



TOWN OF CATHLAMET COMMENTS
on
PUD UTILITY CONSOLIDATION STUDY
(DRAFT REPORT JUNE 2024)

MAYOR'S TRANSMITTAL

TO: WAHKIAKUM PUD COMMISSIONERS & THE CITIZENS OF CATHLAMET

We appreciate the opportunity to offer comments concerning the Draft Water System Consolidation Study Report prepared by Gray & Osborne (June 2024).

The detail offered by the draft report in assessing the current condition of Cathlamet utility systems and the projects and expenditures necessary to maintain and improve the system are helpful. We take the report seriously and will work with the Town Council in cooperation with the PUD to make certain Town utility systems continue to function effectively and efficiently in providing essential utility services

As the attached reports and appendices indicate, however, we also wish to respectfully state that the draft PUD Report has many errors and omissions and will benefit from corrections and a revised draft. The Town is particularly concerned that Town residents and ratepayers may face a “triple whammy” from the proposed utility consolidation, including:

- double-digit utility rate increases;
- higher taxes just to maintain the current level of services the Town provides; and
- Reductions and/or loss of Town Services including the Library, the Julia Butler Hansen Pool, and maintenance of City parks (including the new Waterfront Park).

No one argues the PUD would not do a good job providing water and utility services within the Town if a merger took place. But the fact that the PUD would do a good job does not mean the Town is doing a bad job. To the contrary, even with limited resources and staff, the Town is proud of its longstanding record of providing good water and wastewater services to the citizens of Cathlamet.

At the end of the day, the proposed consolidation should not come at the expense of the citizens and ratepayers of the Town of Cathlamet. The citizens of the Town should not bear the primary burden of increased rates, taxes, and potential erosion of critical public services. Nor should Cathlamet ratepayers bear the burden of PUD capital projects (such as the water project on Puget Island) which do not directly benefit the Town.

Our detailed comments are attached. Thank you for your careful consideration

Respectfully

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Town of Cathlamet

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PART I – OVERVIEW of KEY ISSUES

Study is premised on handover of Town utilities without alternatives.

The study prematurely presumes a merger will move forward. Certain assumptions are detailed, including that 1. the PUD would take control of operation and maintenance of all facilities and services for the two systems; 2. In a consolidation it is assumed that all customers would become customers of the PUD and would be subject to rates and requirements set by the PUD. [Study, page 1]. The Study discusses the Town’s Capital Improvement Program for the 10- and 20-year planning periods. *However, the Study does not consider any alternatives to the proposed Consolidation, including continuance of longstanding Town management in cooperation with PUD.*

Study says nothing about impact on Town ratepayers of PUD Capital Improvement Projects and Programs.

The Study says nothing about the PUD’s Capital Improvement Program for its planned future utility operations and what (if any) rationale exists for Town ratepayers to subsidize PUD capital improvements outside the Town of Cathlamet. In particular, the Study does not say anything about the costs associated with future improvements to those systems and the planned source of revenue for construction and operation of those systems. Of particular importance is the PUD-proposed development of a source of water on Puget Island. PUD Board minutes indicate that well drilling will begin in September, 2024, but the draft Study does not include a proposed budget for that major project. The cost and efficacy of that project are dependent upon the quantity and quality of the water that the well(s) will yield. PUD board minutes reflect several other significant water system projects that are in the planning stages, (e.g., Oneida Road and line extensions in the Skamokawa area). What is the source of revenue for those projects?

Town utility systems are in generally good repair.

The Study discusses the condition of the Town’s water and wastewater systems. *A detailed response by the Town to this discussion is included in Part III of this report (below).* To summarize: the Study finds the Town raw water pumps in good condition, the water treatment plant has adequate volume to meet requirements, the two Floway pumps for water distribution are in good condition, the Town recently installed a diesel-powered generator at the water treatment plant to allow it to continue to operate in the event of a power outage, the water treatment plant is generally in good condition and has consistently met Department of Health and water quality requirements (the Town is rated “green” by DOH and in compliance with all relevant requirements), the Town has two reservoirs which provide a total storage capacity of 1.03 million gallons, the Greenwood reservoir and the Kent’s Bridge reservoir are in good condition, during 1998, over 22,000 linear feet of 8-inch and 12-inch water main were installed to increase fire flow transmission capacity, the Town has water rights for an instantaneous withdrawal rate of 1.83 cubic feet per second from the Elochoman River, the Town also has water rights for Abe Creek and Cougar Creeks, the Town has adopted a 2023 water system plan that identifies improvements that should be made to increase the system’s water intake, currently planned capital improvements are expected to correct fire flow deficiencies within the Town of Cathlamet. [the Study, pages 2-11].

