



What's on Tap

Vision of Tomorrow | Action Today

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Budget Update from the General Manager

Covington Water District (CWD) prepares a budget to guide upcoming operational activity and capital investments annually. This year's financial plan reflects conservative planning, reforecasting of operation expenses, use of business cases to support the need of Capital Improvement Plan (CIP) expenditures and continued implementation of existing strategic initiatives.

2018 resulted in another warm and very dry summer, but due to the abundant snow pack, CWD was safely and reliably able to meet the needs of our customers. CWD's undesignated cash on hand has improved to \$25M (up from \$14.8M in 2017). 2018 water rate revenue is approximately \$1.6M above budget and is consistent with what would be expected given the warm/dry summer we experienced. The district's debt ratio has improved from 46.7% (2016) down to 36.1% and total liabilities have decreased from \$53.4M (2016) to \$47.8M.

Covington Water District will take a moderate approach for the upcoming year, but will include a 3% "catch up" provision in the revenue portion of the financial model, as we now have 3 past years of solid data to help define future demand projections. Next year's projected revenue flow provides a positive cash basis to continue reliable delivery of safe, potable water. The proposed 2019 budget contains:

- Cost-of-living wage adjustment of 3.6% based on the June CPI-W, urban and clerical workers.
- The District will pay 100% of the health insurance premiums for staff/Commissioners and their dependents. Any remaining difference between the annually published per month cost of the PEBB Uniform Classic "full family" rate and the level of coverage selected will be deposited at a 75% rollover rate to those individuals own HRA VEBA accounts.
- A reduction of 0.5 FTEs (total).
- 2019 water revenue requirement of just under \$13M.
- Power costs reduced to incorporate turbine power production.
- Projects \$2.3M in facility charges in 2019. This is an increase of \$160,000 compared to 2018 while lowering the facility charge fees overall.
- Recommends no 2019 increase in water rates with modest 2% per year increases for 2020-2024. No new debt is anticipated, but staff will continue to refine the CIP budget to assess financial impacts (impacted by inter-local partner city's projects progress, Tank 1 and Tank 4 Reconstructions, etc.).

Major activities in 2019 include the design completion for the replacement of Tanks 1A/1B and Tank 4 Seismic Rehabilitation, design completion for the Pebble Creek Extension to increase reliable peak demand delivery to the 770 zone, continued Witte Well field and station improvements, corrosion control improvements at the Sugarloaf Water System, support of Regional Water Supply System (RWSS) capital needs and collaboration on capital projects lead by the cities of Covington and Maple Valley. Other programmatic efforts include further development of CWD's asset management program, IT improvements to support the development of our mobile workforce and cyber security needs, on-going emergency response planning and continued improvement of relationships with our local agencies.

The staff looks forward to fulfilling its on-going responsibility of reliably delivering safe drinking water 24/7/365 to our customers.



Winter is Coming

Winter begins on Friday, December 21st, 2018 (ends on March 20th, 2019). Although our area forecast calls for a typical winter with typical temperatures and plenty of wet days ahead, caution should still be taken during the winter to prevent frozen pipes in our homes. Protect your pipes with these tips.

- Turn on the taps - Let the water drip in extreme cold. Even if the water does freeze, this will relieve some of the water pressure and keep the pipe from bursting.
- Open cabinets - Leave the cabinets open under your kitchen and bathroom sinks. This keeps warm air circulating around your pipes.
- Wrap the pipes - If your pipes are in areas that don't get warm air, consider insulating them with insulation sleeves or wrapping. You can get foam rubber or fiberglass sleeves at your local hardware store, or call a plumber to do it for you.
- Drain your pipes - If you're taking a trip in the winter, consider draining your pipes to prevent them from bursting. Shut off the main valve and then turn on all the taps (hot and cold) and let the water run until the pipes are emptied.

For more tips on how to prevent frozen pipes, visit the following article, 8 Tips to Prevent Frozen Pipes, at <https://tinyurl.com/ybx3yau4> by Roy Berendsohn, from Popular Mechanics.

Hydro Power Turbine Open House

On November 1, 2018, Covington Water District (CWD) welcomed project partners, Washington State Department of Enterprise Services, McKinstry, Gray and Osborne, Tacoma Public Utilities and 40+ people from the community and industry at an Open House for the Turbine Building recently completed on CWD's headquarters campus. The newly installed



turbine, which began operating in October aims to generate roughly 70 percent of the annual energy consumed by the district's administrative facilities. In addition to capturing energy that would have otherwise been lost, the project is also environmentally beneficial by reducing the need to run well pumps to pull water out of the ground. While the turbine runs 24/7, McKinstry will continue to verify the system's performance and guarantee the energy savings for the term of the performance contract.

The Washington State Department of Commerce provided a grant to cover 25 percent of the project's cost. The energy savings performance contract (ESPC) with McKinstry was executed and administered by the Washington State Department of Enterprise Services (DES) Energy Program. To date, the DES Energy Program has managed more than \$1.2 billion in ESPC projects, saving its public-sector clients more than \$40 million in annual avoided utility costs.

For more information, please visit: <https://tinyurl.com/yb3ovenh>.

Employee Highlight - Amerika Stodola, Senior Accounting Technician

Amerika Stodola is a vibrant, passionate member of Covington Water District's (CWD) Finance department. A 13-year employee as a Senior Accounting Technician, Amerika is the district go-to for questions on payroll, benefits, and insurance.

Amerika is avid about building relationships and takes a team approach to accomplishing the district's goals. She is also a founding member of the district's newly formed Positive Impact Team (PIT), an internal committee established to enhance and acknowledge employee contributions as well as to cultivate and encourage the promotion and development of continuous improvement concepts that will benefit CWD's culture. Amerika brings a strong work ethic and inherent drive to create innovative solutions to streamline and continuously improve processes to the district. She consistently strives for efficiency and effectiveness while balancing the ease of use for end users. Amerika has been the champion of implementing electronic paperless processes which saves the district both time and money and makes information more readily available. Amerika's hobbies include spending time with family and friends, paddle boarding with her brother, and raising her two daughters who are the pride of her life.

Amerika's talents, attitude and ethics are an instrumental asset to both the district and its customers. We appreciate the value Amerika provides both internally and externally.



Upcoming Holiday Closures - Covington Water District will be closed on the following days to observe various holidays in the upcoming quarter.

- Christmas - Monday, December 24th, 2018 and Tuesday, December 25th, 2018
- New Year's Day - Tuesday, January 1, 2019
- Martin Luther King Day - Monday, January 21, 2019
- Presidents' Day - Monday, February 18, 2019