 12/16/08

	2007 BUDGET	FINAL 2008 BUDGET	****AS OF**** NOV 30TH	FINAL 2009 BUDGET
< ADMIN. & GEN. EXPENSES >				
UCC DUES -----		501.60	218.05	579.00
MEMBERSHIP DUES AND SUBSCRIPTIONS -----	1,000.00	3,418.86	2,419.53	3,881.00
INSURANCE -----		31,096.00	39,521.15	44,456.00
ATTORNEY -----		10,000.00	3,932.24	10,000.00
ENGINEER -----	43,000.00	1,000.00	2,706.30	1,000.00
IMAGISTICS COPIER/FAX -----		855.00	602.82	855.00
COMPUTERS/NETWORK -----		9,708.24	9,292.14	11,961.00
PUBLIC UTILITY EXCISE TAX -----	50,500.00	55,582.00	43,791.28	60,000.00
DIKING TAX -----		326.88	326.88	455.00
OFFICE SUPPLIES & EQUIPMENT -----		5,700.00	3,868.47	3,990.00
BILLING & COLLECTING -----		10,431.00	7,425.27	12,436.00
SAFETY/HEALTH -----	1,000.00	855.00	1,787.31	4,347.00
CLOTHING -----				1,540.00
NEWSLETTER -----			1,755.25	6,060.00
TRAVEL & EDUCATION -----	4,500.00	5,700.00	7,904.79	10,075.00
AUDITOR -----		6,594.90	434.34	895.00
CUSTOMER REFUNDS -----		0.00	14.21	
ELECTION EXPENSE -----		0.00	0.00	855.00
MISCELLANEOUS -----			767.15	
UNEMPLOYMENT EXPENSE -----		544.09	445.83	612.00
PUD SERVICE REIMBURSEMENTS -----			251.05	
DEBT SERVICE -----	192,400.00	231,350.00	165,788.07	110,705.80
SUB-TOTAL	\$292,400.00	\$373,663.57	\$293,252.13	\$284,702.80
< BUILDING & GROUNDS >				
OFFICE ELECTRICITY -----		1,995.00	2,199.18	2,565.00
TELEPHONE -----	500.00	1,436.40	2,412.47	2,850.00
OFFICE & SHOP MAINTENANCE -----		4,560.00	1,987.26	4,560.00
BUILDINGS & GROUNDS -----				1,140.00
SUB-TOTAL	\$500.00	\$7,991.40	\$6,598.91	\$11,115.00
< OPERATING EXPENSE >				
RWTP CAPITAL EXPENSE -----			48,161.02	70,000.00
WATER SUPPLY -----	169,000.00	153,304.00	145,607.62	174,800.00
WATER SERVICE MAINTENANCE AND REPAIR METER REPLACEMENT PROGRAM -----			7,485.76	6,000.00
NEW SERVICES -----			1,935.84	8,000.00
STOCK MATERIALS -----	13,000.00	18,000.00	1,978.99	5,000.00
PUMPING ELECTRICITY -----	38,500.00	30,000.00	16,065.18	18,000.00
HYDRANT MAINTENANCE -----			19,688.67	20,000.00
RESERVOIR MAINTENANCE -----			1,492.41	4,300.00
EQUIPMENT REPAIR & REPLACE -----	3,500.00	4,710.00	6,541.96	5,000.00
LAND RIGHTS/PERMITS -----		1,500.00	2,688.91	16,386.00
TELEMETRY -----		5,000.00	685.52	1,500.00
WATER TESTING -----		5,000.00	3,450.80	5,100.00
METER READING -----		5,000.00	3,258.00	5,700.00
WATER METERS -----		32,400.00	27,377.31	33,000.00
LINE EXTENSION AND REPAIR -----		8,000.00	3,157.88	
PUMP STATION EXPENSE -----			13,186.95	20,000.00
SPECIALTY VALVE EXPENSE -----			2,213.89	5,000.00
REGULATORY EXPENSE -----	2,300.00	7,500.00	5,776.85	8,000.00
EXCAVATION EXPENSE -----		10,000.00	1,107.46	10,000.00
VEHICLES -----	23,000.00	8,649.75	18,886.06	13,167.00
MISCELLANEOUS -----	146,200.00		5,776.85	
SUB-TOTAL	\$395,500.00	\$284,063.75	\$282,586.06	\$434,953.00

BEACON HILL SEWER DISTRICT

2009 FINAL WATER BUDGET

PRESENTED 12/16/08

	2007 BUDGET	FINAL 2008 BUDGET	****AS OF**** NOV 30TH	FINAL 2009 BUDGET
TOTAL OPERATING EXPENSES		\$1,115,459.49	\$925,605.47	\$1,196,720.44
CAPITAL OUTLAY -----		\$41,097.00	55,098.45	28,266.00
CIP -----	\$239,000.00	540,000.00	104,757.07	100,000.00
SUB-TOTAL	\$239,000.00	\$581,097.00	\$159,855.52	\$128,266.00
TOTAL EXPENSES	\$1,179,900.00	\$1,696,556.49	\$1,085,460.99	1,324,986.44
ENDING FUND BALANCES				
CASH IN BANK -----		41,696.00	0.00	
PAYROLL/BENEFIT ENCUMBRANCE -----			0.00	
MAINTENANCE -----	550,381.00	579,228.83	232,021.93	646,923.59
CAPITAL RESERVES -----	72,000.00	224,123.02	129,285.18	161,807.58
SUB-TOTAL ENDING BALANCE	622,381.00	845,047.84	361,307.11	808,731.17
ADJUSTMENT TO ENDING BALANCE		0.00	0.00	
TOTAL EXPENSES PLUS ENDING BAL.	\$1,802,281.00	\$2,275,785.32	\$1,317,482.92	\$2,133,717.61