Unanswered Questions re PUD Puget Island Water System.

The Study does not assess the condition of the PUD’s Puget Island water “system.” Available information indicates that the “system” does not appear to have secured any water rights (although the PUD is in the process of applying), does not have a water source on Puget Island (although well drilling is planned in September, 2024), does not have any filtration or treatment capacity on Puget Island, nor do they have existing storage capacity (reservoirs) or distribution lines large enough to provide adequate fire flow to Puget Island fire hydrants. The PUD is working on a project to drill a well on Puget Island as an emergency source for the Puget Island water system. This is not likely to be used as a source for the Town of Cathlamet because a booster pump station would need to be installed in order to pump water back across the bridge which would require a long term investment from both

systems. Currently, the PUD can only use such water as an emergency source due to the existing agreement between the Town and the PUD that Cathlamet will be the sole source of water to Puget Island (Study, page 8-2). In order for the Town to make a complete analysis of the proposed consolidation, the Town needs to obtain more information regarding the scope of the Puget Island source project. Any such analysis cannot be considered until the results of the preliminary well drilling are available as there will not be adequate data to quantity and quality of water available for Puget Island customers until the drilling has been completed. The Town at this point does not have access to the budget for that project. It is possible that the project will cost in the range of \$2.0 - \$3.0 million. The Town also has not been provided with the proposed annual operational and maintenance costs for that system. The Study also does not indicate whether the PUD's planned rates for current Town of Cathlamet ratepayers are planned to include the cost of the Puget Island source project. If the Puget Island well is adequate to provide a large percentage of the water needs for Puget Island, then analysis of the potential benefits of a consolidation (including the timeline for improvements to the Cathlamet Water System) changes dramatically. For example, the supply issues associated with the low summer flows of the Elochoman River would be mitigated if the Puget Island source can provide 30% of the total system needs. Given the uncertainty as to the quantity and quality of the water, *it appears that rushing a decision as to the proposed consolidation is imprudent and premature.*

No information is referenced or included regarding comparable Town/PUD Consolidations Have Occurred

Additionally, the Study does not give any examples of other towns/small cities where an existing municipal water system has been taken over by a county Public Utility District. It would be prudent to find such examples in order to determine what the impacts have been on the financing and operation of the Town's general government services (streets, libraries, parks, law enforcement, fire departments, planning and code enforcement, etc.). See *Part II, below.*

Critical Issues Not Addressed by the Study

Impacts on existing Town bond obligations

The G & O September, 2016, Water System Consolidation Study, includes a helpful "Appendix B: Legal Review" which notes, "If the Town's water system is financed through revenue bonds, bond counsel would need to be consulted." The terms of those bonds are not referenced or analyzed in the current draft consolidation study, so the Town will need to analyze all bonds to determine if this is something the Town will need to do. The terms may also define or restrict the amount of reserves that the Town is required to maintain and whether the obligations can be transferred to the PUD without recourse against the Town.

Valuation of Town's Utility Assets

The current draft Study in its Conclusions and Recommendations, at page 31, states: "the value of the Cathlamet utilities should be established through a valuation study to provide a basis for an acquisition agreement." This should occur prior to moving forward with any formal legal agreements. Associated with that valuation study is the issue of whether the Town is going to be required to transfer to the PUD existing reserve funds (including the identity and value of those funds). This issue was identified during a recent PUD Board meeting.

