

# UTILITIES

*(continued from inside)*

communications; the downside to this is that it has left water and wastewater utilities with an overwhelming amount of deferred maintenance and a lack of funds for replacement, upgrades, and repair (Parks-Ramage, 2018). This is the unfortunate, yet inevitable, result of a failure in long-range planning and the employment of proper budgeting techniques.



The future of Hartstene Pointe depends largely on its ability to sustain its water and sewer infrastructure. Historically, communities that have been unable to do so have experienced economic collapse and drinking water contamination, which has resulted in illness and in some cases death.

It is extremely important that Hartstene Pointe Water-Sewer District take the necessary steps now to ensure health and safety as well as economic stability for the future.



For roughly the cost of a cup of coffee you have access to clean water, on-demand when you need it and access to sanitary sewer service. Rest

assured that Hartstene Pointe Water-Sewer District is **committed** to ensuring that these services remain available for years to come.

*To learn more about Hartstene Pointe Water-Sewer District, visit our website at [www.hpwatersewer.com](http://www.hpwatersewer.com)*

*For budget-related questions or comments, go to [www.hpwatersewer.com/budget](http://www.hpwatersewer.com/budget). You can leave your comments and question there, which will be conveyed to the Board of Commissioners. Your feedback will be considered for final decisions regarding the 2021 Budget.*

# OVERVIEW

Hartstene Pointe Water-Sewer District takes managing public funds very seriously and does its best to balance providing high-quality water & sewer services, while attempting to keep rates affordable. The *Proposed Budget* (summarized below) is an overview of the present budget figures:

Proposed 2021 Budget	
<b>OPERATING EXPENDITURES</b>	
Staff	381,888
Water	50,006
Wastewater Treatment / Sewer	82,382
Combined / Admin.	86,623
<b>Total Operating Expenses</b>	<b>\$ 600,899</b>
<b>CAPITAL EXPENDITURES</b>	
Drinking Water	25,000
Wastewater / Sewer	95,000
Combined W/S	50,000
<b>Total Capital Expenses</b>	<b>\$ 170,000</b>
<b>Debt Service Payments</b>	<b>\$ 158,873</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 929,772</b>
<b>Revenues</b>	<b>\$ 857,721</b>
<b>(Net Loss)</b>	<b>\$ (72,051)</b>

Expenditures are determined using historical data from previous years, current projections for fiscal year 2020 and expected expenditures for fiscal year 2021. Each of the above expense categories parse down further into individual line items.

The projected total expenditures for 2021 aid in the determination for rates (revenues needed).

While the proposed budget in its present state appears to operate at a deficit, current reserves are planned to be reallocated for portions of the proposed capital expenditures.

Visit [www.hpwatersewer.com/budget](http://www.hpwatersewer.com/budget) for more detail about the 2021 budget.



# 2021 Proposed Budget Overview

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# RATES, BUDGET TALKS IN FULL SWING

2020 has been a year of curve-balls and affected the 2021 budget process for the Water-Sewer District. Considering Department of Health recommendations, the Board of Commissioners voted *not* to hold a budget hearing/annual meeting at HPMA's clubhouse this year.

As we shared with you before, we explored methods to be as transparent and informational as possible to navigate the 2021 budget process. Creating a budget is a complex process, so first, we would like to share our process with home owners at the Pointe:

1. Historical data is compiled and input into a working budget document. Three years of data help put the upcoming budget into context.
2. Projected revenues/expenditures are calculated based on actual values this year-to-date and each line item is adjusted for known exceptions.
3. Administrative Staff collaborate and review each line item one-by-one (there are over 75) to determine recommendations to the Board. This process is repeated many times over several months.
4. Once a draft revision is ready, a *Preliminary Budget* is presented to Commissioners at a public meeting at least one month before budget approval is voted upon. The *Preliminary Budget* was presented October 1st and was included in the meeting packet available to the public September 28th.
5. Following revisions, the *Preliminary Budget* was discussed at the October 15th meeting. Commissioners voted to approve the *Preliminary Budget*, which moves to the *Proposed Budget* stage.
6. The *Proposed Budget* will be presented at the November 5th regular meeting. Documentation is on the District website for review and comment.
7. 2021 Budget Approval will be requested at the November 19th regular meeting.

# RATES

District staff are always looking for ways to make operations leaner. Even so, there are many expenses associated with providing water and sewer service that the community doesn't see. From drawing water from wells, treating it to make it clean, delivering it to your house through underground infrastructure, to treating the wastewater returned through the sewer systems, the District must collect enough revenue to cover anticipated expenditures.

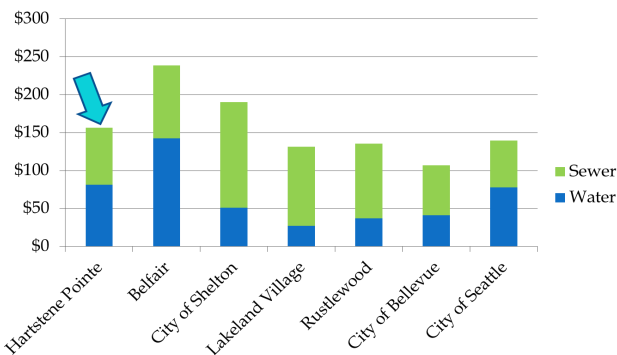
The preliminary budget proposes the following rate increases:

- Water Service: \$9.35/month
- Sewer Service: \$8.65/month

This sets the rate for both services to \$156.65/mo.

Below is a comparison of regional district rates and how we compare:

## Rate Comparisons



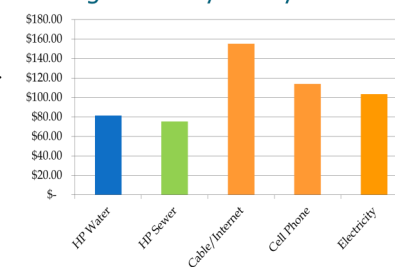
Average monthly bill, single-family residential rates, 3/4" meter, 1000 cubic feet/month

Cities such as Bellevue and Seattle benefit from spreading costs over a much wider residential and commercial base. As a small district serving a base of fewer than five-hundred residences, the District's proposed rate for 2021 is in-line with other local districts. If you own a home in Belfair, or Allyn, you are familiar with paying \$96 or \$113 for sewer service alone. It's also helpful to consider that this District is looking to the future to replace/enhance the infrastructure at the Pointe for years to come. Many districts may fail to plan ahead, but the outlook for Hartstene Pointe remains positive as we trek into the future.

# UTILITIES

Home owners have many recurring utility bills. Think about all of the services we pay for — Electricity, Cell Phones, a Landline perhaps, Pro-

## Average Monthly Utility Bills



pane, Television, etc. The most important of these services are without a doubt water and sewer services. We need clean water to drink, to cook with, to shower, to wash clothes, and we all need reliable sewer service to take waste away to be treated. These services are *vital* to community health and especially so in the light of a global pandemic such as COVID-19. Think about it this way: a person can survive without water for roughly three days; and while electricity, phone and television services may make a lot of aspects of life more convenient and can save lives, a person could potentially live indefinitely without them.



In spite of the imperative nature of these valuable services water and wastewater utilities are facing tremendous hardship as a result of aging and failing infrastructure. It's estimated that a staggering one million miles of water and sewer pipe across America is in need of replacement (ASCE, 2017). The cost to repair and replace this infrastructure is difficult, if not impossible, for most utilities to afford. One reason for this lack of funding is that over the years, many water and wastewater providers did not set aside sufficient reserves for repair and replacement (R&R). This allowed the industry to set its rates much lower than other utilities—such as electricity and tele-

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