BEACON HILL SEWER DISTRICT

11/18/2008

2009 DRAFT SEWER BUDGET

PRESENTED 11/25/08

	2007 ACTUAL	2008 BUDGET	****AS OF**** OCT 31ST	DRAFT 2009 BUDGET
< BENEFITS >				
SOCIAL SECURITY -----	25,367.92	16,264.64		18,340.57
RETIREMENT -----	19,118.30	12,853.81	11,902.40	19,831.60
INDUSTRIAL INSURANCE -----	4,043.07	3,151.12	10,259.62	3,507.41
HEALTH INSURANCE/VEBA-----	71,628.62	37,152.00		46,569.00 •
SUB-TOTAL	\$120,157.91	\$69,421.57	\$22,162.02	\$88,248.58
< ADMIN. & GEN. EXPENSES >				
UCC DUES -----	326.00	378.40		436.45
ASSOCIATION DUES AND SUBSCRIPTIONS ---	5,591.81	2,579.14	214.59	2,928.00
INSURANCE -----	16,290.00	17,430.00	4,352.75	10,905.00
ATTORNEY -----	41,641.01	12,600.00		10,000.00
ENGINEER -----	4,902.65	1,000.00	4,710.90	1,000.00
IMAGISTICS COPIER/FAX -----	654.81	645.00		645.00
COMPUTERS/NETWORK -----	15,052.49	7,324.00	399.93	10,607.00
PUBLIC UTILITY/EXCISE TAX -----	32,113.16	24,000.00	8,483.64	30,000.00
DIKING TAX -----	667.50	373.12	26,140.54	337.00
OFFICE SUPPLIES & EQUIPMENT -----	6,402.07	4,300.00	340.68	3,010.00 <i>1,146.92</i>
BILLING & COLLECTING -----	4,692.95	7,869.00	280.29	9,704.24
SAFETY/HEALTH -----	2,900.09	3,745.00	6,999.24	4,853.00
CLOTHING -----				925.00
NEWSLETTERS/WEBSITE-----			979.48	3,440.00 ✓
TRAVEL & EDUCATION -----	8,736.73	4,300.00	969.71	6,845.00
MISCELLANEOUS -----			4,552.34	2,500.00
AUDITOR -----	7,218.26	4,975.00	1,908.05	675.10
CUSTOMER REFUNDS -----	1,497.00		11,587.52	
ELECTION EXPENSE -----			4,685.08	860.00
UNEMPLOYMENT EXPENSE -----	818.36	410.46		461.82
SUB-TOTAL	\$149,504.89	\$91,929.12	\$76,604.74	\$100,132.61
< BUILDING & GROUNDS >				
OFFICE ELECTRICITY -----	4,468.50	1,505.00	1,759.26	1,935.00
TELEPHONE -----	3,861.02	1,143.80	1,759.26	2,150.00
OFFICE & SHOP MAINTENANCE -----	7,005.92	3,440.00	1,652.05	3,440.00
BUILDINGS AND GROUNDS -----		,	1,995.03	860.00
SUB-TOTAL	\$15,335.44	\$6,088.80	\$7,165.60	\$7,525.00
< PUMPING EXPENSE >				
TREATMENT -----	620,437.00	621,683.00	466,200.00	710,982.00
ELECTRICITY -----	10,321.79	11,000.00	7,422.02	11,000.00
WATER -----	781.85	1,000.00	379.79	
TELEMETERING -----	2,924.73	3,100.00	2,817.67	3,000.00
EQUIPMENT REPAIR & REPLACE -----	14,923.32	9,390.00	14,256.47	12,000.00
SUB-TOTAL	\$649,388.69	\$646,173.00	\$476,819.48	\$736,982.00

BEACON HILL SEWER DISTRICT
2009 DRAFT WATER BUDGET
PRESENTED 11/10/08

11/18/2008

	2007 BUDGET	FINAL 2008 BUDGET	****AS OF**** OCT 31ST	DRAFT 2009 BUDGET
TOTAL OPERATING EXPENSES		\$1,115,459.49	\$796,127.26	\$1,280,414.64
CAPITAL OUTLAY _____		\$41,097.00	53,752.04	28,266.00
CIP _____	\$239,000.00	540,000.00	104,507.36	100,000.00
SUB-TOTAL	\$239,000.00	\$581,097.00	\$158,259.40	\$128,266.00
TOTAL EXPENSES	\$1,179,900.00	\$1,696,556.49	\$954,386.66	1,408,680.64
ENDING FUND BALANCES				
CASH IN BANK _____		41,696.00	0.00	
PAYROLL/BENEFIT ENCUMBRANCE _____			0.00	
MAINTENANCE _____	550,381.00	579,228.83	291,081.20	361,105.32
CAPITAL RESERVES _____	72,000.00	224,123.02	124,582.50	161,807.58
SUB-TOTAL ENDING BALANCE	622,381.00	845,047.84	415,663.70	522,912.90
ADJUSTMENT TO ENDING BALANCE		0.00	0.00	
TOTAL EXPENSES PLUS ENDING BAL.	\$1,802,281.00	\$2,275,785.32	\$1,245,467.86	\$1,931,593.54