Impacts on Future Rates

The draft study projects rate increases that would apply to ratepayers of current customers of the Town of Cathlamet. An important provision of the Study is found at page 9-8, which says: "the current rates are not sufficient to fund operations and planned improvements over the next 10-year planning period, while maintaining a net positive ending cash balance at the existing water rates. **A rate increase is recommended to maintain reserves through the end of the 10-year planning period.**" The Study goes on to say a rate structure analysis will be needed to determine how best to increase revenue while impacting ratepayers the least. The Town has

experience conducting rate studies which generally conclude that rates should be increased. The Town Council recently conducted a rate study, and it is important to note that under the consolidation scenario, *the Council will lose all control of decisions regarding future rate increases for Town residents the Council represents*. Such decisions will instead be by the Board of PUD Commissioners, which does not include any resident or ratepayer of the Town of Cathlamet. Yet such decisions will be required, and must include, e.g. information regarding how any revised rate structure would be distributed (for instance, would costs of the PUD water source system be spread over all the ratepayers, including current Town of Cathlamet ratepayers?). What this effectively means is any increased rates to Town customers can only be estimates and will *likely only go up* once a new “rate study” is completed, but the actual scope of that increase will be unknown at this time. We know the previous 2016 PUD study predicted a 40% increase for Town water ratepayers. The current draft study predicts at least a 10% increase. What will the actual increase be?

Impacts on Town Staffing and Services

As reported in the Study, at page 22, the Town currently has five public works employees who dedicate different portions of their time to operating and maintaining the water and sewer systems. The Study goes on to say that the PUD believes that they could operate the combined Cathlamet/Puget Island System with one additional employee. There is no detailed information included in the Study as to how that calculation was made. The Study also states the PUD would need two additional employees to operate the WWTP and sewer system. The Study contains no reference nor any suggested plan as to the impact of this proposal on the Town’s represented AFSCME employees and what level of advance notice or union involvement may be required to transfer those employees to the PUD or lay them off. *The Study seems to suggest that there would be “economies of scale” from a consolidation, but does not demonstrate a basis for that assertion*. The Study indicates that the rates for current Cathlamet ratepayers will go up and the revenues available to the Town to support its employees will go down. If there are demonstrable “economies of scale”, the expectation would be that the rates would go down, not up.

Other Impacts Not Considered

The Study does not discuss or address the Town’s Storm Water system. Is the PUD, for the rates cited in the Study, going to commit to taking care of all the Town’s current and future storm water control responsibilities, including keeping storm drains clear and meeting all future state and federal standards? As the Town learned in its discussion of the ill-fated South Third Street School sidewalk project, there are many new federal standards on the books and on the horizon, including potential requirements to treat storm water. A more detailed analysis is needed so that the Town Council can make an informed decision as to whether agreeing to Consolidation is in the best interests of the Town’s citizens and ratepayers.

No viable Alternatives presented

The Study, at page 31, states: “The primary challenge with consolidation is the potential for revenue and staffing impacts with the Town.” The Study as presented includes transferring over 1.2 million dollars in utility revenue to the PUD, cutting Town employees needed to perform essential town functions, raising utility taxes, and raising rates paid by town utility ratepayers. *The Study does not present any viable plan for adequately addressing the adverse impacts of these losses to the Town*.

Alternative

As mentioned, the Study does not consider any alternatives to Consolidation. One potential alternative would be to amend the Current Water Supply Contract between the Town and the PUD. The Contract could simply be amended to eliminate the “sole source” provision. With that amendment, the PUD could use all of the water produced by its Puget Island Well system to provide water to its Puget Island customers. When the well production was not enough to serve the Puget Island needs, water could be provided from the Town of Cathlamet as is currently done. This could be mutually beneficial to both the Cathlamet and Puget Island Water Systems because

the Puget Island source would reduce the demand on the Elochoman River source, especially during the low water flows during the summer months. Reducing pressure on the Elochoman River source would also allow time for the Town to develop additional sources, and achieve the other needs identified in the Town's water plan. All of these enhancements to water supplies in the community might be accomplished without the adverse impacts to the revenue and staffing needs of the Town that are recognized in the Study.

PART II – ADDITIONAL DETAIL ON LIKELY FINANCIAL, STAFFING, RATE & TAX IMPACTS

An expedited budget analysis of the Draft Study by the Clerk-Treasurer indicates that if the merger proceeds the Town would be unable to continue operating at current staff and service levels, as the Town would be operating largely on tax revenue from the General Fund which would not support staff needs without drastic changes in wages, benefits, and other services. ***By year three, we project the Town will be insolvent if the Town attempts to maintain the current service level with 3 full-time employees at existing wages/benefits.***

Utility Rates. As detailed in Part I (above), regardless of who manages the utilities, rates will likely need to increase. It is important that elected officials prioritize investing in utility infrastructure over reducing rates. We anticipate that regardless of merger, the Town's utility rates will need to increase at least 5% annually for the foreseeable future in order to fund operations and infrastructure.

