



Laying the foundation
for a vibrant economy
and healthy environment

Discovery Clean Water Alliance



2017-2018

Adopted Operating and Capital Budget

DISCOVERY CLEAN WATER ALLIANCE

Clark County, Washington

2017-2018 Adopted Operating and Capital Budget



For Biennium Period
January 1, 2017 through December 31, 2018

Adopted by Resolution No. 2016-03
Dated: December 16, 2016

Prepared by:
Clark Regional Wastewater District,
Administrative Lead



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Discovery Clean Water Alliance
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Section 1

INTRODUCTION

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1.1 Directory of Officials

The Discovery Clean Water Alliance was formed under the Joint Municipal Utility Services Act (JMUSA), RCW 39.106, on January 4, 2013. The Alliance Interlocal Formation Agreement (IFA) Section IV.B provides for governance under a Board of Directors. IFA Section IV.A and adopted Board Rules and Operating Procedures provide for the appointment of one elected official from each Member agency to serve on the Board, for a term determined by the Member. An annual Director election of Board Officers is held in January of each year and each Board Officer serves a one-year term in the appointed position, from January through December.

2016 BOARD OF DIRECTORS



Norm Harker
Alliance Board Chair

District Commissioner
Elected Term: 6 Years
Expiration: December 2021



Shane Bowman
Alliance Vice-Chair

Battle Ground Councilmember
Elected Term: 4 Years
Expiration: December 2019



Julie Olson
Alliance Secretary

Clark County Councilor
Elected Term: 3 Years
Expiration: December 2018



Ron Onslow
Alliance Director

Ridgefield Mayor
Elected Term: 4 Years
Expiration: December 2017

ADMINISTRATIVE AND OPERATOR SERVICES

Interlocal Formation Agreement (IFA) Section V.A. states that "Alliance staff (if any) and/or a service provider by contract with the Alliance, shall administer and manage the Alliance and the Regional Assets. (A service provider shall be referred to in this Agreement as 'Administrative Lead')". Clark Regional Wastewater District (District), serving as Administrative Lead by contract, will administer and manage the overall affairs of the Alliance, other than operation of Regional Assets, through 2019. Clark County (County), serving as an Operator by contract, will operate the Salmon Creek Wastewater Management System (SCWMS) and the Battle Ground Force Main (BGFM) through 2019. The City of Ridgefield (Ridgefield), serving as Operator by contract, will operate the Ridgefield Treatment Plant and Outfall (RTPO) through 2019.

Section V.B. of the IFA states that the Administrative Lead will "prepare and oversee preparation of the Operating Budgets, Capital Plans, Capital Budgets and proposed Regional Service Charges (based on Financial Policies) for the Board's review and approval." The Administrative Lead coordinates actively with the Operators and Standing Committees throughout these processes to prepare budgets and plans recommend to the Board.

Legal counsel to the Alliance is contracted separately and reports directly to the Board. Currently, legal counsel services are contracted with Foster Pepper, PLLC.

Mailing Addresses:

Clark Regional Wastewater District,
Administrative Lead:

PO Box 8979
Vancouver, WA 98668-8979

Foster Pepper, PLLC
Legal Counsel:

1111 Third Avenue, Suite 3000
Seattle, WA 98101

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1.2 Budget Message

*Discovery Clean Water Alliance Board of Directors,
Member Agencies, Customers and Alliance Partners:*

Clark Regional Wastewater District, as Administrative Lead for the Discovery Clean Water Alliance, is pleased to present the Alliance Adopted Budget for the biennium period January 1, 2017 through December 31, 2018. This budget is presented in accordance with the Alliance's Financial Policies and direction from the Alliance Board of Directors. Terms and definitions are located at Appendix A, Glossary of Terms, for the reader's reference. The Alliance Board has adopted a series of fiscal categories, objectives and Financial Policies under which to operate in support of the long-term fiscal and organizational health of the Alliance. The policies are contained in an Interlocal Formation Agreement (IFA), which is in place to provide the necessary elements for the Alliance to operate as a regional utility. A summary of the Alliance Financial Policies Framework can be found in this document at Appendix B. The preparation of Operating Budgets, Capital Plans and Capital Budgets, and the determination of Regional Service Charges (RSCs) paid by Members to fund operations, shall remain consistent with these Financial Policies, as well as other Financial Policies adopted through separate Resolution.

The Alliance is legally required to adopt a budget per RCW 39.106.05. The Board of Directors adopts a biennial Operating and Capital Budget in order to both plan and track revenues (sources) and expenditures (uses) for the Alliance's current and future operations. A budget is balanced when the sum of estimated sources equals or exceeds the sum of estimated uses. For the 2017-2018 biennium period, the Alliance has forecast that sources, with anticipated account balance draw down, will equal uses.

The budget document is formatted to provide an overview to help readers better understand the Alliance's 2017-2018 adopted budget as a financial framework. Comparisons in this budget are "budget-to-budget" from the Alliance Board-adopted biennium period amended 2015-2016 budget to this biennium period 2017-2018 adopted budget, unless otherwise noted.

Budget Summary

The 2017-2018 total budget is comprised of an Operating Budget to fund administrative services for the Alliance and to operate Regional Assets, plus a Capital Budget, to restore or replace existing Regional Assets and construct or acquire new Regional Assets. Regional Assets (further defined in Section 1.6) that transferred ownership at the Alliance Operations Date (January 1, 2015) include the Salmon Creek Wastewater Management System (SCWMS), previously owned by Clark County (County), the Ridgefield Treatment Plant and Outfall (RTPO), previously owned by the City of Ridgefield (Ridgefield), and the Battle Ground Force Main (BGFM), previously owned by the City of Battle Ground (Battle Ground). Costs to operate these Regional Assets are the responsibility of the Alliance and will be funded from wholesale wastewater treatment services charged to Members of the Alliance.

The Adopted Budget for 2017-2108 is \$23.641 million for all sources and uses of funds. Sources include \$17.032 million in Regional Service Charges (RSCs) from Clark Regional Wastewater District and \$5.181 million in RSCs from the City of Battle Ground, the two Alliance Members paying wholesale wastewater transmission and treatment charges, as well as \$1.428 million from reserves carryover and bond proceeds. RSCs in the 2017-2018 budget are increasing 17.5% from RSCs in the amended 2015-2016 budget, primarily because RSCs in the 2015-2016 budget period were offset by a \$3.300 million bond issuance completed in 2015 that partially funded Repair and Replacement (R&R) work. The costs of infrastructure R&R projects that had been deferred previously through a multi-year period of economic downturn are now being addressed. Although no bond issuance is planned for in the 2017-2018 budget, there is continuing need through this biennium budget period for additional R&R work to maintain aging infrastructure.

Discovery Clean Water Alliance

2017-2018 Operating and Capital Budget

Uses include \$1.819 million for administrative services, \$9.493 million for Regional Asset operations and maintenance, \$6.915 million for debt service and \$5.413 million for planned capital program expenditures

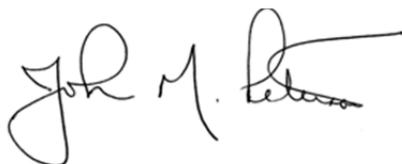
Outlook

The Alliance anticipates that 2017 and 2018 will be increasingly rewarding years as the Alliance continues to fully transition into active management of its Regional Assets. The budget format presented is a fundamental management tool to assist in both the planning and tracking of Alliance operating and capital expenditures. The Alliance will continue to monitor the various financial activities and explore options for reporting those results in various ways to the Alliance Members, the Board, and the general public.

As Member service areas continue to realize growth and note positive impacts related to the continued economic recovery, the Alliance will continue to monitor economic activity for trends to assess potential future impacts on operations. Each Member has a voice and a vote in the strategic decisions made by the Alliance, and together Members will shape the future of the delivery of this critical urban service for the benefit of the community served.

In summary, at its most fundamental level, the Alliance provides a collaborative planning framework for its four Member agencies to jointly own and jointly manage the regional wastewater transmission and treatment infrastructure critical to the environmental health and economic well-being of the region. This 2017-2018 Operating and Capital Budget is one tool to aid in delivery of this vital service to the public.

Sincerely,



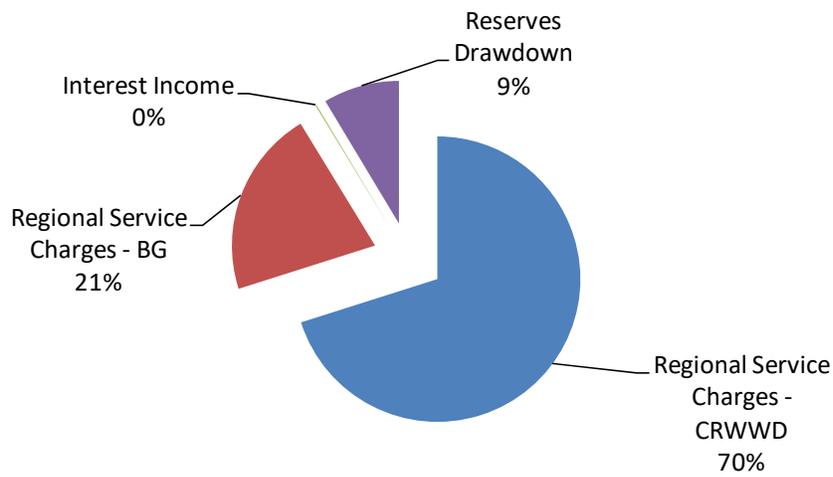
John M. Peterson, P.E.
General Manager



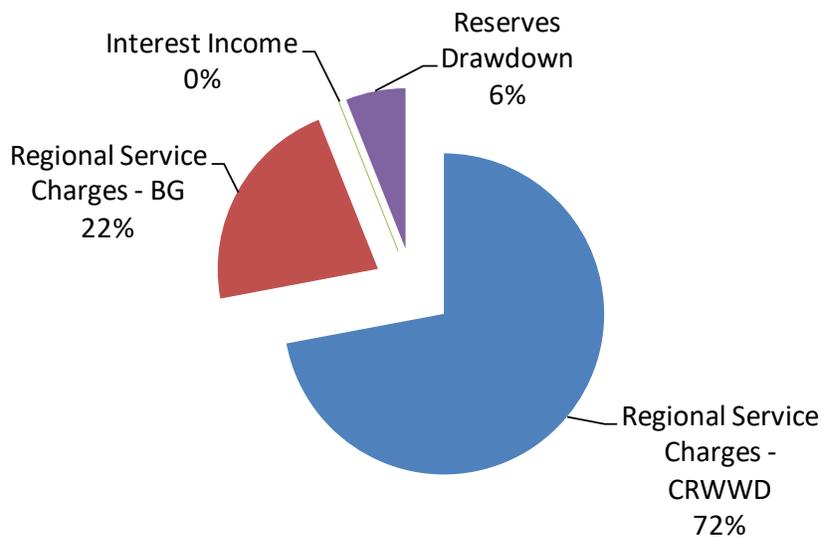
Ken Andrews, CPA
Finance Director/Alliance Treasurer

1.3 Budget in Brief

2015-2016 Sources



2017-2018 Sources



Sources (\$000s)	Amended 2015-2016 Budget	2017-2018 Budget
Regional Service Charges - CRWWD	\$ 14,522	\$ 17,032
Regional Service Charges - BG	4,389	5,181
Interest Income	26	-
Reserves Drawdown	1,780	1,428
Total Sources	\$ 20,717	\$ 23,641

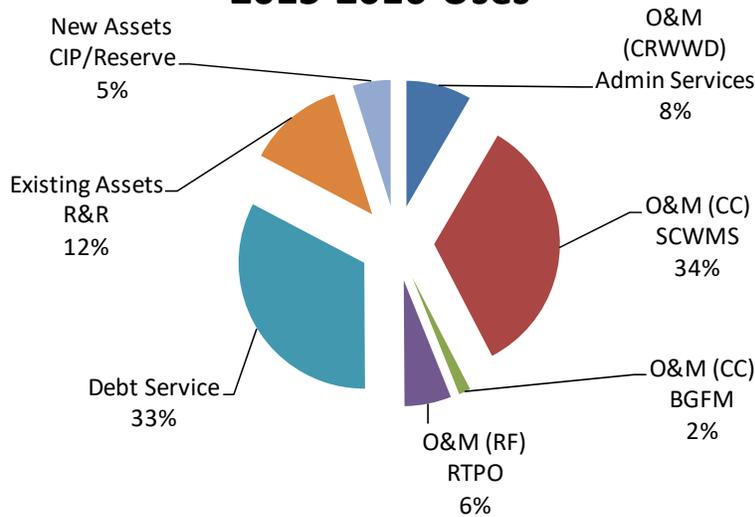
LEGEND

BG: City of Battle Ground
CRWWD: Clark Regional Wastewater District

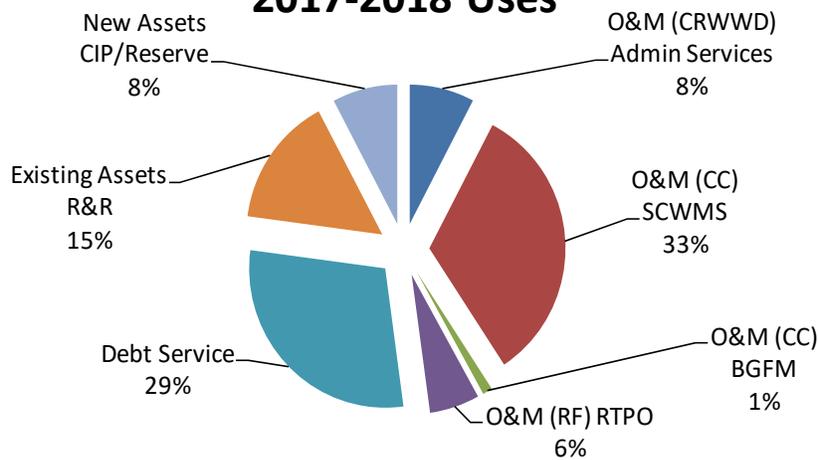
Discovery Clean Water Alliance

2017-2018 Operating and Capital Budget

2015-2016 Uses



2017-2018 Uses



Uses (\$000s)	Amended	2017-2018
	2015-2016	2017-2018
	Budget	Budget
O&M (CRWWD) Admin Services	\$ 1,745	\$ 1,819
O&M (CC) SCWMS	7,035	7,810
O&M (CC) BGFM	312	276
O&M (RF) RTPO	1,247	1,407
Debt Service	6,793	6,915
Existing Assets R&R	2,572	3,584
New Assets CIP/Reserve	1,013	1,829
Total Uses	\$ 20,717	\$ 23,641

LEGEND

(CRWWD) Admin Services: (Clark Regional Wastewater District) Administrative Lead Services
 (CC) SCWMS: (Clark County) Salmon Creek Wastewater Management System
 (CC) BGFM (Clark County) Battle Ground Force Main
 (RF) RTPO: (Ridgefield) Ridgefield Treatment Plant

1.4 Alliance History

The Discovery Clean Water Alliance legally formed on January 4, 2013, representing the culmination of several years of evaluation to determine the optimum long-term framework for delivery of regional wastewater transmission and treatment services to the urban growth areas in the central portion of Clark County, Washington.

The overall Alliance service area represents a number of the high-growth communities within Clark County. Residents and businesses served by the regional wastewater system highly value receiving reliable service at an affordable price from the Member agencies. The Alliance therefore is designed to provide a regional collaboration and decision-making forum that fosters the ability for Member agencies to influence key policy determinations on how best to make needed capital investments and determine operational level-of-service while also maintaining competitive rates and charges to the end users of the system.

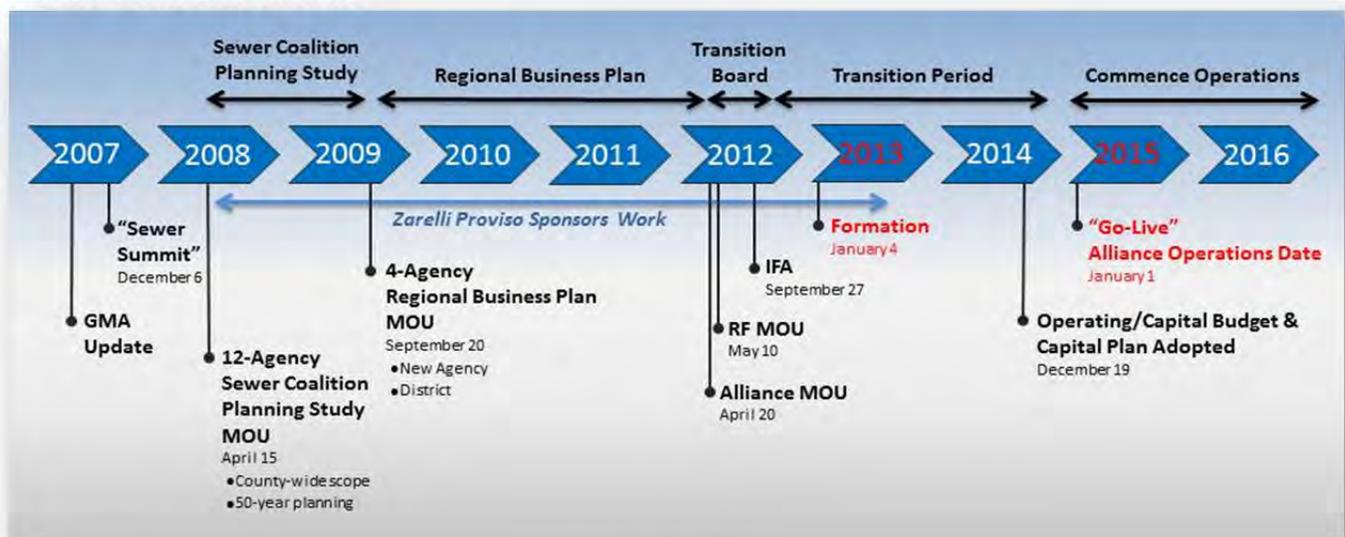
Having managed the region’s growth under other service delivery models prior to formation of the Alliance, the Members determined that regional decisions are best made when all stakeholders participate directly in decisions having a material impact to service levels or costs. To that end, the primary outcomes of the Alliance structure are to:

- Provide a direct voice and a vote for agencies affected by regional infrastructure decisions
- Align the authority to make decisions with the responsibility to pay for the resulting impacts of those decisions
- Provide a forum to determine the appropriate balance between level-of-service and cost-of-service

As currently established, the Alliance serves four Member agencies – the City of Battle Ground, Clark County, Clark Regional Wastewater District and the City of Ridgefield. The Members jointly own and jointly manage regional wastewater assets under Alliance ownership through an interlocal framework established under the State of Washington Joint Municipal Utility Services Act (JMUSA) (RCW 39.106).