BEACON HILL SEWER DISTRICT

9/30/2008

2009 DRAFT BUDGET
PRESENTED 10/15/08

	2007 BUDGET	DRAFT 2008 BUDGET	2008 - AFTER PRIOR YR. EXP.	DRAFT 2009 BUDGET
< BALANCE BEGINNING JAN. 1ST >				
CASH IN BANK -----			0.00	
MAINTENANCE -----	145,000.00	614,747.00	650,666.76	363,659.13
CAPITAL RESERVES -----		72,000.00	92,700.00	113,243.83
PRIOR YEAR ENCUMBRANCE -----				
SUB-TOTAL BEGINNING BALANCE	\$145,000.00	\$686,747.00	\$743,366.76	\$476,902.96
REVENUES				
SERVICE RECEIPTS -----	1,009,816.00	1,161,288.00	427,246.89	1,500,000.00
CONNECTION FEES -----	72,000.00	150,000.00	25,300.00	35,055.00
DAILY RECEIPT INTEREST -----		400.00	0.00	200.00
MAINTENANCE INTEREST -----	34,000.00	24,181.15	3,106.55	11,663.59
CAPITAL RESERVE INTEREST_-----		2,123.02	1,393.99	3,930.47
MISCELLANEOUS INCOME -----		500,000.00	754.87	2,000.00
SUB-TOTAL	\$1,115,816.00	\$1,837,992.16	\$457,802.30	\$1,552,849.05
TOTAL BEGINNING BALANCE PLUS REVENUE		\$2,524,739.16	\$1,201,169.06	\$2,029,752.01
EXPENDITURES				
< PERSONNEL >				57.00%
ADMINISTRATION -----	178,200.00	59,164.86	34,512.80	63,663.30
FIELD WORKMAN IA -----		35,974.98	20,985.42	37,097.31
FIELD WORKMAN IB -----		32,976.78	19,236.45	35,551.47
FIELD WORKMAN IC -----		29,979.15	17,487.82	32,460.36
FIELD WORKMAN ID -----		24,739.14	11,943.22	29,368.68
FIELD WORKMAN IIIA -----				21,088.29
FIELD WORKMAN IIIB -----				
SECRETARY -----		35,270.46	20,574.47	36,370.56
BILLING CLERK -----		29,068.29	16,956.50	29,975.16
OFFICE ASSISTANT -----		27,109.77	12,652.70	27,955.65
COMMISSIONERS -----		2,872.80	1,026.00	2,489.76
OVERTIME PAYOUT -----	13,100.00	8,265.00	2,465.96	14,500.00
SICK LEAVE/VACATION PAYOUT -----			0.00	
PUD ADMINISTRATIVE REIMBURSEMENT -----		79,200.00	22,861.73	10,000.00
SUB-TOTAL	\$191,300.00	\$364,621.23	\$180,703.07	\$340,520.54
< BENEFITS >				
SOCIAL SECURITY -----	61,200.00	21,560.10	11,819.64	24,189.09
RETIREMENT -----		10,489.87	9,694.28	26,154.81
INDUSTRIAL INSURANCE -----		3,821.57	1,819.46	4,649.35
HEALTH INSURANCE/VEBA -----		49,248.00	26,676.00	61,731.00
SUB-TOTAL	\$61,200.00	\$85,119.54	\$50,009.38	\$116,724.25

