

DISCOVERY CLEAN WATER ALLIANCE

RESOLUTION NO. 2017 – 04

A RESOLUTION OF DISCOVERY CLEAN WATER ALLIANCE, ADOPTING THE 2017-2018 OPERATING AND CAPITAL BUDGET AND REGIONAL SERVICE CHARGES AMENDMENT FOR THE DISCOVERY CLEAN WATER ALLIANCE.

WHEREAS, the Board of Directors has determined after various meetings that it is in the best interest of the Alliance to approve the 2017-2018 Operating and Capital Budget and Regional Service Charges Amendment as proposed; now, therefore

BE IT RESOLVED by the Board of Directors of the Discovery Clean Water Alliance that the 2017-2018 Operating and Capital Budget and Regional Service Charges Amendment and Exhibit A attached to this Resolution is hereby approved and adopted.

ADOPTED by the Board of Directors of Discovery Clean Water Alliance at a regular meeting held on December 15, 2017.

DISCOVERY CLEAN WATER ALLIANCE



Chair, Board of Directors

2017-2018 Operating and Capital Budget And Regional Service Charges Amendment



Discovery Clean
Water Alliance

ORIGINAL 2017-2018 BUDGET AS ADOPTED: (\$000s)

ACCOUNTS	OPERATING BUDGET		CAPITAL BUDGET			Adopted Budget 2017-2018	Monthly RSCs 2017
	Operating & Maintenance	RSC Stabilization	Debt Service	Existing Assets R&R	New Assets Capital		
BEGINNING BALANCES							
Alliance Funds	\$ 1,320	\$ 143	\$ 1,357	\$ 3,602	\$ 100	\$ 6,522	
Contracts Receivable	2,159	-	-	-	-	2,159	
TOTAL BEGINNING BALANCES	3,479	143	1,357	3,602	100	8,681	
SOURCES							
Regional Service Charges - District	8,497	122	5,122	1,860	1,432	17,032	\$ 710
Regional Service Charges - CofBG	1,958	32	1,816	879	497	5,181	216
TOTAL SOURCES	10,454	154	6,937	2,738	1,929	22,213	926
USES							
O&M Admin Services	(1,819)	-	-	-	-	(1,819)	
O&M SCWMS Operations	(7,810)	-	-	-	-	(7,810)	
O&M BGFMS Operations	(276)	-	-	-	-	(276)	
O&M RTPO Operations	(1,407)	-	-	-	-	(1,407)	
Debt Service	-	-	(6,915)	-	-	(6,915)	
Existing Assets R&R	-	-	-	(3,584)	-	(3,584)	
New Assets Capital	-	-	-	-	(1,829)	(1,829)	
TOTAL USES	(11,312)	-	(6,915)	(3,584)	(1,829)	(23,641)	
ENDING BALANCES							
Alliance Funds	982	297	1,379	2,756	200	5,614	
Contracts Receivable	1,639	-	-	-	-	1,639	
TOTAL ENDING BALANCES	\$ 2,621	\$ 297	\$ 1,379	\$ 2,756	\$ 200	\$ 7,253	

AMENDED 2017-2018 BUDGET:

Reflects Change in #

ACCOUNTS	OPERATING BUDGET		CAPITAL BUDGET			TOTAL BUDGET 2017-2018	Monthly RSCs 2018
	Operating & Maintenance	RSC Stabilization	Debt Service	Existing Assets R&R	New Assets Capital		
BEGINNING BALANCES							
Alliance Funds	\$ 1,320	\$ 143	\$ 1,357	\$ 3,602	\$ 100	\$ 6,522	
Contracts Receivable	2,159	-	-	-	-	2,159	
TOTAL BEGINNING BALANCES	3,479	143	1,357	3,602	100	8,681	
SOURCES							
Insurance Proceeds (1)	36	-	-	500	-	536	
Regional Service Charges - District (2)	8,497	122	5,122	2,010	1,877	17,627	\$ 759
Regional Service Charges - CofBG (3)	1,958	32	1,816	928	652	5,386	233
TOTAL SOURCES	10,490	154	6,937	3,438	2,529	23,549	992
USES							
O&M Admin Services	(1,819)	-	-	-	-	(1,819)	
O&M SCWMS Operations (4)	(7,894)	-	-	-	-	(7,894)	
O&M BGFMS Operations	(276)	-	-	-	-	(276)	
O&M RTPO Operations	(1,407)	-	-	-	-	(1,407)	
Debt Service	-	-	(6,915)	-	-	(6,915)	
Existing Assets R&R (5)	-	-	-	(4,309)	-	(4,309)	
New Assets Capital (6)	-	-	-	-	(2,429)	(2,429)	
TOTAL USES	(11,396)	-	(6,915)	(4,309)	(2,429)	(25,050)	
ENDING BALANCES							
Alliance Funds	980	297	1,379	2,731	200	5,587	
Contracts Receivable	1,593	-	-	-	-	1,593	
TOTAL ENDING BALANCES	\$ 2,573	\$ 297	\$ 1,379	\$ 2,731	\$ 200	\$ 7,180	