The JMUSA statute was passed by the Washington State Legislature and signed by the Governor in 2011. The Discovery Clean Water Alliance was the second agency in the state to form under this statute, after the Cascade Water Alliance. While the Alliance is a regional wastewater transmission and treatment utility today, the statute allows for any form of municipal water-related utility service to be provided and supports any combination of municipal partner agencies as Members. This structure ensures the flexibility to accommodate changing needs of the regional service area over time. A summary of the transition timeline and processes that led to the formation of the Alliance is provided below.

Alliance Formation Timeline



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Key Formation Timeline Events

- Sewer Summit. In September 2007, Clark County adopted an updated *20-Year Comprehensive Growth Management Plan*, addressing the future needs of the community. This planning process identified the growth potential and related infrastructure needs of several of the urban growth areas within Clark County. As a result, wastewater service providers in Clark County began to discuss the concept of regionalizing wastewater services to support a healthy environment and to provide infrastructure needed to realize the area's economic development potential. These discussions culminated in a "Sewer Summit" on December 6, 2007, where the idea of studying various regional services delivery models was first endorsed by a broad coalition of local agencies.
- Sewer Coalition Planning Study. The Sewer Summit discussions resulted in the *Sewer Coalition Planning Study*, started in 2008 and published in November 2009, with twelve local agencies. This study considered a 50-year vision for growth and infrastructure needs in a county-wide context. The study resulted in a *Memorandum of Understanding (MOU) to Develop the Structure for a Regional Wastewater Entity*. Four of the twelve agencies (today, the Members of the Alliance) agreed in the MOU to move forward to form a new regional partnership. The remaining eight coordinating agencies would continue to coordinate with, and stay informed on, the process. A legislative proviso sponsored by State Senator Joseph Zarelli was utilized to provide for this and the subsequent planning and study work.
- Regional Business Planning. In 2010 and 2011, the four agencies conducted a regional business planning effort to explore specific options for how a new regional partnership might be structured, what services it might provide, what assets it might own, how it might be governed and how it might be funded.

This regional business planning effort resulted in a second MOU signed in April 2012, providing agreement-in-principle for the framework of the new partnership. Key elements of the MOU included formation of the new entity under JMUSA (RCW 39.106); use of an asset-based cost allocation model; oversight from a four-member Board of Directors

composed of one elected official from each agency; and contracting key administrative and operational responsibilities to the Member agencies best suited to provide those services.

The asset-based cost allocation model consists of three primary types of costs: (1) operational costs primarily shared by actual flow contributions from the Members; (2) capital costs related to existing facilities by capacity allocation or capacity "ownership" by the Members; and (3) capital costs related to new facilities by incremental purchase of capacity as determined by the Members.

- Alliance Formation. Building on the April 2012 MOU, an Interlocal Formation Agreement (IFA) was completed in September 2012, providing the necessary framework elements for the Discovery Clean Water Alliance. The IFA was registered with the Washington State Office of Secretary of State on January 4, 2013, to legally form the Alliance. The Alliance Board of Directors then met for the first time on January 18, 2013, where a series of initial resolutions were approved to establish the basic operating framework for the new regional authority. Also approved on that date was an initial two-year operating budget to support transition activities in 2013 and 2014. The IFA was amended and restated by resolution on August 15, 2014, to further clarify policies and procedures. The Alliance assumed full operational responsibility for the Regional Assets on January 1, 2015 (the Alliance Operations Date).





The individuals serving on the Board of Directors at the first official meeting of the Alliance were: Mayor Lisa Walters - City of Battle Ground; Commissioner Tom Mielke - Clark County; Commissioner Neil Kimsey - Clark Regional Wastewater District; and Mayor Ron Onslow - City of Ridgefield.

The Alliance is one of several regional water and wastewater agencies providing service to large urban areas in western Oregon and Washington. In much the same way that the boundaries of a natural watershed are different than political boundaries of cities and counties, utility systems are often most efficiently managed on a regional scale serving multiple local jurisdictions. While the corporate structures and functional arrangements vary widely, the Alliance is a peer agency in many respects with the following Pacific Northwest regional water and wastewater agencies shown below:

Regional Utility Partnerships Located in Oregon and Washington

- Cascade Water Alliance
King County, WA
- LOTT Clean Water Alliance
Thurston County, WA
- Three Rivers Regional Wastewater Authority
Cowlitz County, WA
- Discovery Clean Water Alliance
Clark County, WA
- Clean Water Services
Washington County, OR
- Water Environment Services
Clackamas County, OR
- Metropolitan Wastewater Management Commission
Lane County, OR

1.5 Alliance Organizational Structure

The Member agencies continued collaborative efforts throughout the development of the Alliance organizational framework. The framework is structured to foster significant interaction among the Alliance Members in all major operational, financial and infrastructure decisions. A summary of key roles and responsibilities is provided below.

- Board of Directors and Legal Counsel. The Board of Directors is composed of one elected official from each of the Member agencies to form a four-person policy and oversight body. The Board then selects from among the four appointed Directors to fill positions for Chair, Vice-Chair and Secretary. The Board has selected Foster Pepper to serve as legal counsel to the Alliance. Board responsibilities and functions are further depicted in the IFA and in a separately adopted resolution of Board Rules and Operating Procedures.

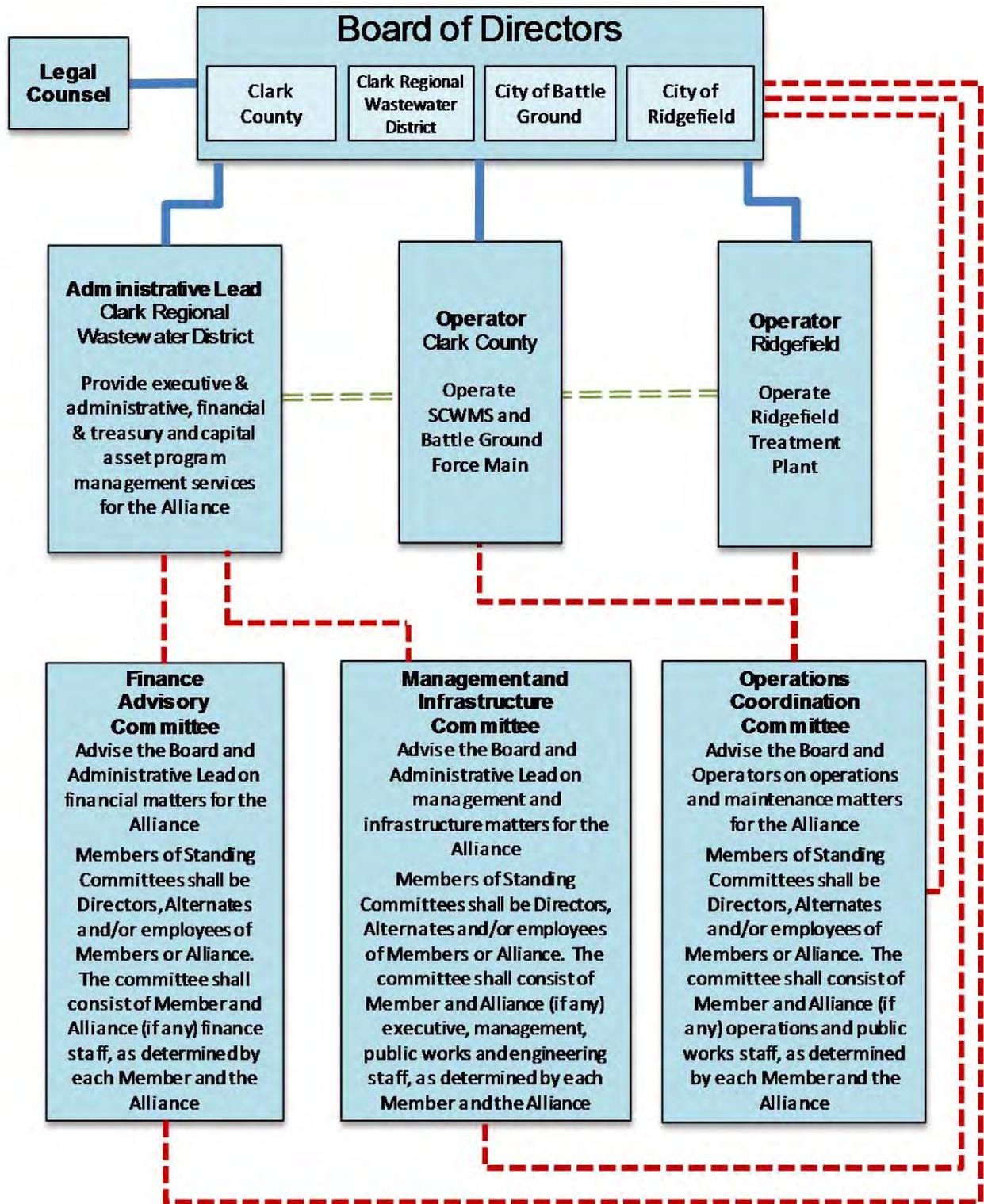
A "House" and Senate" voting structure mandates a high level of regional consensus for "Significant Decisions" of the Alliance Board. This structure incorporates two voting mechanisms: (1) majority voting (Directors only) and (2) dual-majority voting (Directors and Treatment Facilities Allocated Capacity). Routine votes per IFA Section IV.F.4 require only a majority vote of Directors present. Significant Decisions, on the other hand, require "dual majority" approval by both the number of Directors present (the "Senate test") and the Directors representing the volume of Treatment Facilities Allocated Capacity (the "House test"). Practically speaking under the current framework, regional consensus among 75% (3 out of 4) is required to form a simple majority for routine votes. 75% is also required to form a dual-majority for Significant Decisions, with the additional requirement that the agency representing the largest customer base (today, the District) must be one of the three approving members (stated another way, the District's vote is required to meet the "House" portion of the test).

The following decisions are classified as "Significant Decisions" in the IFA and require a Dual Majority Vote: the borrowing of money or issuance of Bonds, a change in Administrative Lead or Operators, a change in the ownership of Regional Assets, the adoption of an Operating and a Capital Budget, the exercise of eminent domain, and the adoption and amendment of Alliance rules. The following decisions are classified as "Significant Decisions" in the IFA and require a Dual Super-Majority Vote: the adoption of Amendments to the IFA and to the Financial Policies, the adoption of a Capital Plan (including the allocation of costs pursuant to any such Capital Plan), a change in Allocated Capacity, the determination of the appropriate payment obligations for a withdrawing Member, the admissions of new Members, and the termination of this Agreement.

- Member Service Providers. The Alliance structure relies on contracts with its Members to deliver the majority of services. Clark County and the City of Ridgefield are contracted with the Alliance to provide operational services for all Alliance Regional Assets. Clark Regional Wastewater District is contracted with the Alliance as Administrative Lead to provide executive, administrative, financial, treasury, engineering, capital program management and pretreatment services.
- Standing Committees. The Alliance has formed three Standing Committees to provide forums for vetting all Alliance issues. The Finance Advisory Committee (FAC) provides for Member input into all financial matters for the Alliance. The Management and Infrastructure Committee (MIC) solicits guidance from the Members on decisions related to the Alliance asset management programs. An Operations Coordination Committee (OCC) allows for interaction and coordination of Regional Asset operations with the Members.

The interaction among these groups is illustrated in the following Alliance Organizational Chart. The chart outlines relationships between the Alliance Board, contracted service providers for legal, administrative lead and plant operations, and three advisory committees to the Board. The Standing Committees advise both the Member service providers and the Board of Directors. The Member service providers actively coordinate among themselves, receive input from the Standing Committees and have direct contractual responsibility to the Board of Directors. Legal Counsel works directly for the Board, also through a contractual relationship.

Alliance Organizational Chart



- Contract Responsibility
- == "Active Coordination" per IFA
- - - Advisement per Board Resolution

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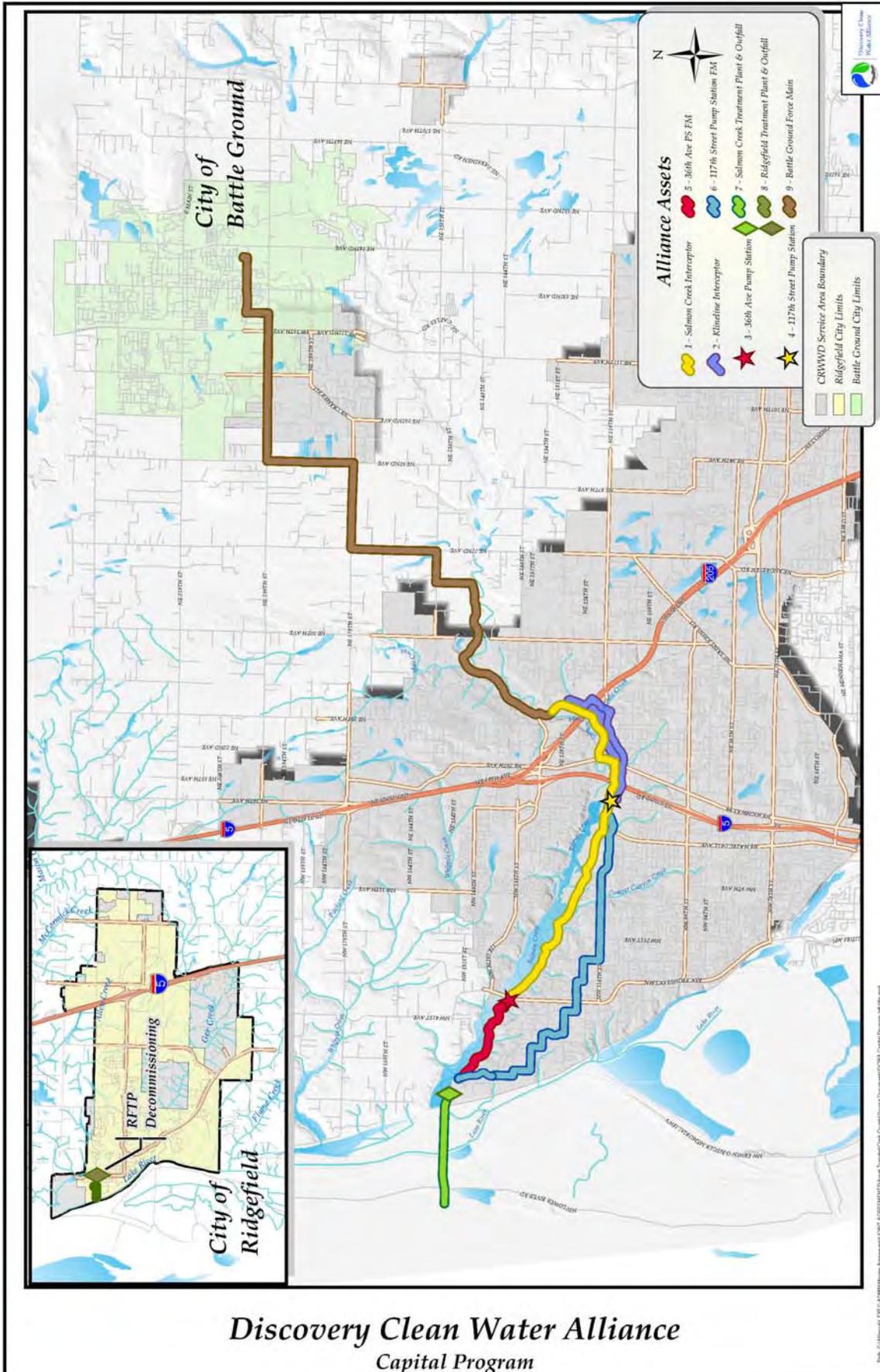
1.6 Alliance Regional Assets

As of the Alliance Operations Date, the Alliance owns, operates and manages nine Regional Assets with an estimated book value (historical cost less depreciation) of approximately \$126 million. These Regional Assets are depicted in the following Regional Asset Descriptions and Regional Asset Overview Map.

Alliance Regional Asset Descriptions

Regional Asset	Description
1. Salmon Creek Interceptor	4.6-mile long gravity pipeline located on the south side of the Salmon Creek drainage. The interceptor collects and conveys wastewater from partner agencies to regional pump stations. The pipeline was constructed in segments from the mid to late 1970's (21-41-inch diameter pipe routed from Betts Bridge to 36 Ave).
2. Klineline Interceptor	1.8-mile long gravity pipeline located parallel to the Salmon Creek Interceptor. The pipeline was constructed in segments from 2002 to 2006 (48-inch diameter pipe routed from Salmon Creek Ave & NE 127 to 117 St PS).
3. 36 Avenue PS	Raw sewage PS located at 14014 NW 36 Ave in Vancouver, WA. The station pumps wastewater from the Salmon Creek interceptor to SCTP. The pump station was constructed in mid-1970's and remodeled in 1994 and 2005.
4. 117 Street PS (aka Klineline PS)	Raw sewage PS located at 1110 NE 117 St in Vancouver, WA. The station pumps wastewater from Salmon Creek and Klineline interceptors to SCTP. The pump station was constructed in 2008.
5. 36 Ave PS FM	24-inch diameter FM routed from 36 Ave PS to SCTP. The FM runs approximately 1.4 miles along the south side of the Salmon Creek and discharges to SCTP. The pipeline was constructed in mid-1970's.
6. 117 Street PS FM	Dual 30-inch diameter FM routed from 117 St PS to SCTP. The FM runs approximately 4.9 miles along public rights-of-way to SCTP. The pipeline was constructed in segments from 2004 to 2008.
7. Salmon Creek Treatment Plant & Outfall	Secondary treatment plant originally constructed in the mid 1970's, with four major expansion phases. The plant is located at 15100 NW McCann Rd, in Vancouver, WA. The plant outfall is a 30-inch diameter pipeline routed west of the plant 1.3 miles, terminating in the Columbia River between mile 95 and 96. The discharge location is latitude 46° 43' 58" N, longitude 122° 45' 23" W.
8. Ridgefield Treatment Plant & Outfall	Secondary treatment plant originally constructed in 1959 with several upgrades since then. The plant is located on West Cook St in Ridgefield, WA. The plant outfall is a 10-inch diameter pipeline routed west of the plant 0.2 miles, terminating in Lake River. The discharge location is latitude 45° 49' 18" N, longitude 122° 45' 09" W.
9. Battle Ground FM (including odor control system)	9-mile long 16-inch diameter FM (with bioxide chemical dosing/injection facility) routed southwesterly from Battle Ground PS to Klineline interceptor at Salmon Creek Ave. The pipeline was constructed in the early 1990's.