BEACON HILL SEWER DISTRICT

9/30/2008

2009 DRAFT BUDGET
PRESENTED 10/15/08

	2007 BUDGET	DRAFT 2008 BUDGET	****AS OF**** SEPT 30TH	DRAFT 2009 BUDGET
< ADMIN. & GEN. EXPENSES >				
UCC DUES -----		501.60	167.81	578.55
MEMBERSHIP DUES AND SUBSCRIPTIONS -----	1,000.00	3,418.86	2,305.60	3,812.73
INSURANCE -----		31,096.00	12,846.07	45,960.00
ATTORNEY -----		10,000.00	2,714.24	5,000.00
ENGINEER -----	43,000.00	1,000.00	0.00	1,000.00
IMAGISTICS COPIER/FAX -----		855.00	290.49	855.00
COMPUTERS/NETWORK -----		9,708.24	5,905.85	10,835.70
PUBLIC UTILITY EXCISE TAX -----	50,500.00	55,582.00	22,489.78	60,000.00
DIKING TAX -----		326.88	326.88	455.00
OFFICE SUPPLIES & EQUIPMENT -----		5,700.00	2,769.94	3,990.00
BILLING & COLLECTING -----		10,431.00	4,443.47	12,863.76
SAFETY/HEALTH -----	1,000.00	855.00	1,400.15	4,347.00
CLOTHING -----				1,225.50
NEWSLETTER -----			1,732.27	5,060.00
TRAVEL & EDUCATION -----	4,500.00	5,700.00	5,043.93	8,062.65
AUDITOR -----		6,594.90	434.34	894.90
CUSTOMER REFUNDS -----		0.00	0.00	
ELECTION EXPENSE -----		0.00	0.00	855.00
MISCELLANEOUS -----			337.43	1,000.00
UNEMPLOYMENT EXPENSE -----		544.09	445.83	612.18
PUD SERVICE REIMBURSEMENTS -----			251.05	
DEBT SERVICE -----	192,400.00	231,350.00	128,588.07	194,400.00
SUB-TOTAL	\$292,400.00	\$373,663.57	\$192,493.20	\$361,807.97
< BUILDING & GROUNDS >				
OFFICE ELECTRICITY -----		1,995.00	1,810.86	2,565.00
TELEPHONE -----	500.00	1,436.40	1,258.03	1,995.00
OFFICE & SHOP MAINTENANCE -----		4,560.00	1,918.61	4,560.00
BUILDINGS AND GROUNDS -----				1,140.00
SUB-TOTAL	\$500.00	\$7,991.40	\$4,987.50	\$10,260.00
< OPERATING EXPENSE >				
RWTP CAPITAL EXPENSE -----				70,000.00
WATER SUPPLY -----	169,000.00	153,304.00	4,190.27	207,000.00
WATER SERVICE MAINTENANCE AND REPAIR METER REPLACEMENT PROGRAM -----			1,935.84	6,000.00
NEW SERVICES -----			155.76	8,000.00