Footnotes

- (1) WSRMP insurance proceeds for Sludge Blend Tank Overflow Recovery (\$36k) and Repair (\$500k)
- (2) Additional RSCs - District to fund additional R&R (\$200k) and CIP (\$1.1M) BDPs
- (3) Additional RSCs - CoBG to fund additional R&R (\$200k) and CIP (\$1.1M) BDPs
- (4) Sludge Blend Tank Overflow Recovery Costs (\$36k) + Additional Indirect Cost Allocations (\$48k)
- (5) Sludge Blend Tank Overflow Repair Costs (\$525k)
- (6) Phase 5A Option 1 Costs (\$500k) + Phase 5B Option 1 Costs (\$600k)

BIENNIAL REGIONAL SERVICES CHARGES CHANGE: (\$000s)

Reflects Change in #s

BIENNIAL BUDGET PERIOD	2015-2016 Actuals	Original 2017-2018 Budget	Amended 2017-2018 Budget	\$ Change	% Change
DISTRICT**					
O&M					
Administrative Services	1,336	1,153	1,153	-	
SCWMS	5,643	5,874	5,874	-	
BGFM	62	60	60	-	
RTPO	1,246	1,410	1,410	-	
Rate Stabilization	112	122	122	-	
Capital					
Debt Service	4,519	5,122	5,122	-	
Existing Assets R&R	769	1,860	2,010	150	
New Assets Capital	835	1,432	1,877	445	
TOTAL DISTRICT RSCs	14,522	17,032	17,627	595	4.1%
BATTLE GROUND**					
O&M					
Administrative Services	381	329	329	-	
SCWMS	1,392	1,398	1,398	-	
BGFM	249	231	231	-	
RTPO	-	-	-	-	
Rate Stabilization	32	32	32	-	
Capital					
Debt Service	1,649	1,816	1,816	-	
Existing Assets R&R	408	879	928	50	
New Assets Capital	278	497	652	155	
TOTAL BATTLE GROUND RSCs	4,389	5,181	5,386	205	4.7%
TOTAL PER BIENNIAL BUDGET PERIOD	18,911	22,213	23,013	800	4.2%

MONTHLY REGIONAL SERVICE CHARGES CHANGE:

	1	Monthly RSCs 2017	Monthly RSCs 2018	\$ Change	% Change
DISTRICT RSCs/Mo	\$	710	759	50	7.0%
BATTLE GROUND RSCs/Mo		216	233	17	7.9%
TOTAL RSCs/Mo	\$	926	992	67	7.2%



Exhibit A

**2017-2018 Operating and Capital Budget and Regional Service Charges Amendment
BUDGET DECISION PACKAGES (BDP) SUMMARY**

2018 OPERATING BUDGET INCREASE - \$84,000

Clark County Operator O&M Budget Increase - \$84,000

BDP #1 Additional Indirect Costs

The County has requested a net increase in O&M expenditure authorization of \$48,000 related to additional indirect overhead in 2018. The County experienced adjustments to the following areas of indirect overhead costs allocated to the Contractor Operator budget:

a. Information security increase (to address vulnerabilities)	\$5,000
b. Financial Management System (FMS) replacement – planning phase	\$3,000
c. FMS replacement – selection and implementation phase	\$63,000
d. Risk liability fund balance increase	\$3,000
e. Central Services decrease (Treasurer’s Office, Auditor’s Office, Facilities, others)	<u>-\$26,000</u>
Net Expenditure Increase:	<u>\$48,000</u>

The net O&M expense increase of \$48,000 will be funded through existing O&M reserves.