Alliance Regional Asset Overview Map



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Section 2

PLANNING

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2.1 Core Values and Guiding Principles

Laying the foundation for a vibrant economy and healthy environment is the primary mission of the Discovery Clean Water Alliance. As a regional wastewater transmission and treatment utility serving nearly 100,000 citizens today (and with the potential to serve a population of 250,000 or more over time) it is critical to the success of this mission that Alliance forward planning and decision-making is aligned with the needs and expectations of the community it serves.

In order to provide an appropriate context for Alliance decision-making, community-supported core values were determined during the regional business planning process, through a statistically valid telephone survey of residents in the Alliance service area.

The results of the survey are presented in the following table of the top ten Alliance core values, along with the percent of residents indicating that they “agree” or “strongly agree” that these values should guide the formation and operation of the Alliance.



Alliance Core Values

% Who Agree or Strongly Agree

Alliance Core Values	% Who Agree or Strongly Agree
1. Ensure reliable, predictable service for all customers	89%
2. Manage financial resources in a responsible, efficient, equitable manner	86%
3. Operate utility to protect public and environmental health and safety	82%
4. Optimize the use of existing facilities	80%
5. Maintain financial transparency	79%
6. Use new technology to achieve system efficiency, environmental protection	77%
7. Provide fair, positive, secure work environment for future utility employees	71%
8. Ensure capacity to support regional land use, economic development	71%
9. Invest in capital improvements that create system-wide benefits	67%
10. Make business management decisions collaboratively with all partners	64%

These core values are applied in practice through Alliance asset management guiding principles, shown below. They set the standards for developing and updating the Alliance Capital Plan, which in turn informs the Operating and Capital Budget planning process through each biennium budget period.

Alliance Asset Management Guiding Principles

1. Existing Regional Assets will be maintained in good operating condition through an actively managed repair and replacement program.

2. New Regional Assets will be planned and constructed ahead of demand to provide adequate capacity for growth in Member service areas, to comply with emerging regulatory requirements and/or to deliver new levels of service.

3. Long-range financial planning to support the capital programs will be provided to the Members for incorporation into local (retail) rate and charge planning.

4. Life cycle cost comparisons, considering both capital and operating costs, will be utilized in alternative comparisons for significant projects. Alternatives will also consider non-cost criteria topics such as regulatory compatibility, public and environmental health outcomes, regional (system-wide) benefits and operational characteristics.

5. Decisions related to the Capital Plan will be fully vetted with the Standing Committees, the Board of Directors and affected stakeholders.

2.2 Fiscal 2017-2018 Goals and Objectives

Organizational and fiscal goals are developed to guide the Alliance forward. Fiscal goals help direct the organization in fulfilling contractual obligations to provide service to Members, planning for the future, and responding to the environment surrounding it, including social and economic factors. Ultimately, these goals aid staff in responding to the policy direction of the Board of Directors. Significant elements in maintaining fiscal goals for a healthy financial condition include:

1. **Financial Policies Implementation:** Instituting and maintaining fiscal and debt policies that adequately cover the management and planning of operations, debt service and system improvements, replacements and other capital disbursements.
2. **Operating Costs Optimization:** Optimizing operating costs to meet Member needs.
3. **Capital Program Stewardship:**
 - a. Maintaining affordable Regional Service Charges (RSCs) charged to Members through low-cost financing of capital projects to help meet the Alliance's objectives and support economic growth.
 - b. Closely monitoring and making necessary improvements to the existing transmission and treatment systems.

The Alliance, in its short history, has been successful in providing services to its Members through implementation of these goals and objectives. This is accomplished by focusing on the needs of the community as well as the work being done by the Member agencies. Energy and resources are devoted to ensuring internal policies, practices and procedures are established, and systems are in place to fulfill financial policies as adopted by the Board. Primary fiscal goals for the 2017-2018 biennium are discussed below, along with any budget implications and operating or capital budget impacts.

Capital Plan, Operating Budget and Capital Budget

Discussion. Biennially, the Administrative Lead facilitates a process, working with the Standing Committees, to update a Capital Plan for Regional Assets. Twenty-year planning is ongoing to assess any repair or replacement necessary on existing Regional Assets. Strategic assessment of growth trends, changes in regulatory environments, and changes in Member needs all may drive investment in new Regional Assets over a twenty-year period. The next Capital Plan update will be performed in 2018.

From the Capital Plan, the Administrative Lead facilitates a process, working with the Standing Committees, to prepare a capital budget that supports the planned capital expenditures over the next two-year budget period. An operating budget is prepared also, which identifies the costs to provide administrative oversight to the Alliance and operate all Regional Assets of the Alliance. Administrative services are performed via professional contract with the District. Services to operate all Regional Assets are provided via professional contracts with Clark County to operate the Salmon Creek Wastewater Management System and the Battle Ground Force Main, and with the City of Ridgefield to operate the Ridgefield Treatment Plant and Outfall. The next operating and capital budgets will be prepared in 2018 for the 2019-2020 biennium period.

Budget Implications. Facilitating the biennial updates to the Capital Plan, operating budget, and capital budget are all activities outlined in the Administrative Lead contract between the Alliance and the District. As such, these costs are already included in the Administrative Lead services contract billed monthly from the District to the Alliance. Additionally, a professional services contract is entered into that aids Engineering in condition assessment of Regional Assets, monitoring and compliance with regulatory environment and changes, and long-range capital planning.

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Operating Impacts. \$0.400 million in Professional Services

Capital Impacts. None

Existing Assets Restoration and Replacement (R&R) Projects

Discussion. Initially assessed in the initial Capital Plan adopted by the Board in 2014, five Restoration and Repair (R&R) projects totaling an estimated \$4.000 million were identified for completion, starting in the 2015-2016 budget period. Planning, permitting, right-of-way acquisition and design on these projects has been scheduled to take place between years 2015 through 2017, and construction is planned in years 2016 through 2018. The 2017-2018 budget reflects completion of pre-construction activities and construction of the remaining three (of five) original projects. Further details on each of these three remaining projects, as well as three repair projects newly identified in the most recent Capital Plan update in 2016, can be reviewed in Section 5 – Capital Program.

Budget Implications. To fund these R&R projects, an Alliance debt issuance in 2015 included a “new money” portion of \$3.300 million to partially fund the work. Remaining bond proceeds from that issuance and RSCs collected during 2017 and 2018 will fund these six R&R projects through construction.

Operating Impacts. None.

Capital Impacts. \$0.541 million in debt service on the “new money” portion of 2015 revenue bonds
\$2.739 million in RSCs collected from Members

New Assets Capital Projects: Salmon Creek Treatment Plant Outfall/Effluent Pipeline (Phase 5A) and Plant Expansion (Phase 5B)

Discussion. Salmon Creek Treatment Plant (SCTP) Phase 5A will construct a new effluent pipeline from the treatment plant to Lower River Road. The project will also install a new outfall pipeline from Lower River Road to the Columbia River, and include a new in-water diffuser assembly in the river. Phase 5B will seek to have the existing, embedded secondary treatment capacity re-rated, as well as proactively address certain odor sources at the plant through control and treatment to circumvent regulatory enforcement of improvements. Planning through design work between years 2015 to 2020 is projected to total \$4.800 million, and construction costs in years 2021 and 2022 are projected to total \$22.900 million. In the 2017-2018 budget period, work on the two projects will include planning, permitting, real property right-of-way (ROW) acquisition and design. Further details on both projects can be reviewed in Section 5. Biennial progress of the projects is depicted in the timeline below.



Budget Implications. Planning, permitting, ROW acquisition and design activities in the 2017-2018 budget period will be funded by RSCs collected from the District and Battle Ground.

Operating Impacts. None.

Capital Impacts. \$1.929 million in RSCs collected from Members

Section 3

BUDGET PROCESS

Discovery Clean Water Alliance

2017-2018 Operating and Capital Budget

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3.1 Budget Process

The budget is an essential element of the financial planning, control and evaluation process for governments and businesses. In its most general sense, the budget is a proposal that reflects the planned financial operation of an entity for a given period.

As a special purpose government, the Alliance operates as an Enterprise fund. The Alliance maintains one fund with various sub-accounts to segregate restricted assets, if any, and to comply with the requirements of bond covenants and other Alliance resolutions. In 2017 the Alliance will operate with the following sub-accounts:

- Operations & Maintenance (O&M) Account
- Rate Stabilization Account
- Debt Service Account
- Existing Assets Restoration & Replacement (R&R) Account
- New Assets Capital (CIP) Account

The nature of the operations of an Enterprise fund are financed and accounted for so that the demand for services determines the appropriate level of resources to be applied. Increased demand for transmission and treatment services from Members causes a higher level of resources to be applied, which determines the rates that are used in recovering that level of service. Thus, as in private sector accounting, flexible budgets typically are better for Enterprise funds for planning, control and evaluation purposes than are fixed line-item budgets.

When formally adopted, the expense estimates of flexible budgets typically are not viewed as appropriations but as approved plans. Budgetary controls and evaluation are affected by comparing actual interim and annual revenues and expenses with planned revenues and expenses at the actual level of activity for the period. With that in mind, the operating budget can be considered moderately flexible and will be monitored to determine consistency with the level of service required by system growth.

It is critical that the Alliance continues its prudent financial management by establishing sound fiscal policies, to include the review of its RSCs through budgetary analysis. The Alliance currently uses a combination of consultants and internal analysis to develop its RSCs and policies. The Alliance currently reviews its fiscal policies on an ongoing basis, as well as the appropriate amount of funding for the restoration and replacement of its existing assets and/or construction of new assets.

The Alliance prepares its financial reports using the accrual basis in accordance with Generally Accepted Accounting Principles. The Alliance chooses to prepare its budgets using the cash basis. The cash basis is used in order to more accurately predict future cash needs so that the Alliance can ensure future cash flow requirements will be met.

The Alliance, for the 2017-2018 budget period, has adopted a funding strategy for operating Regional Assets, servicing debt, restoring and replacing existing Regional Assets and constructing new Regional Assets, through collection of Regional Service Charges (RSCs) from Members who receive wastewater transmission and treatment services from the Alliance.

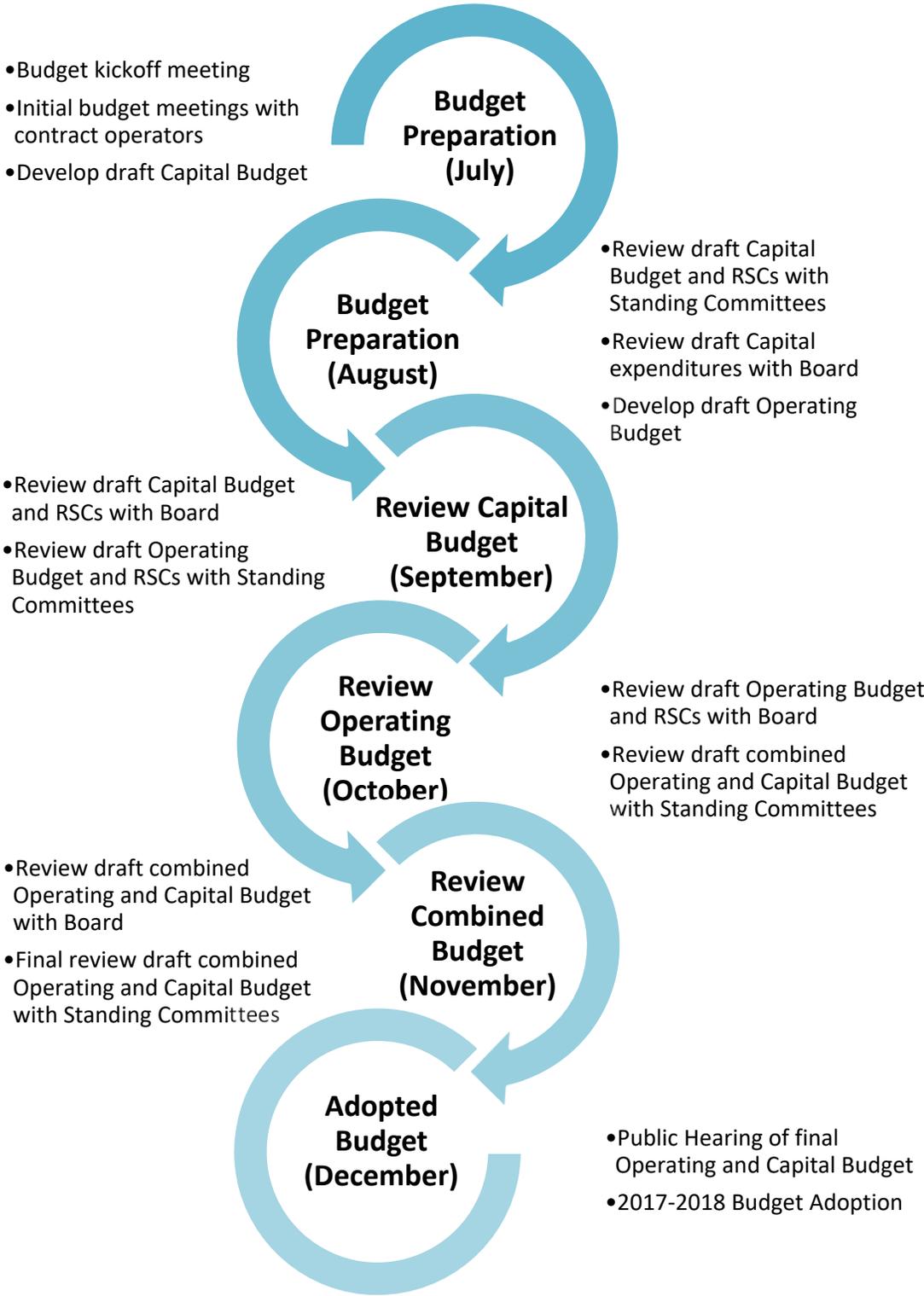
As the service areas and customer base of the Alliance wholesale customers (the District and Battle Ground) continue to grow, so does the requirement to manage sound practices and fiscal policies as they relate to debt. At the beginning of the 2017-2018 budget period, the Alliance had outstanding debt totaling \$30.144 million in Public Works Trust Fund loans, State Revolving Fund loans and sewer revenue bonds issued by the Alliance in

Discovery Clean Water Alliance

2017-2018 Operating and Capital Budget

2015. With the defeasance in 2015 of \$8.700 million of District revenue bonds with proceeds from the 2015 Alliance revenue bond issuance, and defeasance in 2016 of \$1.100 million in Limited Tax General Obligation (LTGO) Bonds held by City of Ridgefield, all debt on Alliance-owned Regional Assets is now held by the Alliance and none by its Members.

3.2 Budget Calendar



Discovery Clean Water Alliance

2017-2018 Operating and Capital Budget

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Section 4

ADOPTED BUDGET BY ACCOUNT

Discovery Clean Water Alliance

2017-2018 Operating and Capital Budget

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Section 4.1

Budget Summary

The Alliance operates Regional Assets and provides wastewater transmission and treatment services to Members as of the Alliance Operations Date, January 1, 2015. The Alliance is presenting a 2017-2018 Budget Summary, which has been prepared to be consistent with specific Alliance financial policies and general professional practices appropriate for a regional wastewater transmission and treatment utility. Expenditures total \$23.641 million for the two-year budget period.

Discovery Clean Water Alliance

2017-2018 Operating and Capital Budget

4.1 Budget Summary

Budget Summary (\$,000s)

Accounts	Operating Budget		Capital Budget			Adopted Budget 2017-2018
	Operating & Maintenance	RSC Stabilization	Debt Service	Existing Assets R&R	New Assets Capital	
Beginning Balance						
Alliance Funds	1,320	143	1,357	3,602	100	6,522
Contracts Receivable	2,159	-	-	-	-	2,159
Total Beginning Balance	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
Regional Service Charges - CofBG	1,958	32	1,816	879	497	5,181
Total Sources	10,454	154	6,937	2,738	1,929	22,213
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 Balance						
Alliance Funds	982	297	1,379	2,756	200	5,614
Contracts Receivable	1,639	-	-	-	-	1,639
Total Ending Balance	2,621	297	1,379	2,756	200	7,253

4.1.1 Reserves

Operating Reserves

Reserves are funds set aside for a specific project, task, covenant requirements and/or emergency. Operating reserve balances, in particular, are maintained in order to meet short-term cash flow requirements, while at the same time minimizing the risk associated with meeting financial obligations and continued operational needs under adverse conditions. To that end, the Alliance Board established two operating reserve accounts, the Operating and Maintenance (O&M) reserve account and the Rate Stabilization reserve account. The O&M reserve account, with a beginning balance of \$1.320 million, is fully funded. The Rate Stabilization reserve account will have a beginning balance of \$0.143 million at January 1, 2017, and is anticipated to be fully funded by the year 2026.

Capital Reserves

A Capital Plan Summary, located in Section 5 – Capital Program, presents the repair and replacement (R&R) projects necessary to keep the existing Regional Assets in good working order. R&R projects are generally financed by year-over-year receipt of RSCs from Members. The R&R account will be utilized to financially sponsor the capital repair projects and to provide for compliance with applicable financial policy tests.

The R&R reserve account has a beginning balance of \$3.602 million at January 1, 2017, which includes reserve carryovers, remaining bond proceeds and reserves transferred from Members in the prior budget period. A minimum account balance reserve of 2% of historical asset cost per financial policy (approximately \$3.300 million at the Alliance Operations Date, January 1, 2015) will be provided through a gradual build-up of account balance reserves by year 12 of the planning horizon (2026).

Section 5 also presents the capital projects necessary to provide for new system capacity needs, regulatory compliance requirements and level-of-service opportunities. These capital projects tend to be larger in scope and cost, therefore often require financing. At this time, there are no projects scheduled to bid within the 2017-2018 biennial budget.

Two projects planned in the six-year planning window, Phases 5A and 5B at the Salmon Creek Treatment Plant, will require project-specific analysis to determine the optimum financing framework. Three additional large new assets capital projects over the 20-year planning horizon will also require separate financing evaluations to be prepared. The capital account will be utilized to financially sponsor the new Regional Assets projects and to provide for compliance with applicable financial policy tests. This budget has been developed to present a balanced and integrated management strategy.

The new assets capital reserves account will have a balance of \$0.100 million at January 1, 2017. A minimum account balance reserve to handle construction funding fluctuations on larger capital projects is provided through a gradual build-up of account balance reserves by year six of the planning period, in 2020.