Utility Tax. Currently, the utility tax rate is 6%, and there is no state or federal limit on this rate, so it is possible to raise these taxes without a vote. These revenues will still be received by the Town if PUD takes over, and additional revenues of undetermined amounts will be generated by the additional 564 PUD customers. However, the Council may be understandably reluctant to raise Town utility taxes on ratepayers already burdened by potential increased utility rates and the potential loss of Town services.

Finances. As discussed in Part I, under a merger scenario, there would be significant adverse impact on Town finances. *Utility revenue at the Town by law is used for only utility purposes*, but eliminating Town utilities would adversely affect the Town *since at least part of each of our full-time employees' wages are billed to the utility departments* since all employees perform work for them, whether that is administrative, billing, or physical labor. Several expenses are currently shared among all departments, so eliminating utilities would result in those allocations needing to be redirected to other departments or removed completely. Things like auditing costs, accounting software, digital records systems, insurance, postage machines, and IT services would fall under this category. Moreover, the Town would not have the cash flow it had previously, resulting in a significant decline in investment interests. It would also be difficult or impossible for the Town to apply for or manage grants or large projects without the necessary staffing support.

Staffing. *To provide more detail beyond the discussion in Part I (above) under the Merger (the only scenario presumed by the Draft study) all existing full-time Town positions as they are currently structured, including (5) Public Works, Deputy Clerk, and Project Manager, would need to be eliminated.* Only the Clerk-Treasurer would remain since this is a statutorily-required position. Other positions would have to take on the remaining duties, including those of Deputy Clerk and Project Manager. It is likely that the CT will be overburdened if these are taken on by that position and as a consequence the Town may lose a valued incumbent and be unable to hire a successor due to unreasonable working and salary conditions. In addition, the Town would also need to create at least two new positions in Public Works. This will be necessary due to safety concerns, as it is unreasonable and unsafe for the Town to operate with only a single PW position with no backup. Since these positions would have fewer responsibilities, a decrease in wages may be appropriate. It is also possible that one of the PW positions might be able to take on some project management duties in place of the utility duties, but that is debatable. If the Town has a limited number of employees, it faces other problems, such as what to do with time-off or sick leave. Moreover, an office with only one employee would be obliged to close randomly throughout the year for vacations

and absences. In general, this means fewer people doing more work. On paper, the elimination of utilities would appear to allow Public Works to devote more time to non-utility tasks in a post-merger scenario, but the Town would be forced to determine whether funding at any level was available to continue valued Town services that serve the entire community, including the JBH Pool and the Cathlamet Library.

Services & Expenses. Ultimately, other services will be affected by consolidation as the Town will not have enough staff to handle them. The Town provides the following services in addition to utilities: General Government, Public Safety, Fire, EMS, Parks, Pool, Library, EV Station, and Public WiFi. PCA and Pioneer Cemetery expenses are also covered by the Town. There would also be an impact on code enforcement, Municipal Court, pet licenses, and facility reservations since they are all currently handled by a position that would no longer exist. As long as the County continues to contribute annually, EMS should not be affected since it is a self-sufficient fund (like utilities). However, general services, streets, fire, EMS, and public safety are all critical functions. Post-merger, the Town would need to evaluate whether the Library, Pool, WiFi, EV station, Pioneer Community Association utilities and Pioneer Cemetery (grounds maintenance) can be financially sustained.

Study Tables. There were some discrepancies in the financial data presented in Tables 6, 10, 11, 12, 17, 18, 19 & 21; some due to accounting changes that were made after the data was provided to G&O, while others were a result of inconsistencies in what figures were included in their calculations. G&O has been provided with a summary of corrections so they can incorporate them, and ***a revised version of the tables is included in the Appendices, below.***

Other Considerations.

- A. Having a one-person accounting office increases liability issues.
- B. Town could only staff one council meeting a month.
- C. The Town may not have resources (staff and money) to write grants or take on new projects.
- D. The Town will not be able to afford to contract out as that would be at prevailing wage which would increase the cost of any project. There also likely wouldn't be any staff to prepare or manage these types of projects.
- E. When the current Town Attorney retires, the Town is likely to see a higher legal services bill.
- F. The Town's law enforcement agreement increases annually and is a required functions so long as the Town is incorporated.

Other Factors.