BDP #2 Sludge Blend Tank (SBT) Overflow Recovery (O&M)

The County has requested an increase in O&M expenditure authorization for the additional costs incurred to respond to the SBT overflow event, as follows:

a. Initial cleanup and troubleshooting, regular salaries and benefits plus overtime	\$56,000
b. Regular salaries and benefits already included in adopted budget	<u>-\$20,000</u>
Net Expenditure Increase:	<u>\$36,000</u>

The net SBT O&M expense increase of \$36,000 will be funded through insurance claim proceeds.

2018 CAPITAL BUDGET INCREASE - \$1,325,000

Existing Assets Repair and Replacement (R&R) Account Increase - \$725,000

BDP #2 Sludge Blend Tank Overflow Recovery (R&R)

An additional \$525,000 is necessary for design and construction activities required to restore the SBT operation to its pre-event condition.

a. Restoration work – costs to be submitted for insurance claim	\$500,000*
b. Restoration work – costs applied to deductible (from R&R reserves)	<u>\$25,000</u>
Net Expenditure Increase:	<u>\$525,000</u>

The SBT R&R expenditure of \$500,000* will be funded through insurance claim proceeds.

**Note: This is a project allowance. Final project costs will be determined through the construction quotation process.*

BDP #3 R&R Program

The Capital Budget adopted in 2016 currently identifies eight projects included in the R&R budget for 2017-2018. Most projects are tracking very close to the budgets adopted in December 2016. One project cost is trending notably higher than the adopted program estimate, primarily due to initial costs for sole-source equipment to provide optimal performance and reduced life-cycle (maintenance) costs. A second project is trending notably lower than the program estimate due to fewer contract labor hours needed for installation.

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| a. 36th Avenue Pump Station Pump Replacement | \$400,000 |
| b. Salmon Creek Treatment Plant Programmable Logic Controller Replacement | <u>-\$200,000</u> |
| Net Expenditure Increase: <u>\$200,000</u> | |

The increased R&R expenditures of \$200,000 are proposed to be funded through Regional Service Charges.

New Assets Capital (CIP) Account Increase - \$600,000

BDP #4 Salmon Creek Treatment Plant Phase 5A – Columbia River Outfall and Effluent Pipeline Project.

The project is proceeding well and current budget authority is anticipated to be expended in first quarter 2018. Standing Committees reviewed three alternative options for the project: 1) suspend work until the next budget cycle beginning in 2019, **2) increase the project budget by \$250,000 to allow for critical path environmental permitting to move forward**, or 3), increase the budget by \$500,000 to further support permitting, easement assessments and negotiations. Standing Committees recommend Option 2.

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| a. Phase 5A critical path environmental permitting (Option 2) | <u>\$250,000</u> |
| Net Expenditure Increase: <u>\$250,000</u> | |
| <i>(does not represent an increase in total project cost)</i> | |

The 2017-2018 budget increase of \$250,000 is proposed to be funded through Regional Service Charges.

BDP #5 Salmon Creek Treatment Plant Phase 5B – Plant Improvements Project (Capacity and Odor Control)

The project is proceeding well and current budget authority is anticipated to be expended in first quarter 2018. Standing Committees reviewed three alternative options for the project: 1) suspend work until the next budget cycle beginning in 2019, **2) increase the project budget by \$350,000 to allow for critical path environmental permitting and design to move forward**, or 3), increase the budget by \$600,000 to further support permitting and complete final design. Standing Committees recommend Option 2.

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| a. Phase 5B critical path environmental permitting and design (Option 2) | <u>\$350,000</u> |
| Net Expenditure Increase: <u>\$350,000</u> | |
| <i>(does not represent an increase in total project cost)</i> | |

The 2017-2018 budget increase of \$350,000 is proposed to be funded through Regional Service Charges.