Please refer to Section 4.4 Account Balance Summary for addition details on 2017-2018 reserve balances. Please refer to Section 5 for specific details on Existing Assets R&R projects or New Assets Capital projects.

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2017-2018 Operating and Capital Budget

4.1.2 Regional Service Charges

For the 2017-2018 budget period, Alliance operations are funded from RSCs billed by the Alliance to its Members. RSCs are set by the Alliance Board of Directors as part of the biennial budget adoption. The revenue to be collected from Members for 2017-2018 is intended to fund administrative costs and full operations of Regional Assets providing wholesale transmission and treatment services to Members, encompassing over 100,000 wastewater utility customers in central Clark County. The split in RSCs by Members to fund the 2017-2018 operating budget expenses is detailed in the table below.

Regional Service Charges and Other Sources (\$000s)

	2013-2014 Actual*	Amended 2015-2016 Budget*	2017-2018 Budget	\$ Change	% Change
MONTHLY REGIONAL SERVICE CHARGES					
DISTRICT**					
O&M					
Administrative Services	651	1,336	1,153	(183)	
SCWMS	-	5,643	5,874	231	
BGFM	-	62	60	(2)	
RTPO	-	1,246	1,410	164	
Rate Stabilization	-	112	122	10	
Capital					
Debt Service	-	4,519	5,122	603	
Existing Assets R&R	-	769	1,860	1,091	
New Assets Capital	-	835	1,432	597	
TOTAL DISTRICT RSCs	651	14,522	17,032	2,510	17.3%
BATTLE GROUND**					
O&M					
Administrative Services	185	381	329	(52)	
SCWMS	-	1,392	1,398	6	
BGFM	-	249	231	(18)	
RTPO	-	-	-	-	
Rate Stabilization	-	32	32	0	
Capital					
Debt Service	-	1,649	1,816	167	
Existing Assets R&R	-	408	879	471	
New Assets Capital	-	278	497	219	
TOTAL BATTLE GROUND RSCs	185	4,389	5,181	792	18.0%
TOTAL PER BIENNIAL BUDGET PERIOD	836	18,911	22,213	3,302	17.5%

Footnotes

* 2013-2014 actual reflects conversion costs only. 2015-2016 budget reflects full Regional Assets operations

** 2015-2016 budget period RSCs reflect a mid cycle budget adjustment for 2016 due to the issuance of new debt in September 2015

Section 4.2

Operating Budget

The Alliance operates Regional Assets and provides wastewater transmission and treatment services to Members as of the Alliance Operations Date, January 1, 2015. The Alliance is presenting an Operating Budget, a component of the 2017-2018 Operating and Capital Budget, to provide the financial framework necessary to fund operations for the two-year budget period. The Operating Budget has been prepared to be consistent with specific Alliance financial policies and general professional practices appropriate for a regional wastewater transmission and treatment utility.

Discovery Clean Water Alliance

2017-2018 Operating and Capital Budget

4.2 Operating Budget

Operating Budget Introduction

A formal definition of the operating budget as presented in the IFA is “the periodic operating budget prepared consistent with Section VI.A.: An annual or biennial Operating Budget and periodic Capital Budgets will be prepared by Alliance staff or consultants (or, if there is a separate Administrative Lead, then by the staff of, or the consultants selected by, that entity).”

The components of the operating budget are presented in the following sections:

- *Section 4.2.1 – Administrative Services/Clark Regional Wastewater District.* A summary of administrative services expenses paid to the Clark Regional Wastewater District for the 2017-2018 biennial budget period is provided in Section 4.2.1.
- *Section 4.2.2 – Operator - Salmon Creek Wastewater Management System/Clark County.* A summary of contract operating expenses paid to Clark County for the 2017-2018 biennial budget period is provided in Section 4.2.2.
- *Section 4.2.3 – Operator - Battle Ground Force Main/Clark County.* A summary of contract operating expenses paid to Clark County for the 2017-2018 biennial budget period is provided in Section 4.2.3.
- *Section 4.2.4 – Operator - Ridgefield Treatment Plant/Ridgefield.* A summary of contract operating expenses paid to the City of Ridgefield for the 2017-2018 biennial budget period is provided in Section 4.2.4.

Operating Account Structure and Related Financial Policies

The Alliance will administer its operating budget responsibilities through two separate accounts. The individual accounts are summarized on the following table, including a brief excerpt of key financial policies that apply to each account.

Alliance Operating Account Structure and Financial Policies

Account Name	Purpose	Key Financial Policies (from IFA, Exhibit A)
Operations and Maintenance Account	Maintain financial viability of the utility despite short-term variability in revenues and expenses.	Accrue funds sufficient to pay day-to-day administrative costs, and costs to operate Regional Assets for the Alliance. Additionally, maintain a reserve of not less than 60 days of operating costs.
Regional Service Charge Stabilization Account	Mitigate major year-to-year fluctuations in revenues and expenses upon unplanned revenue shortfalls or expenditures, including debt coverage.	Accrue funds sufficient to, when directed by the Alliance Board, fund unplanned operating revenue shortfalls or expenses, or debt coverage. Additionally, maintain a reserve of not less than 60 days of operating costs.

Operating Cost Allocation Framework

The Alliance applies a “usage-based” cost allocation framework where Members pay Regional Service Charges (RSCs) based primarily on Average Annual Flows in individual Regional Assets or groupings of Regional Assets. After the transfer of the City of Ridgefield’s wastewater collection system and utility customers to the District in 2014, Ridgefield does not contribute flows to the Regional Assets. Clark County transferred ownership of the Salmon Creek Treatment Plant to the Alliance on January 1, 2015, and does not contribute flows to the Regional

Assets. Therefore, the County and Ridgefield do not pay RSCs. All Alliance costs are allocated to either the City of Battle Ground or the District.

Per IFA Section VI.B.1, the Alliance cost allocation framework is summarized as follows:

Alliance Operating Cost Allocation Framework

Cost Category	Cost Allocation Framework (from IFA, Section VI.B1)
Administrative Costs	Proportional to share of Treatment Facilities Allocated Capacity.
Regional Assets Operating Costs	Proportional to share of use of a Regions Asset or group of Regional Assets as measured by Average Annual Flows.
Custom Cost Allocation	As determined by the Board of Directors on an ad hoc basis.

Operating Expense Summary

Administrative costs of the Alliance (contract Administrative Lead services provided by the District, professional services and other expenses) and insurance, legal and audit services from other service providers are funded from RSCs. In addition, costs to operate all Regional Assets (two wastewater treatment plants with outfalls, two regional pump stations, three regional force mains and two gravity interceptors) and provide wholesale wastewater transmission and treatment services to Members, are also funded from RSCs. Administrative and operating costs are budgeted to total \$11.312 million for the 2017-2018 budget period.

Discovery Clean Water Alliance

2017-2018 Operating and Capital Budget

4.2.1 Administrative Services/Clark Regional Wastewater District

The 2017-2018 operating budget for administrative services, totaling \$1.819 million, includes administrative services provided under an Administrative Lead contract, plus professional services and other expenses. Insurance, legal and audit services are also included in this budget. The 2017-2018 operating budget is the third biennial budget for the Alliance. The initial 2013-2014 operating budget for the newly formed Alliance reflected administrative costs primarily for transition activities both to create the new entity and prepare for full operations to begin effective January 1, 2015. The 2015-2016 operating budget funded the full operation of Regional Assets. The 2017-2018 operating budget will continue to fund full operation and provision of wastewater transmission and treatment services to two wholesale customers serving over 100,000 people in central Clark County.

Administrative Services (\$000s)

Administrative Services	2013-2014 Actual	Amended 2015-2016 Budget	2017-2018 Budget	\$ Change	% Change
Expenditures					
Administrative Lead Contract					
Contract Services					
Executive and Administrative Services	\$ 174	\$ 163	\$ 168	\$ 5	3.3%
Financial and Treasury Services	\$ 68	\$ 173	\$ 167	\$ (6)	-3.5%
Engineering Services	\$ 8	\$ 436	\$ 484	\$ 48	11.0%
Regional Biofilter Operations	\$ -	\$ -	\$ 22	\$ 22	
Professional Services					
Capital Program Suppt/Regulatory Compliance	\$ 148	\$ 400	\$ 400	\$ -	0.0%
Computer/IT	\$ 3	\$ 2	\$ 1	\$ (1)	-50.0%
Communications/Public Engagement	\$ -	\$ 10	\$ 15	\$ 5	50.0%
Financial Consulting	\$ -	\$ 20	\$ 20	\$ -	0.0%
Other Expenses					
Utilities	\$ -	\$ 2	\$ 2	\$ -	0.0%
Advertising/Public Notices	\$ -	\$ 3	\$ 2	\$ (1)	-33.3%
Miscellaneous	\$ 10	\$ 23	\$ 26	\$ 3	13.0%
Total Administrative Lead Contract	\$ 411	\$ 1,232	\$ 1,308	\$ 76	6.2%
Insurance Contract					
Property, Liability, D&O	\$ -	\$ 400	\$ 380	\$ (20)	-5.0%
Legal Services Contract					
Foster Pepper PLLC	\$ 162	\$ 90	\$ 85	\$ (5)	-5.6%
CAFR/Audit					
SAO Audit	\$ -	\$ 23	\$ 29	\$ 6	24.3%
Other Expenses					
Bank Fees, DAC, Permits, Property Taxes	\$ -	\$ -	\$ 18	\$ 18	
Annual Administrative Services Expenditures	\$ 573	\$ 1,745	\$ 1,819	\$ 74	4.2%

Administrative Lead Services – Clark Regional Wastewater District: \$1,308,000

An Administrative Lead contract was executed between the Alliance and the District, an Alliance Member. This initial contract specifies that the District will oversee Alliance activities through a transition period, 2013-2014, and through its initial five-year operating period, 2015-2019. The Alliance will have no staff of its own during this period.

Contract services (including executive and administrative services, financial and treasury services, engineering and regional biofilter operations), professional services (including capital plan development and delivery, regulatory compliance support, information technology support, communications/public engagement and financial consulting services), and other expenses (including utilities, advertising/public notices and miscellaneous expenses) are all included in the 2017-2018 Administrative Lead contract budget for the Alliance. Note that this budget includes Pretreatment services billed by the District directly to the Alliance as part of the overall engineering services. Miscellaneous expenses also include Pretreatment supplies and tests.

Insurance Services – WSRMP: \$380,000

Insurance services, purchased from the Water and Sewer Risk Management Pool (WSRMP) for the two-year budget period, include property, liability and errors and omissions coverage.

Legal Services – Foster Pepper PLLC: \$85,000

Legal services for general counsel to the Alliance are contracted with Foster Pepper PLLC.

CAFR/Audit Services – SAO: \$29,000

Comprehensive Annual Financial Report (CAFR) audit services will be performed by the Washington State Auditor's Office (SAO) with audit work scheduled to be done in both 2017 and 2018.

Other Expenses – Various Entities: \$18,000

Other expenses, including bank fees, DAC fees, permit fees and property taxes, will be paid to various entities as they are incurred.

Discovery Clean Water Alliance

2017-2018 Operating and Capital Budget

4.2.2 Operator – Salmon Creek Wastewater Management System/ Clark County

The Alliance has contracted with two Members, Clark County and Ridgefield, to operate all Regional Assets. The County, which previously owned the Salmon Creek Wastewater Management System (SCWMS) until ownership was transferred to the Alliance effective January 1, 2015, will continue to operate the SCWMS via contract (one treatment plant, two force mains, two pump stations and two gravity interceptors). In addition, the County began to operate via contract another Regional Asset, the Battle Ground Force Main (BGFM), effective January 1, 2015. Therefore, the County is currently the contract operator for eight of nine Regional Assets, effective January 1, 2015. County employees will continue to operate the SCWMS and BGFM through the 2017-2018 budget period. A separate, detailed operating budget is prepared for each system.

The County's two-year budget to operate the SCWMS via contract totals \$7.810 million. This operator contract, summarized below, is part of the overall operating budget for the Alliance for the 2017-2018 budget period. The detailed Clark County operator budget for the SCWMS is located at Appendix C.

Clark County Operator Contract Summary – SCWMS (\$000s)

Operator - SCWMS	2013-2014 Actual	Amended 2015-2016 Budget	2017-2018 Budget	\$ Change	% Change
Expenditures					
Operator Contract - Clark County					
Operations and Maintenance - SCWMS					
Salaries and Benefits	-	\$ 2,778	\$ 2,935	\$ 157	5.7%
Materials and Supplies	-	\$ 1,017	\$ 579	\$ (438)	-43.1%
Services and Utilities	-	\$ 2,506	\$ 2,818	\$ 312	12.5%
Internal Services	-	\$ 556	\$ 622	\$ 66	11.9%
Capital	-	\$ -	\$ 70	\$ 70	
Chemical and Lab Supplies	-	\$ -	\$ 440	\$ 440	
Total Operations and Maintenance	-	\$ 6,857	\$ 7,465	\$ 608	8.9%
R&R Allowance (Projects < \$57k)	-	\$ 178	\$ 345	\$ 167	93.8%
Annual Operator - SCWMS Expenditures	-	\$ 7,035	\$ 7,810	\$ 775	11.0%

Operations and Maintenance – Clark County SCWMS: \$7,465,000

Operating and maintenance expenses include salaries and benefits, materials and supplies, services and utilities, internal services and chemical/lab supplies.

R&R Allowance for Projects Less Than \$57,000 – Clark County SCWMS: \$345,000

Projects under the \$57,000 threshold (as determined in the Capital Plan) are identified in the Clark County Operator budget for the 2017-2018 biennium, and includes repair or servicing of the following five Salmon Creek Treatment Plant (SCTP) components, as well as a general maintenance allowance:

SCTP COMPONENT	COST
Aeration Basin Diffuser Replacement	\$40,000
Digester Heating Recirculation Pumps	\$50,000
Aeration Basin Air Flow Control Valves	\$40,000
Turblex Blower Services*	\$65,000*
Mixed Liquor Recycle Pumps	\$30,000
Misc. Small Repair and Replacement Projects	\$120,000
Total Costs of Identified Projects	\$345,000

A detailed R&R Program Summary of Potential Deficiencies and Improvements is included in the Clark County operator budget for the BGM, found at Appendix C.

* Note: The Turblex Blower Service is above the \$57,000 threshold that identifies a capital project, however this is a maintenance service, which does not fall under the category of capital project.

Discovery Clean Water Alliance

2017-2018 Operating and Capital Budget

4.2.3 Operator - Battle Ground Force Main/Clark County

Effective January 1, 2015, Clark County began operating the Battle Ground Force Main (BGFM), previously owned and operated by the City of Battle Ground. The County provides routine, weekly visual inspection of the exterior lines, valves and vaults, cleans the interior of the lines, performs routine and minor repairs and maintenance, and performs chemical dosing of the line for odor control and to mitigate deterioration within the line and downstream interceptor. The County prepared a separate detailed two-year budget totaling \$0.276 million for operating this Regional Asset via contract, included in Appendix C. The BGFM budget summary is shown below.

Clark County Operator Contract Summary – BGFM (\$000s)

Operator - BGFM	2013-2014 Actual	Amended 2015-2016 Budget	2017-2018 Budget	\$ Change	% Change
Expenditures					
Operator Contract - Clark County					
Operations and Maintenance - Battle Ground Force Main					
Salaries and Benefits	-	\$ 43	\$ 45	\$ 2	5.2%
Materials and Supplies	-	\$ 67	\$ 21	\$ (46)	-68.3%
Services and Utilities	-	\$ 2	\$ 10	\$ 8	400.0%
Dosing Chemicals	-	\$ 200	\$ 200	\$ -	0.0%
Total Operations and Maintenance	-	\$ 312	\$ 276	\$ (36)	-11.4%
R&R Allowance (Projects < \$57k)	-	\$ -	\$ -	\$ -	
Annual Operator - BGFM Expenditures	-	\$ 312	\$ 276	\$ (36)	-11.4%

Operations and Maintenance – Clark County BGFM: \$276,000

Operations and maintenance of the BGFM include salaries and benefits, materials and supplies, services and utilities, and dosing chemicals. There is no R&R budget for this Regional Asset.

Dosing chemicals, costing \$200,000 in 2017-2018, comprise the majority of the operating expense for this asset. The chemical is utilized to control odors in the nine-mile long force main, and also to mitigate the development of highly corrosive hydrogen sulfide (H₂S) gas generated when sewage is transported over long distances in the anaerobic environment of the force main.

4.2.4 Operator - Ridgefield Treatment Plant and Outfall/Ridgefield

The City of Ridgefield previously owned the Ridgefield Treatment Plant and Outfall (RTPO) until ownership was transferred to the Alliance effective January 1, 2015. Ridgefield will remain the contract operator of this Regional Asset for the 2017-2018 biennial budget period.

Ridgefield prepared a detailed two-year budget totaling \$1.407 million to operate the RTPO via contract. The Ridgefield budgeted operator expenses are summarized below. The detailed budget is included in Appendix D, with additional explanation and support of the summary numbers. The Ridgefield operator budget is a component of the overall operating budget for the Alliance for the 2017-2018 budget period.

Ridgefield Operator Contract Summary – RTPO (\$000s)

Operator - RTPO	2013-2014 Actual	Amended 2015-2016 Budget	2017-2018 Budget	\$ Change	% Change
Expenditures					
Operations and Maintenance					
Personnel	-	\$ 511	\$ 535	\$ 24	4.6%
Supplies	-	\$ 51	\$ 72	\$ 21	41.6%
Services	-	\$ 107	\$ 120	\$ 13	12.2%
Intergovernmental Services	-	\$ 442	\$ 476	\$ 34	7.6%
Maintenance	-	\$ 63	\$ 56	\$ (7)	-11.7%
Utilities	-	\$ 73	\$ 67	\$ (6)	-7.8%
<i>Total Operations and Maintenance</i>	-	\$ 1,247	\$ 1,325	\$ 78	6.3%
R&R Allowance (Projects < \$57k)	-	\$ -	\$ 82	\$ 82	
Annual Operator - RTPO Expenditures	-	\$ 1,247	\$ 1,407	\$ 160	12.8%

Operations and Maintenance – Ridgefield: \$1,325,000

Operating and maintenance expenses include personnel, supplies, services, intergovernmental services, maintenance and utilities.