- A. The Town may be able to assess a utility franchise fee to the PUD to help with revenue loss, but this might impact rates for all PUD customers throughout the County.
- B. The Town may be legally able to increase utility taxes, but such a move will adversely affect Town customer bills (Town has many seniors on limited incomes).
- C. The Town could potentially lease or sell utility property to the PUD for additional revenue.
- D. Numerous other questions need to be asked and answered both by the Town and the PUD.

Part III – PUBLIC WORKS - PUD consolidation review comments – Updated status

Review & Corrections to Water System Consolidation Study Report

High-Head Pumps – The status of these pumps needs to be updated but repairs are underway or planned. In the meantime, neither could fairly be described as currently in “good working condition” as one of the two pumps was out of commission for a couple months and repair efforts were unsuccessful. However, a replacement was ordered with an estimated ship date of 8/23/24. The PWS reached out to find a capable operator in the interim. The other is in fair, leaning towards poor, condition. While rated for 300gpm, it currently has an effective pumping capacity of 290 gpm and is approaching the end of its useful life. Anticipated replacement of the second high-head

pump is planned at the start of the 2025 budget year. Both of these pumps were installed in 1998 with the current treatment facility improvements/construction and have an estimated 90,000 hours of runtime each.

Booster Pump Station – one of the three pumps in this station has recently been experiencing issues but PWS is working on a solution to the problem. Again, these pumps were also installed in 1998 and given their age, should be replaced sooner rather than later, and thus replacement of the one that is currently experiencing problems is the most likely solution.

Raw Water Intake – this project is currently in-progress. G&O recently supplied PW with potential options to choose from and PW gave G&O authorization to proceed with seeking a hydraulic permit approval from the Department of Ecology to continue moving forward with this project.

Telemetry/SCADA – this project is also currently in-progress, working on finalizing the RFP to begin the long overdue replacement/upgrade of the SCADA and telemetry system.

2nd St Watermain Replacement – These plans are engineered but construction has been temporarily delayed due to funding to priority funding for intake, SCADA/telemetry, and partial high-head pump issues.

Finally, with respect to Ch. 8 review of Water System Plan, comments (in order) as follows:

SO-1 – Raw water intake improvements, currently in-progress.

WT-1 – Emergency backup generator installation, completed January 2024.

WT-2 – High-head pump replacement, ½ in-progress with 2nd ½ estimated 2025 completion.

D-1 – Boege Rd/SR4 PRV station installation, completed January 2024.

DE-1 and DE-2 – Front St and Greenwood main replacements, PW unsure why these are listed as “developer financed” when they’re replacements of current mains, not extensions.

T-1 – SCADA/Telemetry replacement, in-progress, plan is to have completed RFP available to publish soon.

Most other statements in draft Report appear substantially correct based on initial Town review. PW describes distribution leakage percentage as an issue that is incredibly difficult to resolve but is often used to assume a system’s condition. PWS estimates the biggest challenge is the absence of accurate information to try and identify actual losses due to leaks. PW utilizes total production and total sales reported to calculate DSL, however, this doesn’t take into account two of PW’s biggest problems when making the calculations. Town DSL has wide variation from season to season, particularly over the past 5-6 years as the SCADA/telemetry issue has become more pronounced (currently budgeted for replacement). The other big factor that has been difficult to resolve is accounting for fire hydrant use by all of the local fire departments. Technically, PW is allowed to deduct hydrant use from our loss (therefore easier to get to the 10% goal) but historically it has been difficult to get cooperation from the fire departments to accurately track their usage and then also report that usage on a recurring, monthly basis. Therefore, PW does not account for any of Fire use as a subtraction from our distribution system leakage percentage. *Ultimately, this makes Town leakage status look worse than it really is.* In theory, if DSL is examined from a distribution system loss perspective rather than leakage, a more accurate overview of the system would result as the term “loss” would incorporate leaks and unmetered use rather than assuming unmetered use is a leak.