STOCK MATERIALS -----	13,000.00	18,000.00	136,614.97	5,000.00
PUMPING ELECTRICITY -----	38,500.00	30,000.00	12,999.67	18,000.00
HYDRANT MAINTENANCE -----			12,723.02	20,000.00
RESERVOIR MAINTENANCE -----			1,492.41	4,300.00
EQUIPMENT REPAIR & REPLACE -----	3,500.00	4,710.00	4,540.03	5,000.00
LAND RIGHTS/PERMITS -----		1,500.00	805.08	17,000.00
TELEMETRY -----		5,000.00	360.00	1,500.00
WATER TESTING -----		5,000.00	1,698.07	5,100.00
METER READING -----		5,000.00	2,498.00	10,500.00
LINE EXTENSION AND REPAIR -----		32,400.00	19,175.41	33,000.00
PUMP STATION MAINTENANCE -----			1,445.45	20,000.00
SPECIALTY VALVEMAINTENANCE -----			1,968.33	5,000.00
REGULATORY EXPENSE -----	2,300.00	7,500.00		8,000.00
EXCAVATION EXPENSE -----		10,000.00	5,776.85	6,000.00
VEHICLES -----	23,000.00	8,649.75	0.00	10,000.00
SUB-TOTAL	\$249,300.00	\$276,063.75	\$224,005.97	\$472,567.00

BEACON HILL SEWER DISTRICT

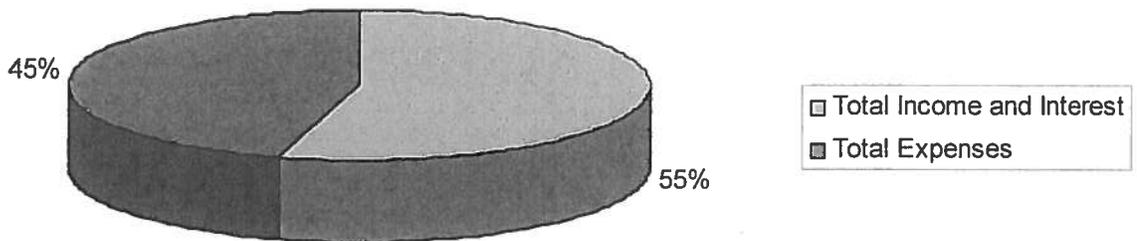
9/30/2008

2009 DRAFT BUDGET
PRESENTED 10/15/08

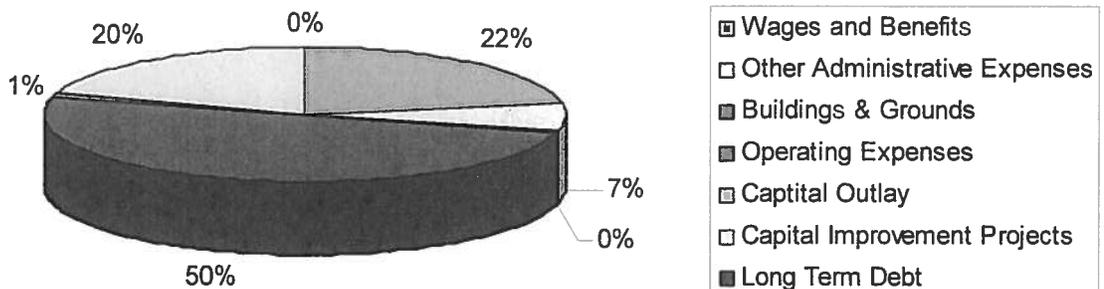
	2007 BUDGET	DRAFT 2008 BUDGET	****AS OF**** OCT 31ST	DRAFT 2009 BUDGET
TOTAL OPERATING EXPENSES		\$1,107,459.49	\$652,199.12	\$1,301,879.76
CAPITAL OUTLAY -----		\$41,097.00	46,390.31	28,266.00
CIP -----	\$239,000.00	540,000.00	91,988.87	100,000.00
SUB-TOTAL	\$239,000.00	\$581,097.00	\$138,379.18	\$128,266.00
TOTAL EXPENSES	\$1,033,700.00	\$1,688,556.49	\$790,578.30	1,430,145.76
ENDING FUND BALANCES				
CASH IN BANK -----		41,696.00	0.00	
PAYROLL/BENEFIT ENCUMBRANCE -----			0.00	
MAINTENANCE -----	550,381.00	579,228.83	285,414.40	447,376.95
CAPITAL RESERVES -----	72,000.00	224,123.02	119,293.98	152,229.29
SUB-TOTAL ENDING BALANCE	622,381.00	845,047.84	404,708.38	599,606.25
ADJUSTMENT TO ENDING BALANCE		0.00	0.00	
TOTAL EXPENSES PLUS ENDING BAL.	\$1,656,081.00	\$2,267,785.32	\$1,075,992.70	\$2,029,752.01