R&R Allowance for Projects Less Than \$57,000 – Ridgefield: \$81,500

Projects under the \$57,000 threshold (as determined in the Capital Plan), as identified in the Ridgefield operator budget for the 2017-2018 biennium, include repair or servicing of the following RTPO components:

RTPO COMPONENT	COST
Influent Pump	\$12,000
PLC Upgrade Project	\$37,000
Treatment Plant Blower	\$7,500
Thickener Freezer Protection	\$15,000
Air-Flow Meter Replacement	\$3,000
Air Diffuser Replacement	\$7,000
Total Costs of Identified Projects	\$81,500

Discovery Clean Water Alliance

2017-2018 Operating and Capital Budget

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Section 4.3

Capital Budget

The Alliance is presenting a Capital Budget, a component of the 2017-2018 Operating and Capital Budget, to provide the financial framework necessary to support delivery of the Capital Program. The 2017-2018 Capital Budget has been prepared to be consistent with specific Alliance financial policies and general professional practices appropriate for a regional wastewater transmission and treatment utility.

Discovery Clean Water Alliance

2017-2018 Operating and Capital Budget

4.3 Capital Budget

Capital Budget Introduction

The formal definition of the capital budget as presented in the IFA is *"one or more capital budgets adopted consistent with Section VI.A.: An annual or biennial Budget and periodic Capital Budgets will be prepared by Alliance staff or consultants (or, if there is a separate Administrative Lead, then by the staff of, or the consultants selected by, that entity). Similarly, prior to Board action, comprehensive Capital Plans, including a renewal and replacement fund mechanism, will be periodically prepared by Alliance staff (or, if there is an Administrative Lead, by the staff of that entity in cooperation with staff of any Operator)."*

The components of the capital budget, Section 4.3, are presented in the following sections:

- *Section 4.3.1 – Debt Service Account.* A summary of outstanding debt per debt instrument type for the 2013-2014, 2015-2016 and 2017-2018 biennial budget periods is provided in Section 4.3.1 and Appendices E, F, and G.
- *Section 4.3.2 – Existing Assets Repair and Replacement Account.* A summary of existing assets repair and replacement actual or budgeted expenditures for the 2013-2014, 2015-2016 and 2017-2018 biennial budget periods is provided in Section 4.3.2 and Section 5.
- *Section 4.3.3 – New Assets Capital Account.* A summary of new assets capital construction and acquisition actual or budgeted expenditures for the 2013-2014, 2015-2016, and 2017-2018 biennial budget periods is provided in Section 4.3.3 and Section 5.

Capital Budget Summary

A Capital Plan Summary table contained in Section 5 presents a summary of the capital investments necessary to maintain the existing Regional Assets in good working order and to construct or acquire new Regional Assets for the 20-year planning horizon, 2017-2036. Fifteen projects are identified to repair or replace existing assets, and seven projects are identified to construct new assets during that period, to respond to capacity demand, anticipated regulatory requirements, or to provide community-appropriate levels of service. Capital budget expenditures planned for the 2017-2018 budget cycle total \$12.328 million. A debt issuance of "new money" totaling \$3.300 million in September 2015 will partially fund construction of five repair and replacement capital projects between 2016 and 2018. The remaining funds to service debt, complete construction of those repair and replacement projects, and fund ongoing work on two new assets capital projects will come from RSCs collected from Members.

Capital Account Structure and Related Financial Policies

The Alliance will administer its capital budget responsibilities through three separate accounts. The individual accounts are summarized in the following table, including a brief excerpt of key financial policies that apply to each account.

Alliance Capital Account Structure and Financial Policies

Account Name	Purpose	Key Financial Policies (from IFA, Exhibit A)
Debt Service Account	Provide for the servicing of Alliance-held debt.	Accrue funds sufficient to service principal and interest obligations timely on all debt either assumed by the Alliance from Members or on new debt issued by the Alliance. Additionally, maintain a reserve sufficient to meet Reserve Requirements per the Bond Resolutions and/or to satisfy rate or additional covenants contained in the Bond Resolutions.
Existing Asset Repair and Replacement Account	Provide funding for existing Regional Asset repair and replacement projects.	Accrue funds sufficient to repair or replace existing Regional Assets as needed. Additionally, maintain a reserve of not less than 2% of historical cost of assets. Funding from Regional Service Charges is scheduled to support a 20-year repair and replacement program.
New Asset Construction and Acquisition Account	Provide funding for new Regional Asset construction and Acquisition.	Accrue funds sufficient to construct or acquire new Regional Assets as needed. Additionally, maintain a minimum reserve necessary to buffer for fluctuations between uniform revenues and non-uniform expenditures as new assets are constructed or acquired.

Capital Cost Allocation Framework

The Alliance utilizes an “asset-based” cost allocation framework where Members pay RSCs based primarily on Allocated Capacity in individual Regional Assets or groupings of Regional Assets. As a reminder, at this time, Clark County and Ridgefield do not contribute flow nor have Allocated Capacity in the Regional Assets, and therefore do not pay RSCs. Per Interlocal Formation Agreement (IFA) Section VI.B.1, the Alliance cost allocation framework is summarized below.

Alliance Capital Cost Allocation Framework

Cost Category	Cost Allocation Framework (from IFA, Section VI.B1)
Regional Asset Capital Costs	Member-allocated capacity in Regional Asset(s)
Custom Cost Allocation	As determined by the Board of Directors on an ad hoc basis

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4.3.1 Debt Service Account

As of January 1, 2017, the Alliance has \$30.144 million of outstanding principal debt on its Regional Assets. The existing principal debt obligations of the Alliance are summarized in the table below.

Debt on Regional Assets as of January 1, 2017 (\$000s)

Regional Asset Number/Name		Existing Debt Instrument	Existing Debt (principal at January 1, 2017)	Alliance Member Responsible for Debt
1-7.	Salmon Creek Wastewater Management System	Public Works Trust Fund Loans	\$ 10,189	District
		State Revolving Fund Loan	\$ 603	District
		2015 Sewer Revenue Bond	\$ 11,185	District/Battle Ground
		Public Works Trust Fund Loans	\$ 7,073	Battle Ground
8.	Ridgefield Treatment Plant and Outfall	State Revolving Fund Loan	\$ 1,094	District
9.	Battle Ground Force Main	No Debt on Regional Asset	\$ -	N/A
TOTAL			\$ 30,144	

Debt previously held by three Members, the District, Battle Ground and Ridgefield, in the form of Washington Public Works Trust Fund (PWTF) and State Revolving Fund (SRF) loans, was transferred to the Alliance in early 2015.

In addition, the Alliance issued a privately placed bond in September 2015, which allowed the District to call and defease outstanding revenue bonds it held on Regional Assets ("old money") and to partially fund Alliance capital construction costs planned between 2016-2018 ("new money").

With the planned call and defeasance of outstanding Ridgefield Limited Tax General Obligation (LTGO) bonds in December 2016, all debt on Regional Assets will be held and serviced by the Alliance, and debt will be optimized at its lowest total overall cost to Members.

The following Debt Service Account table presents principal and interest to service all Alliance-held debt for the 2017-2018 budget period, as well as the debt service for the prior 2013-2014 and 2015-2016 biennial budget periods. The 2017-2018 portion of this table is presented for adoption as a component of the upcoming two-year capital budget. Debt service for the two-year biennial budget totals \$6.915 million.

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Debt Service Account (\$000s)

Debt Service Account	2013-2014 Actual	Amended 2015-2016 Budget	2017-2018 Budget	\$ Change	% Change
Debt Transferred From District					
PWTF - Principal	-	\$ 2,125	\$ 2,126	\$ 1	0.1%
PWTF - Interest	-	\$ 118	\$ 97	\$ (21)	-18.2%
SRF - Principal	-	\$ 436	\$ 472	\$ 36	8.2%
SRF - Interest	-	\$ 148	\$ 113	\$ (35)	-24.0%
Total Principal & Interest Payments	-	3,412	3,391	(40)	-0.6%
Debt Transferred From CoBG					
PWTF - Principal	-	\$ 1,525	\$ 1,525	\$ (0)	0.0%
PWTF - Interest	-	\$ 82	\$ 67	\$ (15)	-18.4%
Total Principal & Interest Payments	-	1,607	1,592	3,184	-0.9%
Debt Issued by Alliance					
2015 Bond - Principal	-	\$ 841	\$ 1,990	\$ 1,149	136.6%
2015 Bond - Interest	-	\$ 373	\$ 526	\$ 153	41.1%
Total Principal & Interest Payments	-	1,214	2,516	5,033	107.3%
Other Debt					
Ridgefield LTGO Bond - Principal	-	\$ 1,145	\$ -	\$ (1,145)	-100.0%
Ridgefield LTGO Bond - Interest	-	\$ -	\$ -	\$ -	0.0%
Total Principal & Interest Payments	-	\$ 1,145	\$ -	\$ (1,145)	-100.0%
Subtotal Principal	-	\$ 6,072	\$ 6,113	\$ 41	0.7%
Subtotal Interest	-	\$ 721	\$ 802	\$ 81	11.3%
Biennial Debt Service	-	\$ 6,793	\$ 6,915	\$ 122	1.8%

Debt Repayment

A table of Outstanding Debt Loans by Type is located at Appendix E, depicting the decreasing balances per type of loan, as well as decreasing overall debt at the end of 2017-2018 and subsequent biennial budget periods. The Debt Loans Repayment Schedule, found at Appendix F, shows the total principal and interest payments as of the end of each biennial budget period.

Limitation of Indebtedness

Limitation of indebtedness applies to general obligation debt only. The Alliance has never issued general obligation debt, however, debt is diligently monitored through the Bond Coverage Ratio and Operating Expense and the Debt Principle Coverage Analysis, found at Appendix G. At any point in the future, if the Alliance issues general obligation debt, RCW 57.20.110 and 120 specifies a general obligation limitation of indebtedness of 0.5% of the value of the taxable property within its boundaries, in addition to the constitutional debt limitations. The assessed value of the Alliance service area as of March, 2016 is \$14.122 billion, which calculates to a legal debt limit of \$70.707 million. The Alliance's total debt outstanding as of December 31, 2016 is \$30.144 million, well under this threshold. Indebtedness can also be measured through the ratio of debt to total equity. The table below reflects a current ratio for the Alliance including all Regional Asset debt. A maximum indebtedness ratio recommended for a public utility is also reflected, and illustrates that the Alliance's debt-to-equity ratio remains low versus public utility guidelines.

Debt-to-Total-Equity Ratio

Capital Structure	Public Utility Guidelines	Alliance as of 1/1/2017
Debt %	60%	22%
Equity %	40%	78%
Total	100%	100.0%

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4.3.2 Existing Assets Repair and Replacement Account

Section 5 - Capital Program presents R&R projects necessary to keep the existing Regional Assets in good working order. R&R projects are generally financed by year-over-year receipt of RSCs from Members. Remaining proceeds from a "new money" issuance of revenue bonds in September 2015 will also be fully expended in the 2017-2018 budget period to support completion of those R&R capital projects. The following table has been developed to present a balanced and integrated management strategy for repair and replacement project delivery.

Existing Assets Repair and Replacement Account (\$000s)

Existing Assets R&R Account	2013-2014 Actual	Amended 2015-2016 Budget	2017-2018 Budget	\$ Change	% Change
Project Expenditures					
Middle Salmon Creek Interceptor Point Repair	-	\$ 52	\$ -		
Upper Salmon Creek Interceptor Repair	-	\$ 784	\$ 31		
Regional Biofilter - Upper Kline Interceptor	-	\$ 130	\$ 1,078		
36th Avenue PS Pump Replacement	-	\$ 194	\$ 902		
SCTP Programmable Logic Controller Replacement	-	\$ 894	\$ 866		
SCTP Influent Screen Rebuild	-	\$ -	\$ 134		
SCTP Dewatering Equipment Rebuild	-	\$ -	\$ 233		
SCTP Fire Pump Controller Replacement	-		\$ 27		
BGFM Valve & Vault Repair	-	\$ 518	\$ -		
Annual R&R Allowance					
Process Mechanical/Electrical/Controls	-	\$ -	\$ -		
Buildings/Structures/Grounds	-	\$ -	\$ 314		
Biennial R&R Projects Expenditures	-	\$ 2,572	\$ 3,584	\$ 1,012	39.4%

The 2017-2018 portion of this table is presented for adoption as a component of the upcoming two-year capital budget. Existing assets R&R capital expenditures planned for the 2017-2018 budget period total \$3.584 million. The full 20-year capital planning horizon, detailed in Section 5, reflects a balanced-budget approach to estimated future project needs based on the best available information at the time of budget adoption. The future work will be reviewed and updated every two years in the process of preparing the capital budget for the next biennial budget cycle.

4.3.3 New Assets Capital Account

Section 5 - Capital Program presents the capital projects necessary to provide for system capacity needs, regulatory compliance requirements and level-of-service opportunities. As mentioned previously, these capital projects tend to be larger in scope and cost and, therefore, often require long-term financing. At this time, there are no projects scheduled to bid within the 2017-2018 budget period. Future Alliance capital budgets with near-term capital projects, however, will receive a separate financing evaluation in alignment with the timing of construction scheduled for those projects.

The table below has been developed to present a balanced and integrated management strategy to deliver new assets capital projects. No project debt financing is assumed in the upcoming two-year biennial budget and all new assets capital expenditures will be funded from RSCs. In the 20-year planning horizon, however, debt financing will be required to fund several larger capital projects, with individual projects costing greater than \$10.000 million each.

New Assets Capital Account (\$000s)

New Assets Capital Account	2013-2014 Actual	Amended 2015-2016 Budget	2017-2018 Budget	\$ Change	% Change
Project Expenditures					
SCTPO Phase 5A Expansion (Outfall/Effluent Pipeline) ⁽¹⁾	-	\$ 1,013	\$ 1,580		
SCTPO Phase 5B Expansion (Plant) ⁽²⁾	-	\$ -	\$ 249		
Biennial New Assets Capital Expenditures	-	\$ 1,013	\$ 1,829	\$ 816	80.6%

Footnotes:

(1) *SCTPO Phase 5A (Outfall/Effluent Pipeline) expansion includes planning document development, supporting engineering and surveying work, environmental permitting, legal support, right-of-way acquisition, supporting elements of financial planning and stakeholder engagement.*

(2) *SCTPO Phase 5B (Plant) expansion includes all studies and preliminary engineering related to odor control and plant capacity assessment at SCTP.*

The 2017-2018 portion of this table is presented for adoption as a component of the two-year capital budget. New assets capital expenditures planned for the 2017-2018 budget period total \$1.829 million. The full 20-year planning horizon, detailed in Section 5, reflects a balanced budget approach to estimated future project needs based on the best available information at the time of adoption. The future work will be reviewed and updated every two years in the process of preparing the capital budget for the next budget cycle.

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Section 4.4

Account Balance Summary

The Alliance is presenting an Account Balance Summary to provide the historical, estimated and planned projections for account balances necessary to support delivery of wastewater transmission and treatment services. The 2017-2018 Operating and Capital Budget has been prepared to be consistent with specific Alliance financial policies and general professional practices appropriate for a regional wastewater transmission and treatment utility.

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4.4 Account Balance Summary

Account Balance Summary (\$000s)

Account	HISTORICAL	ESTIMATED	PLANNED		
	Actual 2013-2014	Proforma 2015-2016	Projected 2017-2018	Projected 2019-2020	Projected 2021-2022
Operations & Maintenance (O&M)	\$ 327	\$ 1,320	\$ 982	\$ 982	\$ 982
Rate Stabilization	-	143	297	450	600
Debt Service	-	1,357	1,379	1,369	1,265
Restoration and Replacement (R&R)	-	3,602	2,756	3,006	3,256
Capital Improvement Projects (CIP)	-	100	200	300	300
TOTAL ALLIANCE FUNDS	\$ 327	\$ 6,522	\$ 5,614	\$ 6,107	\$ 6,403
Contracts Receivable	-	2,159	1,639	1,639	1,639
TOTAL FUNDS	\$ 327	\$ 8,681	\$ 7,253	\$ 7,746	\$ 8,042

Section 5

CAPITAL PROGRAM

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5.1 2017-2036 Twenty Year Capital Plan

The Alliance is an owner and operator of Regional Assets providing wastewater transmission and treatment services to its Members. As such, one of the most important business functions of the Alliance is to have a well-developed capital program for the management of its assets. The Alliance Capital Plan represents the Regional Asset management program for the Alliance, including the work required to repair or replace existing assets and to construct new assets to meet capacity, regulatory or level-of-service requirements.

The Capital Plan depicts the programs for existing and new Regional Assets by presenting near-term needs (two-year and six-year projects) as well as long-term needs (20-year projects). Detailed project profiles for all projects are presented in the appendices of the Capital Plan, a separate document.

The 20 Year Capital Plan Summary table found on page 59 presents a summary of the capital investments necessary to maintain the existing Regional Assets in good working order; and also to construct new Regional Assets over time in order to adequately meet capacity demand, anticipated regulatory requirements and community-appropriate levels of service. The dates associated with specific projects detailed in this summary table are consistent with the updated growth and timeline analyses depicted in the Capital Plan.

Existing Assets Repair and Replacement (R&R) Program

The initial Alliance Capital Plan (adopted in 2014) incorporated the existing condition assessment reports and asset management programs from the Member agencies contributing Regional Assets to the Alliance. In order to inform the current Capital Plan and related budget processes, the Alliance sponsored formal maintenance assessments in 2016 for the regional pump stations and treatment plant assets. The intent of the assessments was to identify equipment components having a reasonable likelihood of repair or replacement within the next several years. The work was performed by an independent consultant experienced in all phases of wastewater treatment plant planning, design, permitting, construction and operation. This work is summarized in two separate reports:

- *Salmon Creek WWTP Maintenance Assessment, CH2M, 2016.* This report is for the 36th Avenue Pump Station, the 117th Street Pump Station and the Salmon Creek Treatment Plant.
- *Ridgefield WWTP Maintenance Assessment, CH2M, 2016.* This report is specific to the Ridgefield Treatment Plant only.

Projects identified by this assessment process have been evaluated and systematically prioritized by the Standing Committees through determination of project need, considering the following characteristics for each project:

- Overall asset condition or “likelihood (risk) of failure” of the asset
- Overall asset criticality within the system or “consequence of failure” of the asset

Additional criteria, such as safety considerations, return on investment and other opportunities for system-wide benefit, were also considered in the final ranking process.

The specific project definitions are based on maintenance assessments focused on near term needs. In the absence of a fully developed asset management program, and in order to provide a complete 20-year Capital Plan, the following project allowances are established based on a separate analysis of general equipment and facility repairs likely to be needed in the planning period:

- Process mechanical/electrical/controls systems
 - \$150,000 per year for years 3-6
 - \$600,000 per year for years 7-20
- Buildings/structures/grounds
 - \$150,000 per year for years 1-20

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New Assets Capital Improvement Program

The capital improvement projects represent the infrastructure investments needed to address system capacity, new regulatory obligations or new level-of-service commitments. The planning basis for individual projects is developed in the Member agency planning documents listed in Section 2 - Planning. Individual capital projects are detailed in the appendices of the Capital Plan, a separate document.