Review & Corrections to Sewer System Consolidation Study Report

Public Works reviewed Draft report’s assessment, consulted with PW staff, and identified numerous errors and corrections that need to be made in the Report. The errors/corrections are listed below:

- Paragraph 2 of the “Collection System Condition Assessment” incorrectly states the Town currently has five sewer lift stations – the Town has six lift stations. Not included in the list is the Angle Street lift station. The Angle Street lift station is comprised of a single E-One grinder pump inside a small wet-well, considered to be a “package system.”
- “Each of these older lift stations are Hydromatic vacuum prime stations with the package station mounted on top of a concrete wet well” – Tugboat Alley and the two Columbia Street stations were converted to submersible pumps like 10-15 years ago. Messenger Hill is the only station that is still surface mounted and should be considered for conversion to submersible in the near future.
- *The statement that “There is currently only one operational pump at each lift station” is incorrect.* Messenger Hill is the only one operating on a single pump – the second pump is operational but continually loses its prime and will therefore trip the breaker. The pumps in Tugboat Alley were recently tested by an electrician (April or May), and while both pumps are operational, one was not testing well and should be considered for replacement – a replacement has been ordered. PW checked both Columbia St stations as recently week of 7/22/24 and both pumps in each station were operating normally.
- “The telemetry between the lift station and the WWTP is not currently functional” – *This is/was a temporary issue.* The lift station is able to communicate with the SCADA on the laptop but is not talking to the SCADA on the desktop computer. An electrician from AET is working on resolving the matter. It is believed to be that the desktop SCADA is running an updated software version that is different from the laptop and the lift station – This is the approximate equivalent of the laptop and lift station running on Windows 7 but the desktop running on Windows 10.

WWTP Condition Issues and Improvement Projects Tables:

- **Headworks Screen** – the brushes are nearing the end of their life but the screen basket is still in good condition. Estimated cost listed at \$20,000 – according to our interim operator (with 30+ years of experience), new brushes should only cost a few hundred dollars.
- **Oxidation Ditch/Aerobic Digester Diffusers** – the digester diffusers are inspected at least annually and upon last inspection were still in good condition. One of the ditch diffusers is in need of replacement but PW already has replacement diffuser parts on hand and any additional costs should be minimal.
- **Non-potable Water Pumps** – both were replaced in the past year. Listed at \$40,000 for new pumps and motors for each unit – actual combined total was under \$10,000.
- **Non-potable Water Chlorination System** – still needs to be addressed. Likely needs to be replaced as PW has only been able to get current tablet chlorinator to function temporarily before shutting down. Device tends to have problem restarting when PW shuts off the non-pot water pumps to clean and change the screens (done daily). This is a non-critical component as far as the treatment plant operations are concerned as this is solely for non-potable water reused at the plant (hosing down a clarifier, etc.), taken from the effluent that has already been treated with UV disinfection. – PW is working on getting an actual cost estimate for replacement.
- **Plant Drain Pump Station** – both pumps are functional and have been. This was discovered to be a programming issue that prevented the pumps from alternating lag/lead duty, and thus the 2nd pump would rarely turn on unless put in “Hand” (manual) operation. This has been remedied. One pump has a lot of hours on it and the other has hardly any. Currently operating just fine, but consider replacement of the well-used pump in the next few years.
- **SCADA and PLC** – this is a matter of obsolescence. The PLC’s utilized at the wastewater plant are no longer produced and therefore electricians have a difficult time sourcing replacement parts when necessary. The

SCADA software, as noted earlier, is dependent on all aspects of the system running on same versions of the software. Therefore, updated/upgraded equipment in one part of the system (computers, for example) will require the entire system to be changed in coordination to continue operating without problems.

- **Control System Uninterruptible Power Supplies** – these are the backup batteries for the PLC’s. They have been replaced.
- **Laboratory Equipment** – The draft Report appears to mistake something not being used as something that is not functioning. Nothing in the lab is “not functioning” nor is anything showing any signs of not working. Some items are replaced annually as they only last 12-18 months but these are typically the pH/DO probes and are replaced for <\$2,000/year.
- **Biosolids Management** – when G&O did the site visit, it was just after PW had emptied a digester into a biobag and thus the bed that was used for that was plugged. This occurs every time we empty a biobag and is nothing abnormal. The top layer of filtration sand gets clogged and after the bed has had time to drain, we dig out that layer and replace it with fresh sand in preparation of the next dewatering cycle. Estimated cost listed is \$10,000 to clean out the sludge drying bed drains. It takes a day of labor for 1-2 PW workers and approximately \$100 worth of sand. If PW needs to go down to the pea gravel layer and change that out, add a day of labor and the cost of some pea gravel, but considering plant still has a substantial amount of pea gravel left over from the last time we did that layer (c. 2017), PW does not anticipate needing to purchase any pea gravel in the near future.