Sewer Utility Graphs

**2009 Sewer Utility
Income and Expenses**

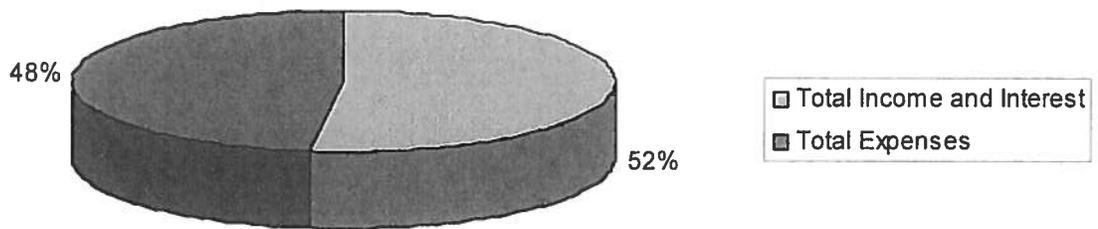


**2009 Sewer Utility
Total Expenses**

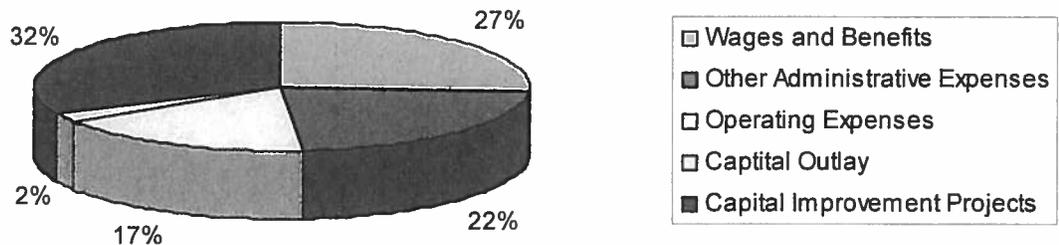


Water Utility Graphs

**2008 Water Utility
Income and Expenses**

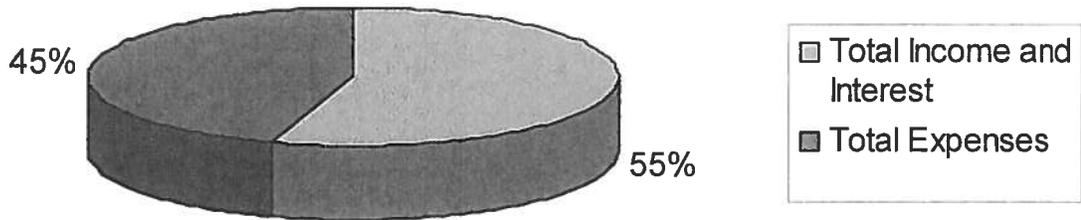


**2008 Water Utility
Total Expenses**

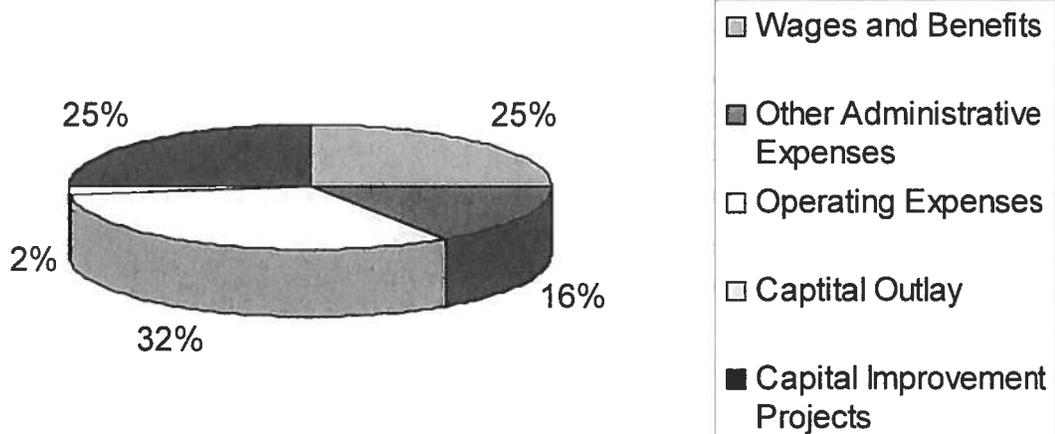


Combined Utility Graphs

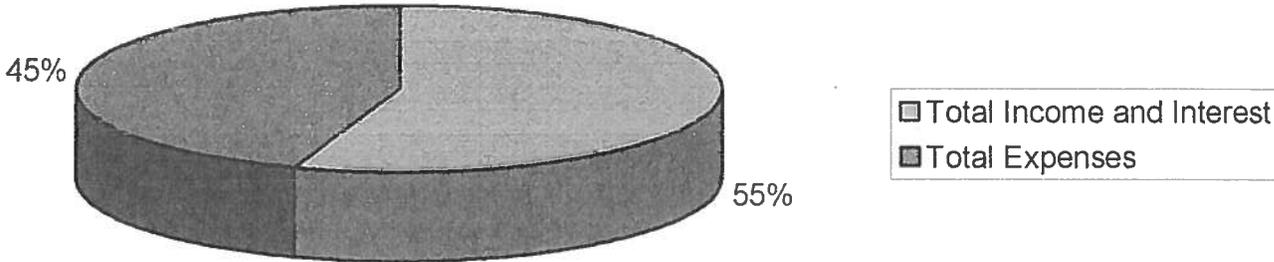
**2008 Combined Utility
Income and Expenses**



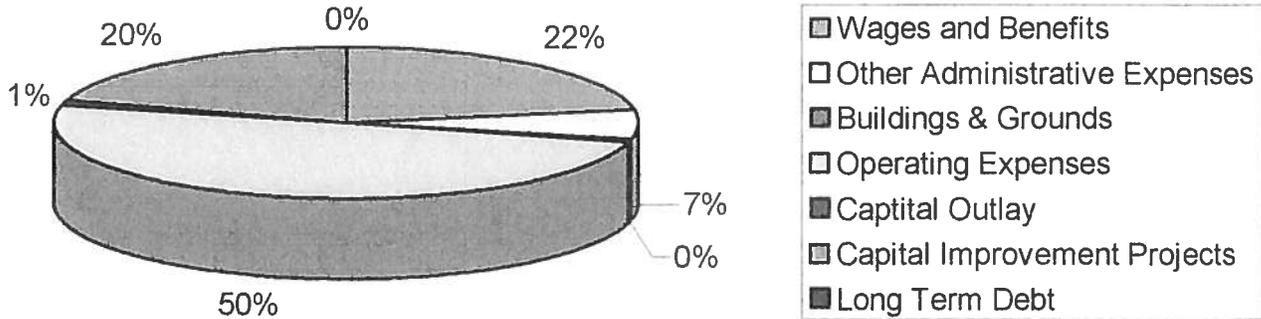
**2008 Combined Utility
Total Expenses**