It is important to note that the timelines associated with the capacity project recommendations in the Member agency planning documents was, in general, based on underlying data from a higher growth environment prior to the late-2007 to mid-2009 national economic downturn, often referred to as the "Great Recession". If followed as originally outlined, these more aggressive timelines would have indicated additional infrastructure investment during a period when the Member agencies would not have been able to afford or to utilize the new capacity. In order to provide a more practical assessment, the Capital Plan recommends an updated timeline for future capacity investments that is reflective of more current growth realities while still being prudently conservative in terms of providing capacity ahead of demand.

In support of future capacity assessment, an analysis of the treatment capacity of the Salmon Creek Treatment Plant (SCTP) has been included in the Capital Plan. The SCTP is the primary Regional Asset in terms of overall size, complexity and historical cost. In addition, it represents the limiting capacity element in the overall Salmon Creek Wastewater Management System (including upstream pipelines and pump stations). This 2016 analysis, considering multiple Department of Ecology mandated criteria, has indicated that capacity in the system needs to be increased approximately by the year 2023. The timeline provides a small capacity buffer that can help address factors that cannot be predicted precisely, such as the potential for wet weather conditions or above historical trend growth rates.

The Capital Plan will include a project to provide an updated General Sewer Plan in order to appropriately anticipate and meet the permit requirement for plans to maintain adequate capacity. The capacity of the existing system will be evaluated in additional detail within the planning document to confirm the specific cost and timing for future capacity needs. The projects depicted in the Capital Plan appendices represent the best current information for those future needs. However, it is expected that the project details would be updated through the process of completing a next-generation formal planning document.

R&R and Capital Improvement Project Profile Summaries

Overview profile summaries are presented on pages directly following the 20 Year Capital Plan Summary, for each Existing Assets R&R project and New Assets capital project scheduled through the 2017-2018 budget period.

20 Year Capital Plan Summary

Regional Asset / Project Name	Scope of Project	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	PROJECT COST
1 Salmon Creek Interceptor																								
Middle Salmon Creek Interceptor Point Repair	Open excavation and short-term bypass pumping to replace 10' of pipe. Couplings will connect the replacement section to existing interceptor.																							\$ 52,000
Upper Salmon Creek Interceptor Repair	Re-line 2,525' of 21-inch and 24-inch concrete pipe to repair corrosion damage in Salmon Creek Ave east of I-205.																							\$ 693,000
2 Kline Interceptor																								
Kline Interceptor Manhole Rehabilitation	Rehabilitate 12 manholes with cementitious corrosion-resistant liner to protect interior areas exposed to hydrogen sulfide gases.																							\$ 290,000
2a - Regional Biofilter - Upper Kline Interceptor	Replace interim 2004 chemical system for BGFM and biofilter for St. John's Interceptor with new regionally-sized biofilter sized for permanent odor and corrosion protection. Reduced operating costs for chemicals.																							\$ 1,200,000
3 36th Avenue Pump Station (PS)																								
36th Avenue PS Pump Replacement	Replace three 200-HP raw sewage pumps and motors at the end of 20-year useful life, complete piping modifications for safer handling of pumps.																							\$ 1,050,000
4 117th Street Pump Station (PS)																								
117th Street PS Capacity Upgrade	Replace five raw sewage pumps, motors and variable frequency drives, install second engine generator.																							\$ 9,900,000
5 36th Avenue Pump Station Force Main																								
No projects currently programmed																								\$ 0
6 117th Street Pump Station Force Main																								
No projects currently programmed																								\$ 0
7 Salmon Creek Treatment Plant & Outfall (SCTP, SCTPO)																								
SCTP Programmable Logic Controller Replacement	Replace Programmable Logic Controllers installed with the Phase 3 Expansion Project (1996 era) at the end of 20-year useful life.																							\$ 1,600,000
SCTP Operations Center Water Chiller Replacement	Replace failed Operations Center water chiller unit, which provides required temperature control to Ecology-certified laboratory used for daily NPDES permit compliance testing.																							\$ 100,000
SCTPO Phase 5A (Outfall/Effluent Pipeline) Expansion	Construct a new 7,200' 48-inch outfall pipeline from the plant to the Columbia River, including a new in-water diffuser assembly.																							\$ 17,600,000
SCTPO Phase 5B (Plant) Expansion	Project will develop an Engineering Report to recognize existing embedded secondary treatment capacity to re-rate the SCTP from the currently approved 14.95 MGD to approximately 17.00 MGD., including constructing odor control and effluent pump station improvements.																							\$ 6,400,000
SCTP Influent Screen Rebuild	Rebuild two mechanically cleaned influent screens to extend life of existing 1998 units for replacement in Phase 6 Expansion.																							\$ 130,000
SCTP Influent Screen Replacement	Install two mechanically cleaned influent screens to replace existing 1998 units in Phase 6 Expansion.																							\$ 500,000
SCTP UV System Replacement	Replace existing unit with a new, more energy efficient system.																							\$ 3,200,000
SCTP Dewatering Equipment Rebuild	Rebuild two existing belt filter presses to extend life of the existing 1996 dewatering system until replacement is required.																							\$ 220,000
SCTP Dewatering Equipment Replacement	Replace two existing belt filter presses with screw presses to improve dewatering performance and address equipment age.																							\$ 3,200,000
SCTP Fire Pump Controller Replacement	Replace existing obsolete fire pump controllers to ensure long-term functionality of the onsite fire pump system.																							\$ 170,000
SCTP Phase 6 Expansion	Phased plant expansion - influent screen 3, primary clarifier covers, aeration blower, aeration basin 7, secondary clarifier 5, RAS/WAS pump station 2, UV disinfection channel 2.																							\$ 22,300,000
SCTP Primary Sludge Pump Replacement	Replace existing eight 1998 primary sludge pumps and associated air compressors with lobe or hose style pumps for increased efficiency.																							\$ 230,000
SCTP Phase 7 Expansion	Phased plant expansion - primary clarifier 5, aeration basin 8, anaerobic digester 3.																							\$ 16,200,000
8 Ridgefield Treatment Plant & Outfall (RTPO)																								
RTPO Plant Decommissioning	Decommission the existing treatment plant facility at the end of asset useful life.																							\$ 2,700,000
9 Battle Ground Force Main (BGFM)																								
BGFM Valve & Vault Repair	Replace air vacuum valves/vaults, decommission air injection system, repair valves and pig launching stations, and install corrosion protection.																							\$ 435,000
BGFM Parallel Force Main	Construct second (parallel) force main (24-inch diameter) from Battle Ground to connection point at Kline Interceptor.																							\$ 24,100,000
TOTAL																						\$ 112,270,000		

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5.2 2017-2018 Existing Assets Repair and Replacement Projects Overview

Regional Biofilter – Upper Kline Interceptor

Cost: \$1,200,000

Scope: The project represents a new strategy to manage odors and control corrosion associated with the discharge of the Battle Ground Force Main (BGFM) and St. Johns Interceptor into the Kline Interceptor at a significantly reduced life cycle cost.

The project will consist of permanent replacement of the interim infrastructure installed in 2004 (chemical addition system for BGFM and biofilter for St. Johns Interceptor) with a new regionally-sized biofilter. In order to promote appropriate air movement to the regional biofilter, an air intake will be constructed at the discharge of the BGFM and an air duct will be installed from the Kline Interceptor to the location of the regional biofilter. The total potential annual savings is on the order of \$200,000 to \$250,000. The simple payback for this project is approximately five years, primarily related to a reduction of chemical purchases.



Basis: Existing Asset Replacement/Level of Service

36th Avenue Pump Station Pump Replacement

Cost: \$1,050,000

Scope: The project will replace the primary raw sewage pumps and motors in order to maintain reliable and effective transmission of flow to the Salmon Creek Treatment Plant.

The project will replace the existing three 200-HP primary raw sewage pumps and motors. The existing equipment was installed with the 1994 Expansion program, approximately 22 years ago, and is now at the end of its useful life. The pumps have experienced some accelerated deterioration due to chronic vibration and related operating difficulties. A new pump selection will address the unique hydraulic characteristics of the pump station wet well, utilizing recent advances in pump mechanical design. Piping and access modifications improving safety will also be part of this work.



Basis: Condition

Salmon Creek Treatment Plant Programmable Logic Controller Replacement

Cost: \$1,600,000

Scope: Programmable Logic Controllers (PLCs) are the primary computerized control system hardware responsible for the Salmon Creek Treatment Plant operations and control. The project will replace a portion of the plant PLCs to ensure system reliability. The PLCs being replaced are approaching 20 years old and represent a product line that was discontinued in 2013 and will no longer be supported after 2020.

The project will replace seven of the facility's PLCs originally procured in 1996 as part of the Phase 3 Expansion, as these systems are no longer available and support from the manufacturer is scheduled to end in 2020. A significant portion of the total project costs are for programming the new PLCs, as the current programs are not transferrable to the new platform due to age. Additional work to design the new system and provide implementation, testing and startup support is also included in the total project cost.

Basis: Condition



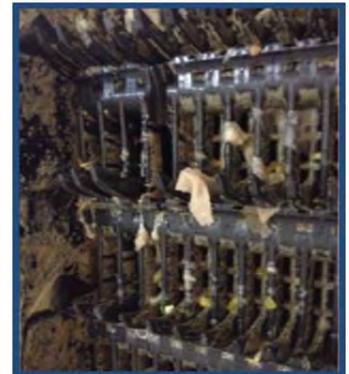
Salmon Creek Treatment Plant Influent Screen Rebuild

Cost: \$130,000

Scope: The project will rebuild the two existing mechanically cleaned influent screens and compactors in order to reduce the high level maintenance required to keep this aging equipment operating until the screens are replaced as part of the Phase 6 Expansion program.

The project will rebuild the mechanically-cleaned influent screens, which were installed in 1998 as part of the Phase 3 Expansion. The equipment requires regular replacement of components that wear down, such as teeth on the screen face and the upper guide rail, and maintenance of the gear reducer assembly on the compactor. These repairs are labor-intensive, and require taking the screen out of service for several days. The current replacement schedule for these screens is based on coupling the replacement with third bar screen programming as part of the Phase 6 capital expansion for efficiency and system compatibility.

Basis: Condition



Salmon Creek Treatment Plant Dewatering Equipment Rebuild

Cost: \$220,000

Scope: This project will improve dewatering system reliability by rebuilding existing belt filter presses.

The project will rebuild the two existing belt filter presses, consisting of replacing all wearing part, new belts, rakes, and drip pans. The current belt filter presses were procured in 1996 as part of the Interim Biosolids Dewatering Project and are approaching the end of their useful life. Rebuilding these units will extend the lifetime.

Basis: Condition



Salmon Creek Treatment Plant Fire Pump Controller Replacement

Cost: \$170,000

Scope: The project will ensure long-term functionality of the onsite fire pump system by replacing the existing fire pump controllers, which are now obsolete and unreliable.

The project will replace the two existing fire pump controllers that serve the two onsite fire protection pumps. The fire controllers and breakers were recently rebuilt, however the parts are now obsolete and the components are no longer available. Replacement of these controllers will require a shutdown of the main power to the facility as the controllers are hard-wired directly to the transformer providing power to the area of the plant.

Basis: Condition



5.3 2017-2018 New Assets Capital Projects Overview

Salmon Creek Treatment Plant Phase 5A (Outfall/Effluent Pipeline) Expansion

Cost: \$17,600,000

Scope: This project will provide an increase to Alliance Members' Allocated Capacity of the Salmon Creek Treatment Plant Outfall with installation of a new effluent pipeline and replacement of the in-water and on-shore segments of the outfall pipeline to address streambank erosion affecting the existing pipeline.



Phase 5A will construct a new effluent pipeline from the treatment plant to the west side of Lower River Road. The pipeline is estimated to be approximately 6,200 feet long and 48 inches in diameter. The route will cross the BNSF railroad, Salmon Creek, Lake River and Lower River Road, requiring significant permitting and real property coordination to prepare the project for bid and construction. The project will also install approximately 1,000 feet of new outfall pipeline from approximately Lower River Road to the pipeline terminus, and include a new in-water diffuser assembly at the end of the outfall. The new pipeline will parallel and replace the in-water portion of the outfall pipeline installed in 1975. The Phase 5A (Plant) Expansion Project will also produce a General Sewer Plan (GSP) document covering for all Alliance Regional Assets as part of the required planning process.

Basis: Capacity

Salmon Creek Treatment Plant Phase 5B (Plant) Expansion

Cost: \$6,400,000

Scope: This project will address influent wasteload trends, which indicate capacity at the Salmon Creek Treatment Plant (SCTP) may be reached by approximately the 2023-2024 timeframe. The project will seek to have existing embedded secondary treatment capacity recognized through a formal re-rating process and proactively address certain odor sources at the plant through control and treatment to circumvent regulatory enforcement of improvements. The project will also address any other in-plant incremental capacity elements needed to rate the overall SCTP facility capacity at 17.0 mgd on a maximum month flow basis.



The project will develop an Engineering Report (ER) and subsequent design documents for improvements required to establish an overall increased rating for the facility at 17.0 mgd. At this time, elements of the work are anticipated to include: process-related studies, a formal treatment process re-rating analysis, and implementation of an odor control system for the preliminary and primary treatment facilities. The scope also includes modifications to the effluent pump station to complete all in-plant work to coordinate with the outfall and effluent pipeline (Phase 5A) improvements. The scope and cost of the project are preliminary at this time and will be further refined in the ER process.

Basis: Capacity

APPENDIX

Discovery Clean Water Alliance

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APPENDIX A

Glossary of Terms

Accrual Basis of Accounting

A basis of accounting in which transactions are recognized when they occur, as opposed to being recognized when the actual cash changes hands.

Administrative Lead Contract

An agreement between the Alliance and Clark Regional Wastewater District (the District) designating the District as the Administrative Lead to administer and manage the overall affairs of the Alliance.

Adopted Budget

The final budget approved by the Board of Directors.

Balanced Budget

A budget in which revenues equals or exceeds expenditures.

Battle Ground Force Main (BGFM)

Nine-mile long 16-inch diameter force main (FM), with bioxide chemical dosing/injection facility, routed southwesterly from Battle Ground pump station (PS) to Kline intercepter at NE Salmon Creek Avenue. The pipeline was constructed in the early 1990's.

Beginning Fund Balance

The residual fund balance representing unused funds brought forward from the previous biennial period (ending fund balance).

Budget

An estimate of revenues and expenditures for a period of time into the future.

Capital Cost Allocation Framework

The Alliance utilizes an "asset-based" cost allocation framework where Members pay Regional Service Charges (RSCs) based primarily on Allocated Capacity in individual Regional Assets or groupings of Regional Assets.

Capital Expenditure

An expenditure used to acquire or construct a tangible asset with a cost greater than \$5,000 and a useful life of greater than 2 years.

Cash Basis

An accounting basis in which revenues and expenditures are recorded when cash changes hands, rather than when the underlying activity occurred.

Debt Limit

The maximum amount of gross or net debt which is legally permitted per state law.

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Debt Service

The principal and interest due and payable on outstanding revenue bonds and loans.

Debt Service Fund

An account used to hold restricted amounts for the principal and interest payments on the 2015 sewer revenue bonds, SRF loans, and PWTF loans.

Defeasance

The legal release of a debtor from being the primary obligor under the debt, either by the courts or by the creditor.

Deficit

(1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period; or, in the case of proprietary funds, the excess of expense over revenues during an accounting period.

Depreciation

The allocation of the cost of a capital asset to future periods benefited by the asset. This accounts for the wear and tear, deterioration, and obsolescence of the asset that occurs after it is placed into service.

Enterprise Fund

Proprietary fund type used to report an activity for which a fee is charged to external users for goods or services.

Existing Asset Repair and Replacement (R&R) Fund

Provide funding for existing Regional Asset repair and replacement projects to keep the assets in good working order.

Expenses

Under the accrual basis of accounting an expense account records the cost of goods or services received without consideration of whether cash was expended or not.

Fiscal Year

Any period of twelve months that is designated as the operating year for accounting and budgeting purposes. The Alliance's fiscal year is from January 1st through December 31st per Washington state statute.

Fund

A fiscal allocation of funds that is segregated for the purpose of carrying out a specific purpose or activity.

Fund Balance

The amount of assets in a fund that are in excess of the amount of liabilities. When liabilities exceed assets, it is sometimes called a deficit.

Generally Accepted Accounting Principles (GAAP)

Standards formulated by the Governmental Accounting Standards Board that set the guidelines used for accounting and reporting for government entities.

Joint Municipal Utility Services Act (JMUSA)

Revised Code of Washington (RCW) 39.106, otherwise known as the Joint Municipal Utility Services Act, was passed by the Washington State Legislature in 2011. It allows for any form of municipal water-related utility service to be provided and supports any combination of municipal partner agencies as Members and is governed by an interlocal framework established under JMUSA.

Interlocal Agreement

An agreement between two or more government entities.

New Asset Capital Fund (CIP)

Provide funding for new Regional Asset construction and acquisition necessary to provide for system capacity needs, regulatory compliance requirements, and level-of-service opportunities.

Operations and Maintenance (O&M) Account

An account that provides for the daily routine needs of the Alliance. This account is used to financially sustain effective delivery of Alliance core functions.

Proprietary Fund

A business-like fund of a state or local government that provides goods or services for a fee. There are two types of proprietary funds as follows:

- Internal service funds – These funds are used for operations serving other funds or departments within a government on a cost-reimbursement basis.
- Enterprise funds – These funds are used for services provided to the public on a user charge basis, similar to the operation of a commercial enterprise.

Public Works Trust Fund (PWTF)

A fund overseen by the state of Washington Department of Ecology that is used to loan state monies to local governments for infrastructure projects.

Regional Service Charges (RSCs)

Charges to Member governments to fund continued operations, debt service payments, repair and replacement to existing assets, and new capital construction or acquisition.

Reserve

Assets that are segregated for future use or for a specific purpose.

Resources/Sources (financial)

Total amounts available to fund expenditures.

Revenue

Income received by the Alliance used to fund general operations, debt service, and capital construction projects. Revenue sources include regional service charges and investment income.

Ridgefield Treatment Plant and Outfall (RTPO)

A secondary treatment plant originally constructed in 1959 with several upgrades since then. The plant is located on West Cook Street in Ridgefield, WA. The plant outfall is a 10-inch diameter pipeline routed west of the plant 0.2 miles, terminating in Lake River.