CONCLUSION

In conclusion, the Town is proud of its record providing quality utility services to Town ratepayers and area customers for many years and looks forward to doing so for many years in the future. We are proud of building an excellent sewer plant, maintaining fiscal commitments to pay off the wastewater treatment plant bond, maintaining utility systems to the best of our ability, ensuring water and sewer rates are as equitable as possible given system costs, and providing utility service that is fully compliant with Department of Health guidelines. The Town is particularly proud of its “green” rating by DOH showing Town is compliant with all DOH guidelines.¹ Ultimately, there is no urgent matter in the Draft Utility Consolidation report that requires immediate action, and nothing that cannot be separately discussed and addressed by the parties in good faith while additional essential information is gathered.

¹ <https://fortress.wa.gov/doh/eh/portal/odw/si/ListMultiWaterSystems.aspx>

APPENDICES and TABLES OF CORRECTIONS NEEDED IN PUD DRAFT STUDY

SUMMARY OF CORRECTIONS TO PUD STUDY TABLES

TABLE 6

2nd Street	delayed to 2026 or later
SCADA	planned for 2024, although 2025 is more likely

TABLE 21

Puget Island Tax	If this is the 6% utility tax that is assessed to all bills, it would have been accounted for in the Water fund while the other two taxes that are listed are accounted for in the General Fund. The Tax that is transferred to the GF is 6% of the total revenue received for the utility, so listing the island's tax separate seems inaccurate to me for accounting purposes.
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WATER				
TABLE 10	Item	2022	2023	2024 Budget
	Water Service	\$431,870.31	\$452,588.22	\$460,325.67
	Consumption	\$211,120.87	\$256,946.23	\$200,000.00
	Installation & Connections	\$76,013.19	\$60,388.32	\$58,000.00
	Late Fees	\$9,242.19	\$9,802.04	\$6,500.00
	Misc	\$14,252.92	\$1,966.49	\$8,600.00
	Investment interest	\$24,674.44	\$45,187.48	\$28,620.00
	Utility Tax	\$40,077.56	\$42,341.18	\$43,000.00
	Sub-Total Revenue	\$807,251.48	\$869,219.96	\$805,045.67
	Utility Deposits	\$5,340.00	\$4,900.00	\$8,300.00
	Total Revenue	\$812,591.48	\$874,119.96	\$813,345.67

TABLE 11	Item	2022	2023	2024 Budget
	Salaries & Wages	\$184,129.15	\$202,575.52	\$208,100.00
	Benefits	\$97,474.84	\$106,608.69	\$127,500.00
	Office Supplies	\$124.31	\$329.50	\$500.00
	Tools/Equipment	\$7,990.11	\$6,650.71	\$20,000.00
	Audit	\$5,375.43	\$0.00	\$6,325.00
	Advertising	\$0.00	\$430.38	\$200.00
	IT	\$6,292.76	\$9,155.90	\$7,500.00
	Training/Travel	\$1,558.49	\$600.00	\$2,000.00
	Excise Tax	\$28,426.78	\$29,793.94	\$29,000.00
	Utility Tax	\$46,657.01	\$44,660.73	\$47,500.00
	Permits	\$5,106.60	\$5,985.60	\$8,000.00
	Insurance	\$20,262.98	\$23,514.69	\$26,802.49
	Utilities	\$1,757.58	\$1,848.96	\$2,000.00
	Other Services	\$6,529.66	\$11,482.22	\$12,000.00
	Plant Supplies/Chemicals	\$17,702.86	\$14,391.91	\$22,500.00
	Pro Services	\$8,790.63	\$12,465.36	\$18,600.00

Water Testing	\$5,959.00	\$2,023.00	\$3,000.00
Plant Communications	\$2,219.42	\$4,151.02	\$3,750.00
Utilities	\$29,087.35	\$32,905.23	\$34,500.00
Plant Repairs/Maint	\$2,668.51	\$0.00	\$5,000.00
Service Supplies	\$30,386.07	\$31,712.86	\$20,000.00
Dist Supplies	\$16,874.58	\$32,366.48	\$20,000.00
Vehicle Fuel & Maint	\$2,833.73	\$6,002.38	\$7,500.00
Dist Pro Services	\$2,097.07	\$3,106.18	\$5,000.00
Communications	\$7,136.49	\$6,350.53	\$7,000.00
Res Maint	\$55.46	\$0.00	\$0.00
Leases	\$1,236.81	\$1,172.28	\$4,900.00
Sub-Total Expense	\$538,733.68	\$590,284.07	\$649,177.49
Deposits	\$6,842.38	\$6,200.00	\$8,300.00
Total Expense	\$545,576.06	\$596,484.07	\$657,477.49