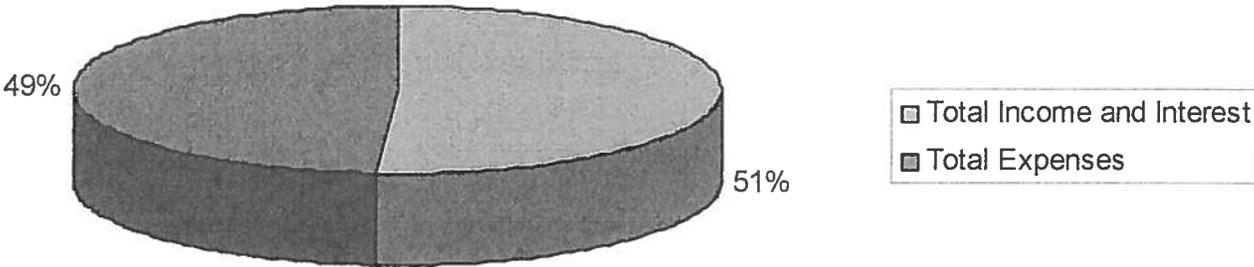
2009 Sewer Utility Income and Expenses



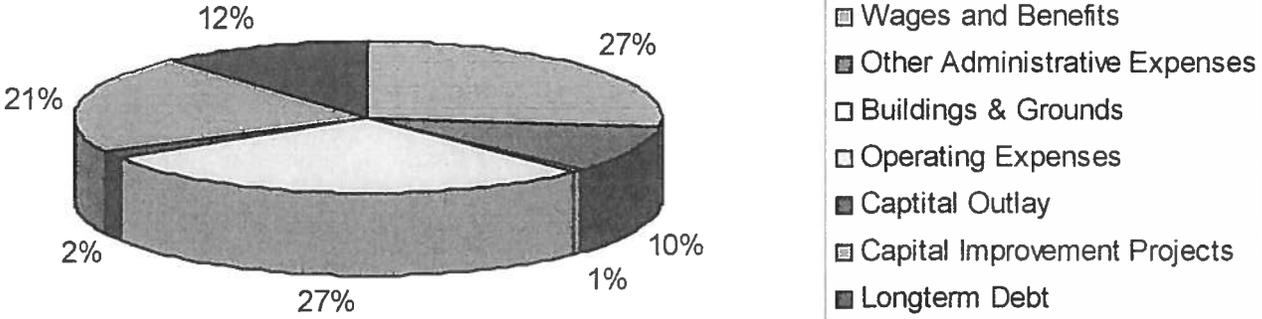
2009 Sewer Utility Total Expenses



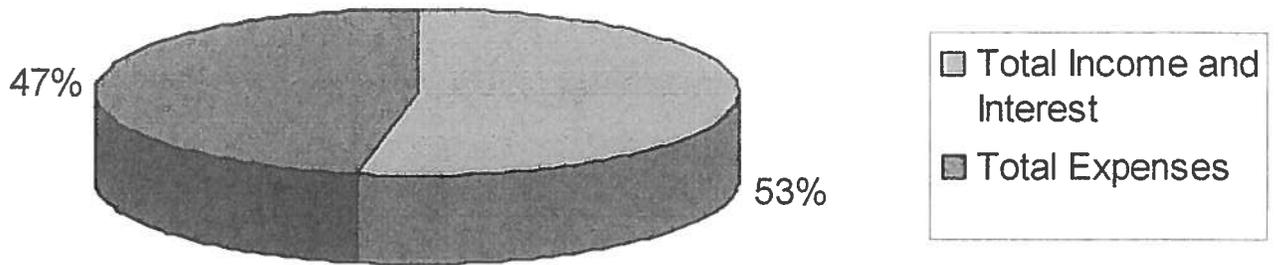
2009 Water Utility Income and Expenses



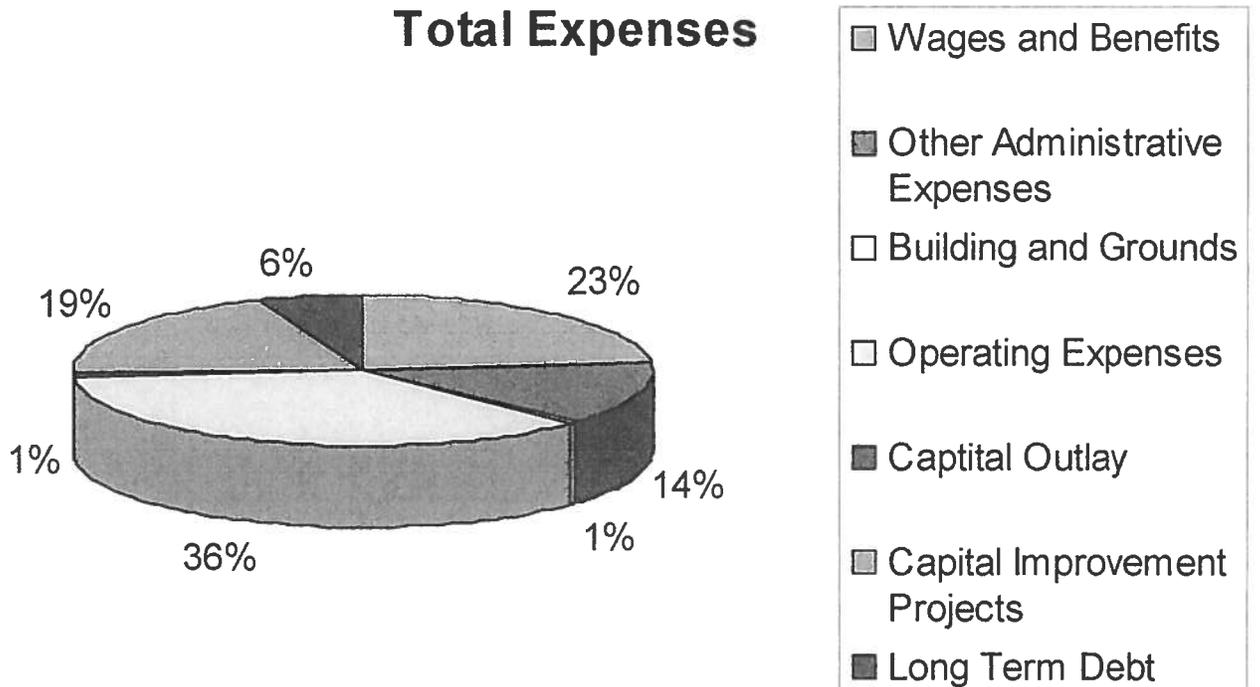
2009 Water Utility Total Expenses



2009 Combined Utility Income and Expenses



2009 Combined Utility Total Expenses



BEACON HILL SEWER DISTRICT
Equipment Replacement Schedule

Description	Purchase Year	Purchase Cost	2008 Est. Replacement Cost	Estimated Life (In Yrs)	Years Depreciated	Estimated Replacement Year	Replacement Cost Per Year	2008 Funding	2008 End Bal	2009 Funding	Proposed 2009 Expense	2009 End Bal
Cues Camera	2005	26,060	27,000	6	3	2011	4,500	4,500	18,000	4,500	-	22,500
3HP By-Pass Pump	1993	3,178	5,000	10	6	2003	500	500	3,500	500	-	4,000
Atmosphere Testers (2)	1999	4,462	6,500	5	6	2004	1,300	-	7,800	-	-	7,800
Pump Station Autodialers	1995	7,821	10,000	10	6	2005	1,000	1,000	7,000	1,000	-	8,000
Niblett Pump	1996	3,811	5,000	10	10	2006	500	-	5,000	-	-	5,000
Eastside Pump #1	1997	3,564	5,000	10	10	2007	500	-	5,000	-	-	5,000
Eastside Pump #2	1998	3,700	5,000	10	9	2009	500	500	5,000	500	-	5,500
Louise Pump #1	2004	3,382	5,000	10	3	2014	500	500	2,000	500	-	2,500
Louise Pump #2	1998	3,867	5,000	10	9	2008	500	500	5,000	500	-	5,500
Yelton Pump #1	2000	5,201	6,000	10	7	2010	600	600	4,800	600	-	5,400
Yelton Pump #2	2000	5,091	6,000	10	7	2010	600	600	4,800	600	-	5,400
Keisey Pump	2004	3,427	5,000	10	3	2014	500	500	2,000	500	-	2,500
Lexington Pump #1	2003	10,718	12,000	10	4	2013	1,200	1,200	6,000	1,200	-	7,200
Lexington Pump #2	2003	10,718	12,000	10	4	2013	1,200	1,200	6,000	1,200	-	7,200
Nevada Pump #1	1994	-	15,000	10	10	2004	1,500	-	15,000	-	-	15,000
Nevada Pump #2	1994	-	15,000	10	10	2004	1,500	-	15,000	-	-	15,000
Nevada Pump #3	1994	-	15,000	10	10	2004	1,500	-	15,000	-	-	15,000
		\$ 95,000	\$ 159,500				\$ 18,400	\$ 11,600	\$ 126,900	\$ 11,600	\$ -	\$ 138,500

BEACON HILL SEWER DISTRICT
Technology Replacement Schedule

Description	Purchase Year	Purchase Cost	2008 Est. Replacement Cost	Estimated Life (In Yrs)	Years Depreciated	Estimated Replacement Year	Replacement Cost Per Year	2008 Funding	2008 End Bal	2009 Funding	Proposed 2009 Expense	2009 End Bal