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Salmon Creek Treatment Plant (SCTP)

A secondary treatment plant originally constructed in the mid 1970's, with four major expansion phases. The plant is located at 15100 NW McCann Road in Vancouver, WA. The plant outfall is a 30-inch diameter pipeline routed west of the plant 1.3 miles, terminating in the Columbia River between mile 95 and 96.

Salmon Creek Wastewater Management System (SCWMS)

The Salmon Creek Wastewater Management System consists of the SCTP and its related transmission facilities.

Special Purpose District

An independent governmental unit that exists separately from a general purpose government.

State Revolving Fund (SRF)

A fund administered by the state of Washington that provides low-interest loans for investment in water and sewer sanitation infrastructure.

Uses (financial)

Total amounts expected to be expended in a given budget cycle.

Wastewater District

A special purpose district that provides sanitary sewer services.

APPENDIX B

Financial Policies Framework

Category	Objective	Policies
Reserves	Reserve balances are funds that are set aside for specific project, task, covenant requirement, and / or emergency. These balances are maintained in order to meet short-term cash flow requirements, while at the same time minimizing the risk associated with meeting financial obligations and continued operational needs under adverse conditions.	O&M, RSC Stabilization, Debt Service, R&R and Capital Reserves
Debt	Market debt, non-market debt and loans are all potential funding sources to buy, build or rebuild/replace capital assets by the Alliance. All debt issuances require that debt service coverage ratios be met and compliance with continuing disclosure requirements.	Debt Service, Debt Service Coverage Ratio, Continuing Disclosure and Debt Policy
Revenue Sufficiency	The Alliance has ongoing revenue requirements from its Members to pay operating expenses, buy or build capital assets, service debt and maintain reserves. Revenue sufficiency insures that charges will be set at a level to remain a self-sufficient utility.	Charge Adoptions and Revenue Pledge by Members
Financial Planning, Regulatory Compliance and Investments	Policies which support financial planning, regulatory compliance and investing help promote the financial integrity and stability of the Alliance, and help provide guidance and consistency in decision-making for the Alliances' management and Board.	Financial Planning, Regulatory Compliance and Investment Policy
Sustainability of Infrastructure	In conjunction with establishing and planning its capital program, Alliance will develop a corresponding capital-financing plan that supports execution of that program, and is capable of sustaining long-term capital requirements. The capital program will incorporate system expansion, upgrades and improvements, and system repair and replacement. The intention is to establish an integrated funding strategy.	Capital Facilities Planning and Capital Facilities Funding

APPENDIX C

Salmon Creek Wastewater Management System Operator Budget
Battle Ground Force Main Operator Budget

Operator: Clark County



To: John Peterson, P.E., General Manager, Clark Regional Wastewater District
Ken Andrews, CPA, Finance Manager, Clark Regional Wastewater District

From: Travis Capson, Wastewater Operations Manager, Clark County Public Works

Date: November 2, 2016

Subject: 2017/2018 Budget Proposal – Salmon Creek Treatment Facilities and
Battle Ground Force Main

Attached is the county's preliminary 17/18 budget proposal for the operation of the Salmon Creek Wastewater Management System and Battle Ground Force Main.

This cover memo provides a summary of several key assumptions that are reflected in the budget proposal. Four exhibits are also attached:

- Exhibit A - Fund 4580 detailed operating budget for the Salmon Creek Wastewater System
- Exhibit B - Fund 4580 comparison between 2015-16 budget and the 17/18 proposed budget
- Exhibit C - Fund 4583 budget
- Exhibit D - Decision package requests

The county operates on a two year budget cycle. Departments submit a "baseline" budget which typically matches total budget authority established for the previous term (minus any one-time requests.) The baseline includes any across the board increases for cost of living, countywide indirect costs, liability insurance, and any other line items that are considered fixed and not controllable by departments.

All additional requests over and above the baseline operating budget are done through the decision package process and receive internal review. It is important to note that the operating expenses (Fund 4580) associated with the decision package requests are included in the attached spreadsheets.

The county is proposing a preliminary 17/18 operating budget for the Salmon Creek and Battle Ground facilities of \$7,741,355.

The Repair and Replacement budget for the treatment plant is based on five equipment repair and replacement projects totaling \$225,000, plus \$120,000 for miscellaneous small project repairs and replacement projects that typically come up during the biennium.

The Battle Ground Force Main preliminary 17/18 operating budget is \$276,487. (The Battle Ground funding is listed in Exhibit A.)

Discovery Clean Water Alliance

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A few key budgetary assumptions are summarized below. Additional information on the budget assumptions, comparison to the adopted 2015-16 budget, and descriptions of the decision packages are included in the exhibits.

Operating Budget (Fund 4580) – Salmon Creek Wastewater Management System

The 17/18 operating budget is shown in Exhibits A and B. Exhibit A provides a breakdown by type of expenditure (object code) and the primary plant activity. A comparison to the 2015-16 adopted budget is in Exhibit B.

A few of the assumptions and significant changes to this budget include:

- The proposal realigns budgeted expenses into appropriate plant object codes.
- Professional engineering consultant services are estimated at \$200,000 for the two years. This operational support would include such items as:
 - IT/network issues and configuration
 - Equipment and structural evaluations
 - Advising on unique process and operational issues

The professional engineering budget assumes that DCWA will contract for professional engineering services such as the NPDES permit renewal and work associated with capital repair and replacement projects greater than \$57,000 and all engineering/surveying associated with the outfall.

Repair and Replacement Budget (Fund 4583) - Salmon Creek Wastewater Management System

A list of the proposed decision packages for the Repair and Replacement fund is shown in Exhibit C and Exhibit D.

Operating Budget (Fund 4580) – Battle Ground Force Main

The 17/18 operating budget for the Battle Ground Force Main is shown in Exhibit A. Key assumptions used in developing the preliminary budget numbers include:

- The salaries and benefits budget is based on county maintenance plant staff spending approximately 8 hours per week for routine checks of the force main and appurtenances, miscellaneous maintenance, pump system control work, and utility locates along the pipe.
- The chemical budget assumes dosing at 87,600 gallons per year at a chemical cost of \$1.97 per gallon plus sales tax. Plus, the introduction of the new odor control units along the battleground force main. This results in approximately \$200,000 per year for chemical addition and carbon costs. This dosing assumption is made on the premise of keeping odors down and also mitigating further damage to the existing force main due to H₂S.

Discovery Clean Water Alliance

2017-2018 Operating and Capital Budget

EXHIBIT A
SALMON CREEK TREATMENT FACILITIES
2017/18 BASELINE BUDGET - FUND 4580
NOVEMBER 2, 2016

Object	Obj Description	535811 Plant Laboratory	535812 Plant Maintenance	535813 BG Force Main	535814 Solids Handling	535815 Plant Operations	535819 Administration	Total
100	Salaries	143,207	641,338	28,642	150,406	401,140	512,483	1,877,016
140	Overtime	5,000	20,000	0	7,000	15,000	1,000	48,000
141	Comp Time Non Exempt	5,000	20,000	0	7,000	10,000	800	42,800
	Total Salaries	153,207	681,338	28,642	164,406	426,140	513,763	1,967,516
210	Employee Benefits	11,313	50,667	2,263	11,882	31,714	40,469	148,309
211	PERS/LEOFF	17,615	78,887	3,522	18,500	49,377	63,009	230,910
220	EAP Premium	67	359	13	67	201	301	1,004
221	Medical Insurance	17,576	194,510	8,911	14,003	121,936	148,835	505,784
222	Industrial Insurance	5,108	27,071	1,022	5,108	15,323	18,936	72,568
223	Dental	3,157	14,207	632	1,273	8,870	10,061	38,200
230	Life Insurance	164	971	33	164	793	627	2,654
236	Disability Ins.	1,038	4,610	208	1,090	2,910	3,714	13,610
	Total Benefits	56,038	371,240	16,604	52,087	231,127	285,952	1,013,038
310	Office Supplies						1,000	1,000
311	Central Stores-Office Max						5,000	5,000
317	Xerox - Copy Charges						10,000	10,000
321	Agriculture Supplies		7,500					7,500
322	Cleaning & Sanitation					5,000		5,000
324	Food/Water						2,000	2,000
325	Evidence/Chem/Lab Supplies	35,000		200,000	405,000			640,000
326	Expendable Equipment		15,000		10,000	3,000	2,000	30,000
327	Computer Supplies					30,000		30,000
328	Uniforms/Clothing					3,000		3,000
329	Other Operating Support		100,000		15,000	15,000	5,000	135,000
330	Building Supplies		20,000					20,000
331	Electrical Supplies		30,000					30,000
333	Plumbing Supplies		10,000					10,000
335	Paint		8,000					8,000
338	Nuts & Bolts		3,000					3,000
339	Other Bldg. Supplies		3,000					3,000
350	Equipment Supplies			500				500
351	Parts	5,000	55,000	20,741	75,000	115,000		270,741
357	Small Equipment Parts		5,000					5,000
360	Gas Diesel & Oil		10,000					10,000
362	Unleaded Gasoline	340	7,756		2,824			10,920
366	Propane		750					750
	Total Supplies	40,340	275,006	221,241	507,824	171,000	25,000	1,240,411
416	Fund Overhead Allocations		9,352		498			9,850
418	GenFund Indirect Charged to County Funds		0				327,809	327,809
419	Other Prof. Services	15,000	50,000	10,000	930,000	60,000	200,000	1,265,000
420	Communication Services						1,000	1,000

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EXHIBIT A
 SALMON CREEK TREATMENT FACILITIES
 2017/18 BASELINE BUDGET - FUND 4580
 NOVEMBER 2, 2016

Object	Obj Description	535811 Plant Laboratory	535812 Plant Maintenance	535813 BG Force Main	535814 Solids Handling	535815 Plant Operations	535819 Administration	Total
421	Telephone						16,400	16,400
422	Postage						2,500	2,500
428	Cellular One/Pagers						5,000	5,000
431	Airfare						3,000	3,000
433	Local Mileage						3,000	3,000
434	Long Distance Travel						3,000	3,000
435	Meals						1,500	1,500
438	Lodging						4,000	4,000
452	Data Processing Rental Agreement						23,945	23,945
455	Machinery & Equip Rentals	5,904	81,656		10,840			98,400
456	Rental Cars/Other Vehicle Rental		20,000					20,000
460	Insurance Charges					58,262		58,262
471	Electrical & Heating					1,115,000		1,115,000
472	Garbage					70,000		70,000
473	Gas					77,000		77,000
476	Water & Sewer					12,500		12,500
481	Building Maintenance		15,000					15,000
482	Equipment Maintenance		12,000					12,000
483	Grounds & Parks Maintenance					2,500		2,500
486	Custodial Cleaning		32,500					32,500
491	Assoc. Dues/Membership						5,000	5,000
493	Filing/Recording/Permit Fees	5,000			40,000	180,350	10,000	245,350
495	Taxes & Assessments						8,000	8,000
496	Tuition/Registration						15,000	15,000
	Total Services	26,278	225,008	10,000	981,338	1,575,612	632,154	3,450,390
510	Inter Gov Service*							0
	Total Intergovernmental	0	0	0	0	0	0	0
600	Capital		70,000					70,000
	Total Capital	0	70,000	0	0	0	0	70,000
	Grand Totals	275,863	1,622,602	276,487	1,705,655	2,403,879	1,456,869	7,741,358

*This transfer is not being listed since the money is transferred from 4580 to 4583

Discovery Clean Water Alliance

2017-2018 Operating and Capital Budget

EXHIBIT B
SALMON CREEK TREATMENT FACILITIES
COMPARISON OF 2015/16 CURRENT BUDGET WITH 2017/18 BUDGET PROPOSAL - FUND 4580
NOVEMBER 2, 2016

Object	Obj Description	2015-16 Current Budget	2017-18 Proposed Budget	Budget Difference	Comments (variances greater than \$50,000 or decision package)
100	Salaries	1,982,580	1,877,016	-105,564	Office of Budget has confirmed, these numbers are firm for 17/18
140	Overtime	38,600	48,000	9,400	
141	Comp Time Non Exempt	42,800	42,500	-300	
	Total Salaries	2,063,980	1,967,516	-96,464	
210	Employee Benefits	143,295	148,308	5,013	
211	PERS/LEOFF	202,977	230,910	27,933	
220	EAP Premium		1,004	1,004	
221	Medical Insurance	474,974	505,784	30,810	
222	Industrial Insurance	43,008	72,568	29,560	
223	Dental	45,472	38,200	-7,272	
230	Life Insurance	3,117	2,654	-463	
236	Disability Ins.	3,154	13,610	10,456	
	Total Employee Benefits	915,947	1,013,038	97,091	Overall, benefit costs have increased
310	Office Supplies	1,000	1,000	0	
311	Central Stores-Office Max	5,000	5,000	0	
317	Xerox/Copy Charges	7,000	10,000	3,000	
321	Agriculture Supplies	6,000	7,500	1,500	
322	Cleaning & Sanitation	6,000	5,000	-1,000	
324	Food/Water	2,000	2,000	0	
325	Evidence/Chem/Lab Supplies	639,700	640,000	300	
326	Expendable Equipment	24,000	30,000	6,000	
327	Computer Supplies	30,800	30,000	-800	
328	Uniforms/Clothing	3,000	3,000	0	
329	Other Operating Support	192,900	135,000	-57,900	This had excess budget capacity in it and some was spread to other object codes
330	Building Supplies	16,400	20,000	3,600	
331	Electrical Supplies	29,800	30,000	200	
333	Plumbing Supplies	19,200	10,000	-9,200	
335	Paint	8,000	8,000	0	
338	Nuts & Bolts	3,000	3,000	0	
339	Other Bldg. Supplies	3,000	3,000	0	
350	Equip Supplies	0	500	500	
351	Parts	248,800	270,741	21,941	
357	Small Equipment Parts	4,000	5,000	1,000	
360	Gas Diesel & Oil	10,000	10,000	0	
362	Unleaded Gasoline	23,318	10,920	-12,398	
366	Propane	700	750	50	
	Total Supplies	1,283,618	1,240,411	-43,207	
416	Fund Overhead Allocations	5,864	6,224	360	
418	GenFund Indirect Charged to County Funds	336,684	327,809	-8,875	
419	Other Prof. Services	1,132,900	1,265,000	132,100	Digester cleaning decision package, \$150,000 - some budget was also moved
420	Communication Services	4,000	4,000	0	
421	Telephone	16,400	16,400	0	

Discovery Clean Water Alliance

2017-2018 Operating and Capital Budget

EXHIBIT B
SALMON CREEK TREATMENT FACILITIES
COMPARISON OF 2015/16 CURRENT BUDGET WITH 2017/18 BUDGET PROPOSAL - FUND 4580
NOVEMBER 2, 2016

Object	Obj Description	2015-16 Current Budget	2017-18 Proposed Budget	Budget Difference	Comments (variances greater than \$50,000 or decision package)
422	Postage	2,000	2,500	500	
428	Cellular One/Pagers	5,000	5,000	0	
431	Airfare	3,000	3,000	0	
433	Local Travel	2,600	3,000	400	
434	Long Distance Travel	2,400	3,000	600	
435	Meals	1,300	1,500	200	
438	Lodging	3,600	4,000	400	
452	Data Processing Rental Agreement	0	23,945	23,945	
455	Machinery & Equip	87,248	98,400	11,152	
456	Other Vehicle Rental	40,000	20,000	-20,000	
460	Insurance Charges	55,344	58,262	2,918	
471	Electrical & Heating	978,900	1,115,000	136,100	Utility projected increases, 2014 and 2015 actuals came in at \$530,000 per year, which were drought years, increased by \$136,100, decision package
472	Garbage	40,000	70,000	30,000	Moved some budget, and increased by an additional \$15,000, decision package
473	Gas	77,000	77,000	0	
476	Water & Sewer	15,200	12,500	-2,700	
481	Building Maintenance.	12,000	15,000	3,000	
482	Equipment Maintenance	12,000	12,000	0	
483	Grounds & Parks Maintenance	2,000	2,500	500	
486	Custodial Cleaning	30,000	32,500	2,500	
491	Assoc. Dues/Membership	5,000	5,000	0	
493	Filing/Recording/Permit Fees	173,980	243,850	69,870	Need to allocate enough for two years worth of permit fees (dp of \$69,520 for this)
495	Taxes & Assessments	8,000	8,000	0	
496	Tuition/Registration	12,000	15,000	3,000	
	Total Services	3,064,420	3,450,390	385,970	
510	Inter Gov Service	710,230	0	-710,230	In 15/16, this was to transfer cash out of fund
550	Operating Transfers-subsidy	0	0	0	
551	Transfer for non-routine/one-time	182,518	0	-182,518	This is to transfer funds from 4580 to 4580, omitted this time for balancing - still funded as money is moved to 4583
	Total Intergovernmental	892,748	0	-892,748	
600	Capital	0	70,000	70,000	Purchase of snorkel manlift, one time purchase, decision package
	Total Capital	0	70,000	70,000	
	Grand Total	8,220,713	7,741,355	-479,358	

EXHIBIT C
FUND 4583 - REPAIR AND REPLACEMENT
2017/18 BUDGET PROPOSAL

NOVEMBER 2, 2016

REPAIR AND REPLACEMENT BUDGET:

ITEM	PROJECT	AMOUNT	ASSUMPTIONS
1.	Aeration Basin (5-6) Diffuser Replacement	\$40,000	Based on CH2M Assessment documentation to DCWA
2	Digester Heating Recirculation Pumps	\$50,000	Based on CH2M Assessment documentation to DCWA
3	Aeration Basin Air Flow Control Valves	\$40,000	Based on CH2M Assessment documentation to DCWA
4	Turbex Blower Services	\$65,000	Based on run hours this critical process equipment requires service
5	Mixed Liquor Recycle Pumps	\$30,000	Based on run hours, criticality to process control and power usage
6	Misc. Small Repair and Replacement Projects	\$120,000	Misc. small repair and replacement projects
	TOTAL	\$345,000	



EXHIBIT D

2017-2018 DECISION PACKAGE REQUESTS

November 2, 2016

FUND 4580 (Operating Budget)

Increase Electrical Utility Budget \$136,100 (ongoing)

An additional \$136,100 is requested for the electrical budget for the treatment plant and associated facilities. The past two seasons 2014/2015 have had ending balances of 527,363 and 530,127. The utility costs on average for the 2016 are approximately \$41,068 per month through seven months of the season. The utility budget for 2016 is anticipated to end very near the same as seen in the previous seasons. The county contacted Clark PUD which is the largest portion of the utility consumption, they responded with no projected change in the rates for 2017-18, so this request assumes no inflationary power cost increases, but it does cover a small increase to cover the additional flows due to growth, the recently completed DCWTS project, and the 36th Avenue pump station construction project bypass pumping at 117th for the duration of that project.