TABLE 12	Summary	2022	2023	2024 Budget
	Beginning Balance	\$1,210,571.90	\$1,190,006.35	\$521,430.52
	Total Revenue	\$812,591.48	\$874,119.96	\$813,345.67
	Total Expense	\$545,576.06	\$596,484.07	\$657,477.49
	Net Revenue	\$267,015.42	\$277,635.89	\$155,868.18
	CIP	\$199,115.40	\$847,364.75	\$360,285.15
	Debt Service	\$88,465.57	\$98,846.97	\$98,327.46
	Ending Balance	\$1,190,006.35	\$521,430.52	\$218,686.09

SEWER				
TABLE 17	Item	2022	2023	2024 Budget
	Sewer Service	\$713,908.89	\$603,507.46	\$600,000.00
	Installation & Connections	\$43,736.49	\$17,322.01	\$18,000.00
	Utility Tax	\$42,890.62	\$36,478.75	\$36,180.00
	Late Fees	\$3,657.81	\$3,067.96	\$3,000.00
	Investment interest	\$16,002.53	\$38,152.63	\$34,000.00
	Misc	\$0.00	\$4,792.53	\$0.00
	Sub-Total Revenue	\$820,196.34	\$703,321.34	\$691,180.00
	Utility Deposits	\$15,560.00	\$4,100.00	\$16,000.00
	Total Revenue	\$835,756.34	\$707,421.34	\$707,180.00

TABLE 18	Item	2022	2023	2024 Budget
	Salaries & Wages	\$153,844.02	\$174,050.77	\$208,400.00
	Benefits	\$76,680.34	\$84,126.91	\$118,500.00
	Office Supplies	\$593.36	\$547.29	\$500.00
	Tools/Equipment	\$7,234.39	\$2,974.21	\$7,500.00
	Audit	\$2,150.18	\$0.00	\$2,530.00
	Advertising	\$0.00	\$54.29	\$0.00
	IT	\$5,407.36	\$8,476.61	\$9,000.00
	Training/Travel	\$392.64	\$701.14	\$2,000.00

Excise Tax	\$20,131.78	\$23,387.86	\$23,900.00
Utility Tax	\$49,036.47	\$36,402.79	\$42,917.31
Permits	\$3,444.34	\$4,234.67	\$3,000.00
Insurance	\$23,173.14	\$26,891.83	\$27,120.13
Utilities	\$40,207.45	\$35,551.24	\$38,500.00
Other Services	\$4,426.20	\$7,153.89	\$7,500.00
Supplies	\$30,918.65	\$27,293.36	\$25,000.00
Communications	\$11,142.49	\$10,172.52	\$10,700.00
Repairs & Maint	\$3,744.20	\$7,312.61	\$5,000.00
Service Supplies	\$2,016.81	\$5,013.80	\$5,000.00
Vehicle Fuel & Maint	\$1,694.28	\$5,031.10	\$3,500.00
Pro Services	\$12,625.46	\$24,818.00	\$10,000.00
Engineer Services	\$2,308.98	\$0.00	\$0.00
Leases	\$1,236.81	\$1,172.28	\$4,500.00
Sub-Total Expense	\$452,409.35	\$485,367.17	\$555,067.44
Deposits	\$16,561.58	\$8,400.00	\$16,000.00
Total Expense	\$468,970.93	\$493,767.17	\$571,067.44

TABLE 19	Summary	2022	2023	2024 Budget
	Beginning Balance	\$611,335.00	\$692,406.30	\$883,871.71
	Total Revenue	\$835,756.34	\$707,421.34	\$707,180.00
	Total Expense	\$468,970.93	\$493,767.17	\$571,067.44
	Net Revenue	\$366,785.41	\$213,654.17	\$136,112.56
	CIP	\$68,491.24	\$22,188.76	\$50,000.00
	Debt Service	\$217,222.87	\$0.00	\$176,858.14
	Ending Balance	\$692,406.30	\$883,871.71	\$793,126.13