Front Desk Computer	2008	975	1,100	4	0	2012	275	275	275	275	-	550
Office Assistant Computer	2008	2,239	2,800	4	0	2012	700	700	700	700	-	1,400
Billing Computer	2007	2,708	2,800	4	2	2011	700	700	2,100	700	-	2,800
Accounting Computer	2007	2,708	2,800	4	2	2011	700	700	2,100	700	-	2,800
Manager Computer	2005	1,383	2,800	4	4	2009	700	700	3,500	700	-	4,200
CAD Computer	2006	2,500	2,800	4	3	2010	700	700	2,800	700	-	3,500
Field Computer #1	2001	845	2,800	4	4	2009	700	-	2,800	-	-	2,800
Field Computer #2	2008	2,239	2,800	4	1	2012	700	700	1,400	700	-	2,100
Laptop	2007	2,287	2,500	4	2	2011	625	625	1,875	625	-	2,500
Server	2008	17,604	18,000	6	0	2014	3,000	-	1,875	3,000	-	3,000
Imagistics Printer/Copier/Scanner	2005	8,382	12,000	8	3	2013	1,500	1,500	6,000	1,500	-	7,500
Bill Folder Stuffer Attachment	2008	8279	5295	6	0	2014	883	-	883	883	-	883
AutoCAD Program	2006	5000	5000	4	2	2010	1,250	1,250	3,750	1,250	-	5,000
Harris Billing Software	2008	50,000	55,000	10	0	2018	5,500	-	-	5,500	-	5,500
		\$ 107,149	\$ 118,495				\$ 17,933	\$ 7,850	\$ 27,300	\$ 17,233	\$ -	\$ 44,533

BEACON HILL SEWER DISTRICT
Rolling Stock Replacement Schedule

Description	Purchase Year	Purchase Cost	2009 Est. Replacement Cost	Estimated Life (In Yrs)	Years Depreciated	Estimated Replacement Year	Replacement Cost Per Year	2008 Funding	2008 End Bal	2009 Funding	Proposed 2009 Expense	2009 End Bal
09 Ford Escape	2009	25,500	25,500	10	0	2019	2,550	-	-	-	-	-
07 Ford F550	2008	53,619	60,000	10	1	2018	6,000	-	6,000	6000	0	12,000
05 Olympic Tilt Trailer	2008	15,824	16,000	10	4	2018	1,600	-	6,400	1600	0	8,000
04 John Deere 310G Backhoe	2008	43,361	55,000	10	4	2018	5,500	-	22,000	5500	0	27,500
04 Chevrolet Truck	2003	37,881	50,000	10	5	2013	5,000	5,000	30,000	5000	0	35,000
02 Chevrolet Box Van	2001	32,469	40,000	10	8	2011	4,000	4,000	36,000	4000	0	40,000
02 O' Brein Sewer Cleaner	2002	32,262	35,500	10	6	2012	3,550	7,098	28,398	3550	0	31,948
91 GMC Truck	1991	16,800	22,000	10	10	2001	2,200	-	22,000	0	0	22,000
Coleman Trailer Mount Generator	1996	16,438	20,000	10	10	2006	2,000	-	20,000	0	0	20,000
VWV2 Trailer Mount Generator	1983	1,495	20,000	10	10	1993	2,000	-	20,000	0	0	20,000
		\$ 275,649	\$ 344,000				\$ 34,400	\$ 16,098	\$ 190,798	\$ 25,650	\$ -	\$ 216,448