Increase in Garbage Dumping Fees \$15,000 (ongoing)

Garbage is projected to exceed the current budget amount by \$11,000. This increase should cover any additional dumping fees associated with the plant. The county has contacted the garbage service provider and they have responded with no anticipated increases over the 17-18 budget season.

Increase Filing/Recording and Permit Fees \$69,520 (ongoing)

This budget item was under funded during the 15-16 budget seasons. The budget was roughly half of what was required to support the Washington Department of Ecology permit fees which are roughly \$90,000 per year paid in two installments. This increase would correct the funding shortfall that the 15-16 budget line will see.

Increase Solids Handling (Digester Cleaning Service) \$150,000 (ongoing)

General cleaning and removal of accumulated debris is typically performed every five-years of digester operation. (The Salmon Creek Digesters were last cleaned in 2008) The county has estimated the accumulation of debris in the solids process tanks and to date there is approximately 600 cubic yards of material in Digester #1 and 150 cubic yards in Digester #2. After the next cleaning event we intend to track accumulation annually and assess the rate in

which the accumulation consumes capacity to dial in the future needs of the digesters cleaning cycles. The current concept anticipates a digester cleaning cycle of every four years, which means one digester, would be cleaned during each biennium budget cycle.

Snorkel Man Lift

\$70,000 (one time)

There is an option to purchase a used Snorkel Man Lift that seems to be the most utilized piece of rental equipment at the treatment plant. The county has looked at a possible purchase of this equipment, which would eliminate the need for an ongoing increase to the budget line. It would however require a onetime fund increase of \$70,000 to cover the cost of the unit. The return on investment (ROI is roughly four to five years if this purchase were approved for funding.

FUND 4583 (Repair and Replacement Budget)

Aeration Basin (5-6) Diffuser Replacement

\$40,000 (one time)

The treatment plant staff has requested a purchase of enough basin aeration stone diffusers to replace the zone A diffuser stones in basins 5 and 6. This request is based on information supplied in the CH2M Salmon Creek WWTP Maintenance Assessment, staff observations and manufacturers evaluations performed on sample diffuser stones sent to them in April 2016. Staff anticipates that replacement of the A zones on Basins 5 and 6 would increase the air transfer to the biomass, which would increase their capability to treat the incoming waste stream loadings, header pressures may be reduced and more efficient air transfer would reduce blower power consumption.

Digester Heating Recirculation Pumps

\$50,000 (one time)

The CH2M Assessment has also targeted these pumps for possible replacement or complete rebuilds due to age and ragging issues. The recirculation pumps ragging issues maybe caused by the current influent screening system deficiencies. The influent screens will be rebuilt in 2017. If that work alleviates the ragging issues at these pumps, this work may be delayed.

Aeration Basin Air flow Control Valves

\$40,000 (one time)

Current air flow control valves are problematic, complicated to work on, expensive to repair and have a long lead time for service. County staff has searched for a suitable replacement and found a new unit that is much better suited flow control valve for long term operation and control of the aeration basins. We have started replacing the units as they break with the current operational budget. This funding request would allow a onetime purchase of the air flow control valves required to proactively finish outfitting the remaining basins with this equipment. County staff would do the installation and control set up to further streamline the project.

Discovery Clean Water Alliance

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Turblex Blower Services

\$65,000 (one time)

The Turblex Blowers that support the aeration basin biomass are nearing their required service intervals. These services can only be performed by certified blower technicians; county staff will assist the service techs as needed. These units have incredibly tight tolerances and critical system components. If they are allowed to run past their service limits the results of failure increase substantially. The county has found certified blower technicians capable of working on the current blower units; they have much better pricing than the current manufacturer support technicians and are highly regarded in the industry.

Mixed Liquor Recycle Pumps

\$30,000 (one time)

The aeration basin mixed liquor pumps that support the anoxic zones for basins 5 and 6 require service and inspection for potential deficiencies. Biological treatment will be affected and air and energy consumption would go up considerably if one of the units were to fail.

Miscellaneous Small Repair and Replacement Projects

\$120,000 (one time)

These funds would cover unexpected emergency equipment repairs or replacements to treatment plant equipment. There are inherently unknowns due to the age of the equipment. Having budgetary approval for unanticipated purchases provides a quick turn-around when necessary to maintain efficiencies and permit compliance at the plant.

In closing

There has been quite a bit of equipment and funding requested for this budget cycle. It has been nearly ten years since the last major upgrade to the systems here at the facility. One practice that seems to follow the industry is evaluate, repair and replace as large capital projects phase through a system. That has worked for many facilities over the years, but time can be a limiting factor to some of those strategies. In the absence of those types of large capital projects, the equipment starts seeing the end of its service life before being upgraded. This budget addresses the need to begin replacing/rebuilding equipment as it reaches the end of its service life well before the next planned plant upgrade. This facility performs an invaluable service to this community and requires continued investment to provide solid reliable service.

APPENDIX D

Ridgefield Treatment Plant and Outfall Operator Budget

Operator: Ridgefield

Discovery Clean Water Alliance
2017-2018 Operating and Capital Budget



2017 Budget
Detail Report by Fund

Account Number	Description	2014 Actual	2015 Actual	2016 Budget	2016 YTD	2016 Est. Year End	2017 Baseline	2017 Additions	2017 Final Budget	2018 Final Budget
407 Sewer Treatment Utility										
Revenue										
Charges for Goods and Services										
407.00.343.50.00	Sewer Revenue (Ops)	(65)								
407.00.343.50.10	WWTP Operation Services	544,516	868,735	630,221	420,147	630,221	650,798	81,500	732,298	674,627
407.00.343.60.00	Sewer Rev - Commercial	273								
Total Charges for Goods and Services		544,724	868,735	630,221	420,147	630,221	650,798	81,500	732,298	674,627
Other Revenue										
407.00.361.11.00	Investment Interest	2,233	297	500	75	43	50		50	50
407.00.361.40.00	Interest on Contracts		59,813							
407.00.369.99.99	Other Revenue	407,299		1,200,775	27,889	1,200,775				
407.00.388.00.00	Prior Period Adjustments		93,023							
Total Other Revenue		410,032	153,133	1,201,275	27,914	1,200,818	50		50	50
Total Sewer Treatment Fund Revenue		954,756	1,021,868	1,831,496	448,061	1,831,039	650,848	81,500	792,348	674,677
407 Sewer Treatment Utility										
Expense										
Debt Service										
407.35.582.71.24	Prnc:0.2MGD Const GOBonds	95,000	95,000	1,145,000		1,145,000				
407.35.582.78.23	Prnc:WWTP Expan-SRF Loan	157,917								
407.35.592.83.23	Int: WWTP Expan-SRF Loan	65,310								
407.35.592.83.24	Int: 0.7MGD 2006 GO Bonds	63,850	59,476	55,775	27,889	55,775				
Total Debt Service		382,077	154,476	1,200,775	27,889	1,200,775				
Personnel										
407.37.537.10.00	Salaries	131,630	161,787	165,346	86,696	122,394	173,835		173,835	182,377
407.37.537.10.02	Social Security	8,236	10,355	10,251	5,524	7,799	11,088		11,088	11,617
407.37.537.10.03	Medicare	1,967	2,422	2,398	1,292	1,824	2,593		2,593	2,717
407.37.537.10.04	Workers Comp			3,996	1,775	3,550	5,188		5,188	5,188
407.37.537.10.05	State Unemployment	926	335	331	181	256	358		358	375



2017 Budget

Detail Report by Fund

Account Number	Description	2014 Actual	2015 Actual	2016 Budget	2016 YTD	2016 Est. Year End	2017 Baseline	2017 Additions	2017 Final Budget	2018 Final Budget
407 Sewer Treatment Utility Expense Continued										
407.37.537.10.11	Overtime	5,312	5,363	5,000	3,908	5,517	5,000	-	5,000	5,000
407.37.537.10.20	Pension	15,643	21,550	18,745	10,104	14,264	21,550	-	21,550	24,209
407.37.537.10.21	Health Care	29,575	35,634	36,004	18,470	26,075	36,004	-	36,004	39,605
407.37.537.10.23	Benefits	-	-	1,625	956	1,350	1,431	-	1,431	1,434
	Total Personnel	193,289	237,446	143,696	128,906	183,029	257,047	-	257,047	272,523
Supplies										
407.37.537.20.00	Office Supplies	-	-	500	-	-	500	-	500	500
407.37.537.20.01	Operational Supplies	11,689	6,868	8,500	4,557	6,836	8,954	-	8,954	8,930
407.37.537.20.02	Postage	-	25	-	-	-	-	-	-	-
407.37.537.20.03	Uniforms	951	1,180	598	863	1,295	1,147	-	1,147	1,182
407.37.537.20.05	Fuel	3,709	3,730	3,000	3,040	4,560	3,933	-	3,933	4,051
407.37.537.20.06	Small Tools/Equipment	575	272	781	2,628	3,942	1,644	-	1,644	1,694
407.37.537.20.11	Chemicals	7,354	22,292	10,401	18,179	27,269	19,541	-	19,541	20,127
	Total Supplies	24,278	34,367	23,780	29,267	43,901	35,719	-	35,719	36,484
Training										
407.37.537.40.00	Registration	881	502	3,400	553	830	1,500	-	1,500	1,500
407.37.537.40.01	Travel Expenses	419	531	1,000	67	101	1,000	-	1,000	1,000
	Total Training	1,300	1,033	4,400	620	930	2,500	-	2,500	2,500
Utilities										
407.37.537.50.00	Electricity	25,812	25,287	29,355	14,666	21,999	25,288	-	25,288	26,047
407.37.537.50.01	Natural Gas	432	716	562	223	335	525	-	525	541
407.37.537.50.02	Water	3,413	3,309	856	476	714	2,471	-	2,471	2,545
407.37.537.50.03	Storm Water	885	953	938	680	1,020	931	-	931	959
407.37.537.50.04	Communications	2,360	2,698	2,589	1,852	2,778	2,744	-	2,744	2,826
407.37.537.50.06	Sewer	-	-	2,700	1,087	1,631	1,560	-	1,560	576
407.37.537.50.11	Admin Supplies	-	826	-	-	-	-	-	-	292
	Total Utilities	32,902	33,789	37,000	18,984	28,476	33,519	-	33,519	33,786

Discovery Clean Water Alliance

2017-2018 Operating and Capital Budget



2017 Budget Detail Report by Fund

Account Number	Description	2014 Actual	2015 Actual	2016 Budget	2016 YTD	2016 Est. Year End	2017 Baseline	2017 Additions	2017 Final Budget	2018 Final Budget
407 Sewer Treatment Utility Expense Continued										
Operations and Maintenance										
407.37.537.60.06	Vehicle/Equip Maintenance	3,046	1,456	1,000	367	551	1,393	-	1,393	1,743
407.37.537.60.50	Computers	-	2,253	-	-	-	1,500	-	1,500	-
407.37.537.60.52	Computer Software	-	-	8,900	985	1,478	1,300	-	1,300	1,000
407.37.537.69.99	Other Ops/Maintenance	18,019	33,086	22,100	12,906	19,359	23,997	-	23,997	24,716
	Total Operations and Maintenance	21,065	36,795	32,000	14,258	21,387	28,190	-	28,190	27,459
Services										
407.37.537.80.10	Sludge Hauling	44,835	45,140	47,580	28,365	42,548	47,580	-	47,580	47,580
407.37.537.80.12	Lab Analysis	2,240	13,796	1,000	3,169	4,754	6,948	-	6,948	7,157
407.37.537.80.14	Janitorial	-	-	-	215	323	350	-	350	400
407.37.537.89.99	Outside Prof Services	805	3,182	5,000	621	932	5,000	-	5,000	5,000
	Total Services	47,880	62,118	53,580	32,370	48,555	59,878	-	59,878	60,137
Intergovernmental										
407.37.537.85.01	Permits-State Agencies	8,295	8,229	6,000	4,969	7,454	8,500	-	8,500	8,500
407.37.537.85.10	Sludge Treatment-Clark Cty	67,295	64,967	65,000	32,143	48,215	64,328	-	64,328	66,258
407.37.537.85.11	Solid Treatment - CRWD	14,753	-	-	-	-	-	-	-	-
407.37.537.85.12	Lab Analysis - Clark County	28,485	37,558	36,050	27,444	33,666	35,885	-	35,885	36,961
407.37.537.85.17	Excise Tax	4,700	-	-	-	-	-	-	-	-
407.37.537.85.90	Interfund Admin Services	115,707	114,530	129,165	86,110	129,165	125,232	-	125,232	130,019
	Total Intergovernmental	239,235	225,282	236,215	145,666	218,999	233,945	-	233,945	241,738
Capital Outlays										
407.37.537.90.01	Hycor Replace/Maintenance	47,607	-	-	-	-	-	-	-	-
407.37.537.90.07	Alkalinity Syst/Cap Project	143,170	116,695	-	41,664	41,664	-	-	-	-
407.37.537.90.09	Influent Pump	-	-	-	-	12,000	-	12,000	12,000	-
407.37.537.90.10	PLC Upgrade Project	-	-	-	-	-	-	37,000	37,000	-
407.37.537.90.11	WWTP Blower	-	-	-	-	-	-	7,500	7,500	-
407.37.537.90.12	Thickener Freeze Protection	-	-	-	-	-	-	15,000	15,000	-
407.37.537.90.13	Air-Flow Meter Replacement	-	-	-	-	-	-	3,000	3,000	-



2017 Budget Detail Report by Fund

Account Number	Description	2014 Actual	2015 Actual	2016 Budget	2016 VTD	2016 Est. Year End	2017 Baseline	2017 Additions	2017 Final Budget	2018 Final Budget
407 Sewer Treatment Utility Expense Continued										
407.37.537.90.14	Air Diffuser Replacement							7,000	7,000	
407.37.537.90.20	SCADA System	2,342								
Total Capital Outlays		193,119	116,695	-	41,664	53,664	-	81,500	81,500	-
Transfers										
407.37.597.50.01	Transf to Equip Replacement	5,000								
Total Transfers		5,000	-	-	-	-	-	-	-	-
Intergovernmental										
407.00.598.15.50	Cash Trans - CRWWD/DCWA	601,859	480,976							
Total Intergovernmental		601,859	480,976	-	-	-	-	-	-	-
Total Treatment Expense		1,359,927	1,228,501	630,671	411,715	598,443	650,798	81,500	712,298	674,627
Total Sewer Fund Expense		1,742,004	1,307,977	1,831,446	419,624	1,799,216	650,798	81,500	712,298	674,627
Net Total		(787,248)	(361,109)	50	8,437	31,873	50	-	50	50
Non Cash Adjustment to Avail Fund Balance		(143,411)	-	-	-	-	-	-	-	-
Fund Balance										
Beginning Fund Balance		1,431,814	501,175	140,066	140,066	140,066	171,889	171,939	171,889	171,939
Ending Fund Balance		501,175	140,066	140,116	148,501	171,889	171,939	171,939	171,939	171,989
Required Reserve		156,000	156,000	156,000	156,000	156,000	170,000	170,000	170,000	170,000
Fund Balance Available		345,175	(15,934)	(15,884)	(7,497)	15,889	1,939	1,939	1,939	1,989

APPENDIX E**Outstanding Debt Loans by Type
At End of Biennium Period**

Period	Revenue Bonds	PWTF Loans	SRF Loans	Total
2017-2018	9,195,000	13,610,718	1,226,454	\$ 24,032,172
2019-2020	6,725,000	9,959,737	717,121	\$ 17,401,858
2021-2022	4,135,000	6,308,757	278,590	\$ 10,722,347
2023-2024	1,410,000	2,710,408	158,782	\$ 4,279,190
2025-2026	-	842,105	32,587	\$ 874,692
2027-2028	-	-	-	\$ -

APPENDIX F

Debt Loans Repayment Schedule

Period	Principal	Interest	Total
2017-2018	6,111,390	803,804	6,915,194
2019-2020	6,630,313	620,765	7,251,078
2021-2022	6,679,512	420,119	7,099,631
2023-2024	6,443,156	235,171	6,678,327
2025-2026	3,404,498	61,183	3,465,681
2027-2028	874,692	6,741	881,433
Total	\$ 30,143,561	\$ 2,147,783	\$ 32,291,344

APPENDIX G

Limitation of Indebtedness

BOND COVERAGE RATIO			
	Actual	Proforma	Budget
	2013-2014	2015-2016	2017-2018
Gross Revenues			
Regional Service Charges	\$ 836,280	\$ 18,637,124	\$ 22,213,000
Interest on Investments	538	38,817	-
Total Gross Revenues	836,818	18,675,941	22,213,000
Operating Expenses			
Administrative Lead Services	412,255	805,717	1,308,000
Professional Services	161,825	36,261	114,000
Treatment Plan Operations	-	8,593,176	9,360,000
Insurance	-	333,974	380,000
Miscellaneous Expenses	250	17,651	18,000
Total Operating Expenses	574,330	9,786,779	11,180,000
1.10 Coverage Test			
Net Revenue	262,488	8,889,162	11,033,000
Debt Service	-	770,000	1,990,000
Coverage	-	11.54	5.54

OPERATING EXPENSE AND DEBT PRINCIPAL COVERAGE ANALYSIS			
	Actual	Proforma	Budget
	2013-2014	2015-2016	2017-2018
Gross Revenues			
Regional Service Charges	\$ 836,280	\$ 18,637,124	\$ 22,213,000
Interest on Investments	538	38,817	-
Total Gross Revenues	836,818	18,675,941	22,213,000
Operating Expenses			
Administrative Lead Services	412,255	805,717	1,308,000
Professional Services	161,825	36,261	114,000
Treatment Plan Operations	-	8,593,176	9,360,000
Insurance	-	333,974	380,000
Miscellaneous Expenses	250	17,651	18,000
Total Operating Expenses	574,330	9,786,779	11,180,000
Net Revenues Available for Debt Service	262,488	8,889,162	11,033,000
Debt Service - Alliance (Principal Only)			
Bonds	-	770,000	1,990,000
PWTF Loans	-	1,975,783	3,650,980
SRF Loans	-	367,200	470,409
Total Debt Service	-	3,112,983	6,111,389
Net Revenue After Payment of Debt Service	\$ 262,488	\$ 5,776,179	\$ 4,921,611
Operating Expenses Covered (Not Covered) by Rates	\$ 262,488	\$ 8,889,162	\$ 11,033,000